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MAY 18 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISION
Washington, D.C. 20554

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Forward-Looking Mechanism for Non-Rural LECs	)	CC Docket No. 97-160

AT&T RESPONSE

Pursuant to Section 1.45 of the Commission's Rules, 47 C.F.R. § 1.45, AT&T Corp. ("AT&T") submits this response to the motion filed on May 7, 1998 by BellSouth Telecommunications, Inc. ("BellSouth"), requesting that the Commission "establish additional procedures" to provide access by interested parties to the HAI Model.[1]

BellSouth's Motion (pp. 1-2) repeats Sprint's exaggerated claim that data disclosed in other proceedings indicates that the HAI Model produces a "systematic understatement" in distribution plant that would severely downwardly bias the size of the universal service fund. To address that purported "serious flaw," BellSouth requests (Mot., p. 3) that the Commission direct the HAI model's sponsors to make available to all interested parties the "data and underlying assumptions

[1] Insofar as AT&T has been able to determine, the Commission has not prescribed a separate pleading schedule for BellSouth's petition.

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(including geocoded location data)" regarding the distribution plant module.[2]

While the claimed empirical deficiency in the HAI Model that BellSouth cites has already been discussed with the Commission in several ex parte submissions by Sprint and AT&T,[3] and shown to be exaggerated, the relief that BellSouth seeks is in all events superfluous.[4] AT&T has already advised the BPCM proponents that the HAI Model sponsors will make available to all interested parties a sample of clusters, randomly extracted from the HAI Model's input data, with the latitude and longitude geocodes of each of the individual customer locations comprised in the cluster.[5] These data permit BellSouth

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[2] BellSouth also requests permission to file supplemental comments based on its review of these additional data, although ex parte submissions in this proceeding are still ongoing. Mot., p. 3.

[3] See, e.g., letter from Pete Sywenki of Sprint to Magalie Roman Salas, dated April 21, 1998; and letters from Richard N. Clarke of AT&T to Magalie Roman Salas, FCC, dated May 5, 1998 and May 12, 1998.

[4] Any Commission proceedings with respect to BellSouth's request would have been unnecessary, except that the BPCM proponents' May 1 letter to the HAI Model sponsors seeking disclosure of its supporting data was transmitted via regular mail, and was not even postmarked until May 4. On the date that letter had requested a response from the HAI Model sponsors, May 7, BellSouth filed the instant Motion.

[5] See Letter dated May 11, 1998 from Richard N. Clarke, AT&T, to Pete Sywenki, Sprint (Attachment A). The description of each geocode also identify whether it is an "acutal point or a "surrogate point. To ensure

(footnote continued on following page)

and other parties to conduct their proposed analyses of the HAI Model.

BellSouth's Motion also fails to disclose that, even prior to that filing, the HAI Model sponsors had afforded several intervenors (including Sprint, SBC, GTE and their consultants) the opportunity to examine the same data requested in its present filing with the Commission for the requested state of Nevada.[6] Nevertheless, AT&T arranged with PNR to conduct a fuller "open house," with access to an even broader set of data, for BellSouth and other interested parties on May 13-15.[7]

Surprisingly, in view of its claimed imperative need for access to such information, BellSouth declined to attend that session, claiming that it had not received sufficient notice of this opportunity.[8] This background

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(footnote continued from previous page)

confidentiality of the address data, the longitude of these point data will be perturbed by a fixed, but unstated amount. These promised data were filed with the Commission on May 14, 1998 (see, letter from Richard N. Clarke, AT&T to Magalie Roman Salas, FCC, dated May 14, 1998).

6 See id.; Ex parte letter dated May 12, 1998 from Richard N. Clarke, AT&T, to Magalie Roman Salas, FCC (Attachment B).

7 See Letter dated May 8, 1998 from Gene V. Coker, AT&T, to R. Douglas Lackey, BellSouth (Attachment C).

8 See Letter dated May 13, 1998 from R. Douglas Lackey, BellSouth, to Gene V. Coker, AT&T (Attachment D).

makes clear that BellSouth has no need for the disclosure requested in its instant Motion, but has simply filed that request in an attempt to delay the Commission's consideration of a proxy cost model for universal service, as well as perhaps to deflect attention from related inadequacies in the BPCM model that BellSouth supports. The Commission should refuse to allow its process to be misused for such gamesmanship.

WHEREFORE, for the reasons stated above, BellSouth's petition should be denied.

Respectfully submitted,

AT&T CORP.

By _____
Mark C. Rosenblum
Peter H. Jacoby

Its Attorneys

295 North Maple Avenue
Room 3250J1
Basking Ridge, N.J. 07920
(908) 221-4243

May 18, 1998

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WHEREFORE, for the reasons stated above, BellSouth's petition should be denied.

Respectfully submitted,

AT&T CORP.

By /s/ Peter H. Jacoby
Mark C. Rosenblum
Peter H. Jacoby

Its Attorneys

295 North Maple Avenue
Room 3250J1
Basking Ridge, N.J. 07920
(908) 221-4243

May 18, 1998

ATTACHMENT A

Room 5462C2

Richard N. Clarke
Division Manager

Phone: 908-221-8685
FAX: 908-221-4628
Email: rnclarke@att.com

May 11, 1998

Mr. Pete Sywenki
Sprint
1850 M Street, N.W., Suite 1100
Washington, D.C. 20036

Dear Mr. Sywenki:

On May 7, we received by U.S. Mail the letter that you dated May 1, and which was postmarked May 4. In this letter you requested a response by May 7. Although your use of the U.S. Mail to communicate with us has prevented us from meeting your requested deadline, AT&T and MCI are pleased to provide you with this response. We trust that after reading this, you will agree that the HAI Model sponsors have provided third parties with every reasonable opportunity to examine the data underlying the HAI Model – and that this openness exceeds by any standard the access that Sprint has provided to the BCPM model's data.

In this letter you requested a further opportunity to examine the customer location and clustering data that underlie the HAI Model. You noted that Sprint has already been afforded at least one opportunity to review these data for the state of Nevada. This examination was pursuant to an agreement arranged with the Nevada Public Service Commission and permitted Sprint, Nevada Bell, GTE and their consultants to spend three days at PNR's premises in Jenkintown, PA on April 15, 16 and 17 to examine the data that you indicate in your letter.[1] Furthermore, because of a continued interest on the part of the ILECs sponsoring the BCPM Model, PNR will conduct another "open house" on May 13, 14 and 15 where all of these data will again be available for your inspection. It is my understanding that at minimum, Sprint, U S West, StopWatch Maps and INDETEC will be attending this session – along with the staff of several state commissions.

In addition to providing Sprint with these six days of site visit opportunity to examine these data inputs to the HAI Model, PNR is preparing a large sample of clusters (randomly extracted from the HAI Model's input data) for which they will provide the

[1] In fact, the data that were made available to Sprint exceeded greatly in scope the three items that you mention in your letter. An attachment to this letter lists the forty-some data variables that have been made available for inspection at visits to PNR.

latitude and longitude geocodes of each of the individual customer locations that comprise the cluster. These data will be provided to any interested third party and permit a completely open examination of the HAI Model's customer clustering processes. To ensure that the confidentiality of Metromail's and Dun & Bradstreet's address data is maintained, the only alteration that PNR will make to these point data is to perturb by a fixed, but unstated, amount the longitude of each geocode within a cluster. This adjustment preserves completely the precise spatial relationships between all points within a cluster.[2] In addition, each geocode point will be identified as to whether it is an "actual" point or a "surrogate" point. We trust that these data will permit Sprint to conduct all of its desired analyses.

The obligations that you cite in your letter that, "(t)he cost study or model and all underlying data, formulae, computations, and software associated with the model should be available to all interested parties for review and comment," fall equally upon all models submitted for the FCC's consideration. AT&T and MCI are unaware of Sprint having afforded third parties the opportunity to inspect the proprietary data (or other data that the BCPM sponsors have kept nonpublic) that underlie the BCPM. To our knowledge neither site visits nor sample data sets (as the HAI sponsors have offered) have been made available.

AT&T and MCI are anxious to be afforded similar access to the data and processes used to develop the customer location assumptions in the BCPM. Although the BCPM's documentation is unclear about the source of many of these data and assumptions, they include, at minimum, the source data underlying all of the 31 pre-processing steps used in developing the BCPM's customer location assumptions, plus the unspecified "utilities" or DLLs used to process these. At various times the source of these data has been referred to as StopWatch Maps and/or the spreadsheets of John Banks of Sprint and Peter Copeland of U S West. We have prepared a more complete list of the items in question, and would be happy to discuss with you at greater length the precise nature of these data and their formats so that they can be provided in a form that facilitates their analysis. As you undoubtedly know, your representative, Phil Bolian of StopWatch Maps was very pleased with the similar cooperation that he received from PNR in this regard.

Because of the many past and future opportunities detailed in this letter that the HAI sponsors have provided to Sprint to inspect the HAI data, the favor of your early and affirmative reply is requested. If you wish to decline to make these reciprocal arrangements available to inspect these nonpublic BCPM data, written notification from you of this position would also be appreciated. Please note that the only private BCPM data to which we are requesting access at this time are those related to customer counts

[2] Because the HAI Model recognizes correctly that amounts of distance associated with a degree of longitude vary as one moves north in latitude, the latitude associated with the cluster geocodes is not perturbed.

and location. We expect that at an early future date, Sprint will also make available the many other proprietary models that the BCPM employs to determine critical cost items such as switching (modeled by SCIS) and signaling (modeled by some unspecified U S West proprietary model), and its estimates of operating expenses. This would, of course, include the survey data inputs that were used in these proprietary models.

Please contact Rich Clarke of AT&T (908-221-8685), or Chris Frentrup of MCI (202-887-2731), if you have any questions.

Sincerely,

Richard N. Clarke
AT&T

Christopher Frentrup
MCI

Attachment

cc: A. Richard Metzger
James Schlichting
Michael Riordan
Donald Stockdale
Brad Wimmer
Charles Keller
Robert Loube

Formats of Provided PNR Data Files

NV_PTS.DBF

Variable Name	Variable Description	Format Type	Width
Case	Sequential number of point within a specific wire center	Numeric	8
Cluster	Unique cluster number to which point is assigned	Numeric	3
Clustname	Name of main cluster	Character	4
Outlier	Outlier flag	Character	1
Perimpath	Ordered location of point if located along perimeter	Numeric	3
Clli	8 digit CLLI Code	Character	8
Long	Longitude of point	Numeric	11
Lat	Latitude of point	Numeric	10
Wt	Number of Lines for point	Numeric	12
CBG	Census block	Character	15
Type	Type of point (Business, Residential, or Surrogate)	Character	1
Grppath	Number of outliers to go through to get to main (or home) cluster	Numeric	6
Clustpath	Cluster name with path back to main (home) cluster	Character	128
Appendinf	Blank field	Character	10

NV_CDAT.DBF

Variable Name	Variable Description	Format Type	Width
Blockgroup	Dominant census block group	Character	12
Cluster	Unique cluster number to which point is assigned	Numeric	11
Clus_Name	Cluster Name of main cluster	Character	5
Outlier	Outlier flag	Numeric	11
Splitgroup	Wire Center CLLI Code	Character	9
Area	Cluster Area	Numeric	12
Clustlong	Longitude of cluster centroid	Numeric	12
Clustlat	Latitude of cluster centroid	Numeric	12
Servlong	Longitude of serving cluster centroid	Numeric	12
Servlat	Latitude of serving cluster centroid	Numeric	12
Height	Height of rectangular area	Numeric	12
Width	Width of rectangular area	Numeric	12
Wtcases	Number of modeled lines	Numeric	12
Firms	Number of Firms	Numeric	12
Buslines	Number of Business lines	Numeric	12
Res	Number of Residential points	Numeric	12
Reslines	Number of Residential lines	Numeric	12
SLB	Single Line Business Flag	Numeric	12
Employees	Number of employees	Numeric	12
Ctx	Probability of Centrex	Numeric	12
Act_ratio	Percentage of actual points to total modeled points	Numeric	12
Real_res	Number of real residential points	Numeric	10

Real_firm	Number of real business points	Numeric	10
Grouppath	Number of other points to get to the main (or home) cluster. The count starts with the main cluster.	Numeric	12
Grppathlab	Cluster name with path back to main (home) cluster	Character	254
Grpdist	Distance to connect the outlier cluster to the main cluster (from the closest point in the outlier cluster). *Chain Length*	Numeric	12
Grpmaxdist	Distance to connect the outlier cluster to the main cluster (from the furthest point in the outlier cluster) *Chain Length*	Numeric	12

ATTACHMENT B

May 12, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M. St., NW, Room 222
Washington, D.C. 20554

RE: Ex Parte Presentation – Proxy Cost Models
CC Docket No. 96-45

Dear Ms. Salas:

The attached letter was sent on May 11, 1998 to Mr. Pete Sywenki of Sprint in response to his letter to Chris Frentrup of MCI and myself. In this letter, Mr. Sywenki requested that Sprint be afforded still further access to the PNR input data underlying the customer location clusters that are used in the HAI Model, v5.0a.

A copy of our response is being filed with the Commission because Mr. Sywenki's letter (which was filed with the Commission) gives the erroneous impression that the HAI Model sponsors have kept these input data from review – when quite the opposite is the case. In our response letter to Mr. Sywenki, we note that:

1. Sprint has already spent three days at PNR's premises inspecting these data.
2. Sprint will spend an additional three days at PNR's premises later this week continuing its review.
3. PNR is additionally making available a large sample of clusters from the HAI Model which include the latitude and longitude geocode points of each customer location in the cluster to further facilitate third parties' review.

We believe that the opportunities that we have afforded third parties to review the input data to the HAI Model fully meet the Commission's specifications in this regard. And in all events, this openness of the HAI Model exceeds greatly that which has been offered by Sprint to its sponsored model, the BCPM.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(2) of the Commission's rules.

Sincerely,

Richard N. Clarke

Attachment

cc: A. Richard Metzger
James Schlichting
Michael Riordan
Donald Stockdale
Brad Wimmer
Charles Keller
Robert Loube
Sheryl Todd

ATTACHMENT C

Gene V. Coker
General Attorney
Law and Government Affairs

8150
1200 Peachtree, N.E.
Atlanta, Georgia 30309
404 810-8700
FAX 404 810-5901

May 8, 1998

R. Douglas Lackey
Associate General Counsel
4300 BellSouth Center
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375-0001

Re: HAI Release 5.0a

Dear Doug,

In recent regulatory proceedings BellSouth has been critical of the HAI cost proxy model because some of the underlying data that is proprietary to PNR has not been provided to BellSouth absent the payment of an appropriate license fee. This letter is to advise you that PNR will permit BellSouth to examine the records supporting its input to the HAI cost model on May 13,14 and/or 15, 1998 at its offices in Jenkintown, Pennsylvania. It is my understanding that other companies, including U.S. West and Indetec will be represented.

If you are interested in sending a representative to review these records, we will need to know the specific type of data you want to see and for which states. PNR will arrange the rental of computer equipment for your use during the visit for a minimal charge of approximately $200.00. There will be no other charges to BellSouth for access to this data. I have also prepared and attached a Protective Agreement relating to the review and use of the proprietary information which must be signed and returned to me prior to your examination of the data.

If you will kindly contact me, I will arrange a conference call with PNR to discuss the details of the type of information you wish to examine and other logistical information.

Sincerely,

Gene V. Coker

Gene V. Coker

PROTECTIVE AGREEMENT

WHEREAS, BellSouth Telecommunications, Inc. (BellSouth) has requested AT&T Communications of the Southern States, Inc., and AT&T Communications of the South Central States, Inc. ("AT&T") to provide BellSouth with access to PNR information in connection with state regulatory proceedings related to the cost of unbundled network elements and universal service reform; and,

WHEREAS, the information BellSouth seeks is the commercial property of PNR or of PNR's data suppliers and is subject to licensing requirements which include non-disclosure provisions; and,

WHEREAS this Protective Agreement has been executed to expedite BellSouth's review of the information sought and to establish the parameters for use and treatment of such information in formal proceedings regarding the cost of unbundled network elements and universal service reform in Alabama, Georgia, Florida, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee; and,

WHEREAS, BellSouth has agreed to execute this Protective Agreement to facilitate access to the information described above.

NOW, THEREFORE, the parties hereby agree as follows:

1. All documents and information furnished subject to the terms of this Protective Agreement shall be clearly identified as "Confidential", "Proprietary", "Licensed", or "Restricted" by PNR, et al., and shall

hereinafter be referred to as "Protected Materials". For purposes of this Agreement, said Protected Materials shall include PNR geocode data associated with clusters formed for use in the HAI Model. All Protected Materials shall be accepted, maintained and utilized in strict conformance with the provisions of this Protective Agreement.

2. BellSouth shall not be deemed, by reason of this Protective Agreement, to have waived the opportunity to argue before a State Public Service (or Utilities) Commission or any other appropriate body that any Protected Materials are not confidential, proprietary or privileged in nature. However, it is specifically agreed that, unless otherwise agreed by the parties or ordered by a State Commission, all documents and other protected Materials pursuant to the terms of this Agreement shall only be used in accordance with the terms of this Agreement.

3. BellSouth shall use the Protected Materials only in the above-referenced proceedings for the purpose of reviewing the data and analyzing its reliability for use in the HAI Model. BellSouth shall not use the Protected Materials for any commercial purposes, or in any cost models other than the HAI Model. BellSouth shall disclose Protected Materials only to its counsel of record and technical experts and consultants for use in the above-referenced proceedings at the premises of PNR and said counsel, technical experts and consultants shall not disclose the Protected Materials to any other person. Each

such counsel, technical expert or consultant shall review and abide by the terms of this Agreement and shall execute the attached Acknowledgment before review of the Protected Materials. BellSouth shall not remove such Protected Materials from the premises of PNR without PNR's written permission, and shall comply with the terms PNR places upon such removal of data. At the conclusion of the proceedings, BellSouth shall return Protected Materials (and any copies thereof) to AT&T, or shall destroy such materials and notify AT&T's counsel in writing that it has destroyed such materials.

4. In the event BellSouth intends to disclose Protected Materials to any person to whom disclosure is not authorized by this Agreement or wishes to include, use or disclose the substance of Protected Materials in testimony or exhibits, examination or cross-examination on the public record of this proceeding, or wishes to object to the designation of certain information or materials as Protected Materials, BellSouth will notify counsel for AT&T, in writing, four (4) business days prior to making any disclosure or objection, and identify with particularity the Protected Materials it wishes to use or disclose.

5. If AT&T objects to such proposed reclassification or disclosure, AT&T shall notify BellSouth, in writing, of its position and the reasons therefore within the four (4) business days subsequent to receipt of the notice described in Paragraph 4 above. Thereafter, AT&T may request a determination from the Commission regarding the manner in

which the Commission should allow, if at all, BellSouth to use such Protected Materials.

6. No one shall construe anything in this Agreement to prevent BellSouth from attempting to obtain, through lawful discovery in any other judicial or administrative action, any or all of the Protected Materials subject to this Agreement.

7. This Protective Agreement embodies the full agreement by and between AT&T and BellSouth.

BELLSOUTH TELECOMMUNICATIONS, INC.

Dated:_____ By:_____

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, INC.

Dated: 5-8-98 By: Gene V. Coker

Gene V. Coker

ACKNOWLEDGMENT

I have read the foregoing Protective Agreement between BellSouth and AT&T regarding PNR Protected Materials and I hereby agree to abide by the terms and conditions of said Agreement as a prerequisite to reviewing the Protected Materials.

By:_____

Title

ATTACHMENT D

R. Douglas Lackey
Associate General Counsel

BellSouth Telecommunications, Inc.
Legal Department - Suite 4300
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375-0001
Telephone: 404-335-0747
Facsimile: 404-614-4054

May 13, 1998

Mr. Gene V. Coker
General Attorney
Law and Government Affairs
Suite 8150
1200 Peachtree Street, N.E.
Atlanta, Georgia 30309

Dear Gene:

This is in response to your letter of May 8, 1998, in which AT&T offered to allow a representative of BellSouth Telecommunications, Inc. to review on May 13, 14 and/or 15, 1998, certain records maintained by PNR and used in conjunction with HAI Release 5.0a.

As I told you in our conversation this morning, I first saw your letter today, just before you called. We did receive a copy by fax after 4 p.m. on Friday, May 8, but it was not brought to my attention at that time, and I was out of the office from then until this morning, when I saw the original of your letter that was sent by regular mail.

However, even if I had seen the fax on Friday evening, it would not have been sufficient notice for an endeavor like this. AT&T has been on notice for weeks, if not months, that we were interested in reviewing this data. To let us know on Friday that we could review the data on the following Wednesday is simply not sufficient notice. We question why we were not told earlier, so that we might have been able to participate in a meaningful manner. Indeed, while we have not been able to talk in detail with the people at Indetec, they have indicated that they were aware that a review, which they thought would be limited to Nevada or Minnesota data, would be allowed as long ago as May 5.

We are obviously interested in seeing this data. Indeed, as I understand it, this information to which you are now offering access was the subject of a motion filed by BellSouth Telecommunications, Inc., on May 7, 1998 with the FCC in FCC Docket Nos. 96-45 and 97-160. However, to offer us access on no more notice than two to four business days is not, in my opinion, reasonable.

I have left you a voice mail at your office, indicating the essence of what is contained in this letter. BellSouth Telecommunications, Inc., and the people we have assisting us with the matters involving the Hatfield Model do believe that inspection and review of all of the data and underlying assumptions (including the geocoded customer location data) is essential to a full and fair evaluation of the Hatfield model. We are willing to cooperate with AT&T to achieve this goal. We cannot do so in a reasonably complete fashion with the notice we received.

If AT&T wants to allow us meaningful access to this data, we are more than willing to work with you to determine a mutually agreeable time and place to review the information in question.

Sincerely,

R. Douglas Lackey

CERTIFICATE OF SERVICE

I, Ann Marie Abrahamson, do hereby certify that on this 18th day of May, 1998, a copy of the foregoing "AT&T Response" was mailed by U.S. first class mail, postage prepaid, to the parties listed.

M. Robert Sutherland
Richard M. Sbararra
BellSouth Telecommunications, Inc.
1155 Peachtree t., NE, Suite 1700
Atlanta, GA 30309-3610

Ann Marie Abrahamson