



# AMERICANS for TAX REFORM

Grover G. Norquist  
President

April 24, 2008

The Honorable Kevin Martin  
Chairman, Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Dear Chairman Martin,

I am writing you today to **urge the granting of several petitions for forbearance regarding the cost allocation rules and reporting requirements to price-cap telecommunications carriers currently pending before the Federal Communications Commission.** The cost allocation rules were designed several decades ago, in a dramatically different telecommunications environment, to facilitate rate-of-return regulation. Yet, the regulations are still in place today, even though the Commission has moved carriers from rate of return regulation to price-cap regulation.

**Forbearance pursuant to Section 10 of the Telecommunications Act is absolutely appropriate here.** The basis for the cost allocation rules no longer applies, so it is clear that this data is not applicable to the Commission determining if a carrier's rates are just and reasonable. It is precisely this situation that Section 10 is intended offer redress. It is fitting that the Commission forebear from applying the rules to companies whose rates are based not on cost plus, but in fact on how to maximize efficiency and productivity.

**It is time that the costly, anachronistic burden, designed to support out dated rate of return regulation, be eliminated.** The entire process is a relic of the past - which is underscored by the fact that the data doesn't even reflect the offerings of new entrants. Considering the fact that the tax and regulatory burden has pushed the Cost of Government Day back to mid-July, anything that would lessen that burden would be a net-positive for consumers.

In an environment where we seek to promote innovation and investment, imposing expensive legacy regulatory burdens on only certain carriers in the communications landscape is counterproductive and harmful, especially when the original reason for the reporting and collection is no longer applicable.

We urge you to grant the forbearance petition eliminating these outdated cost accounting rules.

Sincerely,

Grover Norquist  
President,  
Americans for Tax Reform

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