

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
AT&T Corp.	)	ARC-MOD-19990115-00011 & 00012
	)	ARC-MOD-19990115-00013 & 00014
	)	ARC-MOD-19990217-00032
	)	
MCI WorldCom, Inc.	)	ARC-MOD-19990108-00007
	)	
Petitions for Modification of the	)	
Accounting Rates for Switched	)	
Voice Service with Singapore,	)	
Switched Voice and Switched	)	
Digital Service with Taiwan, and	)	
Switched Voice Service with Brunei	)	

**ORDER**

Adopted: March 2, 1999

Released: March 3, 1999

By the Chief, Telecommunications Division:

**Introduction**

1. In this Order we approve in part the petitions of AT&T Corp. ("AT&T") and MCI WorldCom, Inc., ("MCI") to decrease their accounting rates for international switched voice and switched digital service with Singapore, and of AT&T to decrease its accounting rates for international switched voice service with Brunei and Taiwan. The International Bureau had previously suspended the modification requests because the rates, which have no expiration date, exceed the relevant settlement rate adopted by the Commission in its *Benchmarks Order*.<sup>1</sup>

2. In the *Benchmarks Order* the Commission adopted benchmark settlement rates and a schedule of effective dates for these rates based primarily on country income levels. For the upper income category, which includes Brunei, Singapore, and Taiwan, the benchmark settlement rate is 15¢ per minute. The Commission required U.S. carriers to negotiate settlement rates with foreign carriers in the upper income category so that service is settled at or below 15¢ per minute beginning on January 1, 1999. If the petitions are approved in their entirety, the settlement rates would violate the *Benchmarks Order* because the rates would remain in effect after January 1, 1999. To enforce the *Benchmarks Order*, we approve the modification requests of AT&T and MCI for service with Brunei, Singapore, and Taiwan for the period prior to January 1, 1999. We do not approve the settlement rates for traffic exchanged after the beginning of the year. We direct all U.S. carriers to negotiate

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<sup>1</sup> *Report and Order on Regulation of International Settlement Rates*, 12 FCC Rcd 19806 (1997) *aff'd sub nom., Cable and Wireless v. FCC*, No. 97-1612 (D.C. Cir., January 12, 1999).

settlement rates with carriers in Brunei, Singapore, Taiwan, and other carriers that provide service in upper income countries, that satisfy the requirements of the *Benchmarks Order*.

### Background

3. AT&T Corp. (on behalf of itself, AT&T Alascom, AT&T Puerto Rico, and AT&T Virgin Islands) and MCI filed petitions to reduce their accounting rates<sup>2</sup> for service with Singapore Telecom International Limited ("ST") from 0.5 SDR (about 70¢) per minute to 0.38 SDR (about 53¢) per minute for IMTS and from 0.62 SDR (about 87¢) per minute to 0.38 SDR (about 53¢) per minute for ISDN on December 1, 1998.<sup>3</sup> AT&T Corp. (on behalf of itself, AT&T Alascom, AT&T Puerto Rico, and AT&T Virgin Islands) also filed a petition to reduce the accounting rate for service with Jabatan Telekom Brunei ("JTB") from 0.6 SDR (about 84¢) per minute to 0.45 SDR (about 63¢) per minute for IMTS on December 1, 1998.<sup>4</sup> Finally, AT&T Corp. (on behalf of itself and AT&T Alascom) filed petitions to reduce the accounting rate for service with Chunghwa Telecom Company Limited ("CHT-I") from 65¢ per minute to 45¢ per minute for IMTS and ISDN on December 15, 1998.<sup>5</sup>

4. The International Bureau suspended the modification requests of MCI and AT&T because there are no expiration dates for the proposed settlement rates and the rates exceed the benchmark rate by considerable margins.<sup>6</sup>

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<sup>2</sup> The settlement rate is generally equal to one-half of the accounting rate. Thus, the settlement rates here are 26.5¢, 31.5¢, and 22.5¢ for service with ST, JTB, and CHT-I respectively.

<sup>3</sup> MCI's Petition for International Settlements Policy Modification for a Change in the Accounting Rate for International Switched Voice and International Switched 64 Service with Singapore, ARC-MOD 19990108-00007 (filed January 8, 1999), and AT&T's Petition for International Settlements Policy Modification for a Change in Accounting Rate for International Switched Voice with Singapore, ARC-MOD 19990108-00013 & -00014 (filed January 15, 1999).

<sup>4</sup> AT&T's Petition for International Settlements Policy Modification for a Change in Accounting Rate for International Switched Voice with Brunei, ARC-MOD 19990217-00032 (filed February 17, 1999).

<sup>5</sup> AT&T's Petition for International Settlements Policy Modification for a Change in Accounting Rate for International Switched Voice with Taiwan, ARC-MOD 19990108-00011 & -00012 (filed January 15, 1999).

<sup>6</sup> See letters from Troy F. Tanner, FCC, to Tally Frenkel, MCI WorldCom, January 28, 1999; and to Ellen Spano, AT&T, February 4, 1999, and February 22, 1999.

### Discussion

5. The Commission's benchmarks policy is well-known: it requires U.S. carriers to negotiate settlement rates at or below benchmark levels by specific dates.<sup>7</sup> Although the modification requests under consideration would move the accounting rates between the U.S. carriers and JTB, ST, and CHT-I in the right direction by reducing the U.S. carriers' rates for service with Brunei, Singapore, and Taiwan, we note that in all three cases, the rates still significantly exceed the benchmark settlement rate of 15¢. Moreover, in each case, the rates would go into effect shortly before the benchmark rate deadline of January 1, 1999. For Brunei and Singapore, there is only one month between the effective date proposed by AT&T and MCI and the deadline. As for Taiwan, there is even less time--two weeks. Because these modification requests do not have expiration dates, they would violate the *Benchmarks Order* if they were allowed to remain in effect after December 31, 1998.

6. The carriers have had sufficient time to implement benchmark rates. The Commission initially proposed the benchmark rates in 1996.<sup>8</sup> After receiving comments from a wide range of interested parties, including ST and CHT-I, the Commission adopted the *Benchmarks Order* on August 7, 1997. In the *Order*, the Commission stated clearly that it "will ensure compliance with our settlement rate benchmarks."<sup>9</sup> The Commission has made clear that it will enforce the *Benchmarks Order* in order to reduce settlement rates to levels closer to rates that would exist in a competitive market for the termination of international services.

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<sup>7</sup> The benchmark settlement rates and specific dates are as follows:

<u>Income Category</u>	<u>Benchmark Rate</u>	<u>Effective Date</u>
Upper	15¢	January 1, 1999
Upper-Middle	19¢	January 1, 2000
Lower-Middle	19¢	January 1, 2001
Lower	23¢	January 1, 2002
Teledensitv<1	23¢	January 1, 2003

See *Benchmark Order* at ¶111 and ¶165.

<sup>8</sup> See *International Settlement Rates*, IB Docket No. 96-261, *Notice of Proposed Rulemaking*, FCC No. 96-484 (rel. December 19, 1996). We also note that the ITU adopted a recommendation in 1992 calling for cost-oriented, nondiscriminatory, transparent accounting rates to be implemented over a five year. See, e.g., *ITU-T Recommendation D.140*, "Accounting Rate Principles for International Telephone Services," Geneva (1992).

<sup>9</sup> See *Benchmark Order* at ¶187.

7. To enforce the Commission's benchmarks policy, we approve the modification requests of AT&T and MCI for the accounting rate of 0.38 SDR per minute with ST solely for the period December 1, 1998, through December 31, 1998. We also approve AT&T's modification requests for accounting rates of 45¢ per minute with CHT-I solely for the period December 15, 1998, through December 31, 1998, and 0.45 SDR per minute with JTB solely for the period December 1, 1998, through December 31, 1998. In short, we grant the modification requests to reduce the accounting rates with CHT-I, JTB, and ST but set an expiration date of December 31, 1998 on these rates. For traffic exchanged after December 31, 1998, we direct all U.S. carriers to negotiate settlement rates with JTB, ST, and CHT-I that comply with the *Benchmarks Order*.

#### Ordering Clauses

8. Accordingly, IT IS ORDERED that the modification requests of MCI and AT&T for an accounting rate with ST of 0.38 SDR per minute with an effective date of December 1, 1998, ARE APPROVED through December 31, 1998.

9. IT IS FURTHER ORDERED that AT&T's modification request for an accounting rate with CHT-I of 45¢ per minute with an effective date of December 15, 1998, IS APPROVED through December 31, 1998.

10. IT IS FURTHER ORDERED that AT&T's modification request for an accounting rate with JTB of 0.45 SDR per minute with an effective date of December 1, 1998, IS APPROVED through December 31, 1998.

11. IT IS FURTHER ORDERED that U.S. carriers negotiate rates with JTB, ST, and CHT-I that comply with the *Benchmarks Order*.

12. This order issued under Section 0.261 of the Commission's Rules and is effective upon adoption. 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 public notice of this Order (see C.F.R. Section 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

Rebecca Arbogast  
Chief, Telecommunications Division  
International Bureau