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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.,
Washington, D.C. 20554

Re: AT&T Corp., VLT Co. L.L.C., Violet License Co. L.L.C. and TNV [Bahamas] Ltd., Seek FCC Consent for Grant of Section 214 Authority, Modification of Authorizations and Assignment of Licenses in Connection with the Proposed Joint Venture between AT&T and British Telecommunications plc (IB Docket No. 98-212)

Dear Ms. Salas:

Pursuant to the FCC's rules on ex parte communications, this is to inform you that yesterday, May 18, 1999, representatives of Cable & Wireless plc met with International Bureau staff members Sherille Ismail and Kathy O'Brien regarding the above-cited proceeding. Participants representing C&W were Cathy L. Slesinger, Vice President of International Government Relations at C&W, as well as Albert Halprin, a partner at Halprin, Temple, Goodman & Maher, and John Alden, Director-strategic analysis at Freedom Technologies, Inc.

During the meeting, C&W discussed its continuing concerns regarding the potential impact on both competition and consumers of the terms of the proposed joint venture between BT and AT&T. Those concerns relate to (1) the joint venture's ability to act unilaterally to strand half-circuits on the transatlantic route, raising costs for C&W and other competitors; (2) the venture's ability to use British Telecom's market power in the United Kingdom to harm competition on the U.S.-U.K. route; and (3) the ability of the BT-AT&T combination to leverage that market power into dominance on other routes, particularly "thin routes" to third countries.

Based on provisions in the Framework Agreement between BT and AT&T, Cable & Wireless is concerned that those companies will use the

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joint venture to self-terminate their transatlantic traffic, "stranding" half-circuits AT&T has with C&W. That would raise costs for C&W and would take capacity off the market. C&W is asking the FCC to condition its approval of the joint venture by requiring that the joint venture and its parents divest their half-circuits to other carriers at market prices, but only to the extent that actual stranding (or significant idling) of half-circuits occurs.

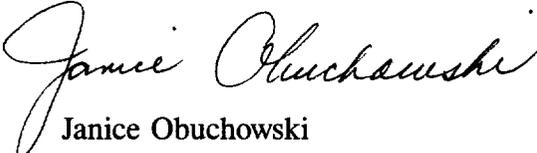
In addition, C&W sought assurance that dominant carrier regulation, applied to the joint venture as an affiliate of a dominant foreign carrier (BT) would cover all the provisions set forth for such regulation in the FCC's Foreign Participation Order (IB Docket No. 97-142). Chief among these would be conditions that ban improper or unauthorized use of all CPNI (as exist today with regard to U.S. CPNI) and competitively sensitive information gathered regarding third carriers. Dominant carrier regulation also should include structural separation and reporting requirements for provisioning and maintenance, service quality, and circuit status, all of which should be publicly available for review.

In addition, C&W expressed a desire for clarification that the joint venture would continue to be subject to the No Special Concessions rule in all aspects, except regarding settlement terms and conditions on routes where the ISP has been eliminated.

C&W also is concerned that the joint venture could take advantage of recent liberalization of the ISP to dominate thin routes. The danger exists that the venture or its parents may reach agreements with dominant foreign carriers on those routes to artificially arrange traffic levels and rates to meet the terms of the new ISP policy. Once having escaped the ISP rules, they then would be free to set new terms discriminating against competing carriers. C&W is asking for continuing oversight of the venture's activities and intercarrier arrangements on thin routes, at least on a transitional basis, because of the venture partners' existing large-scale presence on many of those routes.

Please direct any questions or comments to the undersigned.

Sincerely,



Janice Obuchowski

cc: Sherille Ismail
Kathy O'Brien