

**STATEMENT OF
COMMISSIONER MICHAEL O'RIELLY**

Re: *Regulation of Business Data Services for Rate-of-Return Local Exchange Carriers*, WC Docket No. 17-144.

As the telecommunications marketplace has evolved, the Commission rightfully has recalibrated its rules and provided incentives for willing carriers to migrate to new regulatory frameworks. One of these shifts, over the past three decades, has been a transition from traditional rate-of-return regulation to price cap or incentive regulation. Until recently, the process has typically attracted relatively larger providers. However, the Commission's decision to provide a voluntary path for smaller providers to receive model-based universal service support, a form of incentive regulation, has spurred interest among some of these carriers in electing price cap regulation for business data service offerings as well. I support the concept of enabling additional carriers to migrate to incentive regulation more broadly and look forward to reviewing the record.

The Notice also highlights that as carriers transition to price cap regulation, other legacy regulations, involving Part 32 accounting, tariffing, cost assignment, and jurisdictional separations, are no longer justifiable or needed. I am pleased that the Commission seeks comment on removing or forbearing from these requirements as well.

Additionally, with this proceeding underway, there is even less utility in revamping our jurisdictional separations rules for the diminishing number of carriers that could remain subject to them. Accordingly, I reiterate my strong preference that the Commission approve a longer extension of the current freeze than what has been done in the past (i.e., 15 years). This will let market forces, technological changes, and consumer preferences ultimately resolve longer-term separations issues.

I vote to approve.