

TAB B

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

In the Matter of

Application by BellSouth Corporation for )  
Authorization Under Section 271 of the ) CC Docket No. 02-35  
Communications Act to Provide In-Region, )  
InterLATA Services in the States of Georgia )  
and Louisiana )  
)  
)  
)

**DECLARATION OF STEVE BICKLEY  
ON BEHALF OF AT&T CORP.**

Based on my personal knowledge and on information learned in the course of my duties, I, Steven P. Bickley, declare as follows:

1. My name is Steven P. Bickley. I am Vice President of Finance for the CFO division of AT&T Consumer. I am responsible for financial planning, operational and business analysis for AT&T's local operations. As part of my job, I evaluate and review AT&T's internal costs to offer local telephone service in order to evaluate the financial viability of providing residential local service in markets that AT&T has not yet entered. The purpose of this declaration is to demonstrate why, based on recent cost analyses, AT&T requires at least a \$10 margin beyond connectivity costs to enter the UNE-P local market in Louisiana.

2. AT&T's experience in providing residential UNE-P based service to more than one million customers in New York and Texas is that it faces ongoing internal costs of more than \$10 per month that must be covered by the gross margin between its total local revenues and its connectivity costs paid to the

incumbent. Much of that amount is comprised of costs over which AT&T has little control. Notably, the costs that I identify below do *not* include any start-up costs of creating an infrastructure to provide local service, nor do they include any economic profit to AT&T. The start-up costs that are omitted from this analysis include, among others, the development of systems to interconnect with the ILEC's OSS systems, external billing mechanisms, the training of customer care representatives for the entry state, and systems readiness testing.

3. First, AT&T incurs average customer care costs of approximately \*\*\* per line per month. These include all customer servicing costs, including the cost of answering customers' questions about their service, providing trouble support when customers report service problems, ordering and provisioning, and performing account maintenance functions. These costs are primarily a function of normal customer activity. However, these costs may significantly increase if an incumbent provides poor OSS support for AT&T's local service provided via UNE-P.

4. Second, AT&T incurs uncollectible expenses when customers do not pay their bills. AT&T's New York experience is that about \*\*\* of its revenue is uncollected when customers do not pay their customer service bills. Applying that factor to AT&T's expected average revenues for Louisiana of approximately \$26.89 per line per month generates an uncollectible expense of \*\*\* per month per line.

5. Another internal cost is for billing and collections, which approximates \*\*\* per month per line. This includes the cost of

collecting and collating customer billing information, preparing and sending out initial bills, sending letters to customers who do not pay, and associated collection activities.

6. AT&T's experience in New York and Texas is that the marketing and sales cost to acquire a local telephone customer is expected to average \*\*\*  
\*\*\* per line. This includes advertising, telemarketing and other marketing channel costs, as well as the cost of various incentives necessary to win customers away from the entrenched monopolist. Amortizing this expense over a reasonable customer retention period generates an average monthly cost of \*\*\* \*\*\*.

7. Finally, AT&T incurs modest other General & Administrative costs of approximately \*\*\* \*\*\* per month per line. These costs include incremental product and market management associated with a local marketplace offer, *e.g.*, personnel costs and production material.

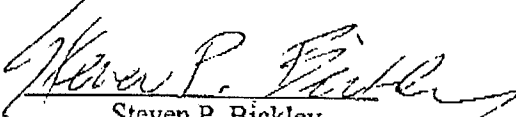
8. The sum of these foreseeable monthly internal costs is \*\*\* \*\*\*. As noted above, this figure does not include all monthly internal costs, particularly start up expenses.

9. This concludes my declaration on behalf of AT&T.

AT&T Comments, Brickley Decl. -- March 4, 2002  
BellSouth Louisiana 271 Application

**VERIFICATION PAGE**

I, Steven P. Bickley, declare under penalty of perjury that the foregoing is true and correct.

  
Steven P. Bickley

March 1, 2002