

S-12

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

**RECEIVED**  
JUN 25 1996  
Federal Communications Commission  
Office of Secretary

In the Matter of )  
)  
Implementation of the Local )  
Competition Provisions in the )  
Telecommunications Act of 1996 )

CC Docket No. 96-98

**U S WEST'S REPLY TO COMMENTS ON ITS PETITION FOR  
ORDER DIRECTING THAT DISCOVERY BE PERMITTED**

U S WEST, Inc. ("U S WEST") hereby files its Reply to a Response by AT&T Corp. ("AT&T") and Reply Comments by MCI Telecommunications Corporation ("MCI") to its Petition for Order Directing that Discovery be Permitted.

U S WEST's Petition sought the ability to review something called the Hatfield Model, which AT&T and MCI were advocating be used as a vehicle for determining the costs and prices they would pay for interconnection services and facilities purchased from incumbent local exchange carriers.

The MCI "Reply" is essentially humorous. MCI contends as follows: 1) the Model is already public; and 2) it is U S WEST's fault that the Model is not public. MCI contends that Bell Communications Research, Inc.'s ("Bellcore") actions in enforcing its property rights in certain information used in a part of the Model is the only barrier standing between the Model and its release to the public. As is discussed below, both of these contentions are wrong and frivolous.

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
Implementation of the Local	)	CC Docket No. 96-98
Competition Provisions in the	)	
Telecommunications Act of 1996	)	

**U S WEST'S REPLY TO COMMENTS ON ITS PETITION FOR  
ORDER DIRECTING THAT DISCOVERY BE PERMITTED**

U S WEST, Inc. ("U S WEST") hereby files its Reply to a Response by AT&T Corp. ("AT&T") and Reply Comments by MCI Telecommunications Corporation ("MCI") to its Petition for Order Directing that Discovery be Permitted.

U S WEST's Petition sought the ability to review something called the Hatfield Model, which AT&T and MCI were advocating be used as a vehicle for determining the costs and prices they would pay for interconnection services and facilities purchased from incumbent local exchange carriers.

The MCI "Reply" is essentially humorous. MCI contends as follows: 1) the Model is already public; and 2) it is U S WEST's fault that the Model is not public. MCI contends that Bell Communications Research, Inc.'s ("Bellcore") actions in enforcing its property rights in certain information used in a part of the Model is the only barrier standing between the Model and its release to the public. As is discussed below, both of these contentions are wrong and frivolous.

AT&T's position is more sinister, because it indicates either that AT&T has a serious internal communications gap or that AT&T is attempting to mislead the Federal Communications Commission ("Commission" or "FCC"). AT&T first asserts that "[t]o AT&T's knowledge, no party to this FCC proceeding has heretofore requested the material sought by U S WEST."<sup>1</sup> This statement is simply false. AT&T has been trying, with varying degrees of success, to utilize the Hatfield Model against U S WEST in various rate proceedings since early this year. As the attached Affidavit of Peter Copeland documents, U S WEST has been striving mightily to obtain the very rights of review it seeks here, and has been the victim of a consistent and obvious shell game by AT&T. AT&T's first position was that it would not make the model available at all. Next it allowed only limited access to the Model, subject to a stringent nondisclosure agreement which prohibited the U S WEST person reviewing the Model from sharing any knowledge obtained during the review with the FCC in this proceeding (which nondisclosure prohibition remains in effect). A member of the AT&T law department was present at this review and prohibited representatives of the Hatfield firm from answering any U S WEST questions -- despite the fact that the "review" did not include any manuals, software documentation or other material necessary to conduct a meaningful examination of the Model. Finally, when the entire Model was made available for review in May of this year, inspection was limited to use in the

---

<sup>1</sup> AT&T Response at 1 (emphasis in original).

**U S WEST Utah rate proceeding, which commenced a mere three days after inspection was permitted.**

**While one could quibble over whether AT&T's behavior concerning release of the Model constituted patent obstructionism or not (U S WEST would contend that it did), AT&T's assertion that U S WEST never asked for the right to review the Model before is bizarre. An AT&T attorney was physically present at one of the unsuccessful efforts by U S WEST to review the Model and took the lead role in preventing Hatfield personnel from speaking with the U S WEST representative.**

**AT&T's (and MCI's) excuse for not permitting U S WEST to review the Model in this proceeding is almost as strange. Both AT&T and MCI contend that the only reason they have not permitted such inspection is "Bellcore's refusal to authorize the release of Local Exchange Routing Guide information (part of the Hatfield model's input data), to allow its filing at the Commission, unless each recipient (including the FCC) agrees both to pay Bellcore a \$1000 fee and undertake to use the information solely for its own internal purposes. . ."<sup>2</sup> The Local Exchange Routing Guide is a Bellcore trade secret, and we understand that arrangements have been made to permit the FCC to review the Routing Guide subject to proper protections. But the copyright on the Routing Guide is owned by Bellcore and its owners, including U S WEST. To refuse to permit U S WEST to review the Hatfield Model because of a copyright which U S WEST itself owns is a preposterous**

---

<sup>2</sup> AT&T Response at 2 (emphasis in original).

position. Apparently even AT&T came to realize this fact, as it ultimately permitted the U S WEST representative to review the entire Model, including Routing Guide information (although without software documentation or manuals). What AT&T has not done is permit U S WEST to use the results of the review in this proceeding, or to review the software documentation behind the Hatfield Model. In other words, AT&T's claim that the existence of U S WEST proprietary information in the Hatfield Model was a legitimate excuse for preventing U S WEST to review the Model is simply not well founded, and is contradicted by AT&T's own actions.

In short, AT&T has consistently and wrongfully refused to permit U S WEST to review the Hatfield Model, or to use even that information which it could glean from limited review of the Model in the instant proceeding. AT&T's claim that U S WEST had never requested access to the Model is simply false. The Commission should grant U S WEST's Petition and AT&T and MCI should be directed to permit meaningful review of the Hatfield Model. Given AT&T's past conduct in preventing such review, Commission-supervised discovery such as is requested in the Petition is plainly necessary, and the Petition should be granted.

A final observation is necessary. AT&T has managed to forestall review of the Hatfield Model for more than six months now. The Commission's decision in the instant docket is due in less than two months. We submit that unless U S WEST is permitted meaningful review of the Model in sufficient time to have

its own analysis considered seriously by the Commission, any use of the Model in this proceeding would taint the entire proceeding and risk fatal legal error.

Respectfully submitted,

U S WEST, INC.

By: Robert B. McKenna  
Robert B. McKenna  
Suite 700  
1020 19th Street, N.W.  
Washington, DC 20036  
(303) 672-2861

Its Attorney

Of Counsel,  
Dan L. Poole

June 25, 1996

**ATTACHMENT**

STATE OF Kansas )  
COUNTY OF Johnson )

ss. . .

**AFFIDAVIT**

I, Peter Copeland, first being duly sworn, hereby state that the following information is true and correct to the best of my knowledge, information and belief

1. I am a Manager, Issues Management, Public Policy, for U S WEST Communications, Inc. ("U S WEST"). In this capacity, I developed the U S WEST High Cost Fund Targeting Model, the predecessor targeting model to the Benchmark Cost Model ("BCM"). Among my responsibilities over the past six months, I have been charged with examining the Hatfield Costing Model submitted by AT&T Corp. ("AT&T") and MCI Telecommunications Corporation ("MCI") in CC Docket No. 96-98. I have reviewed the U S WEST, Inc. Petition for Order Directing that Discovery be Permitted, and the responses of AT&T and MCI.
  
2. I have been attempting to conduct an analysis of the Hatfield Model since early 1996 when AT&T introduced the Model in the U S WEST rate proceedings in the State of Utah. In order to conduct a proper analysis of the Model, it is necessary to examine the Model's algorithms, modules and inputs. Accordingly, when AT&T submitted the results of the Hatfield Model (as it then existed) to the Utah Public Service Commission, U S WEST requested that it be permitted to review a copy. U S WEST's efforts were rebuffed by AT&T, which simply refused to permit the Model to be inspected, essentially on the basis that AT&T had no legal obligation to make the Model available to U S WEST.
  
8. Finally, on April 25, 1996, I was permitted to see a copy of the Model for one day in the offices of Professor Hatfield in Boulder, Colorado. In order to see the Model at all, I was required to sign the nondisclosure agreement (Attached as Exhibit 1), in which I promised not to use the information obtained in the review of the Model for any purpose other than the Utah proceeding -- I was expressly prohibited from using the information in any other regulatory or judicial proceeding. Moreover, AT&T's actions made the review, which I was permitted to conduct, practically useless. I was shown spread sheets from various files, but no manuals, software documentation or other explanatory materials were supplied, and it was impossible to identify the areas where the data was input or the order in which the algorithms were carried out within the model. When we tried to ask questions on the Model, an AT&T attorney, stationed in the room, told Hatfield personnel that they

were not to answer any of my questions (or those of anyone else). Moreover, AT&T refused to supply all of the modules used in the Model -- primarily the BCM base loop modules. I was told by the AT&T attorney that I could not see these modules because they were copyrighted -- even though U S WEST holds the applicable copyrights.

4. In early May (May 3-May 17), I was permitted to study the entire Model, subject to the nondisclosure agreement noted above (which prohibits me from using my knowledge of the Model to participate in the ongoing CC Docket No. 98-98 interconnection proceeding at the FCC). However, as I could use knowledge gained from the review solely for the Utah proceeding, this review was of limited value because the Utah proceeding commenced on Monday, May 6. In addition, the copy of the Model with which I was provided was read-only, and sensitivity analyses could not be conducted. As was the case on April 25, no modal documentation or manuals were provided.
5. I am still bound by the nondisclosure agreement which prohibits me from discussing the results of my examination of the Model in the ongoing interconnection proceedings before the Federal Communications Commission.

*Peter Copeland*

\_\_\_\_\_  
Peter Copeland

Subscribed and sworn to before me this 25 day of June, 1998, by Peter Copeland.

WITNESS my hand and official seal.

*S. DeLore Prud'homme*  
\_\_\_\_\_  
Notary Public



My Commission Expires: 2-22-2000

**EXHIBIT**

**NONDISCLOSURE AGREEMENT**

*RAC*  
*OH*  
THIS NONDISCLOSURE AGREEMENT (the "Agreement"), effective as of the day of May 3 1996, 1996, is by and between Harfield Associates, Inc., a Colorado corporation, having its principal place of business at 737 29th Street, Suite 202, Boulder, Colorado 80303 (hereinafter "HAI"), and U S WEST Communications, a Colorado corporation, having its principal place of business at 1901 California St. Denver, Colo (hereinafter "U S WEST").

This Agreement is made in order for U S WEST to review certain HAI technical information described herein, under terms that will protect the confidential and proprietary nature of such HAI information. Such technical information is being provided to U S WEST for the sole purpose of reviewing the Harfield Cost Model as it pertains to, and in connection with, proceedings currently before the Public Service Commission of Utah, specifically, Dockets 95-2206-01, 94-2202-01, 94-098-01 and 95-048-T16 (the "Review").

U S WEST agrees that any and all technical information including, but not limited to, specifications, drawings, charts, models, samples, computer programs or documentation, computer media, spreadsheet model algorithms, spreadsheet documentation, spreadsheet descriptions, and copyrights furnished or disclosed, whether verbally, in writing, or otherwise, to U S WEST by HAI shall be deemed the property of HAI (collectively the "Confidential Information"). HAI represents, and U S WEST agrees, that the Confidential Information is the property of HAI, contains copyrighted material and proprietary information, and has monetary value.

U S WEST agrees that it shall hold the Confidential Information in confidence and shall use the same solely for the Review. U S WEST further agrees that it shall not make disclosure of the Confidential Information to anyone except employees and agents of U S WEST who are directly involved with the Review, and shall appropriately notify each such employee or agent to whom such disclosure is made in confidence of the proprietary nature of the Confidential Information, shall require the employee or agent to maintain such Confidential Information in confidence, shall require each such person to sign a nondisclosure/confidentiality agreement that comports with the terms and conditions stated herein, and shall promptly furnish HAI with a copy of each such agreement. U S WEST further agrees that it shall not use the Confidential Information in any other regulatory or judicial proceeding, nor in any other jurisdiction whether in the State of Utah or elsewhere.

This Agreement shall not apply to information previously known to U S WEST free of any obligation to keep it confidential or information that has been or is subsequently made public by a third party who is under no obligation of confidence to HAI. For the purpose of this paragraph, disclosures made by HAI to U S WEST of the Confidential Information which is specific in nature shall not be deemed to be within the foregoing exceptions merely because it is contained by general disclosures or general knowledge in the public domain or in the possession of U S WEST. Nor shall any combination of the Confidential Information regarding, for example, but not by way of limitation, products, services or technology disclosed to U S WEST by HAI deemed to be within the foregoing exceptions merely because individual portions of such combination are disclosed, or separately known in the public domain, or known by U S WEST.

Parts of the Confidential Information contain copyrighted material. U S WEST shall not make copies in any form, or duplicate all or any portion of the Confidential Information.

15 Recipient agrees that upon the earlier of U S WEST's completion of the Review or 15 (15) days from the date first written above, U S WEST shall return to HAI all documents, records, memoranda, computer software, disks and files, and all information repositories of any kind containing the Confidential Information.

Fifteen  
Pee  
Cly

Nothing herein shall constitute or otherwise be construed as granting any interest or license under the Confidential Information or under any copyright concerning the Confidential Information.

U S WEST agrees that HAI shall not have any liability to U S WEST resulting from the use of the Confidential Information by U S WEST. U S WEST shall indemnify and hold HAI harmless from and against any damages to U S WEST or any third parties from any loss of profits, loss of use, interruption of business or indirect, special, incidental or consequential damages, of any kind, whether incurred, made or suffered by U S WEST or by third parties in connection with or arising out of the furnishing, performance or use of the Confidential Information.

In the event of a breach of this Agreement, or in the event that such breach appears imminent, HAI shall be entitled to all available legal and equitable remedies and may, in addition, recover from U S WEST all reasonable costs and attorneys' fees incurred by it in successfully obtaining any such remedy. The parties agree and acknowledge that monetary damages will not be a sufficient remedy for any actual or threatened breach of this Agreement and that, in addition to all other remedies, HAI shall be entitled to injunctive and other equitable relief.

Neither this Agreement nor any rights hereunder, in whole or in part, shall be assignable or otherwise transferable in any manner by U S WEST and the obligations contained in this Agreement shall survive and continue for a period of five (5) years from the date first written.

above. This Agreement shall be binding upon the parties hereto and their respective heirs, successors or assigns.

This agreement contains the entire agreement of, and supersedes any and all prior understandings, arrangements and agreements between, the parties hereto, whether oral or written, with respect to the subject matter hereof.

Amendments or alterations of this Agreement will be binding and enforceable only if made in writing and signed by authorized representatives of the parties hereto.

The Agreement shall be governed and interpreted according to the laws of the State of Colorado.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their duly authorized representatives as of the date and year first written above.

U S WEST

HATFIELD ASSOCIATES, INC.

By Terrence M. Davis

Richard Adams

Title VP-CFO

Title Senior VP

Mary Saunders Manager

Ed Freye

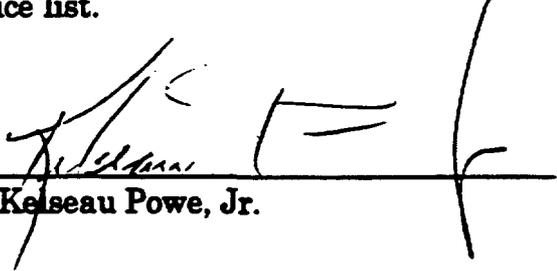
Received from Hatfield Associates, Inc., instructions and one CD-ROM containing Hatfield Extension.

Mary Saunders

Pete Cochran

## CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 25th day of June, 1996, I have caused a copy of the foregoing U S WEST'S REPLY TO COMMENTS ON ITS PETITION FOR ORDER DIRECTING THAT DISCOVERY BE PERMITTED to be served via first-class United States Mail, postage prepaid, upon the persons listed on the attached service list.



Kelseau Powe, Jr.

**\*Via Hand-Delivery**

---

(CC9698F.COS/BM/lh)  
Phase I

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

RECEIVED

JUL 10 1996

Federal Communications Commission  
Office of Secretary

In the Matter of )  
 )  
Implementation of the Local ) CC Docket No. 96-98  
Competition Provisions in the )  
Telecommunications Act of 1996 )

**SUPPLEMENT TO PETITION FOR ORDER  
DIRECTING THAT DISCOVERY BE PERMITTED**

U S WEST, Inc. ("U S WEST") hereby files this Supplement to its June 13, 1996, Petition for Order Directing that Discovery Be Permitted ("Petition"). This Supplement is necessitated by the filing by MCI Telecommunications Corporation ("MCI") of part of the Hatfield Model (or "Model") on the public record, and U S WEST's obtaining a copy of that filing on June 26, 1996. U S WEST is concerned that this filing by MCI might be viewed as permitting complete study of the Hatfield Model by U S WEST, or as mooted the pending U S WEST Petition.

In point of fact, MCI's filing did not include the complete Hatfield Model. Most significantly, it did not include the inputs to the Hatfield Model or the line multiplier used in the Model. Nor did it include identification of the changes made to the Model between May 16 and May 30 (on which dates two different versions of the Model were used). These defects were brought to the attention of AT&T Corp. ("AT&T") and MCI via a letter from Jeffrey S. Bork to AT&T and MCI, dated July 1, 1996 (copy attached as Exhibit 1). AT&T responded to U S WEST's letter on July 5,

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
Implementation of the Local	)	CC Docket No. 96-98
Competition Provisions in the	)	
Telecommunications Act of 1996	)	

**SUPPLEMENT TO PETITION FOR ORDER  
DIRECTING THAT DISCOVERY BE PERMITTED**

U S WEST, Inc. ("U S WEST") hereby files this Supplement to its June 13, 1996, Petition for Order Directing that Discovery Be Permitted ("Petition"). This Supplement is necessitated by the filing by MCI Telecommunications Corporation ("MCI") of part of the Hatfield Model (or "Model") on the public record, and U S WEST's obtaining a copy of that filing on June 26, 1996. U S WEST is concerned that this filing by MCI might be viewed as permitting complete study of the Hatfield Model by U S WEST, or as mooted the pending U S WEST Petition.

In point of fact, MCI's filing did not include the complete Hatfield Model. Most significantly, it did not include the inputs to the Hatfield Model or the line multiplier used in the Model. Nor did it include identification of the changes made to the Model between May 16 and May 30 (on which dates two different versions of the Model were used). These defects were brought to the attention of AT&T Corp. ("AT&T") and MCI via a letter from Jeffrey S. Bork to AT&T and MCI, dated July 1, 1996 (copy attached as Exhibit 1). AT&T responded to U S WEST's letter on July 5,

1996 (copy attached as Exhibit 2),<sup>1</sup> essentially asserting that AT&T had given U S WEST everything it needed to run and test the Hatfield Model, and proclaiming that “[n]o party has a greater interest than AT&T in a fair and expeditious resolution of the pricing issues in this proceeding.”<sup>2</sup> Otherwise, AT&T’s letter was non-responsive. Most significantly, AT&T still refuses to disclose the inputs to the Hatfield Model or the line multipliers used in the model. As is noted in the attached affidavit of Peter B. Copeland (attached as Exhibit 4), in the absence of these missing materials, it is simply not possible to run the Hatfield Model or to discern the defects in the Model in a principled manner. It is our understanding that AT&T has made these materials available to the Federal Communications Commission under a protective cover. As U S WEST seeks only those inputs and line multipliers applicable to U S WEST, there is no reason for AT&T to decline to make these materials available to U S WEST itself.

In fact, AT&T’s continued refusal to make the Hatfield Model available for review in a meaningful fashion (even at this late stage of the proceeding) is clearly sufficient ground in itself for refusing to consider the Model at all in this proceeding. The Hatfield Model is so seriously defective that it cannot be reasonably utilized for any purpose. Mr. Copeland’s affidavit points out the more serious of these defects -- a bizarre loop investment of \$361 in one jurisdiction; use of an inapplicable (for pricing purposes), inaccurate and outdated BCM; use of

---

<sup>1</sup> MCI concurred in its letter. See Exhibit 3.

<sup>2</sup> See Exhibit 2 at 2.

unrealistic depreciation lives; and use of unrealistic fill factors and digital loop carrier costs. The full impact of these defects can only be demonstrated on proper review of the Model, although the absurd loop investment produced by the Model is conclusive evidence itself that the Hatfield Model is useless.

U S WEST and other incumbent local exchange carriers whose rate structure and ultimate viability AT&T is trying to wreck via tools such as the Hatfield Model are entitled to review the entire Model. Otherwise AT&T and MCI should be required to formally withdraw the Model from the record in this proceeding altogether. U S WEST's Petition should be granted expeditiously.

Respectfully submitted,

U S WEST, INC.

By:

  
\_\_\_\_\_  
Robert B. McKenna  
Suite 700  
1020 19th Street, N.W.  
Washington, DC 20036  
(303) 672-2861

Its Attorney

Of Counsel,  
Dan L. Poole

July 10, 1996

**EXHIBIT 1**

U S WEST, Inc.  
1801 California Street, Suite 8100  
Denver, Colorado 80202  
303 672-2782  
Facsimile 303 286-8973

Jeffrey S. Bork  
Corporate Counsel

July 1, 1996

Via Facsimile

Mr. Mark C. Rosenblum, Esq.  
Mr. Richard H. Rubin, Esq.  
AT&T Corp.  
Room 3244J1  
295 North Maple Avenue  
Basking Ridge, NJ 07920

Mr. Leonard S. Sawicki, Esq.  
Mr. Don Sussman  
MCI Telecommunications Corp.  
1801 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006

Re: Hatfield Model Version 2.2, Release 1 (May 30, 1996)

Gentlemen:

U S WEST Communications (U S WEST) asks your two companies to release immediately the information identified below in connection with the Hatfield Model (Version 2.2, Release 1) as updated as of May 30, 1996 and submitted to the FCC. U S WEST cannot run your Model without this data and, until it can run the Model to achieve the same results you submitted to the FCC, it cannot verify the accuracy of the Model's outputs.

Your two companies have submitted in the FCC's Docket 96-98 proceeding the Hatfield Model with the representation that it "estimat[es] the economic costs of providing telephone service to business and residence users throughout the United States."<sup>1</sup> Among other things, your companies have argued that the FCC should adopt the outputs of this Model in establishing a presumptively valid pricing and costing standard used in all inter-carrier interconnections — including the prices U S WEST should be allowed to charge your companies for interconnecting to U S WEST's network. U S WEST and its ratepayers have a keen interest in validating your Model to ensure the accuracy of its outputs (*i.e.*, that it does not understate the costs of providing telephone service).

U S WEST is skeptical about the Hatfield Model's outputs because they differ so dramatically from U S WEST's actual experience in providing telephone exchange service in the 14 western and midwestern states it serves. U S WEST is confident that, if given the opportunity to see all the data, assumptions and computer modules used in the

---

<sup>1</sup> Hatfield Model Report, Version 2.2, Release 1, at 1 § 1 (May 16, 1996).

July 1, 1996

Page 2

Hatfield Model, it could demonstrate that some of the assumptions are flawed (and perhaps some of the data is inaccurate) and that, as a result, the Model understates U S WEST's cost of providing local telephone service.

U S WEST tried unsuccessfully for months to obtain a copy of the Hatfield Model so it could verify the input data, assumptions and processes to ensure the outputs were valid.<sup>2</sup> Last Wednesday, on June 26, 1996, U S WEST finally obtained from International Transcription Services (ITS) a copy of your Hatfield Model. However, U S WEST is still unable to analyze, or even run, the Model because important data is still missing. Specifically, three of the seven "modules" comprising the Hatfield Model were not included in the copy U S WEST obtained from ITS:

<u>Produced</u>	<u>Not Produced</u>
Line Multipliers	Input Data
Wire Center Investment	Data Module
Convergence	Loop
Expense	

Also not produced was certain "LERG data, V&H coordinates, STP & tandem locations, etc." data which, as Figure 1 of the May 16 Report indicates (see attached), effectively constitutes an eighth module.<sup>3</sup>

It is true that the data comprising the three missing modules can be obtained from other public/semi-public sources. However, there is substantial evidence that either your companies or Hatfield have changed some of this data without revealing the details of these changes. For example, the May 16, 1996 Hatfield Report states that it "generally" uses the Benchmark Cost Model in developing the Data Module but that, among other things, Hatfield has "selectively increase[d]" certain values.<sup>4</sup> The Report does not identify which values were increased and by how much.

Similarly, the May 30 "update" to the May 16 Report states that the Module now uses 1995 ARMIS data.<sup>5</sup> However, the ARMIS data your companies and Hatfield submitted to the FCC differs substantially from the ARMIS data U S WEST actually submitted to

<sup>2</sup> Some (but not all) of U S WEST's efforts to obtain a copy of the Hatfield model are described in the Affidavit of Peter Copeland, appended to U S WEST's Reply to Comments on its Petition for Order Directing that Discovery be Permitted, Docket No. 96-98 (June 25, 1996).

<sup>3</sup> U S WEST does not seek production of this LERG/switch data so long as you can represent that the data used in the Hatfield Model has not been changed.

<sup>4</sup> May 16 Hatfield Report at D.1 p. 14.

<sup>5</sup> See May 30 Hatfield Update at II.B p.2.

July 1, 1996

Page 3

the FCC. Once again, neither the May 16 Report nor the May 30 Update explains this disparity.

At a meeting with U S WEST last Monday (June 24), an AT&T representative confirmed that Hatfield (or one of your companies) had changed some of the inputs to certain public/semi-public data contained in the missing modules. The AT&T representative further stated that he was not in a position to discuss, or even identify, these changes.

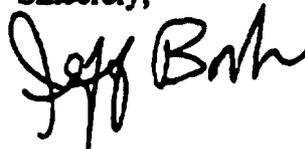
The bottom line is that U S WEST cannot analyze the accuracy (or inaccuracy) of the Hatfield Model's outputs until it can review all the inputs and modules. It may be that, over a period of weeks, U S WEST could through trial and error attempt to replicate the changes made to the public/semi-public data. But as you know, we do not have several weeks. Given the statutory schedule under which the FCC is operating, the FCC deserves to hear U S WEST's views as soon as possible. But U S WEST cannot submit meaningful (and accurate) views until it has access to all the missing data.

Production of this data and modules should be straight-forward. The "Cost of Network Elements" tables appended as Appendix D to your May 30 Update indicate that you have already run (and presumably have stored) the Hatfield Model as applied to U S WEST's 14 states.

As discussed, U S WEST had hoped to acquire the Hatfield Model months ago. Given the amount of material involved and the short time remaining to perform any analysis, we further ask that you identify someone from your company or from Hatfield's office who can answer our questions about the Model. Such assistance would help us expedite completion of our analysis so we can timely share our views with the FCC.

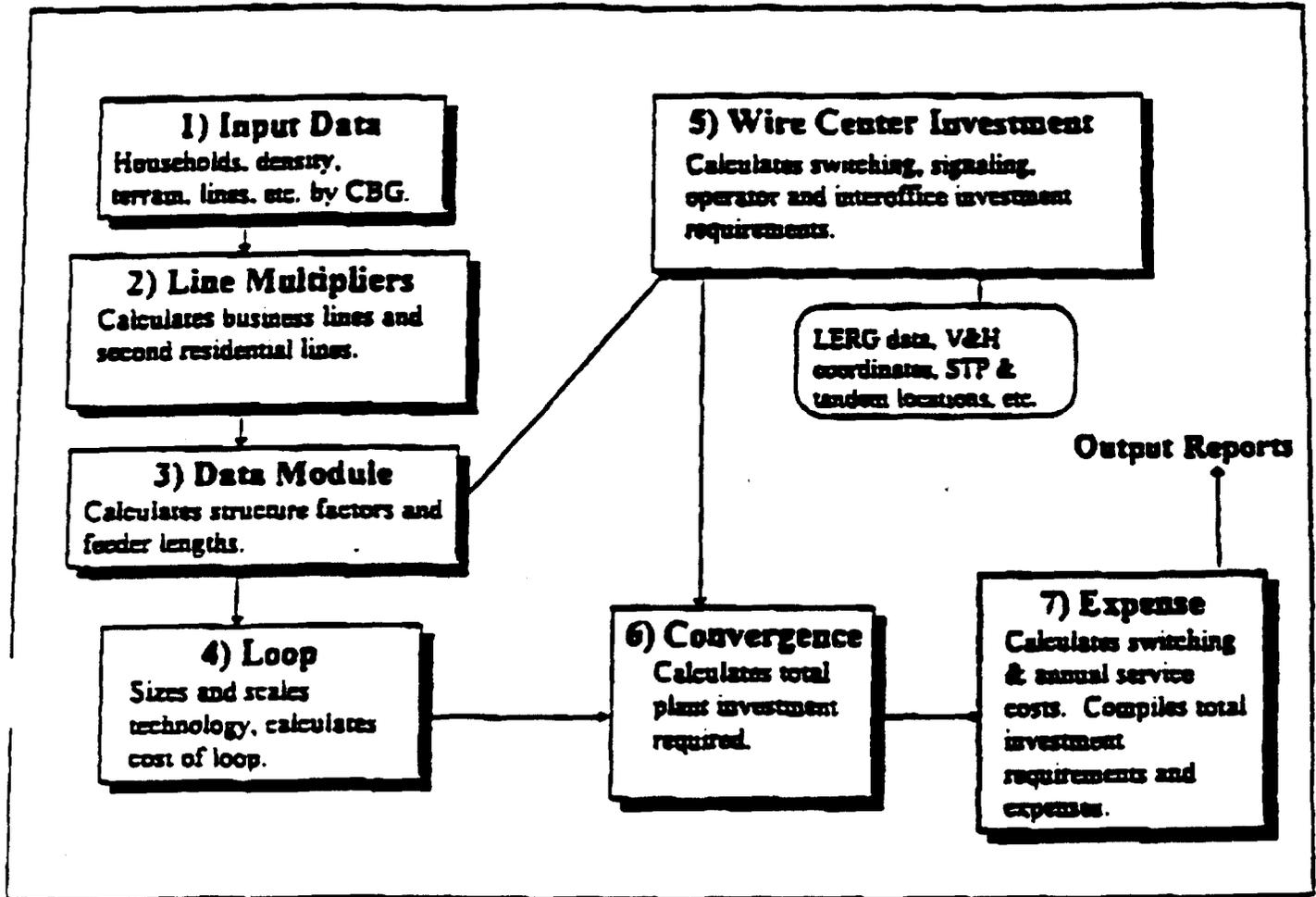
Please call me (303-672-2762) so we can make arrangements to transfer the missing data to U S WEST. Thank you for your assistance in this matter.

Sincerely,



cc: Ms. Regina M. Keeney, Chief, Common Carrier Bureau

Figure 1 Hatfield Model Organization Flow Chart



### 1. Input Data

There are two categories of raw data upon which the Hatfield model relies. They are CBGs (based on Census Bureau statistics) and wire center specific data (based on Local Exchange Routing Guide ("LERG") data).<sup>4</sup>

The specific CBG data used by the model are: 1) number of households; 2) CBG land area in square miles; 3) position relative to nearest wire center; and 4) local geological factors including rock depth, rock hardness, water table and surface texture. The current locations of individual wire centers and their particular technical specifications (as reported in the LERG) are also entered as variables into the cost model.

<sup>4</sup> "Local Exchange Routing Guide." Bellcore 1995. Users must obtain these data from Bellcore.

**EXHIBIT 2**



Ray E. Hoffinger  
General Attorney

Room 324811  
288 North Maple Avenue  
Basking Ridge, NJ 07920  
908 221-3831  
FAX 908 853-8380

July 5, 1996

Jeffrey S. Bork  
Corporate Counsel  
U S WEST, Inc.  
1801 California St., Suite 5100  
Denver, CO 80202

Dear Mr. Bork:

This letter responds on behalf of AT&T to your July 1, 1996 letter addressed to AT&T and MCI, purportedly to request information about inputs to the Hatfield Model, Version 2.2, Release 1 ("the Hatfield Model") filed by AT&T in the FCC's interconnection docket.

As you know, on June 13, 1996, U S WEST filed with the FCC a petition requesting discovery of "any and all inputs" to the Hatfield model. AT&T stated in its Opposition that the real objective of U S WEST's Petition is not to obtain information it needs to run the model or analyze its results, but to confuse and delay the resolution of issues that are critical to the introduction of competition into the local exchange. The complete lack of substance to the complaints and "concerns" expressed in your letter about the Hatfield Model and AT&T's prior disclosures with respect thereto appears to confirm that obstruction, not analysis, is indeed U S WEST's goal.

As an initial matter, your repeated complaints that U S WEST had been trying "for months" to obtain the Hatfield Model are simply wrong. As AT&T explained in its Opposition, prior to the filing of U S WEST's Petition, no party in this FCC proceeding (including U S WEST) asked for a copy of the Model AT&T filed with the FCC. Further, U S WEST's claims about its need for purportedly "missing" data are ironic in view of the fact that while AT&T has not withheld the Hatfield Model, U S WEST steadfastly refuses to disclose in its Section 251 negotiations with AT&T any of its own cost data.