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Judy Simonson  
Government Affairs Vice President

JUN - 2 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

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June 2, 1997

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

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

Dear Mr. Caton:

On Monday, June 2, 1997, Mark Baker, Tom Luciano and I of AT&T met with Tom Boasberg of Chairman Hundt'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: Tom Boasberg

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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 CATS, 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 with

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