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June 2, 1997

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

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Federal Communications Commission
Office of Secretary

Re: Ex Parte Presentation
IB 96-261 International Settlement Rates

Dear Mr. Caton:

On Monday, June 2, 1997, Mark Baker, Gerald Lowrie, Tom Luciano and I of AT&T met with Jane Mago of Commissioner Rachelle Chong's office to discuss AT&T's views expressed in its comments. The attached material was also used in our discussion.

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

Sincerely,

Attachments

cc: Jane Mago

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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 with lower prices and U.S. 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

AT&T

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of Secretary