

Resolution On The FCC's TELRIC Rulemaking

WHEREAS, On September 15, 2003, the Federal Communications Commission (FCC) released a Notice of Proposed Rulemaking (NPRM) to review its TELRIC pricing rules for unbundled network elements; *and*

WHEREAS, The NPRM reaffirms the FCC's commitment to forward-looking costing principles and solicits comment on possible modifications to the FCC's current UNE pricing regime that would preserve its forward-looking emphasis and pro-competitive purposes, while at the same time emphasizing the "real-world attributes" of the existing network; *and*

WHEREAS, The NPRM acknowledges State costing proceedings are extremely complex and require significant resources; *and*

WHEREAS, The NPRM seeks to modify or clarify the FCC's rules to help State commissions more easily develop UNE prices and resale discounts that comply with the Act and to provide more certainty and consistency in the results of the State proceedings; *and*

WHEREAS, The NPRM seeks information on the perspective of State commissions on the successes and failures of the current rules and possible modifications that would help them in fulfilling their statutory role in setting UNE prices and resale discounts; *and*

WHEREAS, State commissions have acquired extensive experience setting UNE rates based on the forward-looking cost principles embodied in TELRIC; *and*

WHEREAS, The FCC's focus in the TELRIC NPRM on considering real-world attributes in the development of forward-looking costs may be consistent with the approaches taken in many States; *and*

WHEREAS, The Triennial Review Order places several restrictions on the availability of UNEs that will require changes to the current pricing methodology to reflect possible changes in the cost and value of available UNEs; *and*

WHEREAS, In paragraphs 138 – 140 of the NPRM, the FCC seeks comment on whether there might be a mechanism that could be used to adjust UNE prices over time (adjustment factor), thereby reducing the need for a State to conduct a full UNE pricing proceeding every few years; *and*

WHEREAS, The inputs for any such adjustment factor(s) can materially vary from State-to-State; *and*

WHEREAS, Paragraph 74 of the NPRM seeks comment on whether ILEC fill factors should be dispositive; *and*

WHEREAS, TELRIC pricing has withstood court challenge and has been a factor in encouraging and sustaining local competition thereby benefiting consumers; *now therefore be it*

RESOLVED, That the National Association of Regulatory Utility Commissioners (NARUC), convened at its November 2003 Annual Convention in Atlanta, Georgia encourages the FCC to retain its use of a TELRIC methodology; *and be it further*

RESOLVED, That any revisions to the TELRIC methodology should strongly consider whether they provide States with the flexibility needed to reflect State-specific conditions, *and be it further*

RESOLVED, That any adjustment factor(s), if so ordered, should be designed in the context of a State TELRIC cost docket; *and be it further*

RESOLVED, That States should retain the discretion to conduct a full UNE pricing proceeding or use the set adjustment factor; *and be it further*

RESOLVED, That States should retain the discretion to adopt appropriate fill factors that may vary from an ILEC's actual fill factors; *and be it further*

RESOLVED, That States should file comments based on their experience setting UNE rates to identify other proposals in the NPRM that may limit their ability to set UNE rates in their own States; *and be it further*

RESOLVED, That NARUC General Counsel is directed to file comments in the FCC's proceeding and take any other appropriate actions to further the intent of this resolution.

Sponsored by the Committee on Telecommunications

Recommended by the NARUC Board of Directors November 18, 2003

Adopted NARUC Convention November 19, 2003