

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Consideration of)
BellSouth Telecommunications,)
Inc.'s entry into interLATA)
services pursuant to Section 271)
of the Federal Telecommunications)
Act of 1996)
_____)

Docket No. 960786-TL
Filed: 01/21/00

In re: Petition of Competitive)
Carriers for Commission action)
to support local competition in)
BellSouth Telecommunications,)
Inc.'s service territory.)
_____)

Docket No. 981834-TP

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AT&T'S PRE-WORKSHOP COMMENTS

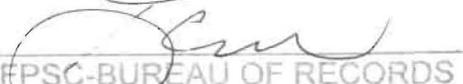
AT&T Communications of the Southern States, Inc. ("AT&T"), hereby files its comments prior to the performance measures workshop scheduled for January 28, 2000.

During the December 17, 1999 workshop, statisticians for AT&T and BellSouth together reported that AT&T and BellSouth are very close to complete resolution of the statistical methodology issues for use in determining whether BellSouth's performance misses are significant. At the time of that workshop, AT&T indicated that there was one remaining issue: determining the parameter "delta" for balancing Type 1 and Type 2 errors. AT&T also reported that it was awaiting results of a test analysis that BellSouth's statisticians with Ernst & Young were conducting. AT&T

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received a copy of the results of the test analysis on January 10, 2000.

BellSouth filed with the Louisiana PSC its "report" outlining, among other things, the results of its test analysis. Based upon AT&T's review of this filing, it appears that AT&T and BellSouth agree that balancing of Type 1 and Type 2 errors should be done and agree upon the formulas to be used for the balancing. The parties do not agree on the value for the parameter delta.

The parameter delta defines the degree of violation of parity at which the balancing of Type 1 and Type 2 errors should occur. A Type 1 error may occur when, due to random variation, there is an indication that BellSouth is favoring its retail operations, when in fact, it is not. A Type 2 error may occur when, due to random variation, there is an indication that BellSouth is not favoring its retail operations, when in fact, it is.

Resolution of the parameter delta for balancing Type 1 and Type 2 errors cannot be based solely on a technical analysis. Ideally, this decision should be based on business judgment, namely by consideration of how large a violation of parity must be before it is "important". The parameter delta measures the size of the violation. Once the delta is chosen, the formula AT&T and BellSouth has agreed upon makes proper allowance for the effect of sample

size. A larger delta means a smaller Type 1 error, and hence, larger Type 2 errors for all violations. A smaller delta means a smaller, but meaningful, degree of violation can be detected.

The test analysis performed by Ernst & Young on behalf of BellSouth set the parameter delta at 1.0 and 0.25. Ernst & Young calculated the critical values and corresponding error rates for the sample sizes that actually occur in some BellSouth data. The test analysis shows that the error rates vary over a wide range. These results do not answer the question of whether the delta should be set at either of those values.

BellSouth proposed the delta value be set equal to 1.0. This value is far too high. If we define "bad service" as the level of service that BellSouth provides to the worst-treated 1% of its own customers, a delta of 1.0 will only detect a parity violation when 9.2% of CLEC customers receive service this bad. That is, the percentage of badly-treated CLEC customers must be over nine times the BellSouth percentage before it is detected as a parity violation.

In contrast, a parameter delta of 0.25 will determine a parity violation when CLEC customers receive "bad service" at nearly twice the rate of BellSouth's customers. Thus, setting the delta at 0.25 would seem better to define a meaningful degree of violation of parity.

RESPECTFULLY SUBMITTED this 21st day of January, 2000.

A handwritten signature in cursive script, reading "Marsha E. Rule". The signature is written in black ink and is positioned above a horizontal line.

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CERTIFICATE OF SERVICE
DOCKETS 981834-TP and 960786-TL

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