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July 18, 1997

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Washington, DC 20554

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JUL 18 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: CC Docket 96-98

Dear Mr. Caton:

This is to inform you that on July 18, 1997, the undersigned, of BellSouth Corporation, met with Richard Metzger, Jordan Goldstein, and Blaise Scintow, of the Commission concerning the above referenced subject.

The purpose of the meeting was to present results of a recently completed study entitled "An Analysis of Local Telephone Service in Atlanta Provided by MCI Metro and MFS/WorldCom." Among other things, the study highlights the lack of interest on the part of MFS and MCI Metro to provide local telephone service to residential customers in Atlanta, Georgia.

Please associate this notification with the referenced proceeding. The undersigned is available to address questions and comments.

Sincerely,



Robert T. Blau

cc: Richard Metzger
Jordan Goldstein
Blaise Scintow

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An Analysis of Local Telephone Service in Atlanta Provided by MCI Metro and MFS/WorldCom

by William Lilley III and Laurence J. DeFranco

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INCONTEXT® INC.
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WILLIAM LILLEY III
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

July 9, 1997

The attached sheets contain specialized information on the Atlanta center-city-Buckhead area. Mapping and economic data are merged to show the following:

1. The current MFS and MCI Fiber grids encircle completely the area running north-south from center-city Atlanta to Buckhead.
2. The two companies use those grids as backbones to which a large number of commercial buildings are hooked up and receiving local business telephone service. This area in Atlanta encompasses the premier commercial properties in the center city and the premier commercial properties in the Buckhead edge city. This area has been the top priority service area for the two companies.
3. The two grids bypass directly a very large number of multi-family residential buildings. Many of these buildings have numerous tenants; many of the tenants are high income; many of the rental buildings charge very high rents for the Atlanta area; many of the bypassed condominiums command sales transaction prices at the high-end price range for the Atlanta area.
4. Many of these economically attractive multi-family residential properties are more proximate to the grid backbones than some of the currently hooked-up commercial buildings.
5. **None** of these attractive and accessible residential multi-family properties are receiving residential phone services from either MFS or MCI. Sales staff from both companies told our researchers that it is official company policy **not** to offer residential phone services.

"We provide telephone service to government, and large and medium size businesses. We are working on possibly expanding to smaller businesses. We have no intention, at least anytime soon, of providing residential service." (Interview June 24, 1997 with WorldCom Inc switchboard, Omaha, Nebraska)

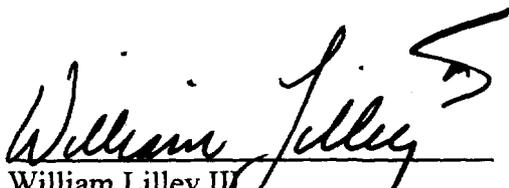
"MFS is strictly commercial. MCI and AT&T are looking to resell local regional Bell service. We do not want the residential business. That is not our market. We separate ourselves out from the MCI's and the AT&T's of the world. That is not what our shareholders want. The residential apartment business is too high debt, people move in and out, advertising costs are too high. Residential service is too new and unproven. It is too expensive to run fiber lines into each apartment. We have always supported the major business districts. That is where the money makers are. I have received offers from other companies to sell residential service [in Atlanta], but I'm not interested." (Interview June 24, 1997 with Atlanta sales representative, WorldCom (MFS))

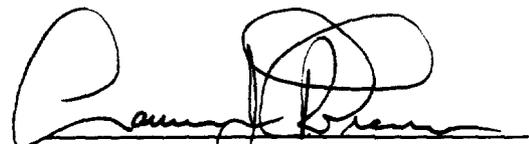
"MCI fiber optic line in Atlanta only provides service to corporate businesses with 20 or more lines. Residential service may be provided in the future through resale of Bell lines." (Interview June 24, 1997 with MCI sales manager, MCI headquarters)

We have concluded that both companies are deliberately withholding residential telephone service from these residential customers for non-economic reasons. We base this conclusion on the following chain of research steps:

1. analysis of all the multi-family residential buildings in the direct paths of the two grids in the target area where the two companies are most established, have the most commercial customers, and have been adding the most commercial customers;
2. analysis of the numbers of potential, in-the-path residential customers and their household income levels so as to ascertain the economic feasibility of providing them service;
3. five years of analysis of the target area so as to ascertain the permanency of the corporate commitment to avoid providing residential telephone service.

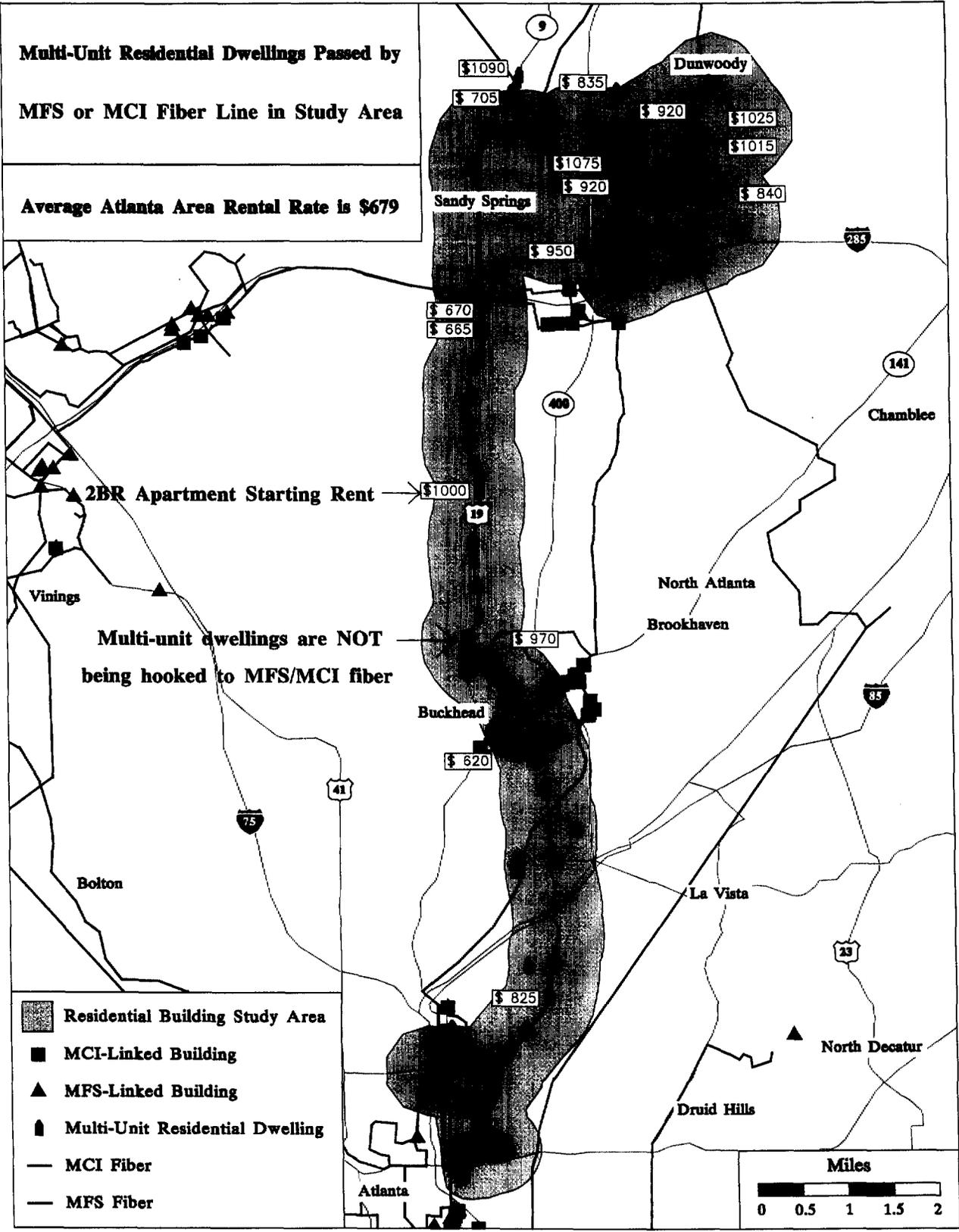
We have attached to this page a more detailed inventory of the analytical steps undertaken over the years to reach this conclusion.


William Lilley III
Chairman and CEO

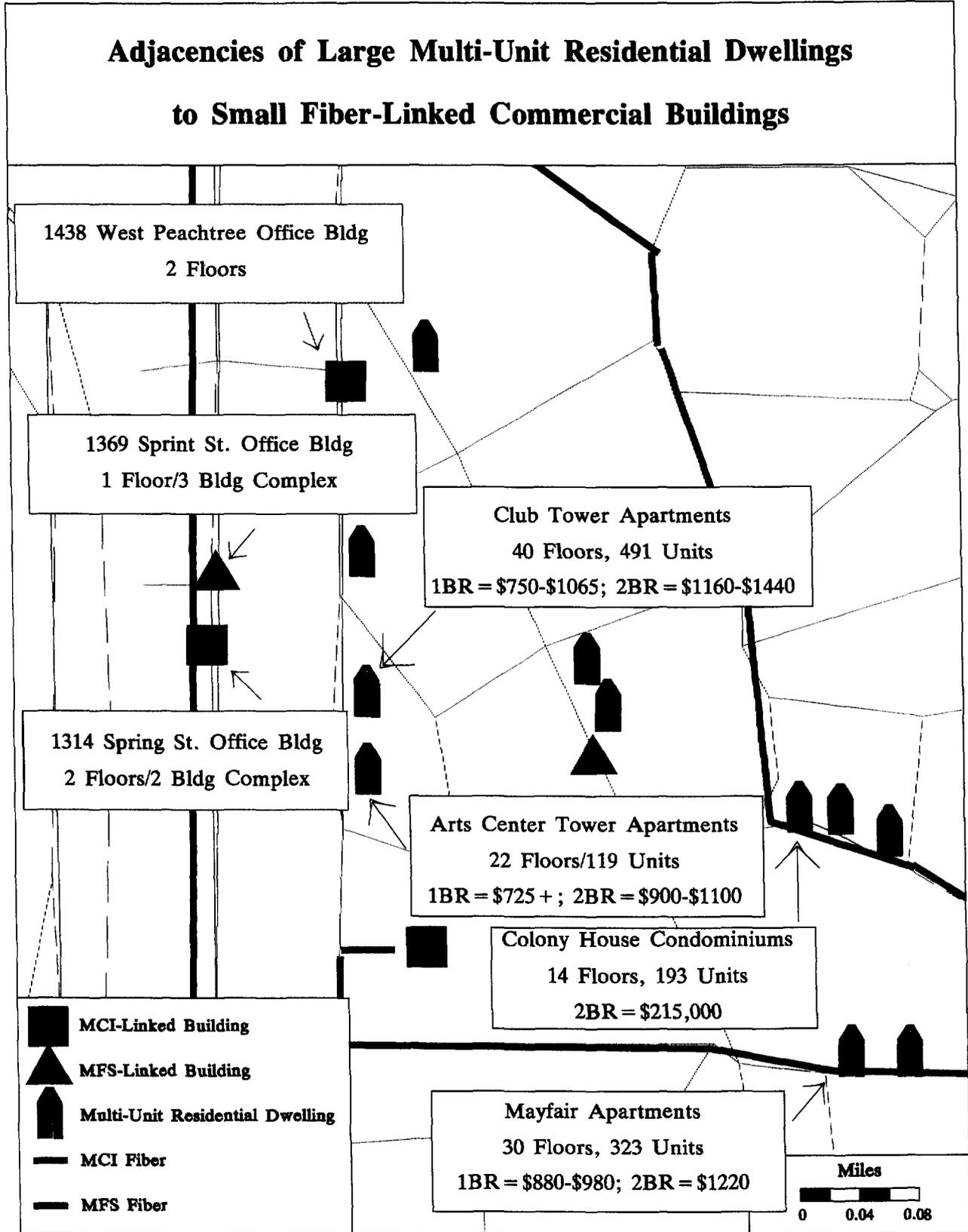

Laurence J. DeFranco
President

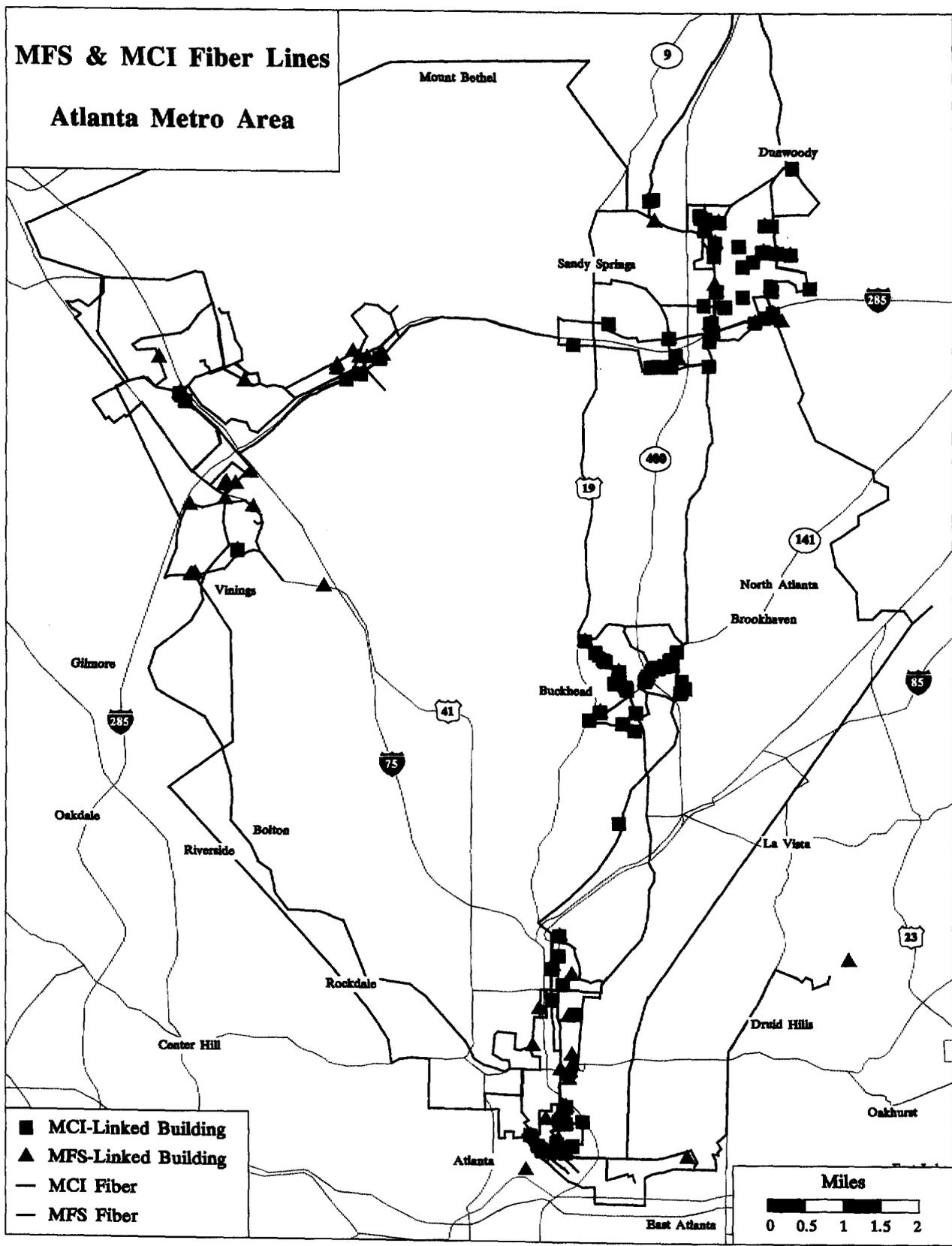
ANALYTICAL RESEARCH STEPS TAKEN IN 1993 & 1997

1. 1993 geocoded entire existing fiber backbone grid of MFS in Atlanta
2. 1993 geocoded all commercial buildings in proximity to the MFS fiber backbone
3. 1993 ascertained which commercial buildings were receiving local business telephone service and ascertained corporate client names in those buildings
4. 1997 geocoded entire fiber backbone grids for MFS & MCI in Atlanta
5. 1997 geocoded all commercial buildings in proximity to MFS & MCI grids
6. 1997 ascertained which commercial buildings were receiving local business service from MFS or MCI
7. 1997 geocoded those commercial buildings receiving local business service from MFS or MCI
8. 1997 geocoded all multi-family residential buildings in proximity to the high-volume local business telephone service provided by MFS & MCI. The path runs in a north-south loop from center-city Atlanta back and forth to the edge city of Buckhead
9. 1997 researched how many residential units in each of the multi-family residential facilities in the path of the MFS & MCI grids
10. 1997 researched average rentals for the same buildings
11. 1997 ascertained average household incomes for census block areas in the path of the MFS & MCI grids
12. 1997 ascertained sales transactions prices for multi-family condominiums in the path of the MFS & MCI grids
13. 1997 "zoomed in" on three small geographic areas in the Buckhead area to demonstrate visually that affluent multi-family residential units lay between and adjacent to commercial buildings which were receiving service local business telephone service. These residential buildings could receive local residential service if MFS or MCI so chose.
14. 1997 ascertained from extensive telemarketing of residential buildings, property managers, MFS & MCI that none of the residential buildings along the paths of the MFS & MCI grids were receiving local residential telephone service from either MFS or MCI
15. 1997 asked MFS & MCI why local residential telephone service was not being provided to buildings adjacent to commercial buildings which were receiving local business telephone service.



Adjacencies of Large Multi-Unit Residential Dwellings to Small Fiber-Linked Commercial Buildings





Appendix: Residential Telephone Listings per Building in Path of Fiber Lines

| Residential Building Address | Number of Telephone Listings |
|---|---|
| 799 Piedmont Ave. NE | 9 |
| 800 Piedmont Ave. NE | 6 |
| 805 Piedmont Ave. NE | 7 |
| 812 Piedmont Ave. NE | 10 |
| 816 Piedmont Ave. NE | 9 |
| 820 Piedmont Ave. NE | 5 |
| 849 Piedmont Ave. NE | 10 |
| 855 Piedmont Ave. NE | 29 |
| 874 Piedmont Ave. NE | 13 |
| 893 Piedmont Ave. NE | 12 |
| 907 Piedmont Ave. NE | 21 |
| 908 Piedmont Ave. NE | 12 |
| 935 Piedmont Ave. NE | 4 |
| 936 Piedmont Ave. NE | 3 |
| 939 Piedmont Ave. NE | 12 |
| 940 Piedmont Ave. NE | 12 |
| 946 Piedmont Ave. NE | 7 |
| 950 Piedmont Ave. NE | 25 |
| 1015 Piedmont Ave. NE | 15 |
| 1020 Piedmont Ave. NE | 8 |
| 1026 Piedmont Ave. NE | 3 |
| 1029 Piedmont Ave. NE | 9 |
| 1030 Piedmont Ave. NE | 7 |
| 1033 Piedmont Ave. NE | 6 |
| 1050 Piedmont Ave. NE | 28 |
| 1055 Piedmont Ave. NE | 21 |
| 1066 Piedmont Ave. NE | 9 |
| 1072 Piedmont Ave. NE | 17 |
| 1078 Piedmont Ave. NE | 15 |
| 1096 Piedmont Ave. NE | 8 |
| 1100 Piedmont Ave. NE | 6 |
| 1112 Piedmont Ave. NE | 8 |
| 1116 Piedmont Ave. NE | 12 |
| 1130 Piedmont Ave. NE | 108 |
| 1156 Piedmont Ave. NE | 13 |
| 1178 Piedmont Ave. NE | 29 |
| 1186 Piedmont Ave. NE | 5 |
| 1198 Piedmont Ave. NE | 5 |
| 1230 Piedmont Ave. NE | 25 |
| 1240 Piedmont Ave. NE | 9 |
| 1284 Piedmont Ave. NE | 11 |
| 1294 Piedmont Ave. NE | 11 |
| 1298 Piedmont Ave. NE | 38 |
| 1402 Piedmont Ave. NE | 5 |
| 1412 Piedmont Ave. NE | 7 |

Appendix: Residential Telephone Listings per Building in Path of Fiber Lines

| | |
|-----------------------------|--------------|
| 1422 Piedmont Ave. NE | 12 |
| 1436 Piedmont Ave. NE | 12 |
| 1616 Piedmont Ave. NE | 244 |
| 1619 Piedmont Ave. NE | 6 |
| 1763 Piedmont Ave. NE | 9 |
| 1777 Piedmont Ave. NE | 13 |
| 1791 Piedmont Ave. NE | 6 |
| 1797 Piedmont Ave. NE | 9 |
| 2828 Piedmont Ave. NE | 8 |
| 3432 Piedmont Ave. NE | 5 |
| 3530 Piedmont Ave. NE | 106 |
| 3601 Piedmont Ave. NE | 170 |
| 751 Piedmont Way NE | 33 |
| | |
| 3180 Mathieson Drive | 23 |
| 3181 Mathieson Drive | 40 |
| 3186 Mathieson Drive | 22 |
| 3196 Mathieson Drive | 15 |
| 3202 Mathieson Drive | 6 |
| 3206 Mathieson Drive | 5 |
| 3209 Mathieson Drive | 4 |
| 3210 Mathieson Drive | 8 |
| 3226 Mathieson Drive | 49 |
| | |
| 740 Sidney Marcus Blvd. | 205 |
| 760 Sidney Marcus Blvd. | 211 |
| 970 Sidney Marcus Blvd. | 138 |
| | |
| 425 Lindbergh Dr. NE | 31 |
| 430 Lindbergh Dr. NE | 59 |
| 653 Lindbergh Dr. NE | 25 |
| | |
| Subtotal: | 2,118 |
| | |
| 1265 Mount Vernon Highway | (412 units) |
| 100 Ashford Gables Drive | (365 units) |
| 100 Dunwoody Gables Drive | 238 |
| 6873 Peachtree Dunwoody Rd. | (240 units) |
| 4867 Ashford Dunwoody Rd. | |
| 3716 Ashford Dunwoody Rd. | 222 |
| 4777 Ashford Dunwoody Rd. | 354 |
| 100 Preston Woods Trail | 189 |
| | |
| 325 E Paces Ferry Rd. | 18 |
| 348 E Paces Ferry Rd. | 11 |
| 350 E Paces Ferry Rd. | 23 |
| 367 E Paces Ferry Rd. | 23 |
| 371 E Paces Ferry Rd. | 8 |
| 374 E Paces Ferry Rd. | 120 |

Appendix: Residential Telephone Listings per Building in Path of Fiber Lines

| | |
|-------------------------|--------------|
| 375 E Paces Ferry Rd. | 10 |
| 479 E Paces Ferry Rd | 212 |
| 532 E Paces Ferry Rd. | 58 |
| | |
| | |
| Subtotal: | 2,503 |
| | |
| 2734 Peachtree Rd NE | 49 |
| 2765 Peachtree Rd NE | 10 |
| 2767 Peachtree Rd NE | 10 |
| 2769 Peachtree Rd NE | 8 |
| 2771 Peachtree Rd NE | 10 |
| 2793 Peachtree Rd NE | 13 |
| 2795 Peachtree Rd NE | 20 |
| 2814 Peachtree Rd NE | 12 |
| 2820 Peachtree Rd NE | 170 |
| 2830 Peachtree Rd NE | 2 |
| 2840 Peachtree Rd NE | 48 |
| 2855 Peachtree Rd NE | 79 |
| 2909 Peachtree Rd NE | 26 |
| 3301 Roswell Rd NE | 31 |
| 3315 Roswell Rd NE | 44 |
| 3403-3461 Roswell Rd NE | 30 |
| 3491 Roswell Rd NE | 6 |
| 3501 Roswell Rd NE | 35 |
| | |
| 3510 Roswell Rd NW | 54 |
| 3518 Roswell Rd NW | 30 |
| 3526-3550 Roswell Rd NW | 10 |
| 3558 Roswell Rd NW | 6 |
| | |
| 3535 Roswell Rd NE | 44 |
| 3564-3630 Roswell Rd NE | 15 |
| 3707 Roswell Rd NE | 183 |
| 3873 Roswell Rd NE | 27 |
| 4010 Roswell Rd NE | 6 |
| 4011 Roswell Rd NE | 49 |
| 4170-4209 Roswell Rd NE | 16 |
| 4266 Roswell Rd NE | 40 |
| 4282 Roswell Rd NE | 49 |
| 4550 Roswell Rd NE | 62 |
| 4558 Roswell Rd NE | 75 |
| 4586 Roswell Rd NE | 71 |
| 4616 Roswell Rd NE | 132 |
| 4689 Roswell Rd NE | 41 |
| 4717 Roswell Rd NE | 108 |
| 4735 Roswell Rd NE | 6 |
| 4740-4777 Roswell Rd NE | 2 |
| 4883 Roswell Rd NE | 83 |

Appendix: Residential Telephone Listings per Building in Path of Fiber Lines

| | |
|-------------------------------|--------------|
| 4923 Roswell Rd NE | 2 |
| 5009 Roswell Rd NE | 9 |
| 5095 Roswell Rd NE | 26 |
| 5135 Roswell Rd NE | 3 |
| 5137 Roswell Rd NE | 12 |
| 5143 Roswell Rd NE | 5 |
| 5145 Roswell Rd NE | 10 |
| 5147 Roswell Rd NE | 9 |
| 5149 Roswell Rd NE | 8 |
| 5151 Roswell Rd NE | 10 |
| 5153 Roswell Rd NE | 7 |
| 5155 Roswell Rd NE | 9 |
| 5157 Roswell Rd NE | 7 |
| 5159 Roswell Rd NE | 9 |
| 5320 Roswell Rd NE | 58 |
| 5375 Roswell Rd NE | 21 |
| 5400 Roswell Rd NE | 105 |
| 5540 Roswell Rd NE | 165 |
| 5555 Roswell Rd NE | 189 |
| 5675 Roswell Rd NE | 468 |
| 5735 Roswell Rd NE | 40 |
| 6520 Roswell Rd NE | 77 |
| 6558 Roswell Rd NE | 77 |
| 6700 Roswell Rd NE | 153 |
| 6851 Roswell Rd NE | 371 |
| 6900 Roswell Rd NE | 57 |
| 6925-6999 Roswell Rd NE | 480 |
| 6980 Roswell Rd NE | 86 |
| 7000 Roswell Rd NE | 158 |
| 7155 Roswell Rd NE | 51 |
| 7275 Roswell Rd NE | 267 |
| | |
| 2000 Asbury Square | 408 |
| | |
| 6871 Peachtree Dunwoody Rd NE | 92 |
| 6875 Peachtree Dunwoody Rd NE | 68 |
| 6881 Peachtree Dunwoody Rd NE | 32 |
| 6885 Peachtree Dunwoody Rd NE | 21 |
| | |
| 795 Hammond Drive NE | 188 |
| | |
| Subtotal: | 5,470 |
| | |
| 710 Peachtree St. NE | 225 |
| 1325 Peachtree St. NE | 19 |
| 1327 Peachtree St. NE | 23 |
| 1421 Peachtree St. NE | 64 |
| | |
| 1280 West Peachtree St. | (491 units) |

Appendix: Residential Telephone Listings per Building in Path of Fiber Lines

| | |
|--|---------------|
| 1270 West Peachtree St. | 75 |
| 1384 West Peachtree St. | 14 |
| 199 14th Street NE | (303 units) |
| 209 14th Street NE | 52 |
| 145 15th St. NE | (193 units) |
| 147 15th St. NE | 65 |
| 175 15th St. NE | 72 |
| Subtotal: | 1,529 |
| 160 4th St. NE | 5 |
| 164 4th St. NE | 5 |
| 164-314 4th St. NE | 9 |
| 317 4th St. NE | 3 |
| 323 4th St. NE | 5 |
| 324-331 4th St. NE | 9 |
| 332 4th St. NE | 6 |
| 335 4th St. NE | 1 |
| 336 4th St. NE | 9 |
| 339-343 4th St. NE | 12 |
| Subtotal: | 64 |
| 691 Juniper St. NE | 23 |
| 727 Juniper St. NE | 168 |
| 754 Juniper St. NE | 14 |
| Subtotal: | 205 |
| TOTAL residential telephone listings/units: | 11,956 |

Authors

This report was prepared by **InContext**[®] Inc., an international information company based at 1615 L Street, N.W., Suite 650, Washington, D.C. 20036 (phone 202.659.1023, fax 202.293.9236). **InContext** specializes in politico-economic analyses that take economic data (such as numbers of jobs in specific types of local businesses) and juxtapose those data with local geographic areas defined either by a political jurisdiction (such as a state assembly district or a city council district) or an economic service jurisdiction (such as a daily newspaper service area, a local gas utility service area, or a *Yellow Pages* market area) or a particular local/regional market area impacted by a major entertainment/sports event.

InContext's work is distinguished by extensive and creative uses of digital computer software for multi-color mapping and charting. **InContext**'s politico-economic analyses rely on the age-old adage that a picture is worth a thousand words.

Major clients currently using **InContext**'s products include: the Regional Bell Operating Companies (the Baby Bells), the Federal Reserve Bank of Chicago, Eli Lilly, Philip Morris Companies, local gas utilities, and major media advertisers and distributors.

William Lilley III, chairman and co-founder of **InContext**[®] Inc., is an economic historian with experience in the private and public sectors. Mr. Lilley was a senior corporate official of CBS Inc. in New York. Previously, he served as Director of the U.S. Council on Wage and Price Stability and as Staff Director of the Budget Committee for the U.S. House of Representatives. He received his Ph.D. from Yale University, taught at Yale, and has written widely on both economic policy and the communications media.

Laurence J. DeFranco, president and co-founder of **InContext**[®] Inc., is an expert in the new field of geo-economics which merges the disciplines of economics, geography and computer science. Mr. DeFranco has co-authored many studies on the effects of economic policy on businesses. He has provided expert testimony and addressed industry leaders on economic policy. He is also president of Program Flow, Inc., a research and consulting firm in McLean, Virginia. Previously, he worked for CBS Inc.

Lilley and DeFranco have recently co-authored a trilogy of books on the politics and demographics of state legislative government, all published by Congressional Quarterly Books in Washington, D.C. The several titles are: *The Almanac of State Legislatures* (1994); *The State Atlas of Political and Cultural Diversity* (1996); and *State Legislative Elections: Voting Patterns and Demographics* (1997). Lilley and DeFranco also wrote the *Impact of Retail Taxes on the Illinois-Indiana Border* (FRBC-SL-1) which was just published by the Federal Reserve Bank of Chicago.