

# GTE/AT&T EXECUTIVE MEETING

## QUALITY INITIATIVES

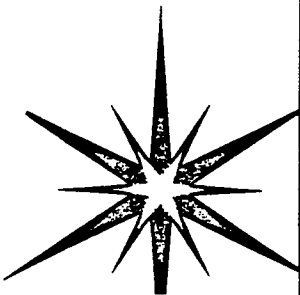
- 
- Process Management Institutionalized Quality principles
  - Market Segmentation Targeted Capital and Expense deployment
  - ISO 9000 Certification Unified management actions
  - Compensation Linkage Aggressive performance improvement targets

AGBH 000241



**Committed to Continuous Improvement**





# GTE/AT&T EXECUTIVE MEETING

## PERFORMANCE IMPROVEMENTS QUALITY INITIATIVES

PROCESS / EXPECTATION GROUP	2ND QTR 1985	3RD QTR 1985	4TH QTR 1985	1ST QTR 1986
QUALITY MANAGEMENT SYSTEMS	DNA	DRM	DRM	A
ACCESS BILLING - INTERSTATE / INTRASTATE	DRM	DRM	DRM	NR
ACCESS - SERVICE DEVELOPMENT	A	A	A	A
ACCESS - MESSAGE SERVICES - MAINTENANCE	DRM	DRM	A	A
ACCESS - MESSAGE SERVICES - SWITCHED ACCESS PROVISIONING	DRM	DRM	DRM	DRM
ACCESS - PROVISIONING EXPECTATIONS	A	A	A	A
ACCESS - SPECIAL ACCESS AND POTS MAINTENANCE	A	A	A	A
ACCESS - INTERNATIONAL PERFORMANCE	A	A	A	A
K.1 "CARE" INTERFACE MANAGEMENT	A	A	A	A
K.2 "CARE" DATA QUALITY	DRM	A	DRM	DRM
OPERATIONS / MAINTENANCE	A	A	DRM	A
SERVICE INQUIRY	F	E	E	E
NATIONAL SERVICE MANAGER / GOVERNMENT MARKETS	E	E	E	E
REVENUE USAGE	A	M	M	A
OVERALL RATING	DNM	DNM	DNM	A

Chubb / Front-

GTE is making progress in driving towards AT&T expectations through

Process Management Initiatives

Customer focus

Targeted Investments

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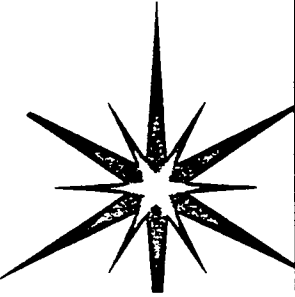
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4 Hour Process  
MNN meet

# GTE/AT&T EXECUTIVE MEETING

## TELOPS MAJOR BUSINESS PROCESSES



**Tom White**

*Mike Esstman*      *John Appel*      *Jerry Dinsmore*

**Service Fulfillment**  
Bercher/Snyder

**Service Availability/CDDD**

**Billing & Payments Processing**  
Sparrow/Seeger

**Accuracy, Timeliness, Uncollectible performance**

**Product Dev. & Market Mgmt.**  
TBD/Weston

**New Product Rollout**

**Paul Miner**  
Program Office Mgmt.

**Service Assurance**  
Appel/Auders

**Network Reliability, Restoral, Prevention**

**Systems Provisioning**  
TBD/Russell

**Plan, Deploy, Support System Solutions**

**Infrastructure Provisioning**  
Paulson/Marlow

**Plan, Design, Build Network Infrastructure**

**Infrastructure Management**  
Barbe/Marlow

**Inventory, Real Estate, Fleet Management**

**Enterprise Management**  
Edwards/TBD

**G&A Management**

**Enterprise Planning**  
TBD/Smith

**Corporate Vision/Strategy and Resource Allocation**

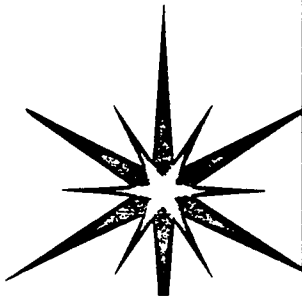
**Integrated Process Activities Linked to OOP**

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# GTE/AT&T EXECUTIVE MEETING

## QUALITY INITIATIVES

- Market Segmentation activities during 1995 led to targeted capital and expense deployment which increased network diversity and improved network reliability. *MAJOR MET, MINOR MET*
- GTE has instituted a certification program to ensure completion of work as defined. (PER THE PLAN)
- Additional non-diversity process initiatives include:
 

Employee Awareness "WDCIO"	Maintenance Windows	National Legislation
Route Patrol /Signage	Preventive Maintenance	LEC expectations
Call Before You Dig	Management Focus	DOE activities

□ Quality Initiatives, both capital related and continuous improvement activities yield the following 1996 projections:

**AT&T Expectation (2-step)  
Defects per Million (DPM)**

Major Markets                    40-90  
Other                                100-250

**GTE Performance  
Defects per Million (DPM)**

117 DOES NOT MEETS  
175 MEETS

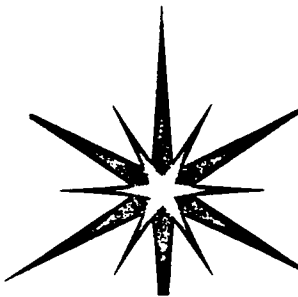
*Meet in portion of Market*

□ Continued focus in 1997 to close performance gaps.



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# GTE/AT&T EXECUTIVE MEETING

## QUALITY INITIATIVES



**ISO 9002 Current Certification**

AT&T SPOC - Tampa

Tampa SSCC

Ft. Wayne SSCC

Irving SSCC

DFW NOC

**Planned ISO Certification**

California SSCC - 8/96

Durham NAOC - 12/96

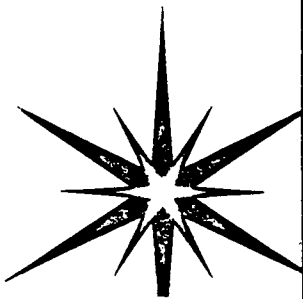
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Uniform Quality Systems

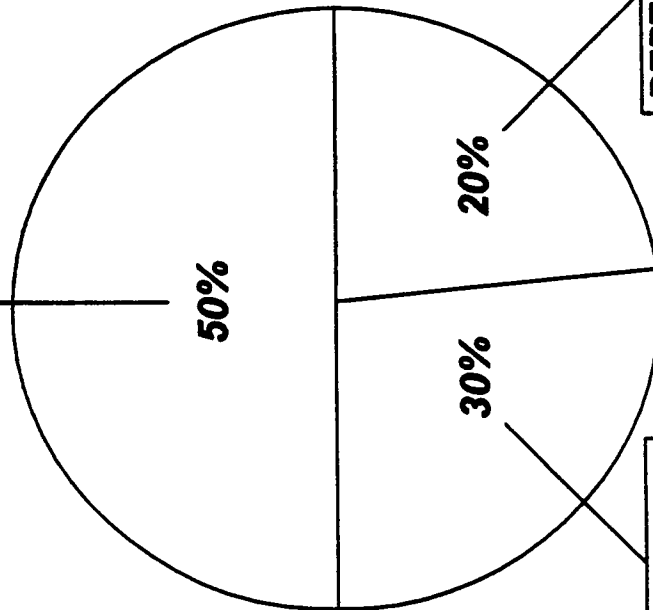




# GTE/AT&T EXECUTIVE MEETING

## QUALITY INITIATIVES

**5 COMMON COMPANY  
CORE MEASURES - 50%**



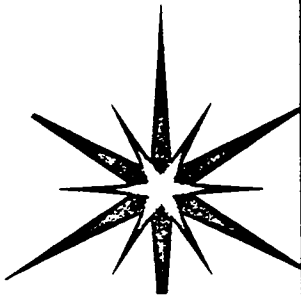
**TEAM - 30%**

**DEPT. WORK  
PLAN - 20%**

### □ *Compensation Linkage*

- Core Company Compensable Objective shared by all TELOPS employees for overall supplier performance expectation attainment.
- Team Objectives also include specific DMOQs for:
  - ↳ CDDD
  - ↳ TTR
  - ↳ Network Reliability (Blocked Calls)
  - ↳ Failure Frequency
  - ↳ Billing Accuracy
- Additional DMOQ departmental objectives

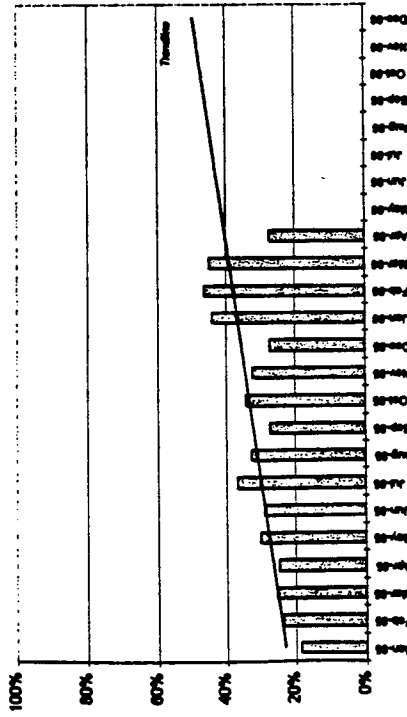




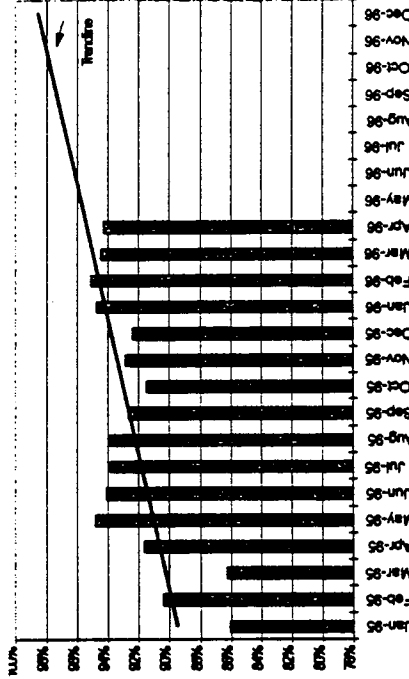
# GTE/AT&T EXECUTIVE MEETING

## QUALITY RESULTS

Special Access Maintenance  
Time to Restore: DS1 < 1 hour



Special Access Provisioning  
CDDD On-Time Performance : All Services



- TAS commitment table enhancement
- Remote test capability
- Facility hub - "cradle to grave" concept

- CDDD = DD
- PTD dispatch

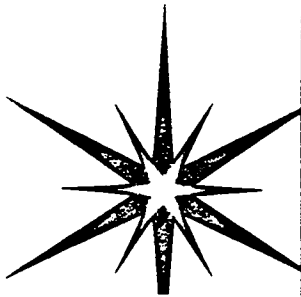
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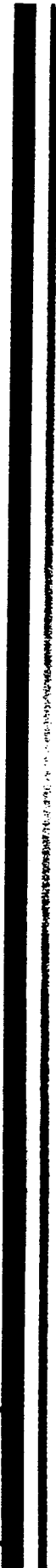
Improvement Linked to Quality Process  
Gap Closure Plans - Communication





# GTE/AT&T EXECUTIVE MEETING

## QUALITY PERFORMANCE INITIATIVES



### Category

### DMOQ

### Initiatives

### Comments

Switched Message  
Provisioning

FOC

Reduce hand-offs, parallel work activities

BIC 4Q95 6 of 9, April '96 4 of 9

FDLR

Joint RCA, monthly work center calls, daily defect review and real time RCA, acknowledgment and error files per industry standard

BIC 4Q95 7 of 9, April '96 3 of 9

CDLR

BIC 4Q95 7 of 9, April '96 5 of 9

Client Server enhancement allowed reduction of quality through-put defects and provided focus to true "timeliness" issues.

✓ Behind the tandem trunking

Forecasting/Serviceing Detail Report, Neal-Wilkinson traffic tables

CSQ focus, tools available to analyze and improve results through timely augmentation of trunk groups

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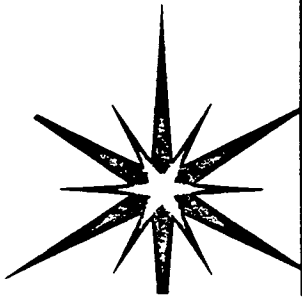


For all Switched Provisioning DMOQs, increased management focus at both GTE and AT&T.

## Performance Focus Issues







# GTE/AT&T EXECUTIVE MEETING

## QUALITY PERFORMANCE INITIATIVES

<u>Category</u>	<u>DMOQ</u>	<u>Initiatives</u>	<u>Comments</u>
Special Access Provisioning	CDDD	Plant Test Date (PTD), Turn-up Center pilot -FL, OSP work order M&P pilot-Northeast, pre-provisioned facility plan	Included in compensable measures. DOE to be worked through Service Fulfillment Process Team, BIC ratings by service type with overall ranking around 3 of 8. Improvement from 7 of 8 early 95, major factor CDDD=DD
	PIC	Subscription Services Platform Deployment complete, current stabilization period	Critical activities to improve performance completed April '96 Software/ System recovery Enhanced testing/ Process optimization/ Larger processors deployed West area deployed 4/22 Improvements expected 3Q

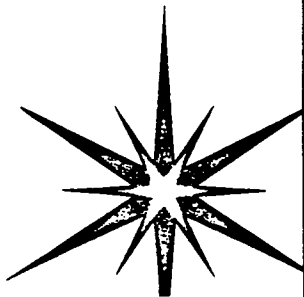
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### Performance Focus Issues

Detailed Gap Closure Plan for all DMOQs, DOE to be developed, Service Fulfillment process team





# GTE/AT&T EXECUTIVE MEETING

## QUALITY PERFORMANCE INITIATIVES



<u>Category</u>	<u>DMOQ</u>	<u>Initiatives</u>	<u>Comments</u>
Special Access & POTS Maintenance	ETTR Accuracy Progress	Progress/ETTR M&Ps	Augmentation of SPOC status and escalation work group in May '96. Results after implementation will improve dramatically. GTE April ETTR Accuracy BIC ranking 1 and 2, Progress about 4 for all services.
	Failure Frequency	Florida Region initiative	Results to be incorporated into process team activities for national deployment - Target date 3Q.

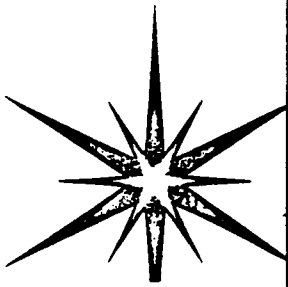
Detailed gap closure plans address all DMOQs not meeting customer expectations with linkage to Service Assurance process teams

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### Performance Focus Issues





# GTE/AT&T EXECUTIVE MEETING

## QUALITY PERFORMANCE INITIATIVES

### Category

Message Services  
Maintenance

### DMOQ

Network Incidents  
NXX Isolation  
Duration

### Initiatives

Network Diversity  
WDCIO  
Preventive Maintenance  
Route Patrol  
Signage  
Call Before You Dig  
National Legislation  
Maintenance Windows  
LEC Expectations  
Management Focus

### Comments

Service Assurance team working  
DOE. (QualPro)

Initiatives apply to all network  
reliability and restoral activities

Overall ranking is 8 of 8 of the major  
suppliers.

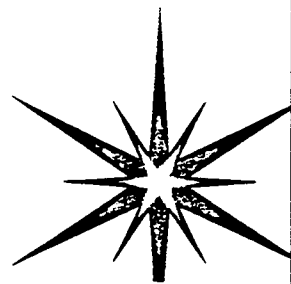
1Q96 overall category rating  
Approaches with April monthly  
Meets. Major Markets DNM (112)  
but all other reliability measures  
were Meets. Continued strength  
in other areas such as SS7, SPOC,  
End Office Failures/Misroutes  
and trouble clearing activities.

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Performance Focus Issues





# GTE/AT&T EXECUTIVE MEETING

## AT&T SPECIFIC IMPACT ACCESS PRICE

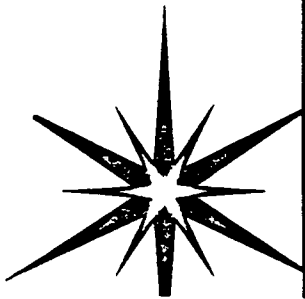
□ Current view 1996 switched access plans entail a \$3.8M decrease

	November '95	June View	Variance Explanation
Interstate			
Carry-Over	\$ 0 M	\$(0.3)M	Deaveraging filings eff. 4th Qtr.
Annual Filing	\$(11.9)M	\$(6.2)M	Annual filing true-up to actual sharing, RAO 20 - \$5M annualized ongoing
Increase Filing	\$ 19.7M	\$21.0M	Assumes \$35M industry increase - difference marketshare driven
Intrastate	\$ 7.8M	\$14.5M	
Carry-over	\$( 7.3)M	\$(12.1)M	(MI CCL surcharge elimination 12/95 CA LTR implemented 12/18/95)
In-Year	\$( 8.7)M	\$( 8.5)M	
CA IRD Recon	\$ 0M	\$ 2.3M	(CPUC order correcting elasticity estimates for access & toll)
	\$(16.0)M	\$(18.3)M	
Total	\$( 8.2)M	\$( 3.8)M	

June View reflects \$35M (\$21M AT&T) in period 1996 increase

*for from how 30.06*





# GTE/AT&T EXECUTIVE MEETING

## ACCESS PRICE INTERSTATE

GTE's Annual Filing was the second largest LEC decrease

	<u>Switched</u>	<u>Special</u>	<u>Total</u>
In Year	(\$ 6.171M)	(\$ .246M)	(\$ 6.417M)
Annual	(\$12.342M)	(\$ .493M)	(\$12.835M)

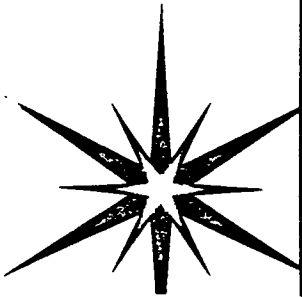
AT&T was competitively advantaged in the Annual Filing

### AT&T % OF REVENUES

	<u>Pre-Filing</u>	<u>Post-Filing</u>	<u>Improvement</u>
GTE	51.63%	51.57%	(0.06%)
Contel	54.35%	54.34%	(0.01%)

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# GTE/AT&T EXECUTIVE MEETING

## ACCESS PRICE INTRASTATE FILINGS



### Intrastate Carry-over

June View  
(\$12.1M)

<u>In-year</u>	<u>Issue</u>	
CA	Index	(\$1.8M)
CA	Merger	(\$0.5M)
IA	RIC Elimination	(\$0.3M)
OK	Rate Case	(\$0.6M)
OR	Annual Filing	(\$0.6M)
WI	CCL	(\$3.1M)
MN	CCL	(\$0.5M)
VA	Rate Case	(\$0.5M)
Other		<u>(\$0.6M)</u>
		(\$8.5M)
CA	IRD Reconsideration	
	Retroactive	\$1.7M
	Ongoing	\$ .6M
		\$ 2.3M

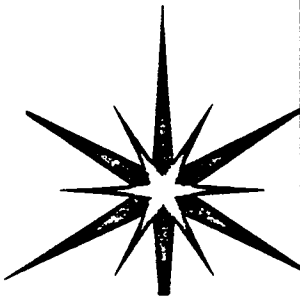
} work together

Total

(\$18.3M)

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# **GTE/AT&T EXECUTIVE MEETING**

## **TELECOM ACT NEGOTIATIONS STATUS**

- GTE views progress is being made
  - Jointly developed timeline
  - Open discussions at SME/Executive negotiating team levels
  - Recognize difficulty of issues:
    - Operational
    - Pricing
    - Resale positions vs unbundling
  - Resource intensive process - both companies

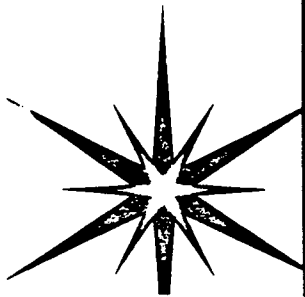
Both companies committed to reaching Agreement. Recognize some issues may require arbitration

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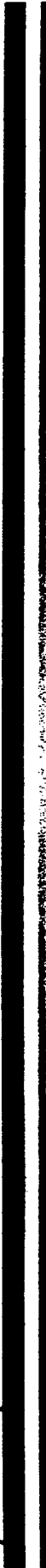
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# GTE/AT&T EXECUTIVE MEETING

## AT&T ADVERTISING CLAIMS



- Print, Radio - Tampa, Seattle, Dallas
- Price/Network Reliability
- On What Data Are Claims Based?

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**GTE**