

Resolution Relating to Separations Reform

WHEREAS, In many States, the separations process has a direct and substantial effect on local exchange rates charged by some or all incumbent carriers; *and*

WHEREAS, The FCC established a separations freeze that began on July 1, 2001, and that will end on June 30, 2006, and the FCC's 2001 Freeze Order anticipated the possibility of a further extension of the freeze in consultation with the Separations Joint Board; *now therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened in its February 2006 Winter Meetings in Washington, D.C., states that, to make informed decisions, the Joint Board make every effort to gather facts concerning network and accounting trends within the regulated telecommunications industry; *and be it further*

RESOLVED, Even if a temporary extension of the current freeze is necessary, it should not last longer than two years, any new freeze should be adopted only by administrative rule following a Notice of Proposed Rulemaking, and any new freeze should be adopted only after meaningful consultation with the Joint Board, as anticipated by 47 U.S.C. § 410(c) and the Freeze Order; *and be it further*

RESOLVED, The FCC should clarify that all carriers must continue to directly assign all private lines and special access circuits based on existing line counts in such a manner that the Joint Board will be able to complete its work before the extended freeze expires; *and be it further*

RESOLVED, The FCC should participate in meaningful Joint Board consideration of the following additional issues:

1. Whether State decisions to deregulate rates of incumbent carriers justifies new separations elections for States or for carriers;
2. Whether new technologies (such as DSL and Fiber To The Home) and jurisdictional changes (such as wireline broadband, calls to ISPs and VoIP calls) require separations changes, possibly including modifications to the 75-25 fixed factor and usage factors (such as the DEM).
3. Whether separations adjustments (and accounts) are needed to properly record revenues and costs for wholesale services, including reciprocal compensation and unbundled elements;
4. Whether States that exercise Part 64 authority to exclude carrier plant or expenses for non-regulated services should calculate separations factors;
5. Whether 47 U.S.C. § 254(k) requires separations changes;
6. Whether new traffic measurement methodologies can provide useful information regarding how separations reform should occur;
7. How new companies that do not have a pre-freeze usage history should separate their costs during the freeze; and
8. Whether the present method of allocating and distributing funds for Joint Board meetings should be changed to be more effective; *and be it further*

RESOLVED, That NARUC General Counsel is authorized to promote this policy with policymakers.

Sponsored by the Committee on Telecommunications
Adopted by the NARUC Board of Directors February 15, 2006