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December 19, 1996

EX PARTE

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Mr. Caton:

Re: Non-Accounting Safeguards, CC Docket No. 96-149

Today, Carl Frank of Wiley, Rein & Fielding and I met with Diane Cornell, Chief, Telecommunications Division, International Bureau, on issues summarized in the attachment. Please associate this material with the above-referenced docket. We are submitting two copies of this notice, in accordance with Section 1.206(a)(1) of the Commission's rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions.

Sincerely yours,



Attachment

cc: D. Cornell

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Grooming Is in the Public Interest and Lawful

Grooming Lowers Costs

- Transmission of international traffic at lower cost
- Cost savings will translate into lower consumer prices

Grooming Can Be Implemented in a Manner that Is Fair and Non- Discriminatory

Grooming Will Be Consistent with Uniform Settlements

- All carriers will pay the same amount for traffic
- Any payment to foreign carrier is for switch enhancement to implement grooming
 - Such service enhancements are traditionally not part of international accounting rates.
 - IXCs pay foreign carriers for compression equipment even today, without ISP waivers
 - Switching to implement grooming is no different

Grooming Will Not Violate Proportionate Return

- In markets where proportionate return applies, carriers with groomed traffic will only receive their proportionate percentage of traffic

Grooming Does Not Involve Special Concessions

- Because all carriers can obtain geographically enhanced traffic, no carrier is bargaining for any special concession
 - Does not raise costs for customers in other parts of country
 - No regulatory advantage, just a business advantage from being a regional carrier, just like the business advantages the big IXCs get from being national carriers