

**Separate Statement of
Commissioner James H. Quello**

RE: Expanded Interconnection for Interstate Special Access

Having served on the Commission during the years when increasing competition has become the hallmark of our regulatory efforts, I am particularly pleased to cast my vote in support of this Report and Order. By removing structural barriers to the competitive provision of interstate special access services we will bring the benefits of competition to the users of local carriers' special access termination facilities. In my judgment, the Commission has struck a generally fair balance between the competing interests involved by facilitating the development of new state-of-the-art transmission networks while looking to extend to local exchange carriers the flexibility to price their own services to compete with these new networks.

At the same time, however, I must confess to having several reservations about our decision to require local exchange carriers to offer physical co-location to all interconnectors wanting it. The record in this proceeding indicates that the only real difference between physical co-location and virtual co-location is whether the local exchange carrier or the interconnector installs, maintains, and repairs the interconnector's equipment. The Report and Order shows quite clearly that the Commission intends to closely scrutinize the local exchange carriers' performance of these functions on behalf of virtual co-locators in order to assure that the local exchange carriers treat the equipment exactly as they would their own. Under these circumstances, our predilection for physical co-location, and the procedures we prescribe to effectuate it, could well be a solution in search of a problem. More importantly, there is also the distinct possibility that in preferring physical over virtual co-location we may end up creating more problems than we solve. Therefore, I will pay particularly close attention to any subsequent pleadings discussing this issue and remain open to rethinking this aspect of today's decision if in my judgment it becomes necessary to do so.