

"(b) For record services, including voice-data service, ITTWC, RCAC, WUI, CPRM, CTNE, ENTEL, and Italcable agree, subject to the necessity of an overall fair rate of return, to make effective rate reductions for service between the United States on the one hand, and Italy, Portugal, and Spain on the other hand, of approximately 25 percent for voice-record channels (with consideration of the cost of special conditioning to provide data capabilities so that charges reflect reasonable costs); approximately 25 percent in existing rates for 50 band teleprinter leased channels, and approximately 15 percent in existing telex rates."

On the basis of this agreement the Commission's authorization to proceed with conclusion of the new system provided "That no later than 90 days prior to the date the cable and microwave facilities authorized herein are placed in service with Spain, Portugal, and Italy, and at least 30 days before such facilities are used for service with each other country (unless shorter notice is authorized) each applicant shall file rates with the Commission for such services as they are authorized to provide over the facilities herein authorized, which shall, with respect to rates in effect at the date of this order, provide for at least a 25-percent reduction for message telephone service; more than 25 percent for private line services, including voice grade, telegraph grade, and voice-record service; at least 15 percent for Telex service; and for reductions in message telegraph service."

From the foregoing you will note that establishment of the new facility is conditioned upon a more than 25 percent reduction of rates for all leased services. Not only the American carriers but all of the European correspondents making use of the system will give effect to the proposed reductions.

I am confident that you will find this an encouraging development. You may be assured that the Department will continue to seek possibilities for further reductions in the future and will work closely with the Federal Communications Commission and the American carriers toward that end. If I can be of any further assistance in this or any other matter, please do not hesitate to let me know.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,
Assistant Secretary for Congressional Relations.