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295 North Maple Avenue  
Basking Ridge, NJ 07920

March 31, 1999

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

RE: Ex Parte Presentation /  
CC Docket No. 96-45 – Universal Service/Proxy Cost Models  
CC Docket No. 97-160 – Forward-Looking Cost Mechanism

Dear Ms. Salas:

The following message and data were sent electronically from Michael Lieberman of AT&T to Mark Kennet and Robert Loube of the Common Carrier Bureau. Please incorporate them into the record of the above-captioned proceedings.

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. A copy of the diskette is being provided to ITS.

Sincerely,

*Richard N. Clarke /ha*  
Richard N. Clarke

cc: Mark Kennet  
Bob Loube  
Jeff Prisbrey  
Bill Sharkey  
Sheryl Todd

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## Clarke,Richard N - LGA

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**From:** Lieberman,Michael - LGA  
**Sent:** Tuesday, March 30, 1999 5:32 PM  
**To:** 'D. Mark Kennet (David Kennet)'  
**Cc:** Clarke,Richard N - LGA; 'Christopher J Frentrup'; 'Loube, Robert'  
**Subject:** Optimization of structure runs



(Fully Optimized)  
Investment i...



AL Impacts of structure  
change...



DC impacts of full  
structure o...



AL Impacts of structure  
change...

Mark,

Per your request, attached are outputs investigating the effect of letting the HCPM modules set the structure under the optimization routine.

This has the curious effect of yielding the same number of lines on DLC as the runs we did modifying the ACFs for CU=.01 and fiber=.99. The overall cost was still higher than in our earlier ACF modifying runs. Look at the last 2 files for these observations vs. the handout from yesterday.

Another observation (looking at the 1st file) is that the once again, the structure optimization resulted in the identical values for the UG structure components associated with distribution (in fact all of the displayed distribution quantities agree between optimize aerial and fully optimize). One can observe here, the tradeoff between DLC investment and copper feeder investment but very little decline in fiber costs. This would appear to be just the flip side of the earlier observation that a lot of very short fiber feeders (within an MST daisy chain) are being exchanged for longer copper segments in a less shared (relative to sub-feeder) environment.

The 2nd file just demonstrates that in looking at cost of the loop, there is still a substantial difference between the optimized structure run and the 100% aerial run.

Mike

## Clarke,Richard N - LGA

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**From:** Lieberman,Michael - LGA  
**Sent:** Tuesday, March 30, 1999 7:27 PM  
**To:** 'D. Mark Kennet (David Kennet)'  
**Cc:** 'Christopher J Frentrup'; Clarke,Richard N - LGA  
**Subject:** Input Files



HCPM32\_Baseline.xls



HCPM32\_ACFCorrectF  
ib99Cu01.xls...



HCPM32\_ACFCorrect.  
xls

Mark,

Per your request, attached are the HCPM input files we used.

Mike

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This page has been substituted for one of the following:

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o Microfilm, microform, certain photographs or videotape.

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*One diskette.*