

F R E E D O M



TECHNOLOGIES
INCORPORATED

RECEIVED

ORIGINAL

MAY 21 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

May 21, 1999

EX PARTE OR LATE FILED

EX PARTE

Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
TW-A325
Washington, D.C. 20554

Re: Applications of AT&T Corp., VLT Co. L.L.C., Violet License Co. LLC and TNV [Bahamas] Ltd. for 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 Corp. and British Telecommunications plc, IB docket No. 98-212

Dear Ms. Salas:

Yesterday, May 20, 1999, Keith E. Bernard of Cable & Wireless plc and Albert Halprin of Halprin, Temple, Goodman & Maher met with Peter Tenhula, Senior Legal Adviser to Commissioner Michael Powell, regarding the above-referenced proceeding. During the meeting, the participants discussed several concerns C&W has regarding the proposed joint venture of BT and AT&T. Attached is a list of issues and proposed conditions that were presented during the meeting.

ADVANCED IDEAS
IN COMMUNICATIONS

Respectfully yours,

Janice Obuchowski

555 12th St., N.W.
Suite 950 North
Washington, D.C. 20004
(202) 371-2220
Fax (202) 371-1497

cc

Peter Tenhula

No. of Copies rec'd 0+2
List A B C D E

Issues Raised about AT&T-BT Joint Venture

1. BT can leverage its U.K. market power into dominance in international service markets, because the joint venture will market retail services on both sides of the Atlantic.

PROPOSED CONDITIONS:

- **Regulating the joint venture as a "dominant" carrier with respect to its retail operations, because of its affiliation with BT.**
 - **Insuring full structural separation and clarifying the ban on joint ownership of facilities between AT&T, BT and the joint venture; also, regulating asset transfers.**
 - **Banning improper or unauthorized use of CPNI and sensitive data gathered from competitors.**
 -
2. BT and AT&T could pull traffic off existing transatlantic circuits that the companies now maintain with competitors, leaving those competitors' half-circuits "stranded."

PROPOSED CONDITIONS:

- **Divesting idled or effectively idled half-circuits the venture maintains with competitors, at the competitors' discretion and at reasonable rates (e.g., recent competitive sales of capacity).**
 - **Retaining the "no special concessions" rule on the U.S.-U.K. route.**
3. In the absence of safeguards, AT&T and BT could leverage their existing dominant positions on the transatlantic route by establishing dominance in the markets for multinational business and carrier's carrier services, even on routes to third countries.

PROPOSED CONDITIONS:

- **Preserving, at least for a transitional period, the "no special concessions" rule on "thin" routes, on which BT-AT&T could distort competition by tying up capacity.**
- **Maintaining transparency in dealings between BT, AT&T, the joint venture, and their affiliates by requiring all traffic arrangements to be filed with the FCC and making them available for public review.**