

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

IN THE MATTER OF THE INTERCONNECTION)
CONTRACT NEGOTIATIONS BETWEEN AT&T)
COMMUNICATIONS OF THE PACIFIC)
NORTHWEST, INC., AND GTE NORTHWEST)
INCORPORATED PURSUANT TO 47 U.S.C.)
SECTION 252)

DOCKET NO. UT-960307

DIRECT TESTIMONY OF
R. REED HARRISON III
ON BEHALF OF
AT&T COMMUNICATIONS
OF THE PACIFIC NORTHWEST, INC.
AUGUST 16, 1996

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. R. Reed Harrison III, One Oak Way, Berkeley Heights,
3 New Jersey 07922.

4

5 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

6 A. I am employed by AT&T, as Vice President-Local
7 Infrastructure and Access Management for Regional
8 Operations.

9

10 Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?

11 A. I am and have been responsible for managing AT&T's
12 relationship as an access customer of GTE as well as of
13 the Regional Bell Operating Companies ("RBOCs") and
14 other telephone companies. My principal responsibility
15 since the passage of the Telecommunications Act of 1996
16 ("the Federal Act"), however, has been the management
17 and direction of AT&T's negotiations with GTE for
18 interconnection, services and network elements under
19 Section 252 of the Federal Act.

20

21 Q. PLEASE PROVIDE A SUMMARY OF YOUR EDUCATIONAL BACKGROUND
22 AND PROFESSIONAL EXPERIENCE.

23 A. I received a Bachelor of Science Degree in Electrical
24 Engineering from the University of Maryland in 1971.
25 In 1981, I received a Masters Degree in Management from

1 Pace University. I completed the Advanced Management
2 Program at Harvard Business School in 1990. I also
3 have attended numerous technical and management
4 training courses.

5
6 I joined the Chesapeake and Potomac (C&P) Telephone
7 Company, working summers as a technician beginning in
8 1966 and becoming a full-time employee in 1971. In
9 1978, I transferred to AT&T where I served first as a
10 District, then as a Division Manager in Network
11 Operations Planning for the Bell System.

12
13 Following the break-up of the Bell System in 1984, I
14 moved to AT&T Network Systems (formerly Western
15 Electric) and worked there, and in associated Bell
16 Laboratories functions, over the next twelve years.
17 For the period 1984-1986, I served as Marketing
18 Director and Strategic Business Planning Director for
19 network infrastructure products and markets, with a
20 principal focus on serving the Regional Bell Companies
21 and other large LECs, including GTE. From 1988-1989, I
22 was responsible for planning and managing the
23 transmission product line sold to large LECs and
24 others. From 1989 through 1994, I was RBOC Operations
25 Systems VP and Bell Labs Executive Director.

1
2 In 1994, I became President of the GTE Global Business
3 Unit at AT&T Network Systems, with full responsibility
4 for the AT&T supplier relationship with GTE Corp. In
5 that capacity, I directed all AT&T efforts to be GTE's
6 supplier of choice for its network infrastructure
7 needs, including switching, transmission and
8 operational support systems, network cable systems and
9 wireless equipment. My AT&T team and I charted for GTE
10 the next generation of digital cross-connect, SONET-
11 based systems. In this position, I dealt directly with
12 the senior management of GTE and otherwise became
13 thoroughly familiar with GTE business and network
14 operations.

15
16 In 1996, I undertook my present assignment managing the
17 AT&T customer relationship with GTE Corp. and, since
18 March, 1996, I have worked full-time at leading AT&T's
19 negotiations with GTE under the Federal Act.

20

21 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

22 A. The purpose of my testimony, and that of other AT&T
23 witnesses in this proceeding, is to explain the
24 critical importance of a comprehensive interconnection
25 agreement between AT&T and GTE so that AT&T can enter

004566

1 the monopoly local exchange markets now served by GTE
2 in this state. I explain first that AT&T is ready,
3 willing and anxious to provide to the millions of
4 consumers in GTE's local service markets high quality
5 and innovative local services to bring choice and the
6 benefits envisioned by Congress and the Washington
7 Legislature to consumers in this state. In order to do
8 so, however, AT&T needs a comprehensive interconnection
9 agreement with GTE.

10
11 Next, I explain the difficulties AT&T has encountered
12 in the efforts to negotiate the essential
13 interconnection agreement with GTE, and identify some
14 fundamental concerns that underlie those difficulties.
15 I also will identify the major unresolved issues
16 presented here for disposition by this Commission.

17
18 Finally, I explain why AT&T urges the Commission to
19 adopt the comprehensive interconnection agreement
20 proposed by AT&T. GTE will not enter into an
21 interconnection agreement without direction from this
22 Commission; therefore, AT&T is asking for that
23 direction in this proceeding. AT&T's proposed
24 interconnection agreement serves the Congressional
25 purpose envisioned in the Federal Act and the public

1 interest by enabling AT&T to enter the local market to
2 provide consumers with choices for local service in
3 this state.

4
5

6 **I. AT&T'S APPROACH TO LOCAL SERVICE**

7

8 **Q. HOW WILL AT&T HELP BRING CHOICE TO CUSTOMERS IN THE**
9 **LOCAL EXCHANGE MARKET IN THIS STATE?**

10 A. AT&T plans to offer its local exchange service to
11 customers throughout the entire state. AT&T has a
12 strong interest in serving rural and urban, business
13 and residential customers. AT&T currently offers
14 interLATA and intraLATA toll service to these same
15 customers. Over time, if AT&T is successful in meeting
16 customer needs, AT&T hopes to provide local exchange
17 services to this same set of customers, as well as
18 others in GTE's territory in this state.

19

20 **Q. HOW DOES AT&T PLAN TO PROVIDE LOCAL EXCHANGE SERVICE TO**
21 **ITS CUSTOMERS?**

22 A. AT&T will provide local exchange services to customers
23 through: (1) the resale of GTE's services; (2) the
24 packaging of unbundled network elements purchased from
25 companies such as GTE and U S WEST; and/or (3) a
26 combination of AT&T's own facilities with the network

1 elements and resold services of the incumbent local
2 exchange companies ("LECs").

3

4 **Q. PLEASE EXPLAIN AT&T'S PLANS TO ENTER THE LOCAL EXCHANGE**
5 **MARKET THROUGH RESALE.**

6 A. AT&T plans to enter the local exchange market initially
7 through the resale of GTE's services. AT&T will
8 purchase GTE's services at wholesale prices and
9 "resell" them. This is essential because broad based
10 competitive entry into the local market in this state
11 (and throughout the country) would require
12 prohibitively large investments and time if it were
13 done solely on a facilities basis. It is impractical
14 and unreasonable to expect any new entrant, including
15 AT&T, which is subject to tremendous competition, to be
16 able to match quickly the level of investment necessary
17 to compete solely on a facilities basis.

18

19 **Q. WHAT SERVICES IS AT&T PLANNING TO OFFER THROUGH THE USE**
20 **OF ITS OWN FACILITIES WHEN IT INITIALLY ENTERS THE**
21 **LOCAL EXCHANGE MARKET?**

22 A. AT&T is planning to use its own facilities to provide
23 directory assistance, operator assistance, and voice
24 mail services to customers when it enters the local
25 market. AT&T currently provides directory assistance

1 and operator services to its toll customers and plans
2 to offer those services to its local customers in this
3 state as well.

4
5 **Q. ARE THERE OTHER LOCAL SERVICE FUNCTIONS THAT AT&T IS**
6 **PLANNING TO PROVIDE?**

7 A. Yes. AT&T currently plans to provide the functions
8 associated with customer care and billing. These
9 functions include: (1) taking an order from a customer
10 for new or additional services; (2) billing inquiries;
11 (3) trouble reporting; and (4) canceling or
12 disconnecting services. AT&T currently provides some
13 or all of these functions to both business and
14 residential customers for interLATA and intraLATA toll
15 services.

16
17 **Q. HOW DOES AT&T PLAN TO INCLUDE LOCAL SERVICES IN THE MIX**
18 **OF SERVICES THAT IT CURRENTLY OFFERS TO ITS CUSTOMERS?**

19 A. AT&T plans to offer end-to-end services and "one stop
20 shopping" for telecommunications services to its retail
21 customers, subject to any restrictions contained in the
22 Act. This "one stop shopping" would include local
23 exchange, toll, wireless, on-line and entertainment
24 services.

25

1 Local exchange services, therefore, will make up but
2 one element of the group of services AT&T intends to
3 offer to its business and residential, rural and urban
4 customers alike. AT&T also plans to offer customers
5 one bill for all of the services they obtain from AT&T,
6 again, subject to any restrictions contained in the
7 Federal Act.

8
9 **Q. DOES AT&T HOPE TO OFFER CUSTOMERS MORE CHOICE AND**
10 **BETTER SERVICES THAN THOSE CURRENTLY AVAILABLE?**

11 A. Yes. Initially, AT&T intends to offer customers one-
12 stop shopping, packages of features, and options on
13 prices. Over time, and as competition develops,
14 additional packages of features, prices and services
15 will be available throughout the state. Moreover, AT&T
16 will offer customers the high level of service, quality
17 and innovation that, in 1994, earned AT&T's Consumer
18 Communications Services the Malcolm Baldrige National
19 Quality Award. AT&T believes that customers in the
20 local exchange market will particularly value the AT&T
21 management and quality processes that led to that
22 award.

23
24 **Q. WERE GTE'S PROPOSALS DURING THE NEGOTIATIONS SUFFICIENT**
25 **FOR AT&T'S PLANNED ENTRY INTO THE LOCAL MARKET?**

1 A. No. As described more fully below, GTE has not made
2 any proposals sufficient to meet customer needs and
3 support the broad based local service entry that AT&T
4 plans for this state.

5

6 **II. HISTORY OF NEGOTIATIONS**

7

8 **Q. HOW DID NEGOTIATIONS WITH GTE COMMENCE?**

9 A. AT&T requested interconnection negotiations with GTE
10 under the Federal Act through a March 11, 1996 letter
11 to GTE's chief executive officer, and through March 18,
12 1996 letters to GTE regional and state representatives.
13 Copies of these letters are attached to AT&T's
14 Petition. Our initial letters requested
15 interconnection in 20 of the 28 states--including
16 Washington--in which GTE operates, and subsequent
17 letters addressed 5 out of the 8 remaining states. We
18 have not yet commenced interconnection negotiations
19 with GTE in Alaska, New Mexico and Idaho.

20

21 **Q. WHY WERE NEGOTIATIONS PURSUED ON A NATIONAL BASIS WITH**
22 **GTE?**

23 A. AT&T chose to pursue national negotiations through a
24 single team to address all of GTE's operations. We
25 believed this would be more efficient and would allow

1 both parties to focus their efforts on one
2 comprehensive set of negotiations in which we could
3 address all details, rather than diffusing our efforts
4 around the country. GTE agreed that this was an
5 appropriate course of action.

6
7 **Q. WHAT OCCURRED NEXT?**

8 A. We held a series of meetings during April, 1996 in
9 which AT&T representatives provided a comprehensive
10 presentation of AT&T's local market entry plans and
11 AT&T's related requirements for interconnection,
12 services and network elements to GTE. To memorialize
13 that presentation, and to provide a device for
14 effective negotiations, AT&T provided GTE with a
15 detailed Matrix of AT&T's specific requirements. This
16 Matrix is attached to AT&T's Petition.

17
18 **Q. WHAT PROCEDURES WERE ESTABLISHED FOR THE NEGOTIATIONS**
19 **WITH GTE?**

20 A. AT&T suggested, and GTE agreed, to a process for
21 intensive and multi-level negotiations. We agreed that
22 subject matter experts and negotiators would address
23 individual issues; a core team of negotiators would
24 coordinate or consolidate negotiations; and an
25 executive team would discuss issues for further

1 resolution when all other avenues failed. Working from
2 the AT&T Matrix and, with GTE's modifications added to
3 it according to a work plan suggested by AT&T,
4 negotiations proceeded on a daily, weekly and biweekly
5 basis. This resulted in well over 100 negotiating
6 sessions conducted via conference calls and in person
7 meetings (with related correspondence) and concluded
8 with a two and one-half day "lock up" negotiating
9 session on July 17 through 19, 1996.

10

11 **III. AT&T'S NEGOTIATING POSTURE**

12

13 **Q. PLEASE DESCRIBE AT&T'S POSITION AND YOUR ROLE IN THE**
14 **NEGOTIATIONS WITH GTE?**

15 **A.** The successful negotiation of a comprehensive agreement
16 with GTE for interconnection, services and network
17 elements has been, and is, a very high priority for
18 AT&T. I am the AT&T senior officer responsible for the
19 planning, staffing and direction for AT&T in these
20 negotiation efforts. My co-leader and project manager
21 in that effort, Ronald Shurter, is the Local
22 Infrastructure and Access Management Vice President for
23 the Southern States and National Suppliers.

24

1 At the outset, I assigned Mr. Shurter to a project
2 management role in the GTE negotiations. We deemed it
3 essential that both parties to the negotiation dedicate
4 the human and other resources needed to ensure the
5 progress, efficiency and effectiveness of those
6 negotiations. Mr. Shurter's staffing work extended
7 across AT&T divisions (e.g., Network Services, Law &
8 Government Affairs) and AT&T geography (the six AT&T
9 domestic regions in which GTE provides local service).
10 I encouraged a similar approach on the part of my GTE
11 counterparts.

12
13 Mr. Shurter and I established a framework and process
14 for the negotiations. We set up a structure of Subject
15 Matter Expert teams, Core Negotiating Teams and
16 Executive Teams to identify, resolve and escalate
17 issues. We put in place processes for those purposes
18 and for tracking of issue status and resolution. We
19 pushed for regular meeting schedules at all team
20 levels, documentation of our areas of agreement and
21 disagreement, and Executive Team review and resolution
22 of escalated issues. We gave to, and sought from, GTE
23 a commitment to work toward a comprehensive agreement.
24 Unfortunately, our efforts with GTE did not bring about
25 that comprehensive agreement. Therefore, critical

1 issues must now be resolved in this arbitration
2 proceeding.

3
4 **IV. GTE'S NEGOTIATING POSTURE**

5
6 **Q. CAN YOU DESCRIBE GTE AND ITS APPROACH TO THE**
7 **NEGOTIATIONS WITH AT&T?**

8 A. Yes. First, I want to reiterate that I am well
9 acquainted with GTE, with its people, and with its
10 network and operations. I have observed over my thirty
11 years in the telecommunications business that GTE is
12 often viewed, relative to the RBOCs, as that "other
13 telephone company" or even "that smaller telephone
14 company." In fact, it is neither. It is very large
15 and, in its own 1995 Annual Report, GTE described
16 itself as the largest local telephone company in the
17 nation. In 1995, GTE had \$20 billion in revenues and
18 served over 24 million access lines (18.5 million
19 domestic and 5.6 million overseas). It has an advanced
20 telecommunications network, into which it has poured
21 enormous capital investment (\$4.0 billion in 1995) and
22 it has capable people to run that network. (GTE Annual
23 Report 1995, AT&T/14 at pp. 2, 23.)
24

004576

1 My point is that GTE is expert and experienced in the
2 effective running of a local exchange business. It is
3 not a "smaller" or "inexperienced" telephone company.
4 GTE understands fully what AT&T has requested.
5 Therefore, there is no reason to doubt GTE's ability to
6 provide the full range of interconnection, services,
7 network elements and operational interfaces that AT&T
8 has requested and which GTE is obligated to provide
9 under the Federal Act and the Rules recently issued by
10 the Federal communications Commission ("FCC") as well
11 as by the decisions of this Commission. Technical
12 feasibility is not an issue because GTE is entirely
13 able to meet AT&T's needs. GTE just has not been
14 willing to do so.

15
16 Second, GTE consistently has taken the position that
17 all issues "agreed upon" by the parties are conditioned
18 ultimately on reaching an agreement on price. GTE has
19 not been willing to discuss a work plan to implement
20 essential electronic interconnection for pre-ordering,
21 ordering, repair and maintenance, and billing functions
22 absent an agreement on price. GTE has stated it will
23 not negotiate beyond its initial rejection of AT&T's
24 request for unbundled network elements absent an
25 agreement on price. GTE's provisioning of wholesale

1 services is subject to an agreement on price. On a
2 host of other issues for which negotiations produced
3 some agreement, GTE underscored that "its agreement"
4 also is subject to an agreement on price.

5
6 Third, despite repeated efforts to do so, AT&T has been
7 unable to reach an agreement on price. GTE has made it
8 difficult for AT&T to analyze or understand GTE's price
9 proposals, principally by denying AT&T access to
10 underlying cost data. Further, GTE also refused to
11 clarify issues AT&T raised concerning GTE's price
12 proposal.

13
14 Fourth, throughout the extended negotiations process
15 with GTE, AT&T has been the initiator, always the
16 proponent of some new approach to attempt a
17 breakthrough on impasse items. GTE's attitude, in
18 contrast, has been passive, at best. GTE's disdain for
19 the process is best exemplified by its disavowal of the
20 nondiscrimination requirements of the Federal Act and
21 the FCC's Rules. The Congressional objective of local
22 exchange competition cannot be met without parity,
23 i.e., without GTE's making available to AT&T and other
24 new entrants the same interconnection, services,
25 network elements and operational interfaces that GTE

1 provides to itself and its customers. GTE has refused
2 to provide such parity. It is my understanding that
3 the FCC's Rules resolve this issue: GTE must provide
4 such parity.

5

6 **Q. DID AT&T AND GTE REACH AGREEMENT ON ANY MAJOR ISSUES?**

7 A. No. AT&T and GTE have not reached agreement on any
8 fundamental issues related to pricing, the extent of
9 unbundling, the extent of resale, technical and
10 operational interfaces, and other major issues
11 regarding interconnection.

12

13 **Q. DID AT&T AND GTE REACH AGREEMENT ON ANY ISSUES?**

14 A. Yes. However, I would summarize the areas of agreement
15 as those which do not, and will not, affect GTE's
16 fundamental monopoly power. These included
17 administrative, procedural and peripheral operational
18 issues. The areas in which agreement were reached are
19 reflected in the Matrix maintained by AT&T and GTE,
20 attached to AT&T's Petition. However, even these
21 "agreements" with GTE are subject to an agreement on
22 price.

23

24 **Q. DID AT&T MEMORIALIZE SUCH AREAS OF "TENTATIVE"**
25 **AGREEMENT IN A CONTRACT?**

1 A. Yes. AT&T has filed a draft agreement detailing those
2 areas that have been agreed upon as well as the issues
3 and contract language which have not been agreed upon.
4 (Again, all "agreed" issues are subject to an agreement
5 on price.) I also directed the AT&T negotiating team
6 to prepare "annotations" in the contract which describe
7 the bases for AT&T's position and contract language.
8 As you will see from the annotations, GTE has been
9 consistent in its refusal to agree to items which might
10 diminish its monopoly power, i.e., limitations on
11 liability and indemnification, duration and scope of
12 the contract, and procedures for alternative dispute
13 resolution. GTE has been unwilling to agree to
14 commercially reasonable and balanced terms, and
15 instead, has sought to continue the one-sided control
16 of the business relationship characteristic of a
17 monopoly local service provider.

18

19 **V. UNRESOLVED ISSUES FOR ARBITRATION**

20

21 **Q. DID AT&T ULTIMATELY REACH A POINT IN THE NEGOTIATIONS**
22 **WHERE IT BECAME CLEAR THAT ARBITRATION WAS NECESSARY?**

23 A. Yes. AT&T had hoped to make a great deal of progress
24 through negotiations with GTE in order to quickly enter
25 the local service markets that GTE is serving today in

1 this state. However, as the period for negotiations
2 came to an end, it became apparent to AT&T that GTE
3 would not agree to a comprehensive interconnection
4 agreement with AT&T, as contemplated by the Federal
5 Act.

6
7 **Q. WHAT MAJOR ISSUES REMAIN UNRESOLVED WITH GTE?**

8 A. While there are many important unresolved issues, they
9 can be summarized into the following categories.

10 First, AT&T seeks a package of services from GTE -- a
11 Total Service Resale package -- through which AT&T
12 would purchase GTE services at wholesale prices
13 pursuant to the Federal Act. Resale of GTE services is
14 critical to AT&T's local market entry, particularly for
15 those locations where facilities based service is not,
16 and will not be, economically viable for some time.
17 GTE's unwillingness to provide some of its retail
18 services to AT&T, at discounted wholesale rates, is
19 contrary to Section 251 of the Federal Act and FCC
20 Rules §§ 51-605 and 51-613. For those services it will
21 provide, GTE's discount proposals are inadequate, and
22 do not appropriately reflect GTE's avoidable costs.
23 See FCC Rules §§ 51-607, 51-609 and 51-611.

24
25 Second, AT&T requested unbundled network elements,
26 individually and in combinations. With those elements

1 and combinations, AT&T will be able to offer facilities
2 based competitive local exchange and other services.
3 As the FCC rules recognize, AT&T will need to be able
4 to combine or recombine elements into services that
5 AT&T believes customers will want. FCC Rule § 51-315.
6 The unbundled elements and combinations are essential
7 not only in order to offer services now offered by GTE,
8 but also to develop new and innovative services. AT&T's
9 need for these essential unbundled network elements and
10 combinations --and GTE's resistance to and rejection of
11 that need-- are covered in the testimony of AT&T
12 witness Mr. Bohling.

13
14 Third, critically important to all of the services that
15 AT&T seeks to provide are operational interfaces, or
16 stated otherwise, electronic interconnection with GTE
17 that will permit AT&T to offer services in a manner
18 that is at least equal in quality to the manner in
19 which GTE provides these functions for its local
20 service today. Whether AT&T is purchasing resold
21 services or unbundled network elements, AT&T must be
22 able to provide pre-ordering, ordering, repair and
23 maintenance and billing processes that are
24 indistinguishable from what is available from GTE
25 today. The FCC Rules recognize the importance of these

1 interfaces and the obligation of incumbent LECs, such
2 as GTE, to provide these operational interfaces. FCC
3 Rule § 51-319. These critical operational interface
4 issues are described in the testimony of AT&T's witness
5 Mr. Finnegan.

6
7 Fourth, AT&T seeks interconnection and a number of
8 other technical capabilities including, but not limited
9 to: number portability, collocation, access to number
10 resources, access to pathway facilities and certain
11 ancillary services.

12
13 Fifth, AT&T seeks commercially reasonable terms and
14 economically viable prices from GTE for
15 interconnection, services, network elements, and
16 operational interfaces AT&T seeks from GTE. The
17 testimony of AT&T's witness Dr. Mayo describes why it
18 is important for this Commission to adopt cost based
19 prices for GTE's services, network elements,
20 operational interfaces as well as interconnection
21 between the parties.

22

1 VI. AT&T'S PROPOSED INTERCONNECTION AGREEMENT

2

3 Q. DOES AT&T'S PROPOSED AGREEMENT COVER THE
4 INTERCONNECTION, SERVICES, NETWORK ELEMENTS,
5 OPERATIONAL INTERFACES AND OTHER FACILITIES AND
6 ARRANGEMENTS THAT AT&T IS SEEKING FROM GTE?

7 A. Yes. AT&T's proposed interconnection agreement
8 addresses all of these issues and AT&T is asking this
9 Commission to approve that agreement in this
10 proceeding.

11

12 Q. WHAT ARE THE GENERAL PRINCIPLES UNDERLYING AT&T'S
13 INTERCONNECTION AGREEMENT?

14 A. First, the Federal Act imposes specific duties on
15 incumbent LECs, like GTE, in order to open the local
16 exchange market to competition. This Commission is
17 empowered to carry out this clear Congressional intent,
18 and impose, through the agreement proposed and
19 requested by AT&T, terms and conditions that translate
20 into real world possibilities, i.e., enabling AT&T and
21 other new entrants to enter and compete in GTE's local
22 markets.

23

24 Second, AT&T seeks a customer/supplier business
25 relationship with GTE through which AT&T will purchase

1 from GTE, over the next 3 years, approximately \$5
2 billion in network elements and services -- including
3 exchange access services. These are services and
4 elements that AT&T cannot buy from anyone else but GTE
5 in GTE's serving territory. Care must be taken to
6 ensure that GTE cannot stifle competition and create
7 unwarranted costs for its local exchange competitors
8 that are unreasonable or higher than the costs GTE
9 incurs in its own business for those services and
10 elements. Otherwise, AT&T will not be able to price its
11 offerings competitively with those of GTE.

12
13 Third, AT&T has to be able to secure from GTE those
14 services elements, and operational interfaces that will
15 permit AT&T to offer high quality and innovative
16 services to customers. If AT&T cannot obtain or offer,
17 at a minimum, the same level of service and quality
18 that GTE offers today, AT&T cannot help bring consumers
19 in this state real choices for their local service and
20 other telecommunications needs. GTE has the ability and
21 the incentive to impose on new entrants operational
22 impediments that will ensure that GTE is the superior
23 local service offer. That puts GTE, not the customer,
24 in charge. So the interconnection agreement must
25 provide for parity in the provisioning of

1 interconnection, services, network elements and
2 operational interfaces.

3

4 **Q. DOES AT&T HAVE ANY CONCERN ABOUT QUALITY ASSURANCES IN**
5 **GTE'S PROVISION OF INTERCONNECTION, SERVICES, NETWORK**
6 **ELEMENTS AND OPERATIONAL INTERFACES?**

7 A. Yes. For the long-term customer relationship with GTE
8 that AT&T envisions, AT&T seeks to ensure that quality
9 is maintained by GTE in the provisioning of
10 interconnection, services, network elements and
11 operational interfaces to avoid disputes and multiple
12 return trips to this Commission for the resolution of
13 such disputes. Here again, the risk to be avoided is
14 that GTE may inhibit competition by lowering the
15 quality of the services it provides to AT&T (and other
16 new entrants), or delaying the resolution of
17 interconnection contract disputes.

18

19 **Q. HOW DOES AT&T ADDRESS THAT QUALITY ASSURANCE CONCERN?**

20 A. In my management of GTE's relationship with AT&T as a
21 supplier of access for long distance services, AT&T has
22 implemented a number of supplier performance and
23 quality control procedures. These have worked
24 effectively for the benefit of both companies and
25 consumers. As set forth in AT&T's proposed

1 interconnection agreement, AT&T and GTE have agreed to
2 implement similar quality control practices and
3 procedures to govern the implementation of that
4 agreement. Furthermore, AT&T has proposed alternative
5 dispute resolution procedures in the interconnection
6 contract to avoid delays and piecemeal proceedings
7 before this Commission to resolve disputes between the
8 parties under the contract.

9
10 **VII. CONCLUSION**

11
12 **Q. DO YOU HAVE ANY CONCLUDING COMMENTS?**

13 A. Yes. The Federal Act was enacted to open all
14 telecommunications markets to competition, and it is
15 particularly focused on the conditions needed to permit
16 competitive entry into the monopoly local exchange
17 markets. The Federal Act imposes clear obligations on
18 incumbent local exchange carriers to negotiate sensible
19 and realistic terms and conditions that will permit new
20 entrants, such as AT&T, to enter and compete fairly and
21 effectively in the local exchange markets in this and
22 all other states.

23
24 That requires, at a minimum, that GTE make available to
25 AT&T and other new entrants interconnection, services,

1 network elements, and operational interfaces at
2 commercially reasonable and economically viable terms,
3 conditions and prices. Parity and price, the twin
4 pillars of GTE's resistance, are essential ingredients
5 for AT&T's viable local market entry.

6
7 Of significance is that the Federal Act imposes on the
8 RBOCs, among other conditions, a fourteen point test,
9 as a precondition for entry into the interLATA markets.
10 But the Act imposes no such test or other conditions on
11 GTE. At the earliest stage of the negotiations
12 sessions, in Irving, Texas on April 2, 1996, GTE
13 counsel and representatives emphasized to AT&T that GTE
14 was not subject to the 14-point RBOC test or other
15 conditions for interLATA entry, and as a result, GTE
16 lacked the incentive of the RBOCs to reach a
17 comprehensive interconnection agreement with AT&T.

18
19 GTE already has entered the long distance market, and
20 has touted in those markets its ability to offer a full
21 package of local and long distance services -- while
22 maintaining its local exchange monopoly. To assure
23 that consumers realize the benefits of local
24 competition in all local markets, including GTE's, AT&T
25 requests that the Commission adopt and approve the

1 comprehensive interconnection agreement submitted by
2 AT&T.

3

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 **A. Yes.**