



MCI Telecommunications Corporation

1801 Pennsylvania Avenue, NW
Washington, DC 20006
202 887 2551
FAX 202 887 2676

Mary L. Brown
Senior Policy Counsel
Federal Law and Public Policy

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FEDERAL COMMUNICATIONS
COMMISSION
OFFICE OF SECRETARY

July 28, 1997

William Caton
Acting Secretary
Federal Communications Commission
1919 M St., NW
Washington, D.C. 20554

Re: EX PARTE in MCI Communications Corp. and British Telecommunications plc Application for Transfer of Control, GN Docket No. 96-245

Dear Mr. Caton:

Attached is a copy of an ex parte letter that MCI is filing in the above-captioned docket.

Sincerely,

Mary L. Brown

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**MCI Communications
Corporation**

1801 Pennsylvania Avenue, NW
Washington, DC 20006
202 887 3373
Fax 202 887 3353

Michael H. Salsbury
Executive Vice President and General Counsel

July 28, 1997

Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, NW – Room 814
Washington, D.C. 20554

Dear Mr. Chairman:

Several commenters in this proceeding have noted that the United Kingdom does not have a carrier preselection (equal access) policy. While any end user served by BT has the right, on a call-by-call basis, to elect another carrier using a 3 or 4-digit carrier code with ANI (as opposed to a 5 or 6-digit code without ANI in the U.S.), BT's customers cannot preselect a carrier other than BT to transmit their long distance calls without the use of codes.

The difference in U.S. and U.K. policy is understandable in light of differing circumstances in the two markets. While the U.S. prohibited bundling of cable and telephony services – indeed, prohibited local telephone service competition generally – during the period when most U.S. cable networks were built, the U.K. always has promoted the combination of cable and telephony services. The U.K. policy was successful, resulting in widespread investment in alternative local loop facilities. These investments were premised on, and encouraged by, the U.K.'s non-equal access policy.

The U.S. carrier preselection policy also was successful, promoting a tremendous diversity of intelligent long-haul networks and vigorous long distance competition. As the primary beneficiary of the U.S. policy, MCI, of course, endorses the concept of nondiscriminatory carrier preselection most recently embodied in the proposals of the Council of the European Union as an effective means in most circumstances to open monopoly telecommunications markets to competition. While implementation of the Council's decision will take some time to work to conclusion, requiring further action in the Community governance process as well as state-by-state implementation, MCI believes that equal access policies in general are a pro-competition, pro-consumer step toward ensuring that telecommunications markets are fully open. It is possible, however, that in the unique circumstances presented by the U.K. market – where the market already has been opened through construction of overlay networks – policy makers

Reed E. Hundt, Chairman
July 28, 1997
Page 2

rationality might conclude that changing the rules at this date, six years into process, would be unfair to those who had invested in alternative loop facilities.

As a condition of the Commission's approval of the MCI-BT merger, MCI is prepared to commit that: As of the date upon which the United Kingdom has implemented a European Union directive requiring equal access in the United Kingdom:

MCI will terminate U.K.-U.S. traffic from BT that is within the scope of that equal access requirement unless, or to the extent that, BT is found to be in non-compliance with the equal access requirement.

Sincerely,



Michael H. Salsbury

CC: Commissioner James H. Quello
Commissioner Susan Ness
Commissioner Rachelle B. Chong
Thomas Boasberg
Paul Gallant
James Casserly
Dan Gonzalez
Regina Keeney
Richard Metzger
William Kennard
John Nakahata