



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

July 17, 2017

The Honorable Mike Doyle  
U.S. House of Representatives  
239 Cannon House Office Building  
Washington, D.C. 20515

Dear Congressman Doyle:

Thank you for your letter regarding the Commission's proceeding on the market for business data services (BDS), the importance of competition in the BDS market, and the impact of the Commission's rules on small businesses. Your views are very important and your letter has been entered into the record of the BDS proceeding.

After twelve years of studying market conditions, a massive data collection, and a robust public record developed through numerous requests for comment, the Commission adopted an order modernizing the Commission's BDS rules. Specifically, that order recognized that incumbent local exchange carriers have been losing market share in the \$45 billion BDS market, and that cable operators offer vigorous facilities-based competition to incumbents. Nonetheless, the order determined, based on the record evidence, that price-cap regulation remained appropriate in roughly 40% of price-cap counties nationwide. Accordingly, the Commission maintained its regulation of special access services in these areas.

In your letter, you suggest additional protections for small businesses and the need for a reasonable transition as well as a delay of the Commission's vote. Although the Commission was unable to accommodate your every request, I note that the Commission did deny incumbent carriers a catch-up adjustment to their existing rates in non-competitive areas and implemented a staged transition: In newly deregulated areas, price-cap carriers cannot raise their tariffed rates for special access services for a period of six months and have three years to transition to de-tariff their services. The Commission also emphasized that incumbents may not use the de-tariffing process to disturb existing contractual or other long-term arrangements—a contract tariff remains a contract even if it is no longer tariffed. Finally, the Commission adopted downward pricing flexibility in still regulated areas to ensure that small businesses in rural America have the opportunity to receive the same discounts now available in urban areas.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai".

Ajit V. Pai



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THE CHAIRMAN

July 17, 2017

The Honorable Edward J. Markey  
United States Senate  
255 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Senator Markey:

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