

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In Re Petition of)	
)	
Communication TeleSystems International, Inc.)	File No. ISP-97-PDR-513
)	
For Declaratory Ruling Regarding an)	
Alternative Accounting Rate arrangement for)	
Services between the United States and Australia)	

Declaratory Ruling and Order

Adopted: December 19, 1997

Released: December 22, 1997

By the Chief, Telecommunications Division:

1. On August 12, 1997, Communication TeleSystems International, Inc., ("CTS") filed a petition for Declaratory Ruling pursuant to §64.1002 of the Commission's Rules seeking a ruling that its alternative settlements arrangement concluded with WorldxChange Pty, Ltd. ("WorldxChange"), for services to and from Australia, is consistent with the Commission's Accounting Rates Flexibility Order¹ and the public interest. CTS seeks authorization to provide facilities-based service to Australia in correspondence with its affiliate, WorldxChange, and to settle its traffic at an accounting rate of 10¢ per minute, divided 50/50 between the carriers. On September 10, 1997, Telstra, Inc., the dominant Australian international carrier, filed a petition to deny CTS' alternative settlement arrangement, or delay approval until the Commission grants all pending applications to provide interconnected private line services to Australia. On December 17, 1997, the Commission found that equivalent resale opportunities exist in Australia for U.S.-based carriers, and therefore granted all of the pending applications to resell private lines for the provision of switched services between the United States and Australia.² Therefore, we find that Telstra's concerns have been addressed.

2. We also find that CTS' proposal will "promote market-oriented pricing and competition, while precluding abuse of market power by the foreign correspondent."³ The proposed accounting rate of 10¢ per minute, divided equally between carriers, is well below the prevailing accounting rates of facilities-based carriers on this route, and it matches the rate of Telegroup

¹ See *Fourth Report and Order on Regulation of International Accounting Rates*, 11 FCC Rcd 20063 (1997) (*Flexibility Order*).

² *Cable & Wireless, Inc. et. al., Memorandum Opinion, Order and Certificate*, File Nos. ITC-93-328, ITC-94-435, ITC-95-015, 016, and 185, ITC-96-182 and 319, DA 97-2554 (rel. Dec. 17, 1997).


³ *Flexibility Order* at 2.

Australia.⁴ Moreover, the proposed rate is lower than the average net settlement payment per minute paid by U.S. to Australian facilities-based carriers. As a result, CTS will be in a position to engage in price competition to attract customers and this conduct should benefit U.S. consumers and expand service between the United States and Australia. Finally, WorldxChange is a small, emerging carrier in Australia and, therefore, has no market power. Therefore, we find that CTS' alternative settlements arrangement described in its petition is in the public interest.

3. Accordingly, it is ORDERED that CTS' alternative settlements arrangement concluded with WorldxChange Pty, Ltd. for service to and from Australia, File No. ISP-97-PDR-513, is consistent with the Commission's Accounting Rates Flexibility Order and the public interest. The petition is therefore GRANTED.

4. This Order is issued under Section 0.261 of the Commission's rules and is effective immediately. Petitions for reconsideration under Section 1.106 or applications for review under Section 1.115 of the Commission's rules may be filed within 30 days of the date of the public notice of this order (*see* Section 1.4(b)(2) of the Commission's rules).

FEDERAL COMMUNICATIONS COMMISSION


for Diane J. Cornell
Chief, Telecommunication Division
International Bureau

⁴ See Declaratory Ruling and Order In Re petition of Telegroup, Inc., DA 97-1341 (rel. June 26, 1997).