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Fred K. Konrad
Director
Federal Relations

May 18, 1995

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MAY 18 1995

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

Re: **Ex Parte Statement**
Docket 94-1

Dear Mr. Caton:

On May 17, 1995, Mr. Ronald Blake, President- Ameritech Long Distance Industry Service, Mr. Gary Lytle, Vice President - Federal Relations, and I met with Commissioner James Quello and Ms. Lauren Belvin, Senior Legal Advisor, to discuss Ameritech's position in the above referenced proceeding. The attached presentation was used as the basis of our discussion.

Sincerely,

Attachment

cc: Commissioner Quello
L. Belvin

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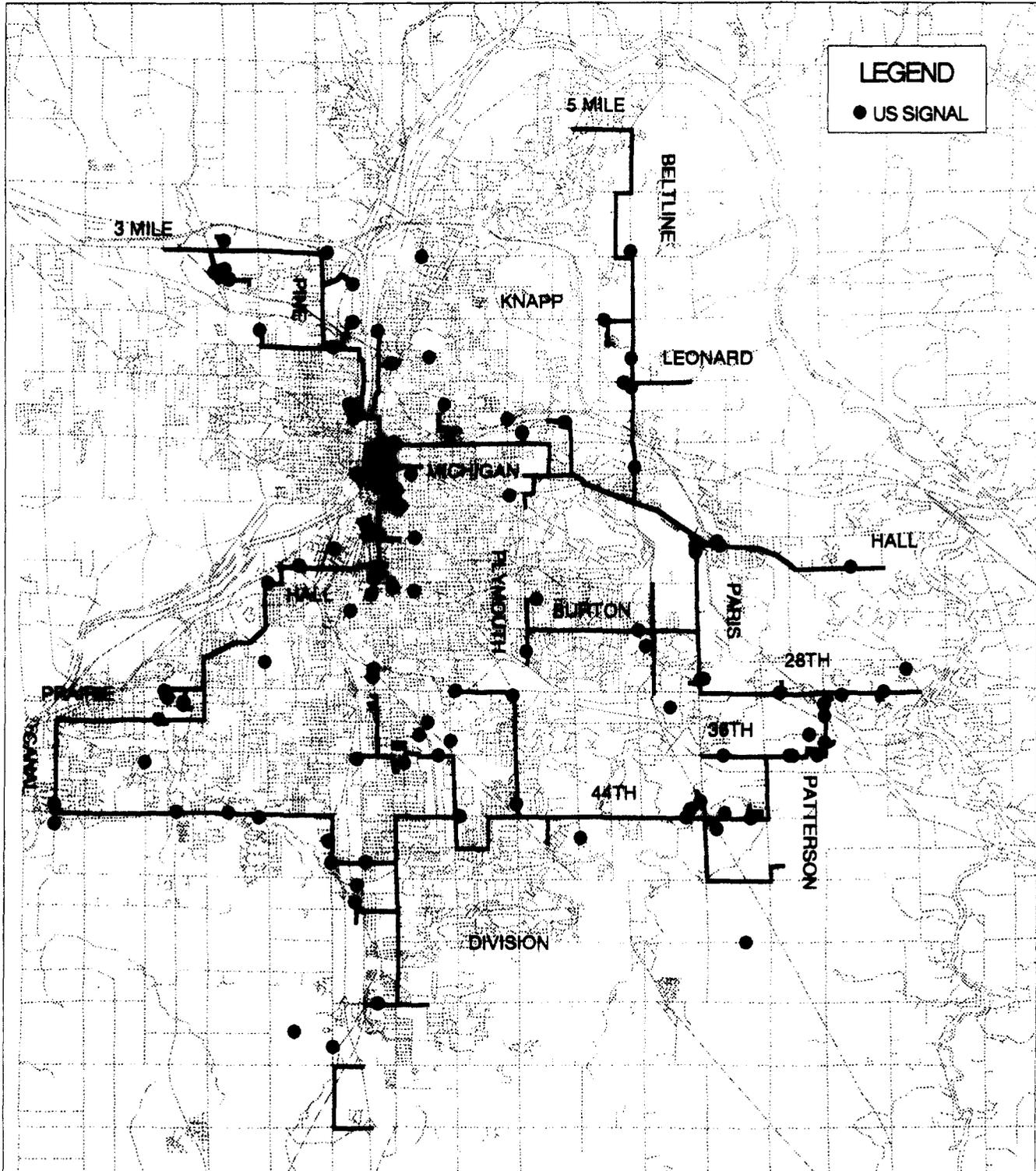
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

EARLY IMPLEMENTATION OF PRICE CAP ORDER

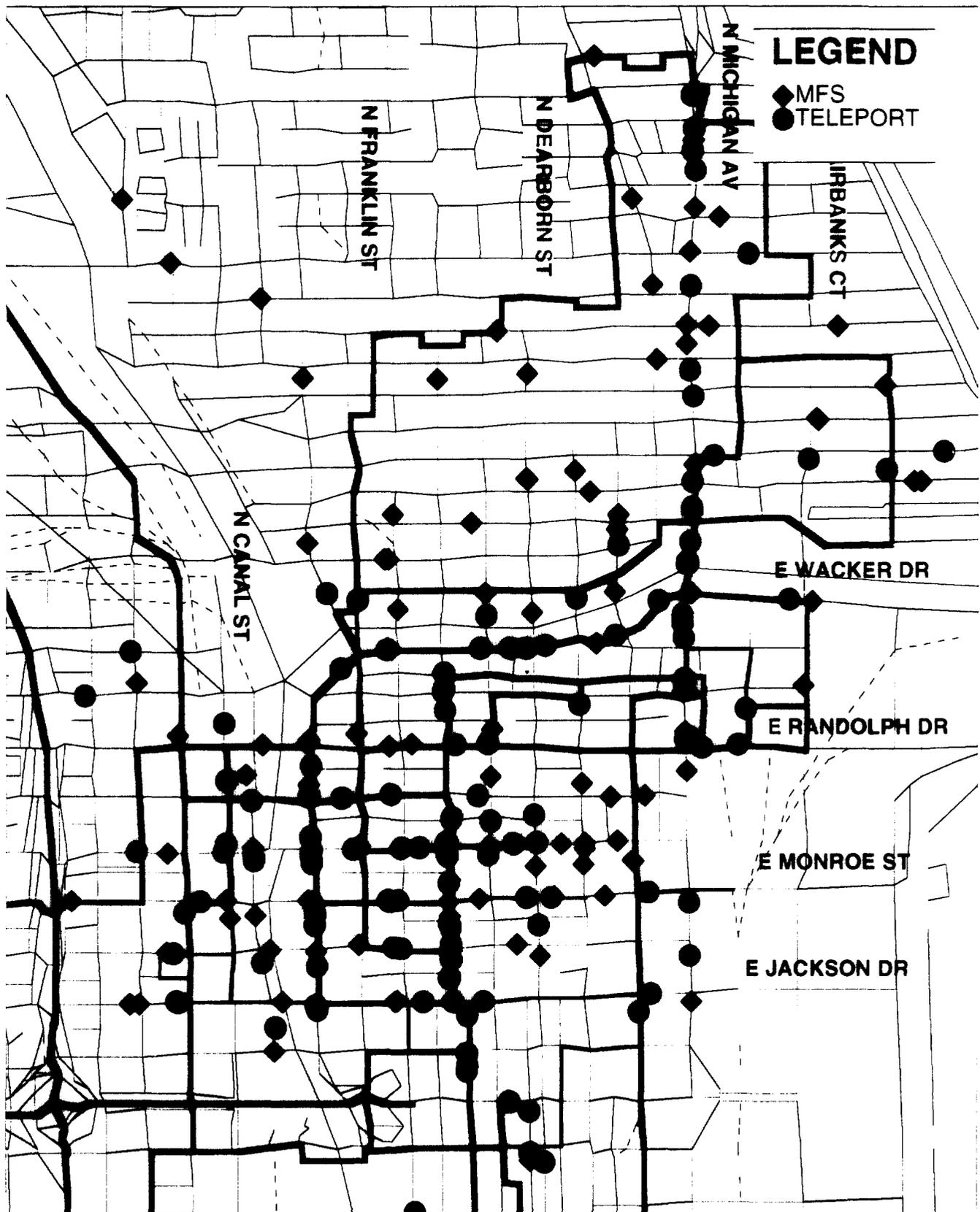
- 5.3% X-Factor/No Sharing effective 1-1-95
- Up front rate reductions (\$28 million annually)
- Consistent with Price Cap Order
 - Accelerates Commission's 5.3% /no sharing option
 - Pure price caps provide incentives which benefit consumers
- Not a deviation from Docket 94-1, only implements it sooner
- This is a reasonable risk for Ameritech and its IXC customers
 - Ameritech's 1995 earnings are good so far, but uncertain for the year
 - A \$66 million rate reduction will be implemented August 1, 1995
 - 60% of Ameritech's access revenues are in jurisdictions with unbundling orders (IL and MI)
 - The big three IXCs have announced plans and/or have become certified to enter Ameritech's exchange marketplace

AT&T in IL and MI
Sprint's "triple play" in IL
MCI Metro in IL, MI, OH, etc.

US SIGNAL FIBER ROUTES GRAND RAPIDS MICHIGAN



MFS & TELEPORT FIBER ROUTES DOWNTOWN CHICAGO



CAP FIBER ROUTES AND PRESENCE CHICAGO METRO AREA

