



R. Reed Harrison III
Vice President
Local Infrastructure & Access Management
Regional Operations

Room 4ED103
One Oak Way
Berkeley Heights, NJ 07922
908 771-2700
FAX 908 771-2219
AT&T Mail attrmail!rrharrison

May 30, 1996

Mr. Michael B. Esstman
Executive Vice President
GTE Corporation
HQE04819
600 Hidden Ridge
Irving, TX 75015

Dear Mike:

It's late afternoon, and we have just concluded a meeting of the AT&T/GTE Executive Team assigned to deal with the interconnection, Total Services Resale, and related matters raised in my March 11 letter to you and Tom White. That letter was sent over ten weeks ago. Yet today I listened to the reports of your people confirming only very minimal progress in many important areas on the part of GTE (i) toward responding to AT&T's requests and (ii) toward resolution of critical issues.

Indeed, ten-plus weeks after we initiated this process, your GTE Executive Team could not tell me what services would be made available to AT&T for resale at discounted prices, or at all. To my question as to when I might finally expect such information, I was essentially told that they didn't know. I informed your team that this is unacceptable.

It is abundantly clear to me that we need very strong senior leadership focus at GTE on the interconnection needs (and rights under the 1996 Act) of AT&T, and on the assignment of the necessary and right resources to meet those needs. We plainly don't have that now. I learned night before last that Don McLeod, the leader of your Executive Team in the AT&T-GTE negotiations, would not be joining us for today's Executive Team meeting - a meeting that we jointly scheduled with him (at your offices in Irving) only two

000460

AGBR 000206

Mr. Michael B. Esstr.
GTE Corporation
May 30, 1996
Page 2

weeks ago. We did not learn this from Don or his colleagues, who never contacted us or otherwise notified us of his planned absence from this critically important interconnection meeting. We learned it, rather, from an AT&T secretary who was attempting to confirm that hotel arrangements had been made for him.

I raise this point only as a symptom of the apparent indifference of GTE to the negotiation process. I want to emphasize to you, moreover, the very deep and fundamental problems we have encountered in our efforts over many months, both before and after passage of the 1996 Act, to negotiate local interconnection, resale and related arrangements with GTE. I perceive unwillingness by GTE to engage in bona fide interconnection negotiations, and resulting delay in the negotiations – and in AT&T's entry into local markets. I use the term unwillingness because I am both aware and confident of GTE's capability to deal with the interconnection requests we have communicated to GTE.

Our needs have been clear to GTE from the time of my March 11 letter, and certainly since our discussions with GTE on April 2, when we displayed for GTE the annexed presentation materials (Attachment A). Indeed for many months prior to that presentation, our interconnection and Total Services Resale requirements have been known to GTE, because they were made clear to GTE in negotiations initiated at the instance of the California Public Utilities Commission. And repeatedly, following the March 11 letter and April 2 presentation, we have detailed those needs.

Thus, for example, at an April 18 meeting with your negotiating team, we delivered a comprehensive matrix which restated all of our interconnection TSR requirements. A copy of that matrix is annexed (Attachment B). But notwithstanding our establishment of processes and working teams (SME Teams, Core Team, Executive Team) to facilitate your consideration of and response to our requests, progress toward resolution has been minimal. This very concern was a focus of our Executive Team meeting at your offices in Irving two weeks ago. At that time, John Peterson and Rasul Damji, leaders of the joint GTE-AT&T Core Team, presented a work plan. That work plan, a copy of which is annexed (Attachment C) called for the crystallization of various TSR, unbundling and other issues by late May and early June. Some of these dates have come and gone with no input or response from GTE on critical items. In this instance, and on a number of occasions at the Core Team level, we have encountered such failures on the part of GTE to do what is necessary to realize our joint work plan.

000461

AGBR 000207

As a result, and as Meade Seaman acknowledged at today's meeting, we are behind, indeed way behind schedule in achieving a negotiated agreement. And, whatever our view of his characterization and description of the GTE effort, it confirms at minimum the need to assign substantial additional GTE resources to this critical project.

We have been prepared from the outset to receive, reply to, negotiate and otherwise deal timely, in good faith and in earnest with GTE responses on the interconnection and TSR requests we communicated to GTE. We remain ready, willing, able and anxious to do so. But I have not perceived a corresponding sense of urgency, energy or interest on the part of GTE. Dozens if not hundreds of interconnection requests remain unresolved and for many of these we have had no substantive response from GTE.

We should look as well for the type of breakthrough opportunities that AT&T identified at today's meeting. Thus, to the extent that your Core Team leader, John Peterson, has referred to price as an important and "enabling" issue, and to the extent we are unlikely to reach closure with Meade or GTE on pricing models, we can properly put price on the shelf and push through on a host of technical interconnection issues that are suited for early closure. In brief, we can put this thing properly together and argue about cost and price in the legal and administrative arena.* *I will fax to you on Monday a listing of those ready-for-closure items.*

Mike, we are well past the half-way mark of our negotiation process but, for the reasons I have described, we remain far from realization of a negotiated agreement. Achievement of that agreement is in jeopardy. I urgently request, therefore, your personal intervention and that of the most senior management at GTE Corporation, with a view toward timely resolution of as many as possible of our now longstanding interconnection, TSR and unbundled element requests.

* We have also identified with your team and its counsel some issues, including costs for pricing and price, which may require appropriate administrative or judicial determination. But achievement of a negotiated agreement on the host of other technical and business issues surrounding interconnection and resale should not be held hostage to the resolution of those items. It is incumbent on your company and mine to work hard and in good faith toward resolution of as many such issues as we reasonably can.

000462

AGBR 000208

Mr. Michael B. Ess.
GTE Corporation
May 30, 1996
Page 4

It remains AT&T's objective to achieve just such an agreement in writing with you. But things appear headed nowhere under GTE's present approach. More focus and more dedicated resources are essential. Thank you for your early attention to this request.

Sincerely,



R. Reed Harrison III
Vice President -
Local Infrastructure and Access Management
Regional Operations

Copy to:
Mr. D. W. McLeod
Mr. J. Peterson

000463

AGBR 000209