The attached questionnaire was undertaken in preparation for the biennial OECD Communications Outlook. The responses provided by countries on telecommunication regulation were used to provide information supporting the analytical sections published in association with data. A similar questionnaire with responses on broadcasting regulation is also available. In some cases, data for individual firms, used to compile OECD totals, have not been published at the request of the respondent. For further information, including data, see OECD Communications Outlook 1999 and http://www.oecd.org/dsti/sti/it/index.htm
### Market Structure and Regulatory Status (Questions 1 -13)

1. Please provide details of the regulation of communication infrastructure, including the public switched telecommunication network (PSTN), provision in your country.

<table>
<thead>
<tr>
<th>Infrastructure provision for following service</th>
<th>Regulatory Status (e.g. monopoly, duopoly, certain number, fully open to any applicant)</th>
<th>Number of licensed operators (1998)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local PSTN</td>
<td>Open</td>
<td>1,480</td>
</tr>
<tr>
<td>National PSTN</td>
<td>&quot;</td>
<td>621</td>
</tr>
<tr>
<td>International PSTN</td>
<td>&quot;</td>
<td>360</td>
</tr>
<tr>
<td>Analogue Cellular Mobile (e.g. NMT etc.)</td>
<td>&quot;</td>
<td>976*</td>
</tr>
<tr>
<td>Digital Cellular Mobile (e.g. GSM etc.)</td>
<td>&quot;</td>
<td>*</td>
</tr>
<tr>
<td>Other Mobile Communication (e.g. PCS, PCN, CT-2 etc.)</td>
<td>&quot;</td>
<td>*</td>
</tr>
<tr>
<td>Payphones</td>
<td>&quot;</td>
<td>441</td>
</tr>
</tbody>
</table>

* no separate data is available under this definition

2. Please provide details for the major public telecommunication operator (PTO) of public switched telecommunication services in your country. (PTOs are state and privately owned entities providing public switched telecommunication services over their own infrastructure)

<table>
<thead>
<tr>
<th>Name of PTO</th>
<th>PTO Ownership Status (1998) (e.g. state owned/privately owned) If a balance of ownership exists please indicate the share (%) held by the government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bell Atlantic</td>
<td>Private</td>
</tr>
<tr>
<td>SBC</td>
<td>Private</td>
</tr>
<tr>
<td>BellSouth</td>
<td>private</td>
</tr>
<tr>
<td>US West</td>
<td>Private</td>
</tr>
</tbody>
</table>
3. Please provide details of market share for the largest PTO in the following categories.

<table>
<thead>
<tr>
<th>Local Access (% of access lines)</th>
<th>The largest PTO’s share (End 1997)</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.6</td>
<td>Bell Atlantic</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>National Long Distance (% of total minutes)</th>
<th>AT&amp;T</th>
</tr>
</thead>
<tbody>
<tr>
<td>51.4</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>International (% of total outgoing MiTT)</th>
<th>AT&amp;T</th>
</tr>
</thead>
<tbody>
<tr>
<td>45.2</td>
<td></td>
</tr>
</tbody>
</table>

4. Please provide details of the number of subscribers by cellular and PCN mobile communication operators.

<table>
<thead>
<tr>
<th>Name of Operator</th>
<th>Number of Subscribers (End 1997)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. AT&amp;T</td>
<td>6,019,000</td>
</tr>
<tr>
<td>2. Bell Atlantic Mobile</td>
<td>5,356,000</td>
</tr>
<tr>
<td>3. SBC</td>
<td>5,068,000</td>
</tr>
<tr>
<td>4. BellSouth</td>
<td>4,900,000</td>
</tr>
<tr>
<td>5. GTE</td>
<td>4,487,000</td>
</tr>
</tbody>
</table>

5. Please provide a description of the most significant recent policy changes affecting the provision of telecommunications services, as well as any draft laws, or regulatory proposals to be implemented in 1998.

Please provide details:


The FCC's new rules replace the FCC's 1995 effective competitive opportunities (ECO) test with an open entry standard for applicants from WTO countries. The ECO test had allowed foreign entry into the U.S. telecommunications market if the home country markets offered effective competitive opportunities for U.S. companies. Under the new rules, applicants from WTO countries will no longer be required to demonstrate that their markets offer effective competitive opportunities in order to: (1) obtain Section 214 authority to provide international facilities-based, resold switched services and resold non-interconnected private lines; (2) receive authorization to
exceed the 25 percent indirect foreign ownership benchmark in Section 310(b)(4) of the Communications Act of 1934, as amended, (Communications Act) for common carrier wireless licenses; or (3) receive a submarine cable landing license. The FCC also removed the equivalency test, a standard similar to the ECO test for authorizing the provision of switched services over private lines (international simple resale or ISR) between the United States and WTO Member countries. The equivalency test, applicable only to international private-line resale, required applicants to show that the country at the other end of the private line sought to be resold affords U.S.-based companies equivalent resale opportunities in the reverse direction. In lieu of the ECO test, the FCC presumes that entry is procompetitive and therefore adopts streamlined procedures for granting most applications. The FCC also recognized, however, that in some cases safeguards may not adequately constrain the potential for anticompetitive harm. In such instances, the FCC reserved the right to attach additional conditions to an authorization and, in the exceptional case in which applications pose a very high risk to competition that cannot be addressed by safeguards, the FCC reserved the right to deny the authorization.

The liberalized standards allowed the Commission to further streamline its process for granting Section 214 authorizations. Since adopting the new rules in November 1997, the Commission has granted over 700 applications to provide international service. This includes 48 applications granted to foreign telecommunications carriers to enter the U.S. market, 18 of which were from foreign dominant carriers. Also, prior to adoption of the new rules, the International Bureau had authorized the provision of ISR only to five countries. Since the new rules were adopted, the Bureau has authorized the provision of ISR on an additional eleven international routes, allowing ISR on routes that cover 42% of U.S. international traffic minutes.

The FCC also revised the competitive safeguards that apply to the provision of international telecommunications services in the U.S. market. For example, the FCC adopted more narrowly tailored safeguards that enhance the Commission’s ability to monitor and detect anticompetitive behavior in the U.S. markets and modified or eliminated some existing rules that would hamper competition. The FCC narrowed the "No Special Concessions" rule so that it prohibits U.S.-licensed carriers from entering into exclusive arrangements only with foreign carriers that have power adversely to affect competition in the U.S. market. It created a rebuttable presumption that any carrier with less than 50 percent of a foreign market does not have such power and allows U.S. carriers to show that carriers with a greater than 50 percent market share do not have such power.

Also, the new rules forbid U.S carriers from accepting from foreign carriers any confidential information about carriers or U.S. consumers without U.S. carrier or U.S. consumer approval. In addition, the FCC requires U.S.-licensed carriers affiliated with a foreign telecommunications provider that seek to resell switched international services to file quarterly traffic and revenue reports to monitor any competitive problems.

The FCC also modified the safeguards applicable to carriers classified as dominant due to affiliation with a foreign telecommunications entity. For example, the FCC replaced the 14-day advance filing requirement for such carriers’ tariffs with a one-day notice requirement. The FCC also removed the requirement that such entities obtain advance authorization for additions to their circuits on dominant routes and required a limited form of structural separation between U.S.-
licensed carriers and their foreign affiliates. The FCC created a rebuttable presumption that a foreign carrier with a less than 50 percent share of its home market lacks market power and that its U.S. affiliate should be classified as non-dominant.

Finally, the FCC adopted a presumption in favor of allowing alternative settlement arrangements on routes between the United States and WTO Member countries. That is, in certain circumstances, U.S.-licensed carriers on such routes may depart from the International Settlements Policy in favor of special arrangements.

For more information on alternative settlement policies see (3) below.


With regard to satellites licensed by non-WTO Member countries and for all satellites used to provide services not covered by the WTO Basic Telecom Agreement (e.g., direct-to-home video and audio services, direct broadcast services and digital audio radio services) the FCC will employ an ECO-Sat test in deciding whether to allow such systems to operate in the United States. The ECO-Sat test looks to whether U.S.-licensed satellite systems have effective competitive opportunities to operate in the market of the country licensing the foreign system. If the FCC finds that U.S. satellite systems do not have such opportunities, it will not permit the foreign satellite system to enter the U.S. market. The FCC also reserved the right to condition the grant of particular applications or to employ safeguards to ensure that the entry of a specific entity does not harm competition in the U.S. market. In exceptional cases, the FCC also reserved the right to deny the application where an application poses so high a risk to competition in the U.S. market that it cannot adequately be addressed by the FCC’s license conditions or competition safeguards. The presumption in favor of entry will also apply for applications from satellite systems from countries with which the United States has entered into a bilateral agreement that are not Members of the WTO.

The Report and Order established a modified ECO-Sat test for satellite space stations operated by intergovernmental satellite organizations (IGO) such as INTELSAT or INMARSAT. For any satellites operated by an affiliate of an IGO from a WTO Member country, the FCC will employ the rebuttable presumption in favor of entry (including the reservation of right to condition applications). In determining whether an application by an IGO affiliate to serve the U.S. domestic market poses risks for U.S. competition, the FCC will consider any potential anticompetitive consequences posed by continued relationships between an IGO and its affiliate, particularly the likelihood of collusive behavior or cross-subsidization.

Specifically, the FCC will evaluate (1) the ownership structure of the IGO affiliate, including the level of IGO or Signatory ownership; (2) whether the affiliate can directly or indirectly benefit from the IGO’s privileges and immunities; (3) the existence of arms-length conditions governing the relationship between the IGO and its affiliate; (4) the extent to which the IGO and its affiliate have separate directors, officers, or employees and that business transactions between the IGO and its affiliate are governed by accounting systems and fair market valuing requirements that comport
Specifically, the FCC will evaluate (1) the ownership structure of the IGO affiliate, including the level of IGO or Signatory ownership; (2) whether the affiliate can directly or indirectly benefit from the IGO’s privileges and immunities; (3) the existence of arms-length conditions governing the relationship between the IGO and its affiliate; (4) the extent to which the IGO and its affiliate have separate directors, officers, or employees and that business transactions between the IGO and its affiliate are governed by accounting systems and fair market valuing requirements that comport with normal commercial practices and are verifiable by independent auditors; and (5) whether the IGO and its affiliate employ common marketing procedures or the affiliate has recourse to IGO assets for credit or capital. Additionally, the FCC rules forbid the IGO to coordinate spectrum or orbital locations on behalf of it affiliate.

The new rules have gone into effect, but there are several pending petitions asking the FCC to reconsider its Report and Order. Additionally, one party has filed a Petition for Review of the Report and Order in the U.S. Circuit Court of Appeals for the D.C. Circuit seeking to overturn it.

(3) **International Accounting Rates.** *Regulation of International Accounting Rates*, Docket No. CC 90-337 (Phase II), FCC 96-459, 11 FCC Rcd 20063 (1996). On November 26, 1996, the FCC adopted a *Fourth Report and Order* that permits flexibility in its accounting rate policies. The new rules adopted in this *Report and Order* were revised in the telecommunications *Foreign Participation Order* discussed in 5(1) above. The new rules permit U.S. carriers to enter into more economically efficient arrangements for terminating their international traffic where competitive conditions exist on the foreign end of an international route. U.S. carriers are permitted to negotiate alternative international settlement payment arrangements that deviate from the requirements of the FCC’s International Settlements Policy with any foreign correspondent that is from a WTO Member country. That presumption can be rebutted by a showing that the foreign carrier is not subject to competition in its home market from multiple (more than one) facilities-based carriers that possess the ability to terminate international traffic and serve existing customers in the foreign market. For countries that are not WTO Members, U.S. carriers will be permitted to negotiate alternative settlement arrangements with any foreign correspondent in a country that meets the effective competitive opportunities (ECO) test or, under certain circumstances where the ECO test is not met. The Commission adopted competitive safeguards to ensure that this new flexibility will not have anticompetitive effects in the U.S. market for international services.

*International Settlement Rates*, IB Docket No. 96-261, *Report and Order*, 12 FCC Rcd 19806 (1997), recon. and appeals pending (*Benchmarks Order*). On August 7, 1997, the Commission adopted a *Report and Order* that significantly reduced the cost of international long distance telephone service by setting new, lower benchmarks on settlement rates for international telephone service. The *Benchmarks Order* became effective on January 1, 1998. The *Benchmarks Order* requires U.S. carriers to comply with the following benchmark rates: 15 cents per minute for upper income countries; 19 cents per minute for upper middle and lower middle income countries; and 23 cents per minute for lower income countries. Because the Commission does not have information on the costs other countries incur in terminating inbound international telephone traffic, it found a substitute. The Commission based its benchmark rates on foreign carriers’ publicly-available tariff rates and information published by the International Telecommunication Union and on each country’s economic development category.

To ensure a gradual and smooth transition to the benchmark settlement rates, the Commission has adopted five transition periods in which settlement rates are to be reduced to the applicable benchmark rate. The transition periods correspond to the income classifications used to calculate the benchmarks, with an additional category for settlement rates for countries that have teledensity.
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Union and on each country’s economic development category.

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adopted five transition periods in which settlement rates are to be reduced to the applicable
benchmark rate. The transition periods correspond to the income classifications used to calculate
the benchmarks, with an additional category for settlement rates for countries that have teledensity
-- lines per one hundred inhabitants -- of less than one. Because the subsidies embedded in
current settlement rates could create competitive distortions in the U.S. market for international
services, the *Benchmarks Order* imposes certain post-entry conditions in carriers’ service
authorizations to address these potential distortions.

Since August 18, 1997, when the FCC’s *Settlement Rate Benchmarks Order* was released, ten
Petitions for Review of the *Benchmarks Order* were filed with the D.C. Circuit. The U.S.
Supreme Court heard oral arguments on September 23, 1998. The *Benchmarks Order* remains in
effect during the appeals process and the FCC will move forward with implementation of this
policy.

In the *Benchmarks Order*, the FCC emphasized that it may refrain from enforcing its *Order* if a
satisfactory multilateral solution can be reached that will produce substantially equivalent results
in a timely manner. The U.S. recognizes that developing countries will need a transition period to
lower their accounting rates to a more cost-oriented level and to make necessary policy changes
such as undertaking rate rebalancing and adopting effective universal service policies.

(4) **Ka-band Satellite Systems**, CC Docket 92-297. The Ka-band generally refers to the 27.5-
30.0 (uplink) and 17.7-20.2 GHz (downlink) bands. In July 1996, the Commission released a
*Report and Order* adopting a band segmentation plan for the Ka-band. The band plan
accommodates both satellite and terrestrial systems. Satellite systems planned for the Ka-band
will provide broadband interactive services such as: Internet access; videoconferencing;
telemedicine; and multimedia services.

The International Bureau authorized Teledesic Corporation, a non-geostationary satellite orbit
(NGSO) fixed-satellite service (FSS) system in March 1997. In May 1997 the International
Bureau adopted an orbital assignment plan for geostationary satellite orbit (GSO) FSS systems
proposed in the Ka-band and authorized 13 GSO FSS systems. In October 1997, the Commission
adopted a *Report and Order* promulgating satellite service rules for the Ka-band. These rules
include many of the rules already in place in Part 25 for the fixed-satellite service, including
financial and technical requirements. Additional rules were also adopted for satellites operating in
the Ka-band. On October 15, 1997, the Bureau established a cut-off for additional applications for
the Ka-band. In this second processing round, the Commission will consider five applications
proposing NGSO FSS systems and eleven companies proposing new or modifications to GSO
FSS systems.

(5) **Interexchange Proceeding**, CC Docket No. 96-61, FCC 97-293. On August 20, 1997,
the Commission generally affirmed its previous decision to eliminate tariff filing requirements for
domestic, interstate, and long distance telephone services provided by nondominant long distance
carriers, with two limited exceptions. In response to petitions for reconsideration and clarification
of the *Report and Order* that the Commission adopted last year in this proceeding, the
Commission concluded that it is in the public interest to allow long distance carriers to file tariffs
for: (1) dial-around 1+ services; and (2) the first 45 days of service to customers that select or
change their long distance carriers by contacting their local telephone companies. In addition, the
Commission eliminated the requirement that nondominant long distance carriers make publicly
domestic, interstate, and long distance telephone services provided by nondominant long distance carriers, with two limited exceptions. In response to petitions for reconsideration and clarification of the Report and Order that the Commission adopted last year in this proceeding, the Commission concluded that it is in the public interest to allow long distance carriers to file tariffs for: (1) dial-around 1+ services; and (2) the first 45 days of service to customers that select or change their long distance carriers by contacting their local telephone companies. In addition, the Commission eliminated the requirement that nondominant long distance carriers make publicly available information concerning the rates and terms of their offerings.

In 1996, the Commission exercised its forbearance authority under the Telecommunications Act of 1996 in ruling that nondominant long distance carriers would not be permitted to file tariffs for their interstate domestic long distance services. The Commission found that replacing tariffs with contracts between carriers and customers would foster increased competition in the long distance market.

On reconsideration, the Commission modified its rules to give carriers the option of filing tariffs for dial-around 1+ services (domestic, interstate, domestic, interexchange direct-dial services to which consumers obtain access by dialing a carrier’s access code) because long distance carriers cannot reasonably establish enforceable contracts with casual callers in these circumstances. The Commission also concluded that carriers may file tariffs for the first 45 days of long distance services in cases where consumers contact their local telephone companies to initiate long distance service or change their long distance carriers. In such cases, long distance carriers may be unable immediately to establish contract with consumers.

The Commission eliminated the requirement that nondominant long distance carriers publicly disclose the rates and terms of their offerings because it found the pro-competitive benefits of eliminating this requirement, such as the decreased risk of tacit price coordination, outweigh any potential adverse effects. The Commission emphasized that its decision to eliminate the public disclosure requirement in no way signals a departure from its commitment to ensuring that carriers adhere to the rate integration and rate averaging requirements pursuant to section 254(g) of the 1996 Act. To that end, the Commission affirmed its rules that require nondominant long distance carriers to certify annually that they are in compliance with their obligations under section 254(g) and to maintain price and service information on all of their interstate, domestic, long distance services that they must make available to the Commission upon request.

Finally, the Commission noted that its earlier detariffing Order is currently stayed by the United States Court of Appeals for the District of Columbia Circuit pending judicial review. As a result, its Order on Reconsideration is also stayed until the Court issues its determination on the merits of the appeal of the detariffing Order.

(6) Universal Service, Report and Order, CC Docket No. 96-45, FCC 97-157, 12 FCC Red 8776 (rel. May 8, 1997). Pursuant to Section 254 of the Telecommunications Act of 1996, the FCC, on May 8, 1997, released its Report and Order establishing a comprehensive program to ensure the availability of telephone service to all residents of the United States. The statute requires the FCC and the states to establish support mechanisms to ensure the delivery of affordable telecommunications to all residents of the United States, including low-income consumers, eligible schools and libraries and rural health care providers (universal service). Under the statute the FCC referred the issue to a Federal-State joint Board to make recommendations for FCC action. The FCC’s May 8 Report and Order adopted virtually all of the Joint Board recommendations.

The 1996 Act enumerates seven principles governing Universal Service in the United States: (1)
consumers, eligible schools and libraries and rural health care providers (universal service). Under the statute the FCC referred the issue to a Federal-State joint Board to make recommendations for FCC action. The FCC’s May 8 Report and Order adopted virtually all of the Joint Board recommendations.

The 1996 Act enumerates seven principles governing Universal Service in the United States: (1) quality service at just, reasonable, and affordable rates; (2) access to advanced services in all regions; (3) access by rural, insular, and high-cost areas/low-income users to services similar to those available to urban users, and at comparable rates; (4) support to contributions must be specific and predictable; (5) access to advance telecommunications services for schools, health care providers, and libraries; (6) all telecommunications providers must contribute to Universal Service on an equitable, non-discriminatory basis; and (7) support must be provided in a competitively neutral fashion; and Section 255 of the Act provides that, if readily achievable, telecommunications services must be accessible by the disabled. The FCC continues the process of restructuring the system so that support will be explicit, competitively neutral, and sustainable in a competitive environment.

For additional information on universal service see Numbers 23-24 below.

(7) Access Charge Reform, CC Docket No. 96-262, et. al., First Report and Order, FCC-97-158 (rel. May 16, 1997); Eratta (rel. June 4, 1997). In the United States, the term "access charges" refers to the charges that U.S. interexchange carriers pay to Local Exchange Carriers for originating or terminating interexchange calls in their local service areas. On May 7, 1997, the Commission adopted the First Report and Order in its Access Charge Reform proceeding. The FCC adopted changes to its system of interstate access charges to make them compatible with the pro-competitive deregulatory framework established by the Telecommunications Act of 1996.

Access charges for interstate long distance telephone calls come under the jurisdiction of the FCC and are set forth in tariffs filed with the FCC. The FCC adopted the original system of access charges in 1984 as an outgrowth of the decision by AT&T to divest its local operations. That system of charges was created before there was a possibility of significant competition in the provision of access to the local exchange and was not designed to tailor the charges to the way the local exchange carrier (LECs) incurred costs for providing access. A large portion of access charges are designed to permit LECs to recover the cost of the common line portion of their networks (i.e., the local loop connecting the subscriber’s premises to the LEC central office). The cost of providing this portion of the network is fixed because it does not vary with the volume of calls carried over the loop. Under the old access charge system, some of these costs were recovered through a fixed charge (the "subscriber line charge" or SLC), but most were recovered from the per-minute access charges. As a result, high-volume users (who paid more minutes of access charges) paid more than the costs they imposed on the network, while low-volume users did not pay enough. Because this gave high-volume users an incentive to bypass the switched-access market, the old access-charge system was not well-suited to a competitive market.

In its First Report and Order the FCC adopted: (1) non-traffic-sensitive (NTS) recovery mechanisms (i.e., fixed charges) for access costs the LECs incur on an NTS basis; (2) a final, cost-causative rate structure for transport between the LRC’s end offices and the IXCs’ offices using a tandem switch to aggregate calls from different carriers going to or coming from multiple end offices ("tandem-switched transport"); and (3) a "market-based" approach to access charge reform that relies upon market forces to put downward pressure on access charges. These reforms apply only to the LECs that are subject to price-cap regulation -- i.e., the largest LECs.

More specifically, with respect to NTS costs, the FCC’s First Report and Order retained the
causative rate structure for transport between the LRC’s end offices and the IXCs’ offices using a tandem switch to aggregate calls from different carriers going to or coming from multiple end offices (“tandem-switched transport”); and (3) a “market-based” approach to access charge reform that relies upon market forces to put downward pressure on access charges. These reforms apply only to the LECs that are subject to price-cap regulation -- i.e., the largest LECs.

More specifically, with respect to NTS costs, the FCC’s First Report and Order retained the current NTS cost-recovery mechanism, the SLC. It left the current cap on the SLC for primary residential and single-line business lines, which is $3.50 per month, but increased the SLC for non-primary residential lines and multi-line business lines. The rest of the NTS costs for the common line will be recovered from flat monthly charges imposed on the IXCs for each line presubscribed to their networks, rather than from the current per-minute charges. Finally, the NTS costs of line ports, used at the local switch in connection with the common line, will be recovered through flat-rated monthly charges rather than through per-minute charges.

The First Report and Order also adopted various reforms to the existing rate structure for interstate access that are designed to move access charges, over time, to more economically efficient levels and rate structures. The Commission also, however, adopted a prescriptive safeguard to bring access rates to competitive levels even in the absence of competition. For all services then still subject to price caps and not deregulated in response to competition, the Commission required incumbent LECs subject to price caps to file TSLRIC (Traffic-Sensitive Long-Run Incremental Cost) studies no later than February 8, 2001.

Interconnection, CC Docket No. 97-137, 11 FCC Rcd 15499. In August 1996, the FCC adopted rules to implement the local competition provisions of the Act. Shortly thereafter, a number of incumbent Local Exchange Carriers (LECs) challenged the FCC’s local competition rules. As litigation is pending before the U.S. Supreme Court and lower courts, there will continue to be some uncertainty in the regulatory landscape in the United States.

On August 18, 1997, the FCC issued the Local Competition Third Order on Reconsideration (Shared Transport Order). The Shared Transport Order requires an incumbent LEC to provide competing carriers with access on a shared basis to unbundled transport facilities between the incumbent LEC’s switches. The Local Competition Report and Order, which was previously adopted in this proceeding, requires an incumbent LEC to provide its competitors with access to the same transport facilities that the incumbent uses to carry its own traffic for transport between the end office switch and the tandem switch.

In the Shared Transport Order, the FCC clarified that incumbent LECs are required to provide access to shared transport for all transmission facilities connecting incumbent LECs’ switches -- i.e., between an end office switch and a tandem switch, and between tandem switches.

The FCC also concluded that incumbent LECs must permit requesting carriers that purchase shared transport and unbundled switching to use the same routing table and transport lines that the incumbent LEC uses to route and carry its own traffic.

The FCC further concluded that a requesting carrier that takes shared or dedicated transport as an unbundled network element may use such transport to provide interstate exchange access services to customers to whom it provides local exchange services.

Slamming, CC Docket No. 94-129. On July 15, 1997, the Commission released a combined Memorandum Opinion and Order on Reconsideration (Reconsideration Order) and Further Notice of Proposed Rulemaking (Further Notice). The Reconsideration Order resolved
The FCC further concluded that a requesting carrier that takes shared or dedicated transport as an unbundled network element may use such transport to provide interstate exchange access services to customers to whom it provides local exchange services.

(9) Slamming. CC Docket No. 94-129. On July 15, 1997, the Commission released a combined Memorandum Opinion and Order on Reconsideration (Reconsideration Order) and Further Notice of Proposed Rulemaking (Further Notice). The Reconsideration Order resolved petitions for reconsideration and clarification of the Commission’s 1995 Report and Order concerning Letters of Agency (LOAs) (1995 Order). The Commission’s rules require that interexchange carriers (IXCs) either obtain a signed LOA from a subscriber, or, in the case of telemarketing solicitations, complete one of four telemarketing verification procedures before submitting preferred interexchange carrier (PIC) change requests on behalf of consumers.

The Reconsideration Order clarified that IXCs using LOAs must translate the LOAs into the same language as the associated oral or written promotional; incorporated the terms "interLATA" and "intraLATA," as well as "interstate" and "intrastate," in order to clarify the scope of the Commission’s rules; and clarified that carriers must confirm PIC-change requests generated by telemarketing using only one of the four verification options. The Further Notice sought comment on the implementation of section 258, added by the 1996 Act. Section 258 makes it unlawful for any telecommunications carrier to submit or execute a change in a subscribers carrier selection except in accordance with the Commission’s verification procedures, and provides that any carrier that violates these procedures and collects charges for telecommunications service from a subscriber after such violation shall be liable to the subscriber’s properly authorized carrier for all charges collected.

The Further Notice sought comment on, among other things, the application of the Commission’s verification rules to all telecommunications carriers; the application of the verification rules to preferred carriers freezes, which prevent carrier changes unless the subscriber gives express written or oral consent to the carrier from whom the freeze was requested; the application of the verification rules to in-bound telemarketing; the appropriate subscriber-to-carrier liability, carrier-to-carrier liability and carrier-to-subscriber liability.

(10) Cramming. On July 22, 1998, U.S. local phone companies, working with the FCC, announced new voluntary best practices guidelines to combat cramming practices on customer telephone bills. "Cramming" refers to the inclusion on consumers’ local telephone bills of unauthorized, misleading or deceptive charges. The FCC has processed on average more than 300 complaints each month from consumers claiming to have been crammed, ranking it with slamming as one of the single largest sources of consumer complaints received by the Commission.

Industry development of the best practices guidelines followed a meeting convened by FCC Chairman William Kennard on May 20, 1998, with representatives of the local exchange companies where he challenged them to find a solution to the cramping problem. The guidelines include procedures for comprehensive advance screening of products being charged to local telephone bills, telephone company scrutiny of service providers, verification of end user approval of services being charged to their bills, customer dispute resolution procedures, and other recommendations for preventing and eliminating cramping. In addition to the efforts of local carriers, billing clearinghouses and services providers are also developing their own guidelines to fight the cramping problem.

These voluntary industry guidelines should go a long way towards weeding out the bad actors in the telecommunications industry by cutting off access to billing services to those engaged in
of services being charged to their bills, customer dispute resolution procedures, and other recommendations for preventing and eliminating cramming. In addition to the efforts of local carriers, billing clearinghouses and services providers are also developing their own guidelines to fight the cramming problem.

These voluntary industry guidelines should go a long way towards weeding out the bad actors in the telecommunications industry by cutting off access to billing services to those engaged in unfair or deceptive marketing, and providing consumers the ability to recognize and challenge improper charges before they make any payment. In addition to the guidelines, the FCC has also undertaken initiatives to educate consumers about the importance of closely reviewing their telephone bills and to help them actually understand these bills.

(11) **Equipment Certification.** On May 14, 1998, the FCC proposed streamlining equipment approval procedures to increase speed to market and reduce barriers to international trade. The FCC has proposed modifications to its authorization rules for devices that emit radio frequency energy and for terminal equipment that may be attached to the telephone network. These modifications are intended to improve the efficiency of the equipment approval process so that communications equipment may be introduced more rapidly.

The FCC also has proposed modifications to implement the Mutual Recognition Agreement (MRA) between the United States and the European Community (EC). A major objective of the MRA is to reduce the time it takes for manufacturers to get products into the markets of signatory countries by enabling manufacturers to have their products approved for sale in the United States or the EC.

Finally, the FCC has proposed the adoption of an interim procedure for the approval of Global Mobile Personal Communications by Satellite (GMPCS) terminals. GMPCS is delivered via global or regional satellite systems designed to transmit a combination of voice, data and video services to customers as they travel internationally. The FCC’s proposal would benefit the GMPCS industry and its customers by facilitating worldwide product acceptance.

Specifically, the FCC proposed:

1) further streamlining of the equipment authorization process by enabling designated private parties in the United States to approve equipment as an alternative to certification by the FCC.

2) modifying its rules to implement an MRA for product approvals with the EC and to allow for similar agreements with other foreign trade partners. Under the US/EC MRA, products may be tested by private bodies in the United States for compliance with the technical requirements of EC member countries. Compliant equipment may then be approved for sale in the EC, with no further certification activity required. In return, the US/EC MRA enables parties in the EC to test and approve equipment for compliance with United States’ requirements.

3) adopting an interim procedure to issue equipment approvals for Global Mobile Personal Communications by Satellite (GMPCS) terminals. In 1996, the ITU convened a World Telecommunications Policy Forum to focus on regulatory and technical issues related to the rapidly-developing GMPCS technology. Since that time, the United States, as a signatory to the international GMPCS MoU, has participated actively in developing the GMPCS MoU Arrangements governing terminals in the area of licensing, type approval, marking, sharing of traffic data and customs recommendations.
Telecommunications Policy Forum to focus on regulatory and technical issues related to the rapidly-developing GMPCS technology. Since that time, the United States, as a signatory to the international GMPCS MoU, has participated actively in developing the GMPCS MoU Arrangements governing terminals in the area of licensing, type approval, marking, sharing of traffic data and customs recommendations.

While the FCC’s International Bureau will soon undertake a proceeding to implement the final GMPCS MoU Arrangements for all GMPCS system-types in the near future, certain GMPCS systems that are now operating or are soon to be deployed could benefit globally from an interim FCC terminal approval procedure. The FCC has proposed a set of certification criteria in accordance with the current rules and in conjunction with a set of specific out-of-band emission proposals that are being evaluated under a separate FCC proceeding.

If enacted, these proposals should speed the equipment approval process, thereby promoting economic growth and spurring creation of new jobs in the telecommunications industry.

(12) Biennial Review

Section 11 of the Communications Act requires the Commission to review all of its regulations applicable to providers of telecommunications service in every even-numbered year, beginning in 1998, to determine whether the regulations are no longer in the public interest due to meaningful economic competition between providers of the service and whether such regulations should be repealed or modified. Section 202(h) of the Telecommunications Act of 1996 also requires the Commission to review its broadcast ownership rules biennially as part of the review conducted pursuant to Section 11. In 1998, the Commission determined that the first biennial regulatory review presents an excellent opportunity for a serious top-to-bottom examination of all of the Commission’s regulations, not just those statutorily required to be reviewed. Beginning in January 1998, the Commission initiated a series of rulemaking proceedings as part of the 1998 Biennial Regulatory Review. FCC staff has released a list of 31 proceedings which it has proposed that the Commission initiate as part of the review.
6. Please provide a brief description of the responsibilities of the national regulatory authorities for public telecommunication services.

Please provide details:
The telecommunications sector in the United States is regulated by both federal and state governments. The FCC was created by the Communications Act to regulate interstate and international communications. The FCC is responsible to Congress and its five commissioners are appointed by the President. Intrastate services are under the jurisdiction of each state, usually through the state’s public utility commission. The FCC regulates use of the electromagnetic spectrum by the private sector (including broadcasting) and state governments. The National Telecommunications and Information Administration (NTIA) within the Department of Commerce manages the federal government’s use of radio spectrum. In addition, NTIA serves as principal advisor to the President on telecommunications and information policy matters and enunciates broad telecommunications policies.

The Department of Justice is responsible for telecommunications matters that raise possible antitrust issues. The Department of State is responsible for formulation and coordination of foreign policy related to international communications and information policy. In addition, other agencies, such as the Federal Trade Commission (FTC) have responsibilities for issues that fall within their jurisdiction (e.g., consumer protection).

Major telecommunications laws are made by the U.S. Congress and the President. The FCC implements the laws through rulemaking proceedings. The President can also propose telecommunications legislation to the Congress and sponsor and develop initiatives regarding telecommunications policy through the executive branch.
7. Are there any foreign ownership, size of shareholding or other ownership restrictions on individuals and corporations investing in the incumbent PTO(s) in your country? Yes/No

If ‘yes’, please provide details:

Section 310(b)(3) of the Communications Act provides that persons who are not citizens of the United States may make direct investments up to 20 percent in U.S.-chartered corporations that hold common-carrier radio licenses. Section 310(b)(4) provides that, where the U.S. common carrier that hold a radio license is a corporation owned or controlled by another U.S.-chartered corporation (called a "holding company") non-U.S. citizens may hold up to 25 percent of the equity of that holding company. The section further provides that the FCC may allow foreign persons to hold more than 25 percent of the holding company's stock if it determines that such ownership would serve the U.S. public interest. There are no restrictions on the percentage of investment that foreign persons may make in U.S. common carriers that do not hold radio licenses (i.e., those that operate by resale or who operate wireline facilities). The FCC has long allowed foreign-owned carriers to be authorized to provide services within the United States (interstate services) or between the United States and foreign points (international services). The FCC has traditionally regulated foreign-owned carriers providing interstate wireline services exactly the same as U.S-owned carriers. The FCC has regulated providers of international services that are affiliated with an overseas provider of telephone services as "dominant" on those routes where they interact with their affiliates with market power.

In November, 1995, the FCC adopted rules governing the entry of foreign-owned carriers into U.S. markets. A key component of these new rules was the addition of the "effective competitive opportunities" (ECO) analysis to the FCC’s public interest review of common carrier radio licenses. In the Foreign Participation Order discussed in number 5(1) above, the Commission replaced its ECO test as applied to foreign investment from WTO Member countries in common carrier radio licenses with the open entry policies adopted in that proceeding. Thus, the Commission will not apply an ECO analysis to investments from WTO Member countries. The Commission, however, concluded that its review of Section 310(b)(4) requests would include consultation with the appropriate Executive Branch agencies regarding national security, law enforcement, foreign policy, and trade policy concerns. Executive Branch agencies have the opportunity to raise their concerns before authorizations are granted during a 21-day comment period provided for streamlined applications. The Commission expects such concerns will be raised only in very rare circumstances.
8. **Are there any communication infrastructures or services (e.g. cable television, terrestrial broadcasting, satellite broadcasting) that your country regulations do not permit PTOs to directly provide? In addition, please specify any restrictions on PTOs investing in companies that provide such infrastructure or services.**

Please provide details:

There are no PTOs in the United States in the sense of telecommunications providers that are owned by the government. Rather, the United States relies upon privately-owned telecommunications providers called "common carriers." Telecommunications services in the United States are broken down into local, typically intrastate services (offered by carriers known as "local exchange carriers" or "LECs"); domestic, intra- or inter-state services (known as "interexchange carriers" or "IXCs"); and services between the United States and foreign points (known as "international services" provided by international service carriers or "ISCs"). In recent years competition to the monopoly local exchange carrier has been introduced in an increasing number of local markets. These new entrants are typically referred to as "competitive access providers" or "CAPs."

Section 271 of the Communications Act, as amended by the Telecommunications Act of 1996, maintains the pre-1996 Act prohibition against a regional bell operating company (RBOC) providing inter-LATA long-distance service originating in a state within its local service region until the FCC approves an application demonstrating that the RBOCs local telephone market is open to competition. Under this section, the FCC "shall not approve" a RBOC application to enter long-distance markets unless it finds that the RBOC has concluded agreements with one or more facilities-based competitors to provide access or interconnection (which satisfies a "competitive checklist") as well as a public interest test. Alternatively, if the RBOC has not received a qualifying interconnection request within a designated period of time, the Section 271 test can be satisfied by providing a statement of generally available terms and conditions that complies with the competitive checklist and that "has been approved or permitted to take effect by the [relevant] state commission."

Incumbent local exchange carriers currently may not own more than 10 percent of the cable operator in their local calling area. Likewise, cable operators may not own more than 10 percent of the local exchange carrier in their cable franchise area. LECS are permitted to offer cable services to subscribers in its local telephone service area through an open video system.
9. Is the incumbent PTO(s) in your country allowed to provide mobile communication services?  Yes/No
If ‘yes’, is there a requirement for accounting separation between the PTO’s mobile and fixed operations?

Please provide details:
There are essentially two types of public mobile telephone services in the United States: the more traditional mobile services known as "cellular" services and the recently introduced "personal communications services" (PCS). These two services use different frequency bands and different transmission techniques but both provide similar public mobile telephone services from the customer’s point of view. When cellular telephone service was first introduced in the United States, the FCC allocated frequencies for two providers in each local service area. The FCC permitted the incumbent LEC to own one of the cellular services but required that the other be owned by someone else. The frequencies were made available to the service providers without fee.

More recently, when the United States introduced PCS, the FCC allocated enough new frequencies so that, theoretically, up to six providers of PCS could be authorized in each local service area (in addition to the two cellular frequency bands already allocated). The FCC assigned PCS frequencies under an auction methodology wherein the frequencies were assigned to the highest bidders.

In the United States, Incumbent Local Exchange Carriers that provide commercial mobile radio service are required to operate such services through a separate corporate entity and are prohibited from using revenues of the monopoly service provider to subsidize rates for competitive services. Such carriers are also required to maintain separate books of account and may not own facilities in common.

10. What selection procedures are used to determine licenses for new PTOs (e.g. calls for tenders, government appointments, license on request)?

Please provide details:
The United States does not "license" new common carriers. Under the Communications Act the relevant terms for approving the entry of new common carriers is "certification" or "authorization." The Communications Act reserves licensing to cases, such as the assignment of radio frequencies under Title III, where there may be a limitation on the number of entities that can be approved, e.g., because of a scarcity of available frequencies. Reflecting that scarcity, licenses are limited to a term of years, subject to renewal, and convey a privilege to use the licensed frequency, rather than a property right. A license can be revoked for cause or if required in the public interest.

Authorization of new common carriers is generally governed by Section 214 of the Communications Act. Section 214 requires a prospective common carrier to file an application with the FCC. The FCC then places the application on public notice for a fixed period of time to give interested persons a right to comment on it. The FCC is then required to analyze the application and any filed comments to determine if a grant thereof would serve the public interest,
The Act permits the FCC to attach conditions to the grant of authorization to protect the public interest. Unlike a license, an authorization under Section 214 continues for an indefinite period. After a carrier is authorized, Section 203 of the Communications Act requires it to file a "tariff" with the FCC setting forth the rates, terms and conditions under which it will provide service. Section 214 also requires a common carrier that wishes to discontinue part or all of its service to the public to apply for FCC approval of such discontinuance. Since 1980, however, the FCC has been progressively simplifying or "streamlining" the procedures under Sections 214 and 203. At present, with respect to domestic interstate telecommunications, the FCC "forbears" from applying Section 214. A prospective new entrant need not file an application under Section 214 and the FCC does not need formally to designate the entrant as a carrier. The entrant may simply begin to offer service.

Such new entrants are, however, common carriers and are subject to regulation under the Communications Act. Such common carriers are subject to the traditional common carrier obligations not to discriminate unreasonably between customers or classes of customers and to charge rates that are "just and reasonable." The FCC distinguishes between "dominant" common carriers that it has determined to have market power, which are subject to more formal regulation under the Communications Act, and "non-dominant" carriers that the FCC has determined do not have market power. The FCC has determined that the interexchange market is sufficiently competitive that the market will regulate the conduct of non-dominant interexchange carriers, without a need for specific FCC regulation on a day-to-day basis. The FCC assumes that new entrants by definition do not have market power and thus are non-dominant. The FCC, therefore, has issued an order to forbear the requirement under Section 203 of the Act that non-dominant interexchange carriers file a tariff with the FCC. The Commission anticipates that the pending litigation on the issue will be resolved soon. Similarly, a non-dominant carrier that wishes to discontinue service is free to do so without applying to the FCC under Section 214.

With respect to international telecommunications, the FCC has not forborne Section 214 or Section 203, although it has streamlined the procedures it applies. For most new entrants, they may file one global application that seeks authority to serve the whole world. If the FCC determines that the application is subject to streamlined treatment, it places the application on streamlined public notice for 21 days. If no comments are filed, and the FCC does not otherwise determine that the application must be removed from streamlined treatment, the application will be automatically granted on the 35th day and the FCC will issue a second public notice stating that the application has been granted. If the FCC takes the application off streamlined treatment, it will issue an order acting on the application. International carriers are still required under Section 214 to file tariffs with the FCC. The tariffs of non-dominant carriers are presumed to be lawful and become effective in 1 day. The FCC also recently issued a Notice of Proposed Rulemaking proposing to streamline further the entry of new international carriers.

Carriers seeking to enter local markets are subject to individual state licensing requirements. Generally, authorization to provide local service in a particular state is given with minimal requirements.
11. Please specify any restrictions or obligations imposed on new competitive network suppliers?

Please provide details:
The procedures for authorizing new common carriers discussed above in response to question 10 are the same whether the entrant proposes to operate on a resale basis or to build its own network (facilities basis). There are no restrictions on new entrants of either type.

12. Are there any restrictions on the use of leased lines nationally or internationally (including resale)? Yes/No

Please provide details if ‘yes’:

No. The United States permits customers to use domestic or international private lines for their own communications without restriction and to connect such lines to each other. The United States permits customers of domestic or international private lines to share such lines with others ("shared use"). Customers of individual or shared domestic private lines (those between two points within the United States) may interconnect such domestic or international private lines used for their own communications to the U.S. PSTN at one or both ends. Customers interconnecting such private lines may be required to pay "special access" charges designed to recover the costs interconnected private lines impose on the U.S. PSTN.

The United States permits resale of domestic private lines without restriction. There are two forms of resale of domestic private lines, either for the provision of value-added services (called "enhanced services" in the United States) or for the provision of basic telecommunications services such as private line service or telephone service. The resale of domestic private lines for the provision of enhanced services in the United States is not regulated (i.e., the FCC does not control entry or regulate rates charged). The resale of domestic private lines for the provision of basic telecommunications services is regulated but subject to forbearance. The FCC permits providers of either enhanced or basic services to interconnect domestic private lines to the U.S. PSTN.

The United States also permits resale of international private lines to provide international enhanced services or international basic services such as telephone service. The FCC does not regulate the provision of international enhanced services. The FCC does regulate resale of international private lines for the provision of international basic service (also referred to as "international simple resale"). Those wishing to provide international simple resale must obtain FCC authorization under Section 214 of the Communications Act and must file tariffs with the FCC. Resellers of international private lines that are not connected to the public, switched telephone network (PSTN) at either the U.S. or foreign end may be authorized to do so without restriction.
The FCC permits providers of international simple resale to interconnect resold international private lines to the U.S. PSTN both where the private line is interconnected only at the U.S. end (one-end interconnection) or where the line is interconnected at both the U.S. and the foreign end (two-ended interconnection). Authorization of carriers to resell international private lines interconnected to the U.S. or foreign PSTN (or both) for the provision of switched services is subject to the U.S. "equivalency" policy or the benchmarks policy discussed above in answer to question 5. The equivalency policy refers to a requirement that authorization of interconnected private lines can occur only between the United States and countries that afford resale opportunities that are roughly equivalent to those available in the United States.

13. Under the communication regulation existing in your country how would national and international voice telephony services provided over the Internet, by entities other than a PTO, be defined and treated? Please mention any restrictions or obligations that may apply.

Please provide details:
There are no restrictions on the provision of voice or other services over the Internet. The FCC does not regulate provision of Internet access or the provision of services over the Internet.

**Pricing (Questions 14 -15)**

14. What, if any, conditions are applied to the tariffs set by PTOs? (Please include any price control information such as price caps and specify for which service they apply).

Please provide details:
Currently, all common carriers are required to file tariffs according to the regulatory guidelines established by the FCC. Nondominant carriers generally set their own rates. The rates of the BOCs and GTE are subject to price cap regulation. The FCC recently proposed to use its authority under the 1996 Telecom Act to forbear from requiring nondominant carriers to file tariffs for domestic services.
15. If communication discount schemes are available in your country please provide information on one or more popular schemes applicable to **residential users**, **dial-up Internet access users** and a **low user scheme** from the incumbent PTO. In the space below please indicate the main features:

Additional pamphlets on the schemes would be appreciated. Note: Residential users refers to an average consumer’s home telephone service. A dial-up Internet user refers to a consumer accessing the Internet via a PC with a modem over the local public switched telecommunication network. Low user schemes is a term sometimes applied to PTOs to schemes designed for segments of the community that are financially disadvantaged.

**Residential Users:** Many long-distance companies offer residential customers significant discounts for domestic long-distance and international calling compared to "basic" (undiscounted) calling plans. These discounts are usually available, upon customer request, for a flat monthly fee or a minimum monthly usage charge. As an example of currently available basic and discount long-distance plans, we have attached MCI’s most important current residential plans as Appendix A.

**Dial-Up Internet Access Users:** Under FCC rules, calls via a PC with a modem to access the internet over the public switched network are considered local calls. Therefore, local rates apply. Local rates and rate structures vary substantially by locale and are regulated by each State’s public utility commission. In most cases, residential customers can choose between various local service plans, including flat monthly fees for unlimited calling, or some form of measured service. Local residential rates in sample cities for October 15, 1997 are available on the FCC’s web page. (Source: Table 1.3 of FCC Reference Book of Rates, Prices Indices, and Expenditures for Telephone Services, July 1998, Industry Analysis Division, Common Carrier Bureau.)

**Low Use Scheme for Financially Disadvantaged Consumers:** In 1994, the FCC, in conjunction with the States and local telephone companies, established a Lifeline program to promote universal service by helping low-income residential customers afford the monthly cost of local telephone service. In 1987, the FCC adopted Link-Up America, designed to help low income households pay the costs of connection and installation. Through fees assessed on long-distance service, the FCC ensures that all states receive basic federal support of $5.25 per month for each customer qualifying for lifeline assistance. Many states provide additional support to low-income consumers and receive some matching federal support. (Source: Tables 1.6 and 1.7 of FCC Reference Book of Rates, Prices Indices, and Expenditures for Telephone Services, July 1998, Industry Analysis Division, Common Carrier Bureau.)

The Lifeline program will allow about 5.4 million low-income subscribers to pay reduced local rates in 1998. The Link-Up program has added 6.8 million new telephone subscribers since 1987. Federal support of these programs will total about $437 million in 1998. Total support (state and federal support combined) is somewhat higher. (Monitoring Report, December 1998, Industry Analysis Division, Common Carrier Bureau.)
MCI Basic and Discount Plans

December 15, 1998

MCI Residential Domestic Long-Distance Rate Plans

<table>
<thead>
<tr>
<th>Plan</th>
<th>Minimum monthly charge</th>
<th>Under $15 a month:</th>
<th>Over $15 a month:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MCI Basic Plan</strong></td>
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<tr>
<td></td>
<td>$3.00</td>
<td>Weekday Day $0.25/minute</td>
<td>Weekday Day $0.28/minute</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Weekday Eve/Night $0.12/minute</td>
<td>Weekday Eve/Night $0.17/minute</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Saturday $0.12/minute</td>
<td>Saturday $0.17/minute</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sunday $0.05/minute</td>
<td>Sunday $0.05/minute</td>
</tr>
<tr>
<td><strong>MCI One Savings Plan</strong></td>
<td></td>
<td>Weekday Day $0.25/minute</td>
<td>Weekday Day $0.25/minute</td>
</tr>
<tr>
<td></td>
<td></td>
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<td>Weekday Eve/Night $0.10/minute</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Saturday $0.10/minute</td>
<td>Saturday $0.10/minute</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sunday $0.05/minute</td>
<td>Sunday $0.05/minute</td>
</tr>
<tr>
<td><strong>MCI Advantage Plan</strong></td>
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<td>Weekday Day $0.10/minute</td>
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</tr>
<tr>
<td></td>
<td>$4.95</td>
<td>Weekday Eve/Night $0.10/minute</td>
<td>Weekday Eve/Night $0.10/minute</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Saturday $0.10/minute</td>
<td>Saturday $0.10/minute</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sunday $0.05/minute</td>
<td>Sunday $0.05/minute</td>
</tr>
<tr>
<td><strong>MCI One Extra</strong></td>
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<td>Weekday Day $0.12/minute</td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>Saturday $0.15/minute</td>
<td>Saturday $0.15/minute</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sunday $0.05/minute</td>
<td>Sunday $0.05/minute</td>
</tr>
</tbody>
</table>

1. Source: Rates from MCI Business Office: 1-800-950-5555

2. If total bill at "under $15.00 a month" rates is over $15.00, the total bill is re-rated at "over $15.00 a month" rates.
<table>
<thead>
<tr>
<th>Day</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saturday</td>
<td>$0.12/minute</td>
</tr>
<tr>
<td>Sunday</td>
<td>$0.05/minute</td>
</tr>
</tbody>
</table>

MCI Residential International Rates

**Basic Plan (Selected Routes)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>$0.49/minute</td>
</tr>
<tr>
<td>Mexico</td>
<td>$1.17/minute</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>$1.12/minute</td>
</tr>
<tr>
<td>Germany</td>
<td>$1.25/minute</td>
</tr>
<tr>
<td>Japan</td>
<td>$1.47/minute</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>$1.73/minute</td>
</tr>
<tr>
<td>India</td>
<td>$2.57/minute</td>
</tr>
<tr>
<td>Brazil</td>
<td>$1.98/minute</td>
</tr>
</tbody>
</table>

**International Plan (Selected Routes)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>$3.00/minute</td>
</tr>
<tr>
<td>Sunday</td>
<td>$0.05/minute</td>
</tr>
<tr>
<td>All Other</td>
<td>$0.10/minute</td>
</tr>
<tr>
<td>Mexico</td>
<td>$0.44/minute</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>$0.10/minute</td>
</tr>
<tr>
<td>Germany</td>
<td>$0.25/minute</td>
</tr>
<tr>
<td>Japan</td>
<td>$0.35/minute</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>$0.66/minute</td>
</tr>
<tr>
<td>India</td>
<td>$1.22/minute</td>
</tr>
<tr>
<td>Brazil</td>
<td>$0.50/minute</td>
</tr>
</tbody>
</table>

(Additional pamphlets from the PTO in English or French, or with the main points translated into one of these languages, would be most appreciated. Please provide data in local currency).

Note: Residential user refers to an average consumer’s home telephone service. A dial-up Internet user refers to a consumer accessing the Internet via a PC with a modem over the local public switched telecommunication network. Low user schemes is a term sometimes applied by PTOs to schemes designed for segments of the community that are financially disadvantaged.

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3 The selected routes were the top U.S. international routes in 1997, as measured by the number of outbound U.S. minutes.

4 Mexico City

5 Mexico City
Numbering/Domain Names (Questions 16 - 17)

16. Please describe the numbering policy in your country. Please mention the responsible authority and whether portability has been introduced and for which services (e.g. 800 numbers, cellular numbers, local PSTN numbers).

Please provide details:

The FCC has exclusive jurisdiction over the administration of telephone numbers in the United States pursuant to section 251(e)(1) of the Communications Act, as amended by the Telecommunications Act of 1996. Section 251(e)(1) allows the Commission to delegate any of its jurisdiction to the states or other entities. The FCC has given the state commissions authority over all matters related to the implementation of new area codes subject to FCC guidelines. In the past, the administration of the North American Numbering Plan (NANP) was carried out by Bellcore and the local exchange carriers. In 1997, the FCC affirmed the recommendation of the North American Numbering Council (NANC), a federal advisory body, to select Lockheed Martin IMS as the NANP and the National Exchange Carriers Association (NECA) as the Billing and Collection Agent.

In 1993, the FCC required that 800 numbers become portable between service providers.

In 1996, the FCC adopted rules that will permit both residential and business consumers to retain their telephone numbers when switching from one local service provider to another. The rules governing number portability will remove a significant impediment to the development of vigorous competition in the local exchange markets. The FCC ordered all LECs to begin the phased deployment of a long-term service provider portability method in the 100 largest Metropolitan Statistical Areas (MSAs). Number portability must be provided in these areas by all LECs to all requesting telecommunications carriers, including commercial mobile radio services (CMRS) providers. The Commission determined that the new law requires LECs to provide number portability for 500 and 900 numbers, but directed the Industry Numbering Committee (INC) to address the technical feasibility of LECs providing 500 and 900 portability. The INC is to report its findings to the Commission within one year.

On March 6, 1997, in the *First Memorandum Opinion and Order on Reconsideration*, the FCC generally affirmed, with a few modifications, its rules governing the deployment of local telephone number portability earlier set forth in the *First Report and Order* in this docket. Telephone number portability refers to the ability of residential and business consumers to retain their telephone numbers when switching from one local telephone service provider to another. The provision of local number portability is one of the obligations that the 1996 Act imposed on all local exchange carriers in order to promote a pro-competitive, deregulatory national telecommunications policy framework.

There have been initiatives in numerous areas such as portability as mentioned above. Other areas of activity include:

(1) the introduction of new toll free service access codes which was necessary because the existing
(2) the introduction of new area codes. Until recently, the second digit of an area code for a telephone number has always been "0" or "1" in the United States, but with the increasing demand for new telephone numbers to serve pagers, cellular telephones, facsimile machines and other new services, some areas of the country have used all combinations of telephone numbers using their current area code. In order to expand the universe of available numbers, interchangeable area codes, which may use any number from 2 through 9 as the second digit, have been introduced. These new, interchangeable area codes expand the potential number of available telephone numbers to more than 6 billion. A number of new area codes of the interchangeable area code type are being introduced in many areas of the country to provide new telephone numbers.

On April 11, 1997, the FCC released a Second Report and Order that adopted rules to promote the efficient use of toll free numbers and to ensure that numbers are distributed in a fair, orderly, and equitable manner. The FCC also found that warehousing, hoarding, and brokering of toll free numbers are contrary to the public interest and subject to sanction by the FCC.

17. Have there been any recent government policy initiatives in your country in respect to the administration of Internet top level domain names. (An example of a top level domain name is .be for Belgium). Yes/No

If ‘yes’ please provide details:
Interconnection (Questions 18 - 21)

18. Are PSTN interconnect or access charges a matter for commercial agreement between operators and if so is there provision for arbitration and by whom? Is there a requirement to publish the rate for PSTN interconnect or access charges? Yes/No
If ‘yes’ please provide a schedule of interconnection charges for the PSTN.

Please provide details:
Interconnection charges (please indicate measure e.g. cost per minute for terminating or originating traffic):

Long distance and international traffic is terminated and originated at tariffs charged at rates filed with the Commission. These rates are set, in most cases, under a price cap regime and are the same for all carriers terminating or originating traffic within a particular region. These rates apply, however, only to traffic delivered to the LEC’s tandem switch located in the region of the terminating end of the call. If the traffic is delivered to another location, the situation is different. For instance, if an international carrier does not possess domestic facilities, and wants to deliver all of its international traffic to a single switch in the U.S. for termination throughout the country, it must negotiate with an interexchange carrier to carry the traffic to each LEC’s tandem switch throughout the country. These deals are concluded at negotiated rates for a small mark-up over the access charge. The market is quite competitive for this service. Spot rates for national interconnection (fob New York) were 4.1 cents as of September 1998. These rates are not regulated by the FCC, as the market is already very competitive.

19. For the purpose of establishing interconnect or access charges is accounting separation used?

Please provide information on any regulatory requirement:

The United States has separate rates for local, interstate, and intrastate interconnection. Rates for local service interconnection (i.e. rates for a competitive local service provider to terminate traffic on a competing carrier’s network) are set pursuant to commercial negotiation under pricing guidelines established by the state commission, in most cases these prices are set at total element long run incremental cost (TELRIC) rates. Interstate rates (access charges) are tariffed by the FCC under a price caps formula. Intrastate rates are set by the state commission under price caps or rate-of-return regulation. Carriers are subject to detailed accounting requirements to ensure that costs are allocated appropriately among services.
20. Once the interconnection or access charge has been established is it available as a standard rate for other service providers (including other PTOs and resellers)?

Please provide details:

In most cases, yes. Access charges are required to be tariffed and must be offered on a nondiscriminatory basis to all carriers. The same is true, in most cases for local service interconnection charges.

21. Does regulation specify that competitive service providers can collocate facilities on the same site as incumbent PTOs? Please indicate whether resellers and Internet Service Providers can co-locate equipment under the same terms and conditions as PTOs without being designated as a PTO?

Please provide details:

Section 251(c)(6) of the Telecommunications Act requires incumbent local exchange carriers to allow a competitive local exchange carrier to collocate equipment necessary for interconnection or access to the network in order to provide telecommunications services. Where the incumbent local exchange carrier lacks sufficient space for such collocation of equipment, virtual collocation must be provided. This section does not require the collocation of switching equipment or equipment necessary to provide enhanced services, such as Internet access. Carriers may only collocate equipment necessary for interconnection or access to the telecommunications network. Necessary equipment includes multiplexing and concentration equipment but does not include switching equipment.
Information for Updating OECD Tariff Comparison Baskets (Question 22)

22. Please provide the following information for your largest PTO.

| What is the average duration of a local call (i.e. average time of a call in the lowest tariff band for PSTN)? | N/A |
| What is the proportion of calls that fall within your lowest tariff band (i.e. local calls) as a percentage of total national calls? | Business (%) | Residential (%) |
| What percentage of calls from the fixed network (PSTN) terminate in mobile networks (e.g. analogue and digital cellular networks)? | Business (%) | Residential (%) |
| What percentage of total leased lines (i.e. leased circuits) are local (i.e. 2 km or less)? | |

Universal Service/Consumer Issues (Questions 23 -25)

23. In the context of universal service policies which elements of telecommunication service are considered as part of universal service in your country?

Please provide details:

In the FCC’s May 8, 1997, *Universal Service Report and Order*, the FCC defined the services that will be supported by universal service support mechanisms in the United States. These include voice-grade access to the public switched telephone network, with the ability to place and receive calls; Dual Tone Multifrequency (DTMF) (also known as touch-tone) signaling or its functional equivalent; single-party service; access to emergency services, including access to 911 and enhanced 911 (E911), where available; access to operator services; access to long distance (interexchange) services; access to directory assistance; and limits on basic long distance service fees for qualifying low-income consumers.
24. Please provide details of any explicit funding mechanism for universal service and its coverage.

Please provide details:

The FCC’s Universal Service Report and Order also addresses the influence of affordability on subscribership; the criteria for designating telecommunications carriers eligible for universal service support; service areas and unserved areas; support for both rural and non-rural high cost local exchange carriers; universal service support for low income consumers; issues unique to insular areas; methods of supporting and enhancing deployment of telecommunications services to schools and libraries and rural health care providers; interstate subscriber line charges and carrier common line charges; and administration of universal service programs.

On July 18, 1997, the FCC released a Further Notice of Proposed Rulemaking seeking comment on the mechanism the FCC should adopt to estimate the forward-looking economic costs that non-rural carriers would incur to provide universal service in rural, insular, and high cost areas. The FCC sought comment on the platform design and input values it should adopt in the selected mechanism to estimate the cost of each of the elements of the telephone network necessary for non-rural LECs to provide universal service to high cost areas.

On July 18, 1997, the FCC released a Report and Order in CC Docket No. 97-21 and Second Order on Reconsideration in CC Docket No. 96-45 directing the National Exchange Carrier Association, Inc., (NECA) to create an independently functioning not-for-profit subsidiary (the Universal Service Administrative Company) through which it would administer temporarily certain portions of the federal universal service support mechanisms. The FCC determined that the USAC Board of Directors will consist of 17 members representing contributors to an beneficiaries of the universal service support mechanisms, as well as a representative of state telecommunications regulators. As a condition of its appointment as temporary Administrator, the FCC further directed NECA to create the Schools and Libraries Corporation and Rural Health Care Corporation to perform all functions associated with administering the schools and libraries and rural health care programs, respectively, except those directly related to billing and collecting universal service contributions and disbursing support. The FCC also established requirements by which the FCC will calculate and approve the quarterly universal service contribution factors.

On August 15, 1997, the FCC released an Order directing the National Exchange Carrier Association to perform certain functions on behalf of the universal service administrative companies to the extent that the performance of such functions was necessary to meet the January 1, 1998 starting date for the new universal service support mechanisms.

On September 4, 1997, the FCC issued a Further Notice of Proposed Rulemaking addressing whether the $0.53 presubscribed interexchange carrier charge for Lifeline customers who elect toll blocking should be waived and whether these waived charges should be supported by the low income program of the federal universal service support mechanisms and recovered in a competitively neutral manner through contributions from all telecommunications carriers.

In an Order released by the Commission on November 20, 1998 (November 20th Order), the

Upon review of the documents submitted to the Commission by USAC, SLC, and RHCC on December 1, 1998, the International Bureau has determined that the merger documents and the revised certificate of incorporation and revised by-laws comply with the requirements set forth in the Commission’s November 20th Order. The International Bureau therefore has directed USAC to file, on behalf of USAC, SLC, and RHCC, the merger agreement, or an appropriate certificate in respect thereof, with the Secretary of State of the State of Delaware as soon as possible, but no later than necessary to ensure that the merger takes place by January 1, 1999. The International Bureau also directed USAC to file the revised certificate of incorporation with the Secretary of State of the State of Delaware on behalf of USAC, SLC, and RHCC as soon as possible, but no later than necessary to ensure that the merger takes place by January 1, 1999.

In the November 20th Order, the Commission also directed SLC and RHCC to dissolve their respective corporations upon consummation of the merger, in accordance with Delaware state law. Accordingly, upon their dissolution, SLC and RHCC shall submit evidence of such dissolution to the Commission.
25. With what institutions other than telecommunication service providers can customers lodge complaints regarding these operators? (e.g. regulators, ombudsman, Ministry, etc.) Is there a requirement for annual reporting of the number of consumer complaints? If so how are complaints measured and reported.

Please provide details:
If the problem is unresolved after dealing with the company providing the service or the company billing for the service, the customer can pursue a complaint with the proper regulatory authority. Complaint about services provided within a state (intrastate) should be filed with the Public Utilities Commission for that state. Complaints about services provided between states (interstate) between the United States and an overseas point (international) should be directed to the FCC. The FCC established the informal complaint process to make it easier for consumers to file complaints about telephone carriers services and for carriers to act promptly, where possible, to satisfy such complaints. Complaints regarding cellular telephone, paging, commercial mobile radio, television and radio broadcasting can also be submitted to the FCC. With regard to cable television, consumers are encouraged to approach the local cable franchising authority, but if the complaint is unresolved, the complaint can be sent to FCC.

Dominant carriers are required to provide semiannual reports regarding certain types of consumer complaints.