

FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554
September 19, 2000

Ms. Christine Jines
Executive Director – Federal Regulatory
SBC Telecommunications, Inc.
1401 I Street, NW
Suite 1100
Washington, DC 20005

Dear Ms. Jines:

This letter is to confirm our understanding with you regarding the submission of certain performance measurement information that SBC does not currently include in its monthly performance measurements reports.

As a condition of its merger with Ameritech,¹ SBC must comply with the Carrier-to-Carrier Performance Plan (“Performance Plan”). The Performance Plan requires SBC to submit performance data that demonstrate the quality of service SBC provides competitive local exchange carriers (“CLECs”). If SBC’s performance falls below specified levels for three consecutive months or six of twelve months in a calendar year, it will make voluntary payments to the U.S. Treasury.² The “critical-z” and “ideal value” are two of the variables the Performance Plan requires SBC to use to calculate its monthly payments.³

SBC does not currently include either the critical-z or the ideal value in its monthly submissions, but you have indicated to Common Carrier Bureau (“Bureau”) staff that SBC is agreeable to doing so in the future. Inclusion of both values in future submissions will allow the Bureau to verify SBC’s potential payments as part of its oversight of the Performance Plan. SBC should, therefore, provide the critical-z and ideal value for each performance measurement result beginning with SBC’s September 20, 2000 submission.⁴

¹ Applications of Ameritech Corp., Transferor, and SBC Communications, Inc., Transferee, For Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of the Commission’s Rules, CC Docket 98-141, *Memorandum Opinion and Order*, 14 FCC Rcd 14,712, 14,999 – 15,001, 15,041 (1999) (“*SBC/Ameritech Merger Order*”).

² *SBC/Ameritech Merger Order* at Appendix C, Attachment A, & 9. August 2000 is the first month for which SBC may be liable for payments.

³ According to the Performance Plan, SBC must use the critical-z to determine whether poor service to CLECs is statistically significant and the ideal value to determine, given statistical significance, the amount of the resulting payments. Specifically, SBC will compare the critical-z to the actual-z score to determine if any SBC performance below the parity or benchmark standard is statistically significant. If so, SBC will calculate payment amounts by comparing the ideal value, i.e., the poorest service SBC could have provided CLECs without having to pay, to the actual service it gave CLECs. Both the critical-z and the ideal value are integral, therefore, to SBC’s payment calculation. See *SBC/Ameritech Merger Order* at Appendix C, Attachment A-3.

⁴ The September 20th submission will include performance data through August 2000.

Please do not hesitate to contact me if I can be of further assistance. You may also contact Mark Stone in the Common Carrier Bureau directly at (202) 418-0816 for further information on this matter.

Sincerely,

Carol E. Matthey
Deputy Chief, Common Carrier Bureau