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June 10, 1996

**VIA FACSIMILE**

Connie E. Nicholas, Esq.  
Attorney  
GTE Telephone Operations  
600 Hidden Ridge, HQE03H44  
P.O. Box 152092  
Irving, TX 75015-2093

Dear Connie:

Under separate cover I have responded to your letter of June 4. I want in this letter to maintain the constructive tone and spirit that you exhibited in that June 4 letter. I need definitive information concerning GTE intentions with respect to the rural exemption provisions in Section 251(f) of the Act.

By way of review, this matter was raised for the first time in our discussions near the end of Core Team sessions held in Irving on May 14. At that time, our records reflect, GTE representatives advised AT&T representatives that:

- (1) GTE had raised a rural exemption claim in an Illinois state regulatory docket;
- (2) GTE would raise the same rural exemption claim in all other jurisdictions in which it believed it qualified for the exemption; and
- (3) Of the 20 GTE states then subject to our negotiations, GTE felt it qualified for the rural exemption in all but four (California, Texas, Florida and Hawaii).

At the Executive Team meeting which convened the next morning, GTE listed the rural exemption issue at the top of the agenda it prepared for that meeting.

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In discussing that first agenda item, Don McLeod confirmed:

- (1) that GTE would *not* raise any rural exemption claim in California, Texas, Florida or Hawaii;
- (2) that GTE would advise AT&T by the end of that week as to the states in which a rural exemption claim would or would not be raised; and
- (3) GTE would not pursue any other exemption under the Telecommunications Act of 1996, or otherwise.

Please let me know if you have any disagreement with my recitation of Mr. McLeod's advice at the May 15 meeting in Irving.

At our May 30 Executive Team meeting in New Jersey, Messrs. Seaman and Peterson indicated that GTE had not yet determined on whether and where it would raise the rural exemption, and that the issue was under consideration at the highest levels of your corporation.

I formally request for and on behalf of AT&T that GTE notify AT&T not later than Friday of this week, June 14, of your intentions with respect to the rural exemption provisions of the new Act. Specifically, I ask that you fax to me GTE's definitive advice regarding the following:

1. Will GTE pursue or continue to pursue the Section 251(f) rural exemption in Illinois?
2. Will GTE rely or continue to rely in Illinois on the definitions section of the new Act, namely, Section 3(47)(D) for the rural exemption;
3. Will GTE advance in Illinois any other basis, beyond Section 3(47)(D), for rural exemption under Section 3(47) or other provision of the Act?

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4. Will GTE pursue or continue to pursue the Section 251(f) rural exemption in any of the other states in which it operates;

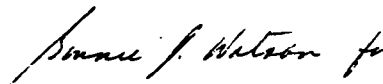
5. If your response to question 4 is yes, please list all such other states.

6. For each such other state please provide the information requested in questions 2 and 3 above.

I need this information now, to inform AT&T's early decision on any action that may be required of it in the face of the exemption request. If you have it, please don't wait until Friday to get it to me. If I have not received it by Friday, AT&T will reasonably assume that GTE will in all states assume or advance the rural exemption.

Thank you for your close attention to this matter.

Sincerely,

  
Joyce Beasley

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