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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

March 6, 1996

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Mail Stop Code 1170
Washington, D.C. 20544

RE: Ex Parte Presentations
1) Interconnection between Local Exchange Carriers and Commercial Mobile Service Providers -- CC Docket No. 95-185; and
2) Amendment of the Commission's Rules to Permit Flexible Offerings In CMRS -- WT Docket No. 96-6

Dear Mr. Caton:

Pursuant to the requirements of Sections 1.1200 et seq. of the Commission's Rules, you are hereby notified that on behalf of AT&T Corp. and AT&T Wireless Services, Inc. ("AT&T Wireless"), Gerry Salemme, Vice President of AT&T Corp., Wayne Perry, Vice Chairman of AT&T Wireless and I met today with Chairman Reed Hundt, Jackie Chorney of the Chairman's staff, Robert Pepper of the Office of Plans and Policy and Michelle Farquhar, Chief of the Wireless Telecommunications Bureau regarding the above-referenced dockets. A summary of the views expressed by AT&T Corp. and AT&T Wireless is attached.

Should there be any questions regarding this matter, please contact me.

Sincerely,

Cathy Massey

Cathleen A. Massey

cc: Chairman Reed Hundt
Jackie Chorney
Michelle Farquhar
Robert Pepper

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CMRS-LEC Interconnection

- This rulemaking proceeding is a critical part of the Commission's mission to eliminate barriers to wireless competition to the local loop. As the Commission has noted, "changes in compensation arrangements are necessary if CMRS services "are to begin to compete directly against LEC wireline services."

- AT&T supports the Commission's tentative conclusion to adopt bill and keep as an interim mechanism to govern CMRS - LEC interconnection. To recognize the mutual benefits inherent the LEC-CMRS interconnection model, the Commission should broaden the scope of its bill and keep proposal to apply to each carriers' entire termination service -- i.e., extend bill and keep to cover access, switching and transport between the end user and the tandem.

- Bill and keep is an appropriate interim compensation measure because the implicit charges for traffic termination between CMRS and LEC networks provide a reasonable proxy to the actual incremental costs:

  -- While today more CMRS traffic may terminate on the LEC network then vice versa, it is also the case that it costs CMRS providers more to terminate traffic on CMRS networks then it costs LECs to terminate traffic of their networks. In these circumstances, bill and keep is a reasonable proxy on an interim basis for TSLRIC.

  -- The Commission can expect that traffic flows will become essentially even after bill and keep is adopted, since bill and keep removes a significant barrier to co-equal status of CMRS providers and LECs.

  -- In addition, bill and keep is appropriate because the likely real incremental costs incurred by LECs to terminate a CMRS originated call is de minimis.

- As a long-term arrangement, the Commission should require LECs to set interconnection rates for CMRS providers at total service, long-run incremental cost ("TSLRIC"). TSLRIC emulates that pricing that would occur if the local telephone market was competitive and it prevents LECs from engaging in a "price squeeze" by charging supra-competitive access rates.

- The FCC should exercise its plenary jurisdiction over interconnection and require LECs and CMRS providers to comply with specific federal regulations for both interstate and intrastate traffic because:

  -- a uniform national policy on LEC-CMRS interconnection, including compensation, is essential to ensure the growth and development of wireless services;

  -- Congress confirmed the FCC's plenary jurisdiction over CMRS-LEC interconnection when it enacted Section 332(c) in 1993;

  -- Even apart for 332(c), the inseverable nature of interstate and intrastate wireless transmissions justifies preemption of intrastate interconnection rates; and

  -- Nothing in the Telecommunications Act of 1996 disturbs the Commission's plenary authority over these matters.

CMRS Flexibility

- AT&T strongly supports the Commission's proposal to clarify that CMRS providers may offer primarily fixed services on their wireless spectrum. This action will:

  -- allow wireless providers to make the most efficient use of their facilities
  -- enhance the options available to customers
  -- allow the development of competition in the local exchange marketplace.

- The Commission should not limit the types of fixed services that CMRS providers may provide since this could result in artificial regulatory distinctions that would not serve the public interest.

- Until and unless wireless networks incorporating fixed services have actually become a substitute for wireline local loop service, the Commission should continue to regulate all wireless services provided by CMRS licensees as CMRS.

- It is important for the Commission to quickly issue an order clarifying the ability of CMRS providers to provide primarily fixed services.