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June 8, 2000

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 12th St. SW
Washington, D.C. 20554

Re: Written Ex Parte in CC Docket No. 98-121 and
CC Docket No. 98-56

Dear Ms. Salas:

This is to inform you that BellSouth Corporation made a written ex parte today to Mr. John Stanley of the Common Carrier Bureau's Policy and Program Planning Division. We also sent copies of the ex parte to Jake Jennings, Claudia Fox, and Daniel Shiman of that Division. The ex parte is entitled "Interpretation of Disparity Differences." The document describes how to apply the definitions of disparity used in a modeling exercise in the workshops held by the Louisiana Public Service Commission in its Docket Number U-22252C to performance metrics defined as proportions. The document also applies this analysis to compare performance measures expressed as proportions and calculated using actual performance data for both BellSouth and CLECs in Louisiana covering a three-month period in 1999. BellSouth developed the document and now submits it in response to the staff's request.

Pursuant to Section 1.1206(b)(1) of the Commission's rules, I am filing two copies of this notice and that written ex parte presentation in both the dockets identified above. Please associate this notification with the record in both those proceedings.

Sincerely,

Kathleen B. Levitz

Kathleen B. Levitz
Attachments
cc: John Stanley (w/o attachment)
Jake Jennings (w/o attachment)
Claudia Fox (w/o attachment)
Daniel Shiman (w/o attachment)

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June 8, 2000

Mr. John Stanley
Policy and Program Planning Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Written Ex Parte in CC Docket No. 98-121 and
CC Docket No. 98-56

Dear Mr. Stanley:

Attached is a copy of a document entitled "Interpretation of Disparity Differences." It is BellSouth's response to staff questions that arose during our last meeting on May 22, 2000, about how to apply to performance metrics defined as proportions the categories of disparity used in a modeling exercise undertaken in the Louisiana Public Service Commission's Docket Number U-22252C. The attached document also presents a summary of the distribution, using the mean and standard deviation, of proportions of missed installation and missed repair appointments in Louisiana for the months of September, October, and November 1999 based upon "like-to-like" cell comparisons. If after reviewing this attachment you conclude that you need additional information, please call me at (202) 463-4113.

In compliance with Section 1.1206(b)(1) of the Commission's rules, I have today filed with the Secretary of the Commission two copies of this written ex parte presentation for inclusion in the record of both CC Docket No. 98-56 and CC Docket No. 98-121.

Sincerely,

Kathleen B. Levitz

Attachment

cc: Jake Jennings
Claudia Fox
Daniel Shiman

Interpretation of Disparity Differences

Earlier this year, an exercise in modeling remedy impact was undertaken under the direction of the Louisiana Public Service Commission. For this purpose, the following definitions of parity/disparities were agreed upon by those participating in the exercise.

- Disparity level Better than ILEC corresponds to a CLEC favoritism. The ILEC mean is greater than the CLEC by .5 standard deviation. This is modeled by a Normal density with mean .5 and variance 1.
- Disparity level None corresponds to parity. There is no difference between the ILEC and CLEC means. This is modeled by a Normal density (bell curve) with mean 0 and variance 1.
- Disparity level Medium corresponds to a moderate level of disparity. The ILEC mean is less than the CLEC by .75 standard deviations. This is modeled by a Normal density with mean -.75 and variance 1.
- Disparity level Severe corresponds to a high level of disparity. The ILEC mean is less than the CLEC by 1.5 standard deviations. This is modeled by a Normal density with mean -1.5 and variance 1.

These definitions define levels of parity/disparity in terms of a standardized Z statistic. The FCC staff has pointed out that these definitions provide a fairly straightforward way to determine the actual ILEC - CLEC service performance difference of a mean measure. However, it is not necessarily straightforward to determine the actual difference of a proportion performance measure.

To investigate the interpretation of disparity level categories, consider the usual z-score for comparing two proportions as given by:

$$z = \frac{\hat{p}_1 - \hat{p}_2}{SE}$$

where

$$SE = \sqrt{pq/n_1 + pq/n_2}$$

which is distributed as a standard normal. Letting τ denote the level of disparity (none, moderate, severe), this is equivalent to saying

$$\hat{p}_1 - \hat{p}_2 \sim N(-\tau \times SE, SE^2)$$

so that the expected value of $\hat{p}_2$ is calculated as

$$\hat{p}_2 = \hat{p}_1 + \tau \times SE$$

In order to determine the effect of τ on the difference in proportions, we need to specify $\hat{p}_1$, n_1, and n_2 and then back solve for the value of $\hat{p}_2$.

Example #1

Define

$$\hat{p}_1 = 0.05$$
$$n_1 = 300$$
$$n_2 = 15$$

- Medium disparity (τ = 0.75): $\hat{p}_2 = 0.0889$
- Severe disparity (τ = 1.50): $\hat{p}_2 = 0.13$.
-

Additional Examples

τ: **0.75**			
p1	n1	n2	p2
0.05	60	1	0.088
	60	2	0.088
	60	5	0.090
	60	10	0.092
	60	20	0.096
	60	40	0.104

τ: **0.75**			
p1	n1	n2	p2
0.10	60	1	0.176
	60	2	0.177
	60	5	0.180
	60	10	0.184
	60	20	0.192
	60	40	0.207

τ: **1.5**			
p1	n1	n2	p2
0.05	60	1	0.127
	60	2	0.129
	60	5	0.135
	60	10	0.145
	60	20	0.170
	60	40	0.238

τ: **1.5**			
p1	n1	n2	p2
0.10	60	1	0.254
	60	2	0.258
	60	5	0.270
	60	10	0.291
	60	20	0.340
	60	40	0.475

BellSouth Customer Percent Missed Installations

In order to link these examples with what is actually occurring in Louisiana, the following table summarizes the distribution (using the mean and standard deviation) of "like-to-like" comparison cell missed installation proportions.

Summary Statistics for Proportion of Like-to-Like BST Misses in LA

Missed Installations		Mean	Standard Deviation
POTS	*September, 1999*	0.087	0.139
	October, 1999	0.085	0.145
	November, 1999	0.093	0.158
DESIGNED	*September, 1999*	0.531	0.239
	October, 1999	0.553	0.232
	November, 1999	0.395	0.264
UNE LOOPS	*September, 1999*	0.670	0.201
	October, 1999	0.585	0.213
	November, 1999	0.524	0.066
Missed Repairs		Mean	Standard Deviation
POTS	*September, 1999*	0.105	0.106
	October, 1999	0.130	0.123
	November, 1999	0.121	0.120
DESIGNED	*September, 1999*	0.044	0.048
	October, 1999	0.039	0.084
	November, 1999	0.105	0.240
UNE LOOPS	*September, 1999*	0.022	0.013
	October, 1999	0.032	0.090
	November, 1999	0.056	0.176