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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

October 16, 1997

William F. Caton
Acting Secretary
Federal Communications Commission
Washington, D.C. 20554

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Re: Ex Parte Submission
Federal-State Joint Board on Universal Service; CC Docket No. 96-45
Forward-Looking Mechanism for High Cost Support for Non-Rural LECs; CC
Docket No. 97-160

Dear Mr. Caton:

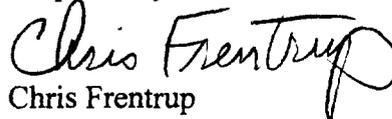
On October 15, 1997, the Hatfield Model Sponsors (HMS) participated in a workshop session on proxy cost models hosted by the Universal Service Branch of the Common Carrier Bureau. At this meeting, the HMS were represented by Rich Clarke and Mike Lieberman of AT&T and Chris Frentrup of MCI.

The HMS presented an analysis for the Albany, TX wire center of the customer locations determined by PNR for use in the Hatfield Model, consistent with the method BCPM used to compare its customer location data with the actual geocoded customer data provided by Southwestern Bell (SWB) for that wire center. As shown in the accompanying chart, the customer locations generated by the PNR process matched very closely SWB's actual customer geocodes. In a few instances, the SWB data appear to geocode customers into grids neighboring the grids where PNR locates customers. However, this may be due to the lower level of precision in the SWB geocodes, since they were provided only to three decimal places of Lat/Long accuracy -- in contrast to the six decimal places of precision in the PNR geocodes. In any event, comparison of this chart with that provided by BCPM (a copy of which is appended) demonstrates that the PNR/Hatfield determination of customer locations more nearly matches actual customer locations in this wire center than does BCPM's determination based on their relative road mileage scheme.

Because the PNR geocodes for customers outside of the downtown Albany area are those generated by PNR's surrogate customer placement process, it is especially telling that the PNR surrogate process (which is used only when a precise geocode for a customer is not

available) appears to exceed in precision the BCPM "road" process that the BCPM uses for all of its customer locations. Thus, the customer location algorithm used in the Hatfield Model appears to more accurately capture customer locations, even in those instances where the geocoded customer location is not known.

Respectfully submitted,



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State Staff - Charlie Bolle - South Dakota PUC, John Burvainis, Nebraska PSC,
Ann Dean - Maryland PSC, Barry Payne - Indiana Office of Consumer Counsel,
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