

**STATEMENT OF  
CHAIRMAN AJIT PAI**

Re: *Modernizing Unbundling and Resale Requirements in an Era of Next-Generation Networks and Services*, WC Docket No. 19-308.

Twenty years ago, FCC Chairman Bill Kennard spoke about “striking the right balance between competition and deregulation.” The obvious challenge, he observed, “is finding the right balance between imposing rules to introduce competition, and eliminating rules that are no longer needed because competition has taken root.” Accordingly, he said that “as consumers enjoy more and more choice[,] we are lifting regulatory burdens on incumbents and making regulation give way to the marketplace.” This made sense, as he saw it, because “we could create more incentives for investment in broadband if we did not require incumbent LECs to unbundle certain equipment needed to deploy advanced services.”<sup>1</sup>

Today, we apply these same principles as we reexamine the unbundling and resale rules stemming from the Telecommunications Act of 1996. Over the past two decades, the communications landscape has dramatically transformed, with both the voice and broadband marketplaces replete with competition from a multitude of providers using a variety of technologies and offering capabilities and services unforeseen in 1996. In light of these substantial marketplace changes, we propose to remove certain unbundling and resale obligations that unnecessarily burden incumbent carriers and reduce incentives for incumbents and competitors alike to deploy and transition to next-generation networks. At the same time, we recognize that unbundling requirements may have continued benefits in areas where facilities-based competition is less likely to occur. To strike the right balance, we propose to maintain unbundling of broadband-capable loops used to serve residential customers in rural areas.

*First*, we propose to remove unbundling requirements for DS1 and DS3 loops in counties and study areas deemed competitive in the FCC’s *BDS* and *Rate-of-Return BDS Orders*. While these loops are generally used to serve enterprise customers, there is evidence in the record that some competitive carriers use unbundled DS1 loops to provide broadband to residential customers for whom no other broadband service is available. We therefore propose an exemption for unbundled DS1 loops used to provide broadband service to residential customers in rural areas.

*Second*, based on relatively low and falling barriers to entry that competitive providers face in delivering broadband in urban areas, we propose to remove unbundling requirements in urban census blocks for DS0 loops, which are typically used to provide voice service and broadband service using various DSL technologies.

*Third*, in light of extensive competition in the voice marketplace, we propose to grant relief from obligations to unbundle so-called narrowband voice-grade loops and from remaining avoided-cost resale obligations, which are used to provide legacy voice service to business customers.

*Fourth*, consistent with the Commission’s unanimous decision earlier this year to grant forbearance from unbundling requirements for DS1 and DS3 transport, we propose to remove unbundling obligations for dark fiber transport in wire centers located within a half-mile of competitive fiber.

*Finally*, consistent with the unbundling and resale relief we granted earlier this year, we propose a three-year transition period to give existing customers served via these unbundling and resale obligations sufficient time to transition to alternative arrangements without service disruption.

For their diligent work toward bringing our unbundling and resale rules into the modern era, I’d like to thank Pam Arluk, Michele Berlove, Megan Capasso, Greg Capobianco, Justin Faulb, Ellen Gardiner, Kris Monteith, Ramesh Nagarajan, Terri Natoli, Claudia Pabo, Mason Shefa, and David Zesiger

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<sup>1</sup> Remarks of William E. Kennard, Chairman, FCC, “Competition and Deregulation: Striking the Right Balance” (Oct. 18, 1999), available at <https://transition.fcc.gov/Speeches/Kennard/spwek936.html>.

from the Wireline Competition Bureau; Pam Megna and Eric Ralph from the Office of Economics and Analytics; and Marcus Maher, Rick Mallen, Linda Oliver, and Bill Richardson from the Office of General Counsel.