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BELLSOUTH

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

August 2, 1999

EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

ORIGINAL

Re: CC Docket No. 96-98

Dear Ms. Salas:

On August 2, 1999 I, representing BellSouth, spoke by telephone with Anthony Mastando, a member of the staff of the Common Carrier Bureau's Policy and Program Planning Division. The purpose of the call was to respond to questions that in earlier conversations Mr. Mastando had posed relating to ex parte presentations made by Time Warner on July 15, 1999 and July 27, 1999. The questions related to costs that Time Warner said it was incurring to obtain Directory Assistance Services from a third party vendor and costs that it estimated it would incur if it instead began to provide these services to itself.

I told Mr. Mastando that with respect to the costs of self-provision that Time Warner presented in its July 27, 1999 filing, the subject matter experts at BellSouth were unable to determine the reasonableness of those cost estimate. Costs of labor, real estate and switching, for example, are subject to significant variation depending on the location(s) of the Time Warner operation, the scale of its operation and the possible use of the facilities and switches for other purposes. The information we had received did not include the assumptions about these variables that Time Warner, in deriving its estimates, had made.

In its July 15, 1999 ex parte presentation, Time Warner had stated that it spent approximately \$500, 000 annually to cover the cost of transporting calls to its vendor's single national call center. With respect to these costs I told Mr. Mastando that assuming that Time Warner had approximately 600,000 directory assistance calls annually, it appeared that its trunking cost per call was

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approximately \$.83.¹ I explained that subject matter experts in BellSouth believed that there could be ways to reduce those trunking costs. I noted that BellSouth, like each of the other Regional Bell Operating Companies, had a nationwide directory assistance that it offered within its service area. The retail charge per call for the BellSouth service is \$.85. Thus it would seem that, because the retail directory assistance service is highly competitive, Time Warner could negotiate a wholesale contract for nationwide service directory assistance from such service providers operating within each RBOC region in which Time Warner also operated and thereby reduce its cost of providing directory assistance, and in particular its trunking costs, significantly. I told Mr. Mastando I could not speculate on why Time Warner had made the business decision to choose a vendor with a single national call center.

In accordance with Section 1.1206 (b)(2), I am filing two copies of this notice in the proceeding identified above and ask that you place this notice in the record of that proceeding.

Sincerely,



Kathleen B. Levitz

cc: Anthony Mastando
Claudia Fox
Jake Jennings

¹ I used the 600,000 figure because in deriving its cost to self-provision directory assistance, Time Warner in its July 27 ex parte had assumed that it would provide such assistance for approximately 605,000 calls annually.