

residual lead contamination remains in the aquifer above drinking water standards near the old source area.

In April 1996, EPA conducted a removal assessment on the abandoned facility and subsequently remediated chemicals left at the site. In September 1996, the remaining underground storage tank was excavated and removed.

In June 1997, the Berkeley Development Corporation hired Brinkerhoff Environmental Services to sample, demolish and dispose of the remaining plant building and debris and properly abandon the two remaining septic systems. This work was completed in August 1997.

C. Characterization of Human Health Risk

The RI included the collection and analysis of soil, ground water and air samples, an aquifer testing program which included a pump test, borehole gamma ray logging, a surface electromagnetic conductivity survey, tank testing, test pit excavation and sampling, and process waste water sampling.

Groundwater

Hazardous substances were found in the ground water above Maximum Contaminant Levels (MCLs).

The RI and supplemental investigations concluded that lead in the ground water is the only contaminant that exceeds Federal and State Drinking Water Standards. Currently, there is not a verified toxicity factor for lead that can be used in normal risk assessment methodologies to determine the health risks associated with this contaminant. However, EPA has developed the Integrated Exposure Uptake Bio-Kinetic Model (IEUBK) as a useful tool to aid in making more informed decisions about the concentrations of lead in the environment that might be expected to impact human health.

The IEUBK Model was designed to model exposure from lead in the environment to predict blood levels in children. Incorporating site-specific soil and ground water data into the model predicted that 100 percent of the population would be below the threshold of 10 micrograms per deciliter (ug/dl) for children exposed to lead off site. For children exposed to lead on site, 99.99 percent of the population would be below the threshold of 10 ug/dl. These results indicate that for both future residential land use on and off site, the levels are consistent with Superfund's lead directive that employs a level of protectiveness which results

in 95% of the population distribution falling below 10 ug/dl.

However, since the aquifer still exhibits low levels of contamination at the Site itself, DEP and EPA developed a monitoring program which included sampling of ground and surface waters and sediment, including the intermittent pond directly east of the Denzer & Schafer X-Ray Company building, Potter Creek to the south and Mill Creek to the north.

In February 1996, the sampling showed lead levels (123 ppb and 19.8 ppb) above drinking water standards (15 ppb) in two of the five groundwater monitoring wells and elevated lead levels (1.9 ppb) in the headwaters of Mill Creek, approximately 5,000 feet to the northwest of the source area, and in Potter Creek (lead—3.2 ppb), approximately 2,000 feet to the southeast of the source area. The lead was found at levels below the Federal Water Quality Criteria and therefore, does not represent a risk to human health or the environment. Upon further consultation with DEP and EPA's Biological Technical Assistance Group (BTAG), EPA concluded that, because of the great distances separating them, the lead found in the groundwater adjacent to the source area is not related to the lead found in the headwaters of the two creeks, and no future sampling of the creeks would be necessary.

DEP established a Classification Exception Area in January 1998 based on the ground water monitoring to ensure that new wells will not be installed in the area without appropriate precautions.

Air and Surface Water

Air samples collected during both phases of the RI showed levels of contamination similar to normal background levels.

Surface water samples were generally free of priority pollutant compounds.

Soils

Some subsurface soils on-site exceed the health-based standards for silver. However, it was determined that soil contamination does not pose an unacceptable risk. The possibility for oral, dermal, and inhalation exposure to silver in subsurface soils is remote.

D. Ecological Risk

Ecological risks were not characterized because the significant risk is associated with contaminated ground water and no exposure pathway exists.

E. Protectiveness

One of the three criteria for deletion specifies that EPA may delete a site from the NPL if the remedial investigation has shown that the release poses no significant threat to public health or the environment and, therefore, taking of remedial measures is not appropriate. EPA, with the concurrence of the DEP, believes this criterion for deletion has been met. Details on the decision can be found in the ROD issued in September 1995. Subsequently, EPA is proposing deletion of this Site from the NPL. Documents supporting this action are available from the docket.

Dated: July 8, 1998.

William J. Muszynski,

Regional Administrator, Region II.

[FR Doc. 98-21894 Filed 8-17-98; 8:45 am]

BILLING CODE 6560-50-P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 43

[CC Docket 98-117; FCC 98-147]

1998 Biennial Regulatory Review— Review of ARMIS Reporting Requirements

AGENCY: Federal Communications Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Commission is required, in every even-numbered year beginning in 1998, to review its regulations applicable to providers of telecommunications service to determine whether the regulations are no longer in the public interest due to meaningful economic competition between providers of such service and whether such regulations should be repealed or modified. In this Notice of Proposed Rulemaking ("NPRM"), we propose as part of the biennial review to reduce the reporting requirements of our Automated Reporting Management Information System ("ARMIS"). These modifications are designed to minimize the reporting burden on carriers, improve the quality and use of the reported information and reduce the cost to the Commission of collection, verification, and distribution of the data. This Notice invites interested parties to comment on several modifications to the ARMIS ten reports.

DATES: Comments are to be filed on or before August 20, 1998 and reply comments are due on or before September 4, 1998. Written comments

and reply comments by the public on the information collections are due October 19, 1998.

ADDRESSES: Federal Communications Commission, Secretary, Room 222, 1919 M Street NW., Washington, D.C. 20554. In addition to filing comments with the Commission's Secretary, a copy of any comments on the proposed information collections contained herein should be submitted to Judy Boley, Federal Communications Commission, Room 234, 1919 M Street, NW., Washington, DC 20554, or via the Internet to jboley@fcc.gov, and to Timothy Fain, OMB Desk Officer, 10236 NEOB, 725 17th Street, N.W., Washington, D.C. 20503, or via the Internet to fain_t@al.eop.gov.

FOR FURTHER INFORMATION CONTACT: Anthony Dale, Common Carrier Bureau, Accounting Safeguards Division, (202) 418-2260, or via E-mail to "adale@fcc.gov". For additional information concerning information collections, contact Judy Boley at (202) 418-0214, or via the Internet at jboley@fcc.gov.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Notice of Proposed Rulemaking in the matter of 1998 Biennial Regulatory Review—Review of ARMIS Reporting Requirements, CC Docket 98-117, adopted July 6, 1998, and released July 17, 1998. The complete text of this Notice of Proposed Rulemaking is available for inspection and copying during normal business hours in the Commission's Reference Center, Room 239, 1919 M Street, NW, Washington, DC. The NPRM is available through the Internet at http://www.fcc.gov/Bureaus/Common_Carrier/Notices/1998/fcc98147.wp. The complete text may be purchased from the Commission's duplicating contractor, International Transcription Service, Inc. (ITS, Inc.), at 1231 20th Street NW., Washington, DC 20036 (202-857-3800).

Paperwork Reduction Act

This NPRM contains proposed information collections. The Commission, as part of its continuing effort to reduce paperwork burdens, invites the general public and the Office of Management and Budget (OMB) to

comment on the information collections contained in this notice, as required by the Paperwork Reduction Act of 1995, Public Law 104-13. Public and agency comments are due at the same time as other comments on this notice; OMB notification of action is due October 19, 1998. Comments should address: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

OMB Approval Number: None.
Title: 1998 Annual Biennial Review of ARMIS Reporting Requirements.
Form No.: FCC Reports 43-01 through 43-08 and FCC Reports 495A and 495B.
Type of Review: New collections.
Respondents: Business or other for profit.

Title	No. of respondents	Estimated time per response	Total annual burden
ARMIS Annual Summary Report	150	135	20,250
ARMIS USOA Report	50	190	9,500
ARMIS Joint Cost Report	150	110	12,450
ARMIS Access Charge Report	150	621	93,150
ARMIS Service Quality Report	12	625	7,500
ARMIS Customer Satisfaction Report	8	675	5,400
ARMIS Infrastructure Report	8	412	3,296
ARMIS Operating Data Report	50	120	6,000
ARMIS Forecast of Investment Usage & Actual Usage Reports	300	21	6,300

Total Annual Burden: 163,846.
Estimated costs per respondent: \$0.
Needs and Uses: As part of the biennial regulatory review, we are required to review our regulation applicable to providers of telecommunications service to determine whether the regulations are no longer in the public interest due to meaningful economic competition between providers of such service and whether such regulations should be repealed or modified. In this NPRM we propose as part of the biennial review to reduce the reporting requirements of our ARMIS. ARMIS is needed to administer our accounting, jurisdictional separations, access charges and joint cost rules and rules to analyze revenue requirements and rates of reform, service quality and infrastructure development. It collects financial and operating data from certain local exchange carriers. The information

contained in the reports provide the necessary detail to enable this Commission to fulfill its regulatory responsibilities. These proposed modifications will reduce the reporting burdens on carriers, improve the quality and use of the reported information. If adopted the proposed modifications will reduce public burden by approximately 50% for the ARMIS reports.

Synopsis of Notice of Proposed Rulemaking

A. Eliminating Paper Filing Requirement

1. The Common Carrier Bureau ("the Bureau") currently requires carriers to submit both paper and electronic copies of the ARMIS reports. The Commission has, in recent years, relied increasingly on the data filed electronically to maintain internal databases and generate meaningful reports for policy

making. We tentatively conclude that paper versions of the ARMIS reports do not significantly contribute to the Commission's current efforts or future goals in administering its accounting, joint cost, jurisdictional separations, access charge rules, or in monitoring the quality of service and infrastructure development in the public network. Therefore, we tentatively conclude that we should eliminate the paper filing requirement. We anticipate that the transition to an electronic-only reporting program will represent a substantial cost savings for all carriers that file ARMIS reports. We seek comment on this tentative conclusion and request suggestions for improving the electronic filing system for ARMIS reports.

2. The paper versions of the ARMIS reports, however, are our primary means for distributing ARMIS data to the public. To satisfy the frequent requests

from the public for ARMIS data, we plan to meet the demand by making it available through the Internet. This will require Commission staff to develop software that will allow interested parties to obtain ARMIS reports over the Internet, which we anticipate to be a costly process. We seek comment on this proposal and request parties to provide information on the costs of filing paper copies of ARMIS data so that we can assess the utility of eliminating the paper filing requirement. In considering whether to make ARMIS data available on the Internet, we plan to balance the benefits of such availability, in particular the frequency of requests from the public and the reduced administrative burden on Commission staff, against the costs of this course of action.

B. Equal Access, Payphone, and Inside Wire Data

3. The ARMIS 43-04 Access Report provides jurisdictional separations and access charge data by part 36 category at the study area level. The data collected in this report are used by Commission staff to verify cost information filed in tariffs. We propose to modify the ARMIS 43-04 Access Report by eliminating 114 rows and three columns in which carriers report data pertaining to equal access, inside wire, and payphone investment. We tentatively conclude that the equal access information is no longer necessary because the nearly complete transition to equal access has reduced our need to monitor its deployment. We tentatively conclude that we can eliminate the inside wire and payphone investment columns because these two categories are no longer regulated. In the NPRM, Appendix A presents the specific row and column deletions and our reasons for their removal. We solicit comment on these tentative conclusions and seek additional suggestions from interested parties on streamlining the ARMIS 43-04 Access Report.

4. The ARMIS 43-01 Annual Summary Report summarizes the carriers' accounting, rate base, and cost allocation data prescribed in parts 32, 36, 64, 65, and 69 of the Commission's rules (See 47 CFR 32, 36, 64, 65, and 69). The Annual Summary Report consists of two tables: (1) Table I, the "Cost and Revenue Table;" and (2) Table II, the "Demand Analysis Table." In order to make the ARMIS 43-01 Annual Summary Report consistent with the streamlined version of the ARMIS 43-04 Access Report, we tentatively conclude that we should eliminate the corresponding rows and columns pertaining to equal access,

inside wire, and payphone investment. Appendix B presents the specific row and column deletions and our reasons for their removal. We seek comment on this proposal and ask whether any additional streamlining or consolidation of these reports should be made.

C. Reduced Reporting Requirements for Mid-Sized Incumbent LECs

5. Incumbent LECs whose annual operating revenues exceed an indexed revenue threshold are required to file ARMIS reports (See Reform of Filing Requirements and Carrier Classifications; Anchorage Telephone Utility, Petition for Withdrawal of Cost Allocation Manual, *Report and Order*, (FR cite 62 FR 39776 (July 24, 1997) 12 FCC Rcd 8071)). The indexed revenue threshold, which has recently been increased to \$112 million, is based on annual operating revenues for both regulated and nonregulated activities and is adjusted for inflation. (See 47 CFR 32.9000). Based on our experience with administering the ARMIS reporting system, it appears that the carriers' costs of implementing that system are largely fixed with respect to the number of access lines served. This implies that, on a per-access-line basis, the cost of complying with the full ARMIS reporting requirements is substantially higher for mid-size incumbent LECs than for large incumbent LECs, because the large incumbent LECs are able to average their fixed reporting costs over a larger number of access lines. Reducing the reporting requirements on mid-sized carriers would eliminate a costly reporting burden on those carriers that must recover the cost from a smaller number of customers.

6. We propose to streamline the ARMIS reporting requirements for certain mid-sized incumbent LECs based on the aggregate revenues of the incumbent LEC and any LEC that it controls, is controlled by, or with which it is under common control (See 47 CFR 32.9000). If the aggregate revenues of these affiliated incumbent LECs are less than \$7 billion, then each LEC within that group would be eligible for the streamlined reporting requirements described below. Incumbent LECs with individual annual operating revenues below the indexed revenue threshold would continue to be exempt from all ARMIS reporting requirements. The \$7 billion threshold will still provide the Commission with data for nearly 90% of the industry for local exchange telecommunications, as measured by annual operating revenues. We seek comment on our proposal to streamline the reporting requirements for mid-sized LECs and on utility of this threshold

mechanism. In addition to the reporting requirements detailed below, we seek comment on other suggestions for reducing the reporting burden on mid-sized incumbent LECs while still collecting the information needed to perform our oversight functions and protect ratepayers from the effects of improper cost allocations.

7. The ARMIS 43-02 USOA Report provides the annual operating results of carriers' activities for every account in the Uniform System of Accounts ("USOA"), which we use to review the operations of communications common carriers subject to our jurisdiction. The USOA encompasses both balance sheet and income statement accounts that we use to review overall investment and expense levels, affiliate transactions, property valuation, and depreciation rates. The ARMIS 43-02 USOA Report collects accounting and financial data in 27 tables. We tentatively conclude that we should reduce the filing burden of eligible reporting carriers by eliminating the requirement to file 21 tables in the ARMIS 43-02 USOA Report. Our experience administering the ARMIS reporting system and our accounting rules suggests that routine reporting of the balance sheet information contained in tables B-3 and B-5 through B-15 may not be crucial for eligible reporting carriers to report on a regular basis. Because we will continue to have access to the underlying data and source documents, we tentatively conclude that eliminating these reporting requirements will not impair our ability to perform necessary oversight functions.

8. This tentative conclusion, if adopted, would result in eligible reporting carriers filing only six tables in the USOA Report: (1) Table B-1, "Balance Sheet Accounts;" (2) Table B-2, "Statement of Cash Flows;" (3) Table B-4, "Analysis of Assets Purchased from or Sold to an Affiliate;" (4) Table C-3, "Board of Directors and General Officers;" (5) Table I-1, "Income Statement Accounts;" and (6) Table I-2, "Analysis of Services Provided from or Sold to an Affiliate." Together, these tables provide the information, such as the complete financial statements, needed to perform our audit and other oversight functions. In addition, we tentatively conclude that we should allow eligible reporting carriers to file the Class B level of detail for applicable schedules. (See 47 CFR 32.11) This proposed modification would not relieve eligible reporting carriers of their responsibility to maintain their books of accounts in accordance with part 32 of the Commission's rules, but would reduce the filing burden imposed on

eligible reporting carriers that file ARMIS reports. We seek comment on this tentative conclusion.

9. We note that our pole attachment formulas are based on the Class A level of accounting detail. If the Commission adopts Class B accounts for mid-sized LECs as proposed herein, the ARMIS reports of the mid-sized LECs would no longer provide the details needed to calculate pole attachment fees using the pole attachment formulas. The details provided in eight Class A accounts are needed to provide data for the pole attachment formulas: six accounts associated with cable and wire facilities investment and expenses, and two accounts associated with network operations expenses. We seek comment on whether mid-sized LECs should be required to maintain subsidiary record categories to provide the data now provided in the eight Class A accounts and to report in ARMIS the information in the noted accounts as well as other information required by the pole attachment formulas.

10. The ARMIS 43-03 Joint Cost Report details the regulated and nonregulated cost and revenue allocations by study area in accordance with the Commission's rules (See 47 CFR 64.901-904). In order to be consistent with the modifications to the USOA Report, we tentatively conclude that we should allow eligible reporting carriers to file only the Class B level of detail. This proposal, if adopted, would eliminate roughly two-thirds of the entries for eligible reporting carriers. We seek comment on this proposal.

11. The ARMIS 495A Forecast Report and the ARMIS 495B Actual Usage Report provide the information needed to monitor our requirement that incumbent LECs allocate the costs of certain telephone plant investment used for both regulated and nonregulated activities on the basis of forecasted regulated and nonregulated usage. Carriers file these reports at the same time as their annual access tariff filing. The ARMIS 495A Forecast Report displays forecasts of expected regulated and nonregulated investment usage at the study area level. The ARMIS 495B Actual Usage Report displays the actual usage of regulated and nonregulated investment at the study area level. We tentatively conclude to allow eligible reporting carriers to report the data in the ARMIS 495A Forecast Report and the ARMIS 495B Actual Usage Report at the Class B level of detail. This tentative conclusion, if adopted, will provide flexibility for eligible reporting carriers to aggregate types of equipment and to forecast the regulated and nonregulated

usage of such equipment. We seek comment on this tentative conclusion.

D. ARMIS Reporting Requirements for Large Incumbent LECs

12. For the largest incumbent LECs, we tentatively conclude that we should maintain the Class A level of detail for their ARMIS reporting requirements. The more detailed reporting requirements are necessary for the Commission to uphold our statutory obligations to prevent cross-subsidization and discrimination under sections 254(k), 260, 271, 272, 273, 274, 275, and 276 of the Act. See 47 USC 254(k), 260, 271-276. The Class A level of detail specified in the part 32 accounting rules allows us to identify potential cost misallocations beyond those revealed by the Class B system of accounts. In addition, the Class A level of detail is critical for monitoring large incumbent LECs because such carriers typically conduct a higher volume of transactions involving competitive services. We need sufficient detail to adequately perform audit and verification functions of the largest incumbent LECs that represent nearly 90% of the local exchange industry as measured by annual revenues. Moreover, the Class A level of detail is required to monitor the large incumbent LECs as competition begins to develop in local telephony markets. Therefore, we tentatively conclude that any further reduction in reporting requirements for ARMIS financial, cost allocation, and access charge data would impair our ability to guard against improper cost allocations, to assess the impact of our policies on incumbent LECs, and to monitor the development of competition in the telecommunications marketplace. We have long recognized that, for managerial decision-making and other purposes, incumbent LECs maintain their financial records in significantly more detail than that required for Class A carriers in our part 32 rules. Because incumbent LECs disaggregate their financial records into much greater detail than our Class A requirements, we tentatively conclude that the burden on the largest incumbent LECs resulting from Class A accounting and reporting requirements does not outweigh our needs for collecting financial information. We seek comment on these tentative conclusions to maintain the Class A accounting requirements for the largest incumbent LECs, and, alternatively, on whether there are certain ARMIS reporting requirements we could eliminate or streamline for the largest LECs.

Procedural Matters

13. *Ex Parte Presentations.* This is a permit-but-disclose proceeding. Ex parte presentations are permitted, except during the Sunshine Agenda period, provided that they are disclosed as provided in the Commission's rules (See 47 U.S.C. 1.102, 1.203 and 1.206).

14. *Initial Regulatory Flexibility Analysis.* The Regulatory Flexibility Act ("RFA") (See 5 U.S.C. 601) requires that an initial regulatory flexibility analysis be prepared for notice-and-comment rulemaking proceedings, unless the agency certifies that "the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities." (See 5 U.S.C. 605(b)). The RFA generally defines "small entity" as having the same meaning as the terms "small business," "small organization," and "small governmental jurisdiction" (See U.S.C. 601(b)). In addition, the term "small business" has the same meaning as the term "small business concern" under the Small Business Act. A small business concern is one which: (1) Is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the Small Business Administration ("SBA") (See 15 U.S.C. 632).

15. This NPRM proposes to eliminate the requirement to file paper versions of ARMIS reports, to reduce the specific reporting requirements on all incumbent LECs that file ARMIS reports, and to further reduce the reporting requirements for certain mid-sized incumbent LECs. Neither the Commission nor SBA has developed a definition of "small entity" specifically applicable to LECs. The closest definition under SBA rules is that for establishments providing "Telephone Communications, Except Radiotelephone," which is Standard Industrial Classification (SIC) code 4813. Under this definition, a small entity is one employing no more than 1,500 persons.

16. We certify that the proposals in this NPRM, if adopted, will not have a significant economic impact on a substantial number of small entities. Pursuant to long-standing rules, incumbent LECs with annual operating revenues exceeding the indexed revenue threshold must report financial and operating data to the Commission. This NPRM proposes to reduce certain of these reporting requirements and eliminate the subject paper filing requirement. These changes should be easy and inexpensive for incumbent LECs to implement and will not require

costly or burdensome procedures. We therefore expect that the potential impact of the proposal rules, if such are adopted, is beneficial and does not amount to a possible significant economic impact on affected entities. If commenters believe that the proposals discussed in the NPRM require additional RFA analysis, they should include a discussion of these issues in their comments.

17. The Commission's Office of Public Affairs, Reference Operations Division, will send a copy of this NPRM, including this initial certification, to the Chief Counsel for Advocacy of the Small Business Administration. (See 5 USC 605(b)).

Comment Filing Procedures

18. Interested parties may file comments no later than August 20, 1998 and reply comments may be filed no later than September 4, 1998. All pleadings should reference CC Docket No. 98-117. A copy of each pleading should be sent to Anthony Dale, Accounting Safeguards Division, Common Carrier Bureau, FCC, 2000 L Street, Suite 201, Washington, DC 20554, and another copy should be sent to International Transcription Services (ITS), the Commission's duplicating contractor, at its office at 1231 20th Street, NW, Washington, D.C. 20036, (202) 857-3800. All pleadings will be made available for public inspection and copying in the Accounting Safeguards Division public reference room, 2000 L Street, NW, Suite 812, Washington, DC 20554.

19. Comments and replies must also comply with § 1.49 and all other applicable sections of the Commission's rules. We also direct all interested parties to include the name of the filing party and the date of the filing on each page of their comments and replies. In addition, one copy of each pleading must be filed with International Transcription Services (ITS), the Commission's duplicating contractor, at its office at 1231 20th Street, NW, Washington, DC 20037, (202) 857-3800. All pleadings are available for public inspection and copying in the Accounting and Audits public reference room.

List of Subject in 47 CFR Part 43

Communications common carriers, Radio, Reporting and recordkeeping requirements, Telegraph and Telephone. Federal Communications Commission.

Magalie Roman Salas,
Secretary.

[FR Doc. 98-22162 Filed 8-17-98; 8:45 am]

BILLING CODE 6712-01-P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Parts 43 and 64

[IB Docket No. 98-148; FCC 98-190]

1998 Biennial Regulatory Review—Reform of the International Settlements Policy and Associated Filing Requirements

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: On August 6, 1998, the Federal Communications Commission adopted a Notice of Proposed Rulemaking (NPRM) to adopt significant changes to the Commission's International Settlements Policy (ISP) and associated rules. The changes in this policy are intended to promote greater competition and lower international calling prices. The Commission proposes to lift regulations under the existing policy that restricts the kinds of arrangements U.S. carriers may enter into with foreign telecommunications carriers in World Trade Organization (WTO) member countries. This action is part of the FCC's biennial review to eliminate or modify rules where appropriate.

DATES: Comments are due on or before September 16, 1998 and reply comments are due on or before October 16, 1998.

ADDRESSES: Federal Communications Commission, 1919 M Street, N.W., Room 222, Washington, D.C. 20554.

FOR FURTHER INFORMATION CONTACT: Robert C. McDonald, Attorney-Advisor, Policy and Facilities Branch, Telecommunications Division, International Bureau, (202) 418-1470.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Notice of Proposed Rulemaking, FCC 98-190, adopted on August 6, 1998. The full text of this NPRM is available for inspection and copying during normal business hours in the FCC Reference Center (Room 239) of the Federal Communications Commission, 1919 M Street, N.W., Washington, D.C. 20554. The complete text of this NPRM is available over the Internet on the Commission's World Wide Web page, <http://www.fcc.gov>. The text of the NPRM also may be purchased from the Commission's copy contractor, International Transcription Service, Inc., 1231 20th Street, N.W., Washington, D.C. 20036, (202) 857-3800.

Summary of Notice

1. The Commission proposes to scale back significantly on the Commission's application of the International Settlements Policy (ISP) and associated filing requirements. The ISP has governed U.S. carriers' bilateral accounting rate negotiations with foreign carriers for many years. These policies have largely been a success in safeguarding U.S. carrier dealings with monopoly foreign carriers. These rules may not, however, be necessary on routes where there is competition in the foreign market and they may, in fact, impede the further development of competition on such routes. In light of the significant number of countries that recently have introduced competition in their telecommunications markets, the NPRM proposes significant changes to the Commission's ISP and associated rules.

2. The Commission initiated this proceeding in response to the Telecommunications Act of 1996, which requires the Commission to review all regulations that apply to operations or activities of any provider of telecommunications service and to repeal or modify any regulation it determines to be no longer necessary in the public interest.

3. The ISP and related filing requirements were implemented to prevent whipsawing. These rules currently apply to U.S. carrier arrangements for IMTS with all foreign carriers, except where a U.S. carrier receives authorization to enter into an alternative settlement arrangement under our flexibility policy or to provide ISR. We believe, however, that whipsawing is a concern that is largely associated with foreign carriers with monopoly power. Where U.S. carriers are able to terminate international traffic by interconnecting with a carrier that lacks market power, we believe that whipsawing is not a significant danger. We thus seek comment in this Notice on whether we should continue to apply the ISP and related filing requirements to U.S. carrier arrangements with foreign carriers from WTO Member countries that lack market power in the relevant foreign telecommunications market.

4. With respect to the ISP, there also appears to be little danger that a foreign carrier that lacks market power will have the ability to whipsaw U.S. carriers. Indeed, without market power over facilities and services essential to terminate international traffic, an attempt at whipsawing by a foreign carrier that lacks market power should be countered by a defection by U.S.