

EX PARTE OR LATE FILED



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June 2, 1997

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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
GN Docket 96-245 Merger of BT/MCI

Dear Mr. Caton:

On Monday, June 2, 1997, Mark Baker, Gerald Lowrie, Tom Luciano and I met with Peter Cowhey, Bob Calaff, Diane Cornell, Kathy O'Brien, Kerry Murray and Troy Tanner of the International Bureau of the Federal Communications Commission to discuss the above-mentioned docket. The attached material was also used in our discussion.

Two copies of this Notice are being submitted today to the Secretary of the Federal Communications Commission in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

Attachments

cc: P. Cowhey K. O'Brien
 B. Calaff K. Murray
 D. Cornell T. Tanner

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LRIC or Proxy Needed for Access to Foreign Bottleneck Facilities

- High end of benchmarks (15, 19, 23 cents) not adequate to limit power when foreign carrier enters US market.
- If foreign carrier will not agree to reduce settlement rate to LRIC through bilateral negotiation, then Commission should mandate LRIC.
- If LRIC not available, using low end of Benchmark Range (6-9 cents) as proxy will go long way toward prevention of market power leverage in U.S.

Consumers will benefit from lower prices and US carriers will not be forced to continue to subsidize foreign carriers.

With GATS, countries will look to US to interpret cost based interconnection obligation.

For BT/MCI, it's the right principle; cost about 5.5 cents --not far to go.

- For Telmex/Sprint, ECO fails today.

AT&T

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