May 08, 1998

Mr. Peter Vivian
Executive Director - Telecommunications
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Dear Mr. Vivian:

Subject: Teleglobe Canada Inc. (Teleglobe) Tariff Notice No. 531 (TN 531)

1. AT&T Canada Long Distance Services Company (AT&T Canada LDS) is in receipt of TN 531 dated April 28, 1998. Pursuant to TN 531, Teleglobe proposes altering its International Globeframe Service Tariff (CRTC 9200) by, among other things, changing the way in which it will invoice its customers for International Globeframe Service. Specifically, at page 8 of CRTC 9200 (2 cancels 1), Teleglobe proposes the following:

> Teleglobe invoices the customer for the Canadian half-circuit and the foreign half-circuit. The customer can take advantage of the end-to-end billing option and pay for the service in a single currency through Teleglobe.

2. Currently, Teleglobe does not pass-on charges associated with the foreign half-circuit to its customer, i.e. AT&T Canada LDS. Instead, this charge is levied directly upon the multinational end-user. AT&T Canada LDS submits that there exists no basis for Teleglobe changing who it bills at this point in time, and indeed Teleglobe's proposed changes raise significant operational and financial issues for AT&T Canada LDS.

3. AT&T Canada LDS requests that the Commission direct Teleglobe to revert to the old working at page 8 of CRTC 9200. As a customer of Teleglobe for International

Globeframe Service, AT&T Canada LDS submits that the proposed above-cited wording is unfair and unworkable and should therefore be rejected. AT&T Canada LDS elaborates on its concerns as follows.

I. No Approved Foreign Half-Circuit Rates

4. When a customer subscribes to International Globeframe Service, the customer agrees to pay rates, which vary on a Committed Information Rate (CIR) basis. When contracting for the service, and in accordance with Teleglobe's tariff, the customer assumes that each CIR is unidirectional on a Permanent Virtual Circuit (PVC) from or to the service access point in Canada to or from the midpoint in the Atlantic or Pacific Ocean. The rates cited in Teleglobe's tariff are for this service alone. The customer is therefore not contracting for a service beyond the ocean midpoint. There are no rates quoted for services from the midpoint of the ocean to the foreign point of origination or termination in Teleglobe's tariff. Teleglobe itself currently levies the charges associated with this service directly on the end-user. It is currently not passed on to the APLDS. Accordingly, it would be incongruous and blatantly unfair for Teleglobe to propose passing on a charge to a customer, i.e. AT&T Canada LDS, for a service to which it has not subscribed.

II. Proposed Change in Violation of AT&T Canada LDS/Teleglobe Agreement

5. AT&T Canada LDS further notes that such a proposed change to the manner in which Teleglobe bills for International Globeframe service is in violation of the spirit and letter of the *Interconnection and Operating Agreement between Teleglobe and AT&T Canada LDS*. Such a change is not contemplated or permitted pursuant to Schedule E (attached) of the aforementioned Agreement. In fact, section 4.2 of Schedule E contemplates that AT&T Canada LDS and Teleglobe would work together "to develop mutually agreed upon procedures which will cover the settlement process between the parties." AT&T Canada LDS does not concur with the change as proposed by Teleglobe, and pursuant to the aforementioned interconnection agreement, submits that Teleglobe should not be permitted to impose such a change to its billing structures without the concurrence of AT&T Canada LDS.

III. Proposed Change would Require Complete Renegotiation of Contracts and Introduction of New Product

6. AT&T Canada LDS designed its international frame relay service based on Teleglobe's service as reflected in Teleglobe's tariff. AT&T Canada LDS' customers signed agreements with AT&T Canada LDS based on the rates, terms and conditions outlined in Teleglobe's tariff. The current wording of these contracts does not allow AT&T Canada LDS to bill its customer for the foreign half-circuit. Therefore, if Teleglobe's proposal to bill AT&T Canada LDS for the foreign half-circuit were approved, AT&T Canada LDS would be forced to consider one of the three following options: a) renegotiate all contracts with its end-users to permit billing of the foreign half-circuit; b) absorb the charges associated with the foreign half-circuit, or

alternatively; c) abandon the service altogether and face possible litigation from its customers.

7. Clearly, options b) and c) above would be untenable and could cause significant and irreparable financial harm to the company. With respect to option a), AT&T Canada LDS also submits that such a change to the way in which international frame relay service would be billed by Teleglobe is unworkable from a systems and process perspective and will introduce unnecessary confusion. For example, AT&T Canada LDS has no direct relationship with the foreign entity on behalf of which Teleglobe is billing due to Teleglobe's exclusive mandate in the provision of international services. Therefore, it would be extremely difficult for AT&T Canada LDS to verify the foreign charges.

8. Moreover, AT&T Canada LDS does not currently have a process and systems in place that are designed to pass-on these charges to its end-users. In fact, if AT&T Canada LDS chose to continue to serve its customers, it would need to deploy scarce resources to develop and implement process and systems changes necessary to support the new requirement. This endeavour would be tantamount to the exercise that AT&T Canada LDS would undertake for the introduction of a new market product. AT&T Canada LDS submits that it would take AT&T Canada LDS at least one year from the time that an implementation team is formed to the date of full implementation of the new systems and processes. Finally, AT&T Canada LDS notes that it would have to undertake significant expenditures to put these processes in place.

IV. Conclusion

9. With the exception of Teleglobe's proposal to begin charging for the foreign half-circuit, AT&T Canada LDS does not object to the changes proposed by Teleglobe pursuant to TN 531. Accordingly, AT&T Canada LDS recommends that the Commission approve TN 531 with the exception of the proposed change to page 8 of CRTC 9200 concerning Teleglobe invoicing the customer for the foreign half-circuit. For the above reasons, AT&T Canada LDS requests that the Commission direct Teleglobe to retain the wording used at page 8 of CRTC 9200, 1 cancels original which reads as follows:

> The foreign carrier establishes corresponding rates for the portion of the service from the overseas country to the appropriate Atlantic or Pacific Ocean midpoint.

Yours truly,

Carlo Di Luch

\Attachment

cc: E.A. Rutherford – Teleglobe Canada Inc.

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