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June 20, 1997

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Anthony M. Alessi
Director
Federal Relations

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JUN 20 1997

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 Statement**
CC Docket No. 96-262

Dear Mr. Caton:

On June 18, 1997, Ms. Kris Shulman, Mr. Blaine Gilles, Mr. Steve Oswald and I met with Mr. Richard Metzger, Deputy Chief, Common Carrier Bureau, Mr. James Schlichting, Chief, Competitive Pricing Division and other staff members of the Common Carrier Bureau to discuss Ameritech's position in the above referenced proceeding. The attached material was used as part of our discussion.

Sincerely,

Attachment

cc: R. Metzger
J. Schlichting
P. Glenchur
D. Konuch
D. Bradford
A. Goldschmidt
K. Franco

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Ameritech
Access Reform -The Market Based Approach

Pricing flexibility must be commensurate with market conditions

Phase 1 - Potential Competition

When all triggers are met:

Unbundled network elements at rates approved by the states

Wholesale prices for retail services are based on reasonably avoidable costs

Transport and termination at cost based rates

Network elements and services are capable of being provisioned rapidly and consistent with a significant level of demand; CLECs must provide demand forecasts

Statewide relief to be granted:

Geographic deaveraging

Contract/RFP pricing

Volume and Term pricing

Price deregulation of technically new services

Growth plans

Reduction of the X factor from 6.5

Phase 2 - Actual Competition

When all triggers are met:

Presence of competition

Statewide relief to be granted:

Simplification of price cap bands and baskets

End of mandatory Part 69 rate structure

Ability to price differentiate between classes of customers

Elimination of the X factor

Competitive Access Services should be removed from price regulation and have full pricing flexibility

- Demonstration of substantial competition or when an ILEC cannot dictate price movement
- Removal on a service by service, LATA by LATA basis
- Services currently facing substantial competition and for which immediate relief is needed- Directory Assistance, HiCap Transport in certain LATAs and Interstate IntraLATA (IX)

6/17/97