UNITED STATES DEPARTMENT OF COMMERCE
National Telecommunications and
Information Administration
Washington, D.C. 20230

June 16, 2004

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Chairman Powell:

The Supreme Court has decided not to grant a stay in United States Telecommunications Association v. Federal Communications Commission. The Administration believes you should act promptly using all methods at your disposal to protect consumers and ensure appropriate competitive access to local networks, including the rapid adoption of interim rules that will accomplish those goals.

To ensure appropriate competitive access, the Administration believes the interim rules should cover a full year, unless superseded by permanent rules, and include the maximum legally sustainable transition period without wholesale rate increases for those network elements subject to the vacatur of the DC Circuit Court. We support your stated goal of adopting permanent rules by the end of the year, provided that the permanent rules complete the period of rate certainty initiated in the interim rules.

In response to your leadership, the telecommunications industry has participated in an historic effort to use commercial negotiations to end eight years of regulatory and legal stalemate. The Administration continues to support these negotiations as the best way to achieve greater market-based competition within the telecommunications industry. We encourage the FCC to aggressively continue to facilitate these negotiations. Any interim rules should ensure that consumers immediately benefit from the current and future commercially-negotiated agreements and that those agreements are protected from unnecessary legal challenges.

Sincerely,

Michael D. Gallagher
Acting Assistant Secretary for
Communications and Information