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September 25, 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie R. Salas
Secretary
Federal Communication Commission
Room 222
1919 M. Street, N.W.
Washington, D.C. 20554

Re: CC Docket No. 97-151, In the Matter of Implementation of Section 703(e)
of the Telecommunications Act of 1996, Amendments of the
Commission's Rules and Policies Governing Pole Attachments

Dear Ms. Salas:

Please be advised that on Thursday, September 25, 1998, Mr. Jonathan Royston, , Mr. Gary Campbell, Mr. Pat Doherty, and the undersigned of SBC Communications Inc. (SBC), met with Ms. Libby Beaty, Chief, Ms. Cheryl J. King, Attorney, and Mr. Warren O'Hearn, Financial Analyst, of the Financial Analysis and Compliance Division and Mr. Wayne King, Senior Attorney, all of the Cable Services Bureau, regarding matters that SBC requests that the Bureau reconsider or clarify.

As discussed in our meeting and as explained in our petition for reconsideration and clarification and in our comments and reply comments in this proceeding, SBC Communications Inc.'s telephone companies (Southwestern Bell Telephone Company, Pacific Bell and Nevada Bell) seek reconsideration as follows:

- Changing the proposed method of estimating the average number of attaching entities in urban, urbanized and rural areas, as defined by the Census Bureau, due to the complexity and costs involved;
- Application of the cable pole attachment rate (Sec. 224(d)) unless used solely for purposes of cable service; and
- ILECs should not be counted as attaching entities in allocating the costs of unusable space.

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SBC's telephone companies seek clarification of the proposed conduit calculations for determining the costs associated with unusable space and, also, whether or not the same rationale for the leasing of dark fiber set forth in Paragraph 73 of the Report and Order can be applied to a cable operator's attachment which is overlashed by a carrier's line. Attached are copies of the items presented during our meeting with the Bureau.

Please include this letter and the attachments in the record of these proceedings in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Acknowledgement and date of receipt of this transmittal are requested. A duplicate transmittal letter is attached for this purpose.

If you have questions concerning these measurement efforts please feel free to contact me at 202-326-8894.

Sincerely,

A handwritten signature in black ink, appearing to read "B. J. Brumley". The signature is written in a cursive style with a long, vertical tail on the final letter.

Attachments

Cc: Ms. Libby Beaty, Cable Services Bureau

CC Docket No. 97-151
Policies Governing Pole Attachments
SBC Communications

DIFFICULTY IN IDENTIFYING THE NUMBER OF ATTACHMENTS PER POLE FOR THE ALLOCATION OF THE UNUSABLE SPACE, BASED ON THE U.S. CENSUS BUREAU DEFINITIONS OF RURAL, URBAN, AND URBANIZED.

- 1. The application of the U.S. Census Bureau definitions of Rural, Urban, or Urbanized locations or places to SBC maps, databases or records is a costly undertaking . The U.S. Census Bureau has maps of more than 400 Urbanized Areas in the United States as well as defining an additional more than 4,000 Urban locations. Confusingly, the “Urban” territory includes all of the “Urbanized Areas.”**
- 2. The majority of pole attachments for CLECs or CATV Companies will be located within the city limits and would probably be considered urban and/or urbanized. Rural attachments will be relatively insignificant.**
- 3. SWBT’s Continuing Property Records (CPRs) are not broken into the U.S. Census Bureau categories of Rural, Urban, and Urbanized. The CPRs are based on geographic location codes (normally by wire center or exchange) and do not contain the specific location of each pole within the wire center. The CPRs only contain the number of poles and the year placed into service.**
- 4. Listed below are the steps that SBC would take in an effort to use the US Census Bureau definitions:**
 - After determining the number and list of poles in a given wire center or exchange, SBC would then have to determine how many of the total are in the rural, urban and urbanized locations. (Once again this will be a labor intensive task as none of SBC’s records systems have rural, urban, and urbanized defined.)**
 - SBC will have to determine the exact geographic location within a wire center of where one category change is made to another. (rural, urban, or urbanized)**
 - After categorizing the number of poles into the three areas, SBC would then have to choose a scientific sample of the poles. For example, applying statistical sampling procedures, SBC might need 200 in each of the categories. Note: All “Urbanized Area” poles would also be “Urban” poles, which would result in some double-counting of the same poles.**
 - Each one of the poles in the selected sample would have to be identified as to location and would then require a field visit by an employee or contractor to count the number of attachments. Depending on location of the poles, this could require up anywhere from 30 to 45 minutes to 3 to 4 hours in rural locations for the 600 poles per state.**
- 6. A similar process would also be necessary for conduit.**

In summary, the US Census Bureau categories of rural, urban and urbanized will be at best extremely difficult and expensive to apply to any SBC records or record systems. The SBC record systems would require major modifications and rewrites to apply the US Census Bureau definitions of rural, urban and urbanized.

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**ILLUSTRATION OF THE REVENUES GENERATED AND THE POTENTIAL
EXPENSE OF THE SAMPLING PROCESS**

Below are the annual revenues generated from the licensing of pole attachments, duct, and conduit space by each state for 1997 is listed below:

Arkansas	\$ 401,703.98
Kansas	\$ 169,132.80
Missouri	\$ 602,672.47
Oklahoma	\$ 346,762.83
Texas	\$1,670,986.00
Total	\$3,191,258.08

Below are the Projected Costs for Study of Poles and Conduits in Kansas

200 Pole Visits (Urban)

200 Pole Visits (Urbanized)

200 Pole Visits (Rural)

600 Pole Visits (Total)

600 Visits x 1 Hour (on the average) x \$78.00 = \$46,800

100 Conduit Visits (Urban)

100 Conduit Visits (Urbanized)

200 Conduit Visits (Total)

200 Visits x 2.75 Hours (on the average) x \$78.00 = \$42,900

Total Expended for Study of Poles and Conduits = \$89,700

Conclusion:

Based on the Current Recommended Method of Calculating Attachment rate SWBT could easily expend 53% of its annual revenue for Kansas in the field visits alone. This does not take into account the laborious task of categorizing and selecting the poles or conduits for the field visits, as well as designing a process for performing this task.

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SUGGESTED METHOD OF CALCULATING

Below would be a far better and less time consuming method of calculating the number of attachments per pole on a state-wide basis. While SBC maintains that ILECs should not be counted as attaching entities, this illustration assumes an ILEC would be counted.. SBC would be one attaching entity on each of the poles and the appropriate states percentage for Non-SBC attaching entities per pole would actually provide the average number of attaching entities per pole.

STATE	WIRE CNTRS	POLES (SBC Owned)	ATTACH. (Non-SBC In Comm)	PERCENT	SBC ATTACH. PER POLE	AV. ATT.
Arkansas	138	108,241	65,454	60.5	1.00	1.605
California						
Kansas	172	125,035	78,200	62.5	1.00	1.625
Missouri	211	295,897	184,856	62.5	1.00	1.625
Nevada						
Oklahoma	207	204,418	114,356	55.9	1.00	1.559
Texas	520	872,460	474,197	54.4	1.00	1.544

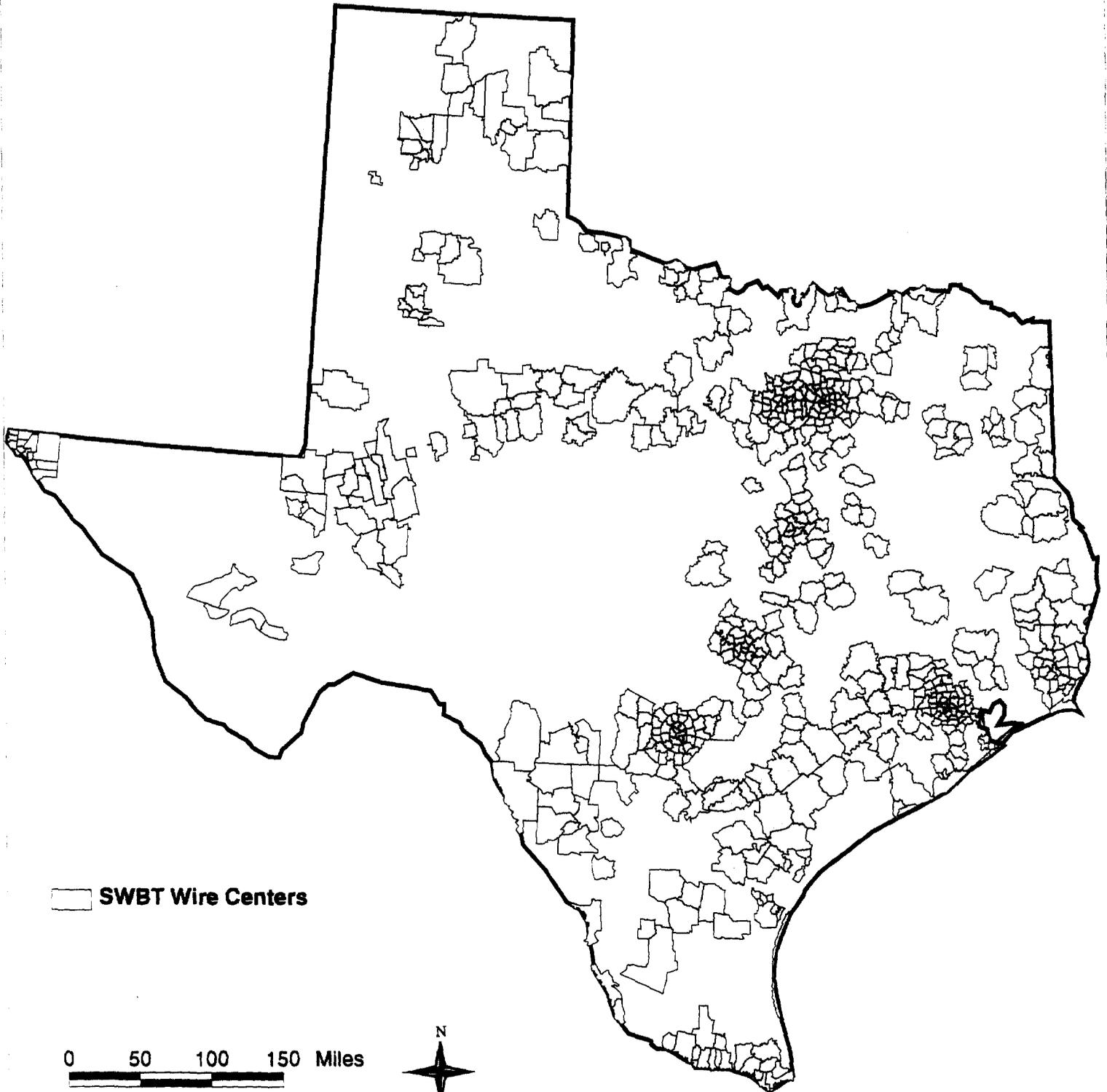
ISSUE REGARDING THE ALLOCATION OF CHARGES FOR USABLE VERSUS NON-USABLE IN THE BILLING OF DUCT AND CONDUIT.

SBC's interpretation of the accepted method as presented by the FCC is in the following example:

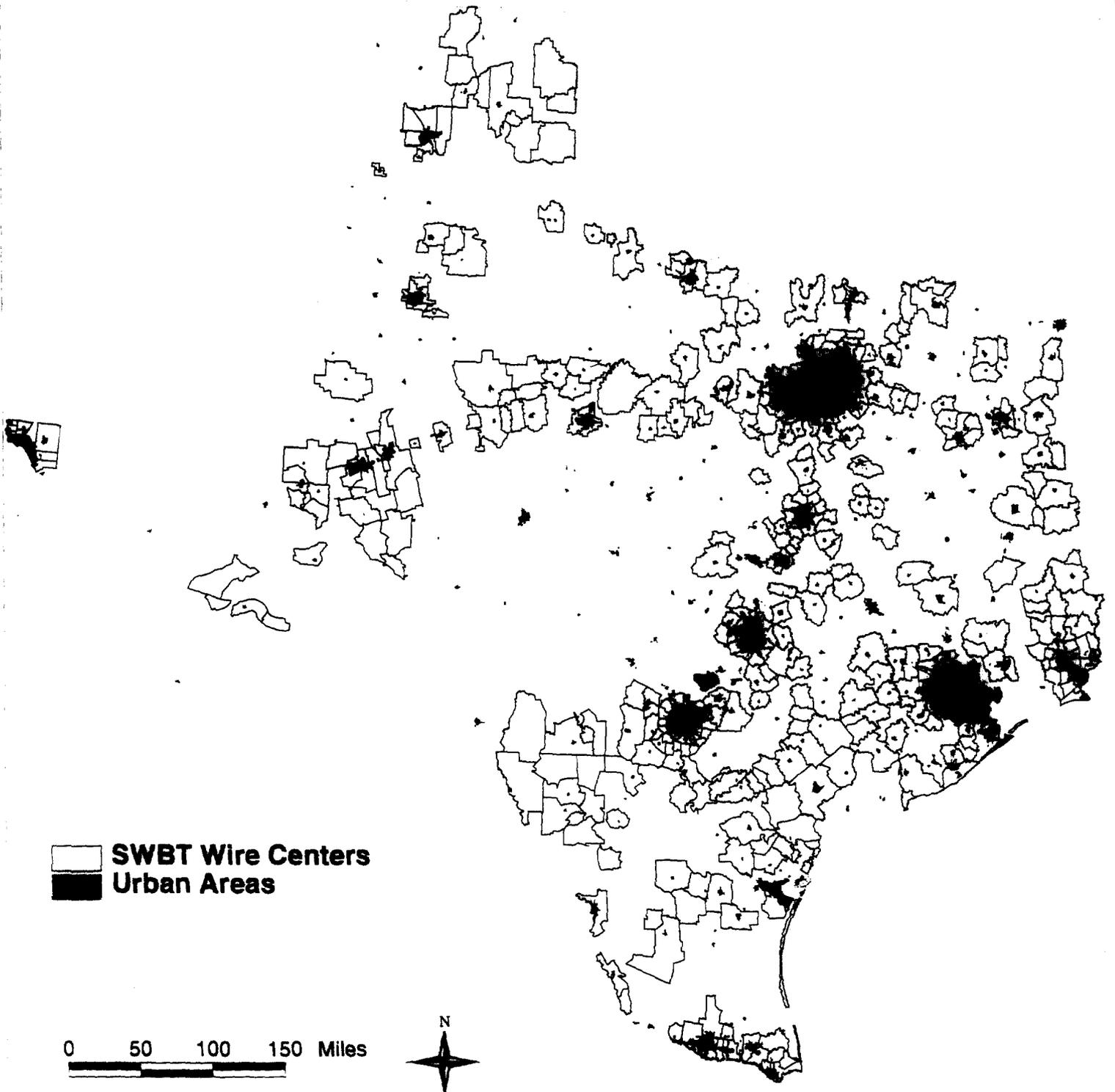
Take total conduit capital expenditures (4C) for a given year. Take the material cost of only the actual duct and/or conduit, subtract from the total 4C cost and divide by the total cost of 4C. The resulting percentage would be applied to allocate the embedded book cost between the usable and non-usable space.

STATE	TOTAL 4C EXPENDITURES	TOTAL 4C DUCT EXPENDITURES	PERCENT USABLE	PERCENT NON-USABLE
ARKANSAS	\$ 311,000.00	\$ 85,688.00	27.55	72.45
KANSAS	\$ 517,250.00	\$ 98,863.00	19.11	80.89
MISSOURI	\$ 1,310,500.00	\$ 206,472.00	15.76	84.24
OKLAHOMA	\$ 763,500.00	\$ 153,374.00	20.09	79.91
TEXAS	\$13,731,500.00	\$ 4,838,659.00	35.24	64.76

Texas



Texas



SWBT Wire Centers
Urban Areas

0 50 100 150 Miles



SWBT Frisco Wire Center

FRISCO WIRE CENTER

-  Roads
-  SWBT Wire Centers
-  Urban Areas
-  Lakes

MARKETING DEPARTMENT
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