

**Statement of
Chairman Michael K. Powell**

*Re: Review of the Section 251 Unbundling Obligations of Incumbent Local
Exchange Carriers (CC Docket No. 01-338) Second Report and Order*

One of the Commission's most important goals is to advance competition that is meaningful and sustainable, and that will eventually achieve Congress' goal of reducing regulation and promoting facilities-based competition. As carriers continue their migration away from unbundled network elements and toward increased reliance upon network elements they own and control, they will require more specialized interconnection agreements with incumbent LECs. Today's decision removes a rule that has thwarted those individualized agreements.

Specifically, we adopt an "all-or-nothing" rule, in place of the current pick-and-choose interpretation of section 252(i). Through this action, the Commission advances the cause of facilities-based competition by permitting carriers to negotiate individually tailored interconnection agreements designed to fit their business needs more precisely. Consistent with the purpose of section 252(i), it also continues to safeguard against discrimination. Specifically, nothing in our decision diminishes the ability of a requesting carrier to avail itself of the arbitration process clearly set forth in section 252 of the Act.

Preserving parties' ability to contract freely, and indeed encouraging transactions, is not simply an oft-cited legal policy – the 1996 Act makes it our statutory mandate. Our decision today ensures that facilities-based competitors are given a fighting chance to participate in local markets.