

Gina Harrison  
Director-  
Federal Regulatory

SBC Communications Inc.  
1401 I Street, N.W.  
Suite 1100  
Washington, D.C. 20005  
Phone 202 326-8882  
Fax 202 408-4805



**ORIGINAL**

DOCKET FILED

August 1, 1997

EX PARTE OR LATE FILED

**EX PARTE**

William F. Caton  
Acting Secretary  
Federal Communications Commission  
Mail Stop 1170  
1919 M Street, N.W. , Room 222  
Washington, D.C. 20554

RECEIVED

AUG - 1 1997

COMMUNICATIONS DIVISION  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

Dear Mr. Caton:

Re: WT Docket No. 96-162, CMRS Safeguards

Yesterday, Al Richter, Esq., Senior Vice President, Wayne Watts, General Attorney, SBC Communications Inc., and I met with Commissioner Susan Ness, David R. Siddall, Legal Advisor to Commissioner Ness and Rudolfo M. Baca, Senior Legal Advisor to Commissioner Quello concerning the issues summarized in the attachment. We are submitting two copies of this notice in accordance with the Commission's rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions.

Sincerely yours,

cc: Commissioner Ness  
Rudolfo M. Baca  
David R. Siddall

Attachment

No. of Copies rec'd  
List ABCDE

0+2

**CMRS NON-STRUCTURAL SAFEGUARDS**

**WT DOCKET NO. 96-162**

**EX PARTE PRESENTATION**

**JULY 31, 1997**

## **SECTION 22.903 SHOULD BE ELIMINATED ENTIRELY**

- Section 22.903 has anticompetitive effects
- Adds cost to operations
  - those costs are unnecessary in light of other nonstructural safeguards which the Commission has in place
- Competitors of BOC cellular carriers can integrate their wireless and local exchange operations as well as other telecommunications operations
- These efficiencies will likely be passed through to consumers

- BOCs should be allowed to generate the same efficiencies to the benefit of consumers
  
- The Commission has adequate safeguards in lieu of Section 22.903
  - Cost Allocation and Affiliate Transaction Rules
  - Price Cap Rules
  - Section 251
    - Interconnection Obligations

- Interconnection agreements must be approved by state commissions
- Informs all CMRS providers of terms and conditions of interconnection agreements which may be accepted
- Market experience has not produced enforcement actions on the part of the FCC
- SBMS has been effective in negotiating interconnection agreements with unaffiliated local exchange carriers

**IF SECTION 22.903 IS NOT ELIMINATED, ITS  
ANTICOMPETITIVE IMPACTS MUST BE LIMITED**

- Revised Rule should allow:
  - Common officers
  - Common personnel including installation, maintenance, sales and marketing
  - Separate affiliate - not structural separation
  - Joint activities

## **NO COMPLIANCE PLAN SHOULD BE REQUIRED**

- Not necessary in light of the Commission's affiliate transaction, other rules
- Provides opportunity for competitors to delay the benefits of the Commission's changes
- Inefficient use of Commission resources

**PCS PROVIDERS AFFILIATED WITH BOC SHOULD  
HAVE NO NEW OBLIGATIONS IMPOSED ON THEM**

- PCS bidding based on then existing rules
- PBMS and others would be materially harmed by changes to structural separations
- If a deal is not a deal with the Commission, future auction results will be negatively impacted

- PBMS has advanced the Commission's pro-competitive goals fostered by the licensing of PCS by constructing networks and offering services based on the rules in existence at the time of the auctions
- Changes in the rules would materially effect PBMS operations, its competitiveness in the marketplace and could impact service to the customers