



Federal Communications Commission
Washington, D.C. 20554

October 1, 2010

DA 10-1905

Ms. Linda Vandeloop
Director – Federal Regulatory
AT&T Services, Inc.
1120 20th Street, NW
Suite 1000
Washington, DC 20036

Re: August 4, 2010 Request for Commission Approval of Changes to AT&T's Statistical Sampling Procedures to Consolidate Two Separate, Pre-AT&T/BellSouth Merger Statistical Sampling Processes into a Single Process to be Used throughout the Company and to Add Certain Work Groups to the Statistical Sampling Process.

Dear Ms. Vandeloop:

By letter dated August 4, 2010, AT&T requests that the Commission approve (1) the migration of the Work Activity Statistical Sampling Process ("WASSP") time sampling process to the Consolidated Hours ETDP, ESTRS, TASS, TRACS, AIS ("CHEETTA") time sampling process beginning October 1, 2010; and (2) the addition of certain work groups to the CHEETTA time sampling process.¹

As AT&T states, "the Commission has approved the use of statistical sampling techniques to record technician and marketing personnel expenses to the appropriate Part 32 [Uniform System of Accounts for Telecommunications Companies] accounts for AT&T's regulated wireline subsidiaries."² Beginning in 1992, the Commission has allowed a number of revisions to the cost allocation manuals of entities now part of AT&T to permit and modify the use of statistically valid sampling techniques to meet cost allocation obligations pursuant to Part 32 requirements.³ These orders also required "prior Commission notification and approval of any changes to the statistical sampling processes."⁴ In 2004, SBC

¹ Letter from Linda Vandeloop, Director – Federal Regulatory, AT&T, to Albert Lewis, Chief, Pricing Policy Division, Wireline Competition Bureau, FCC at 2 (dated Aug. 4, 2010) (*AT&T 2010 CHEETTA Request Letter*).

² *AT&T 2010 CHEETTA Request Letter* at 1.

³ *Id.* (citing *In the Matter of Pacific Bell's Cost Allocation Manual for the Separation of Regulated and Nonregulated Costs*, Memorandum Opinion and Order, 7 FCC Rcd 3917 (1992); *In the Matter of BellSouth Corporation's Permanent Cost Allocation Manual for the Separation of Regulated and Nonregulated Costs*, Memorandum Opinion and Order, DA 93-1544 (rel. Dec. 27, 1993); *In the Matter of Ameritech Operating Companies' Cost Allocation Manual Revisions to Utilize a Statistical Sampling Process for Technician Time Reporting*, DA-94-853 (rel. Aug. 8, 1994); *In the Matter of Southwestern Bell Telephone Company's Permanent Cost Allocation Manual for the Separation of Regulated and Nonregulated Costs*, 15 FCC Rcd 13308 (2000)).

⁴ *AT&T 2010 CHEETTA Request Letter* at 1. As the Commission has stated, "Qwest, AT&T, and Verizon remain subject to the Part 32 USOA requirements." *Petition of Qwest Corporation for Forbearance from Enforcement of the Commission's ARMIS and 492A Reporting Requirements Pursuant to 47 U.S.C. § 160(c)*; *Petition of Verizon for Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain of the Commission's Recordkeeping and Reporting Requirements*, WC Docket Nos. 07-204, 07-273, Memorandum Opinion and Order, 23 FCC Rcd 18483

(continued...)

Communications Inc. notified the Commission “that it planned to consolidate its existing five time reporting applications into a new consolidated system known as CHEETTA.”⁵ Since its 2007 merger with BellSouth, AT&T has been “operating two time sampling processes, CHEETTA and the BellSouth legacy system, WASSP” to record technician and marketing personnel expenses.⁶

AT&T asserts that the migration from WASSP to CHEETTA for which AT&T seeks approval will “provide increased accuracy, administrative efficiency, common practice application and a savings in technician administrative time of \$15M annually.”⁷ AT&T also asserts that the proposed addition of technician groups to CHEETTA would result in cost savings and administrative efficiency, and would not impact the statistical validity of the CHEETTA system.⁸

Based on the rationale provided by AT&T to support its proposed changes, and pursuant to the authority delegated in the Commission’s rules,⁹ AT&T is hereby authorized to make the proposed modifications.

Sincerely,



Albert M. Lewis
Chief, Pricing Policy Division
Wireline Competition Bureau

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(2008), pet. for recon. pending, pet. for review pending, *NASUCA v. FCC*, Case No. 08-1353 (D.C. Cir. filed Nov. 4, 2008). Qwest recently requested analogous approval of a change to its cost allocation sampling methodology. Letter from Timothy M. Boucher to Sharon Gillett, Chief, Wireline Competition Bureau, FCC, dated November 12, 2009. In our approval of Qwest’s request, we affirmed that notwithstanding recent cost allocation forbearance, Qwest remained subject to Part 32 rules and required prior Commission approval for modifications of its cost accounting manuals. Letter from Albert M. Lewis, Chief, Pricing Policy Division, Wireline Competition Bureau, FCC, to Timothy M. Boucher, Corporate Counsel, Qwest, DA 10-363 (Mar. 3, 2010). Similarly, AT&T likewise remains subject to Part 32 rules and requires prior Commission approval for modification of its cost accounting manuals.

⁵ *AT&T 2010 CHEETTA Request Letter* at 1, 2 (citing Letter from Clifford M. Rand, Deputy Chief, Pricing Policy Division, Wireline Competition Bureau, FCC, to David G. Cartwright, Director—Federal Regulatory, SBC Telecommunications, Inc., July 14, 2004 (identifying “no problems with . . . planned modifications”)).

⁶ *AT&T 2010 CHEETTA Request Letter* at 1.

⁷ *Id.* at 3.

⁸ *Id.* at 3.

⁹ 47 C.F.R. §§ 0.91, 0.204, 0.291.