



Patrick H. Merrick, Esq.
Director – Regulatory Affairs
AT&T Federal Government Affairs

Suite 1000
1120 20th Street NW
Washington DC 20036
202 457 3815
FAX 202 457 3110

May 2, 2002

Via Electronic Filing

Mr. William Caton, Acting Secretary
Federal Communications Commission
445 Twelfth Street, S.W., Room TW-B204
Washington, DC 20554

Re: Notice of Ex Parte Presentation: In the Matter of BellSouth Tariff
FCC No. 1, Transmittal No. 623, WCB/PPD No. 02-08.

Dear Mr. Caton:

Attached is a corrected copy of AT&T's ex parte filed yesterday, May 1, 2002. Apparently, while submitting the electronic version of the filing, the attachment was inadvertently deleted from the transmission. For the convenience of the Commission, AT&T is refilling the entire ex parte.

Consistent with the Commission rules, I am filing one electronic copy of this notice and request that you place it in the record of the proceedings.

Sincerely,

A handwritten signature in black ink that reads "Patrick H. Merrick".

Attachment

cc: Meeting attendees



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FCC No. 1, Transmittal No. 623, WCB/PPD No. 02-08.

Dear Mr. Caton:

Yesterday, James Grudus, Safir Rammah and I met with Deena Shetler, Judy Nitsche, Chris Barnekov, Jay Atkinson, Colleen Nibbe, Thad Machcinski and Andy Mulitz of the Wireline Competition Bureau. In addition to those who were present in the meeting room, William Stan, Mark Lancaster, Penn Fauts, Don Bourgo, Chuck Stock, Judy Sello and Robert Quinn attended via teleconference. While the main purpose of the meeting was to discuss BellSouth's Transmittal No. 629, many of the issues we discussed were also present in BellSouth's Transmittal No. 623. AT&T urged the Commission to suspend the BellSouth tariff due to the many questions raised regarding the BellSouth cost support filed with the Tariff. We used the attached document as an outline for our discussions. Our statements and comments were consistent with our petition in the above mentioned proceeding.

Consistent with the Commission rules, I am filing one electronic copy of this notice and request that you place it in the record of the proceedings.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick H. Merrick".

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Outline of Problems with BellSouth's Transmittal No. 629

April 30, 2002

- I. Framework
 - a. Commission established a rebuttable presumption that no additional recover is justified. (3rd NRO ¶39)
 - b. Extraordinary recovery should be granted only for extraordinary implementation costs. (3rd NRO ¶38)
 - c. The Commission noted that neither the test established for pooling cost recovery nor our interpretation of Section 251 (e)(2) guarantees any particular return or requires the Commission to guarantee that carriers recover all their thousand-block number pooling costs." (1st NRO ¶200)
- II. Specifics
 - a. Timing
 - i. Costs incurred prior to the implementation of thousands-block number pooling are ineligible for recovery. Permitting recovery of these costs would amount to double recovery. (3rd NRO ¶ 46)
 - b. OSS
 - i. "Costs incurred to adapt other systems to the presence of thousands-block number pooling are not incurred for the provision of thousands-block number pooling and are ineligible for recovery." 3rd NRO ¶ 45
 - 1. systems to mechanically port back numbers (if this is critical why didn't Sprint ask for this)
 - 2. intraservice provider porting is a fundamental part of LNP, so the general capability should be there.
 - 3. Intra-SP porting will be needed to comply with the FCC's rule that a carrier manage numbers on a per rate center basis as opposed to a per switch basis
 - ii. Special Pooling Center
 - iii. Telcordia is costs cover more than Thousands-block number pooling
 - 1. CNUM
 - c. Overhead Costs
 - i. Carriers should not include embedded overheads or use general overhead factors.
 - ii. LECs can apply *incremental* overhead allocation factors to identify the incremental portion of overhead costs directly related to thousands-block number pooling.
 - iii. Carriers that apply an incremental overhead factor must include a detailed explanation of method to estimate both the factor and the overhead. (1st NRO ¶¶ 223-225)

1. BellSouth's cost methodology uses total direct long run incremental costs plus a reasonable allocation of shared and common costs (p1) but references an incremental overhead factor of 4.42% Factors-Expense study date 3/02 – this is an unsupported common overhead factor
 - a. BellSouth includes Plant Operations, Administration Expense, General Engineering and Motor Vehicles. This also includes general administrative, executive, planning accounting and legal expenses.
2. Common overhead costs are also considered. The account specific overhead costs are costs incurred to produce a family of products and are not direct costs of any member of the family (appendix B, p2)

d. State Trials

- i. Any costs attributable to advanced deployment at the state level will be subject to state recovery mechanisms. (3rd NRO ¶ 28)

1. FL had four trials, NC three and TN one. (App B p1)

III. Offset

- a. Michigan Public Service Commission suggests there are other cost savings by avoiding "rationing and jeopardy proceedings" (Case U-13086, Opinion and Order, November 20, 2001)
- b. Cycle of NPA relief missed
 - i. Calculations are based only on NPAs near exhaust.
- c. NANP exhaust
 - i. Thousands-block number pooling is essential to extending the life of the North American Numbering Plan 3rd FNPRM ¶ 3, FCC 02-73, March 14, 2002)