AT&T EX. 8

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

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ON BEHALF OF

AT&T COMMUNICATIONS

OF THE PACIFIC NORTHWEST, INC.

AUGUST 16, 1996

I. BACKGROUND AND PURPOSE OF TESTIMONY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is John F. Finnegan. My business address is 1875 Lawrence Street, Room 1420, Denver, Colorado 80202.

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

A. I am employed by AT&T Corp. as a Senior Policy Witness in the Western Region Law and Government Affairs organization. In that capacity, I am responsible for developing, interpreting and presenting AT&T's position as a subject matter expert and witness on a variety of policy issues.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. I received a Bachelor of Science Degree in Ceramic Engineering from the Rutgers College of Engineering in 1981. In 1991, I received a Masters Degree in Business Administration from the University of Denver.

After graduating from Rutgers, I spent the next two years with Combustion Engineering in Valley Forge, PA as a Project Engineer. In 1983, I joined AT&T. Over the next 12 years, I spent time with AT&T in a variety of engineering, quality management, sales and marketing positions. Almost half of that time was spent leading a supplier quality

management organization. In 1995, I joined the New Markets Development Organization, as one of the first employees in the Western Region. In 1996 I began my current position.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to describe the operational issues in dispute in this arbitration, namely AT&T's request for electronic, system-to-system interfaces with GTE's operational support systems. More specifically, in regard to electronic interfaces, I will: (1) explain what is meant by "real time electronic interfaces"; (2) explain why these electronic interfaces are required by the Telecommunications Act of 1996 (" Federal Act"), the Federal Rules interpreting the Federal Act ("Federal Rules"), and essential to the development of local exchange competition; (3) describe GTE's current position regarding each requested interface; and (4) describe the interim and permanent electronic interface solutions AT&T is requesting from GTE and the reasonableness and technical feasibility of those requests.

II. ELECTRONIC SYSTEM-TO-SYSTEM INTERFACES

Q. WHAT ARE ELECTRONIC INTERFACES?

A. Electronic interfaces are communications transactions between two carriers such as GTE and AT&T. Many different terms are used to describe what AT&T here

refers to as "electronic system-to-system interfaces," including undelayed, on-line, and real time interfaces. Although the terms differ, the concept to which these terms refer is the same. These transactions permit AT&T's application programs to talk directly to GTE's application programs.

An everyday example of electronic interfaces is the automated teller machine ("ATM"). To get cash from an ATM, a cash card holder inserts his or her card. The ATM then "talks" with the application programs of the cardholder's bank. Those application programs provide the ATM with the information necessary to perform its functions (in most instances, provide cash). That exchange of information is critical to the ATM's performance. Without it, the concept of an automated teller, something we accept as a given in our everyday lives, would simply not exist. Likewise, without the ability to "talk" with GTE's application programs, AT&T will not be able to provide its customers the level of convenience, service, and accuracy within the time intervals that customers expect when they purchase service from GTE.

Q. WHAT ELECTRONIC INTERFACES HAS AT&T REQUESTED FROM GTE?

A. AT&T requests electronic interfaces for: (1) pre-ordering, (2) ordering/provisioning, (3) maintenance and repair, and (4) billing.

Q. HOW DOES AT&T PROPOSE THAT THESE INTERFACES BE IMPLEMENTED?

A. To avoid the barriers to entry that would result from multiple disparate system interfaces, AT&T advocates that access to operational support systems be implemented through "gateway" systems that use uniform, nationwide interfaces and standard quality measures. I will discuss the gateway approach later in my testimony in conjunction with the technical details of AT&T's electronic interface proposal.

A. Pre-Ordering Interfaces

Q. THE FIRST OF THE FOUR CATEGORIES OF ELECTRONIC INTERFACES YOU MENTIONED IS "PRE-ORDERING INTERFACES." COULD YOU EXPLAIN WHICH PRE-ORDERING INTERFACES ARE NECESSARY TO ENABLE AT&T TO PROVIDE ITS CUSTOMERS WITH THE SAME ORDERING EXPERIENCE AS GTE PROVIDES ITS CUSTOMERS?

A. By "pre-ordering interfaces", I mean that AT&T must have real time access to the information needed to respond to pre-service ordering queries from customers as well as to place a service order with GTE. That information includes: (1) the verification of the new customer's address; (2) the availability of the features the customer desires; (3) the time frame for service installation; (4) the customer service record; and, most importantly, (5) the list of telephone numbers a

customer may choose from. Unless it has the same access to this information as GTE, AT&T will not be able to provide its customers with an ordering experience commensurate to that which GTE provides to its end users.

B. Ordering/Provisioning Interfaces

Q. WHAT ORDERING/PROVISIONING INTERFACES ARE NEEDED FROM GTE?

A. What is needed is the exchange of information necessary to provision a service order in GTE's switching office or transport plant. Provisioning involves GTE's input of data into its databases and installation at the customer's premises (if necessary), the tracking of critical dates, appropriate directory listings, customer information for 9-1-1, transmission of either a Firm Order Confirmation (FOC), jeopardy, or reject notice related to the service order and notification of service order completion.

C. Maintenance and Repair Interfaces

Q. IN TERMS OF MAINTENANCE AND REPAIR, WHAT INFORMATION AND DATABASE INTERFACES DOES AT&T REQUIRE?

A. A real time electronic system-to-system interface should be established to enable AT&T to perform any necessary maintenance and repair functions, including trouble entry, testing, status updates, feature verification, network surveillance,

trouble ticket escalation, trouble ticket closure, number administration and the scheduling of customer premises visits. Network outages and other problems associated with network reliability seriously affect customer service. The frequency of these service interruptions and the manner in which a provider deals with them ultimately has substantial impact on the ability of the provider to retain the customer after the problem is remedied. Moreover, many AT&T end users will not perceive that there is a service provider other than AT&T involved in providing their local exchange services, and consequently, if a problem occurs, they will contact AT&T. Thus, to provide service commensurate to that which GTE provides its own end users, AT&T must have access to a real time electronic interface for maintenance and repair.

D. Billing Interfaces

Q. WHAT BILLING INTERFACES DOES AT&T REQUIRE?

A. First, the billing interface between GTE and AT&T must provide for the exchange of daily customer usage data. Particularly in regard to measured service, this usage must include data regarding the termination point of each call, the call duration measured in one second increments without rounding up on a per call basis, and the call time of day. AT&T will be able to bill retail services differently from GTE only if this billing data is provided. For example, sub-minute billing, call termination location, and time of day data will enable AT&T to offer different service packages than GTE. Absent the availability of such data

at a reasonable price, AT&T will only be able to clone GTE's services, not improve on them. Ultimately, this will hinder the development of competition and deprive consumers of new and better services.

Second, GTE must provide AT&T a monthly bill for all connectivity charges incurred by, and credits or adjustments due to, AT&T for network elements and local services.

Third, GTE must transmit Local Account Maintenance ("LAM") data. LAM is the process of maintaining a current status of local customer accounts. AT&T and other new entrants need LAM data in order to update their local customer databases and produce outbound Customer Account Record Exchange ("CARE") records for the interexchange carrier ("IXC") which comply with industry standards.

Fourth, AT&T requires GTE's support in distributing in-region messages that will pass through the Centralized Message Distribution System ("CMDS") network managed by Bellcore. The CMDS network provides for the nationwide exchange and settlement of messages billed by local providers other than the local provider which actually records the call. GTE must act as the interfacing company in the distribution and settlement of in-region intraLATA collect, calling card and third number billed messages between AT&T and other providers of local exchange service.

Q. DO THESE BILLING INTERFACES YOU'VE DESCRIBED NEED TO BE REAL TIME?

A. No. Connectivity billing data need only be transmitted from GTE to AT&T, via an already existing electronic interface called "Connect:Direct," once a month per account. Usage data recorded at GTE's switches need only be transmitted electronically to AT&T via Connect:Direct once per day. Finally, AT&T LAM data also need only be transmitted via Connect:Direct once a day.

Q. HAVE ANY OTHER ISSUES ARISEN IN AT&T'S NEGOTIATIONS WITH GTE REGARDING BILLING INTERFACES?

A. Yes. For connectivity billing, the issue is not the frequency of the transmission but rather the method, format and content of the billing. AT&T has requested that GTE transmit the connectivity billing associated with AT&T's local service in Billing Output Specifications ("BOS") format, which is a format established by industry standard. This can be accomplished through GTE's Carrier Access Billing System ("CABS"), which GTE uses to bill interexchange carriers (IXCs). There are a number of advantages to using CABS for this purpose. First, CABS already conforms to the BOS format. Moreover, when GTE uses CABS to bill an IXC, it does so via an existing electronic interface, Connect:Direct, precisely the electronic interface which will provide new entrants the parity they need to compete in the local service market. Finally, CABS would require very little modification for GTE to utilize it to bill local connectivity charges to local

carriers. GTE proposes to bill via its end user billing system, and to transmit wholesale billing data to AT&T via a paper bill. As I discussed previously, manual transmission creates the potential for substantial error and delay.

Finally, GTE has proposed to transmit Local Account Maintenance ("LAM") data only via fax transmission.

Q. IS THERE AN ISSUE RELATED TO UNBILLABLE AND UNCOLLECTABLE REVENUE DUE TO NEGLIGENCE ON THE PART OF THE EQUIPMENT OWNER IN AN UNBUNDLED ENVIRONMENT?

A. Yes. Loss of revenue due to plant operating errors whether intentional or by mistake are an inherent part of the telecommunications business. Clip on fraud is also impossible to completely eliminate. Clip on fraud occurs when a non-customer illegally clips on to a customer that has service in order to obtain service without paying for it, i.e., in an apartment building. AT&T believes that the employer of the personnel that are responsible for provisioning service and the owner of the equipment providing that service must be responsible for both. Because GTE is the only party in a position effectively to prevent certain types of billing fraud and work errors, GTE should be required to accept responsibility for its actions or lack of actions by accepting responsibility, when found negligent, for uncollectible or unbillable revenues caused by GTE work errors, accidental or malicious alterations of software, or unauthorized attachments to local loop

facilities from the main distribution frame up to and including the Network Interface Device.

Q. WHAT IS GTE's POSITION ON THIS ISSUE?

A. GTE has refused to accept any liability for AT&T unbillable or uncollectible revenues caused by GTE work errors, accidental or malicious alterations of software, or unauthorized physical attachments to loop facilities.

E. The Role of Electronic Interfaces in the Development of a Competitive Local Exchange Market

Q. IS ACCESS TO THESE TYPES OF SYSTEM-TO-SYSTEM ELECTRONIC INTERFACES REQUIRED BY THE FEDERAL ACT AND RULES?

A. Yes. Section 251(c)(3) of the Federal Act obligates all incumbent carriers, including GTE to provide:

> . . . nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory in accordance with the terms and conditions of the agreement and the requirements of this section and section 252.

Section 153(a)(45) of the Federal Act defines network elements as:

> ...a facility or equipment used in the provision of a telecommunications service. Such term **also includes features, functions, and capabilities that are provided by means of such facility or equipment, including**

> **subscriber numbers, databases, signaling systems, and information sufficient for billing and collection or used in the transmission, routing, or other provision of a telecommunications service.** (emphasis added).

Moreover, Section 251(c)(4) requires GTE to:

> ... offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers; and ... not to prohibit, and not to impose unreasonable or discriminatory conditions or limitations on, the resale of such telecommunications service[.]

Thus, taken together, these provisions reveal that Congress intended that carriers have nondiscriminatory access to, and the ability to resell, the electronic interfaces needed to provide telecommunications services.

The FCC Rules state: "An incumbent LEC must provide a carrier purchasing access to unbundled network elements with the pre-ordering, ordering, provisioning, maintenance and repair, and billing functions of the incumbent LEC's operations support system." §51.313(c). The FCC Rules further state that GTE shall provide nondiscriminatory access to, and at parity with itself, "Operations support systems functions consist[ing] of pre-ordering, ordering, provisioning, maintenance and repair, and billing functions supported by an incumbent LEC's databases and information." §51.319(f)

The Rules detail that this access (1) must include access to available telephone numbers, service interval information, maintenance histories, and identification of the facilities and services assigned to a particular customer, in substantially the same time and manner that an incumbent can perform for itself; Order, Section V at ¶518; (2) must include access to the functionality of any internal gateway systems the incumbent employs in performing the above functions for its own customers; Id. at ¶ 523; (3) ideally is provided through a nationally standardized gateway; Id. at ¶ 527; (4) must be (a) "at least equal in quality to that provided by the incumbent LEC to itself or to any subsidiary, affiliate, or any other party to which the carrier directly provides the service, *such as end users*" and (b) provisioned with "the same timeliness as they are provisioned to that incumbent LEC's subsidiaries, affiliates, or other parties to whom the carrier directly provides the service, such as end users." Order, Section VIII, at ¶ 970. Moreover, the Commission concluded that these interfaces must be established no later than January 1, 1997. Order, Section V, at ¶ 525.

Q. WHY ARE ELECTRONIC OPERATIONAL INTERFACES IMPORTANT?

A. AT&T's ability to compete in the local exchange market in this state hinges on service parity, or the ability to provide its customers with service equivalent in quality to that provided GTE end users. GTE has the ability to provide its customers with immediate information and services while on the phone with a customer. Service parity mandates that an AT&T representative also be able to

provide immediate information and services while on the phone with a customer. Any difference in AT&T's ability to provide these customer service functions will not only hinder AT&T's ability to compete in the local exchange market but will also result in unequal treatment of AT&T's customers.

GTE's monopoly control over the electronic operational support systems for pre-ordering, ordering/provisioning, repair and maintenance, and billing exemplify GTE's control over the local network and its ability to erect obstacles to entry. Indeed, if GTE is permitted to make it more difficult for customers to order and receive local service from AT&T than it is to do so from GTE, then customers will simply choose GTE as their provider and the current monopoly environment will remain the status quo.

III. GTE's PROPOSAL

Q. WHAT IS GTE's POSITION IN REGARD TO INTERFACES?

A. I will answer this question in regard to each of the four interfaces AT&T requests. First, with regard to pre-ordering, GTE has proposed the use of a phone call to obtain all pre-ordering information. Thus an AT&T service representative must establish a 3-way conference call between the customer and GTE and place the customer on hold to obtain pre-ordering information, or call its new customer back once the information is received. This is the proposed procedure for giving

AT&T its customer's phone number as well as all other pre-ordering information. Therefore, AT&T will have no real time access to any pre-order information.

Second, with regard to ordering/provisioning, GTE has proposed the use of a delayed time electronic interface with AT&T, namely Connect:Direct, previously known as Network Data Mover (NDM). Still, although the ordering data and the Firm Order Confirmation would be transmitted via this delayed time electronic interface, jeopardy and rejection notification would be carried out via fax or e-mail. In addition, GTE has requested that Directory Assistance (DA) customer data also be transmitted via this delayed time interface, but in a separate data feed apart from the service order. It is the only LEC to have made such a request.

Third, with regard to maintenance and repair, GTE has suggested that all maintenance/repair processes be made manually, via phone call or fax. AT&T, therefore, would have to call an 800 number to inquire regarding network disruptions, repair status and other problems. In addition, GTE has said that if an AT&T customer mistakenly calls GTE to report a repair concern, GTE will give that customer an 800 number for AT&T, but will not transfer the call for the customer.

Finally, as I mentioned previously, GTE proposes to use its end user billing system for transmission of AT&T wholesale billing data via paper.

Q. YOU MENTIONED THAT GTE PROPOSED A DELAYED ELECTRONIC INTERFACE FOR ORDERING/PROVISIONING. WHAT IS AT&T'S RESPONSE TO THAT PROPOSAL?

A. Although this proposal does use the Connect:Direct interface which already exists for Long Distance access ordering, it is a "batched" process. Local orders, and Directory Assistance data would be separately "batched" (accumulated) throughout a set time period and then transmitted to GTE in separate data files. GTE would then manually input the service order and Directory Assistance data into its system(s) and, eventually, perform any necessary processing. GTE would reply with a Firm Order Confirmation (FOC), Jeopardy, or Order Rejection approximately 24 hours after the order has been transmitted by AT&T. Any jeopardies or rejection would be transmitted to AT&T via fax or e-mail, and would result in AT&T having to call back the customer to rectify the error, or reschedule a dispatch time. Thus, the AT&T order process would result in substantial delay in execution of customer service requests relative to the way GTE can process the order.

Q. CAN YOU ELABORATE FURTHER REGARDING THE DEFICIENCIES IN GTE's PROPOSAL?

A. Yes. To begin with, for the purpose of reserving telephone numbers and dispatch schedules, the proposal is manual intensive and is dependent upon GTE to service AT&T in a timely and accurate fashion. Without Direct Measures of Quality advocated by AT&T, GTE may not have the incentive to answer phone calls in a

timely manner, thus elongating the hold period which the AT&T customer must experience. In addition, GTE has informed AT&T that it must quote standard service intervals, which will be dictated by GTE, to its customers. Service installation dates can be affected, however, by weather conditions, demand, workload/resources, time of year, etc. resulting in AT&T having to call back a customer to reschedule a dispatch. GTE has not agreed to a process whereby AT&T will be informed, in real time, of corresponding changes in proposed installation dates. Finally, GTE has not committed to provide AT&T access to information regarding pending orders, held orders and circuit trouble history, leaving AT&T unable to adequately respond to a request for new service.

Q. HOW WILL THIS AFFECT RESELLERS' RELATIVE ABILITY TO PROVIDE LOCAL SERVICE?

A. Given its current negotiations position, GTE will be the only retail local exchange carrier who will be able to consistently confirm, based upon an initial sales call, that an order was entered correctly and that the installation process will begin. Moreover, only GTE will, based upon that initial call, be able to provide status information and reschedule service appointments. All other resellers, including AT&T, will require an additional series of calls to both GTE and the customer, to order the service and confirm any necessary installation work or rescheduling. Ultimately, this will be considered poor customer service on the part of AT&T (and other resellers) regardless of the underlying deficiencies in GTE's resold product.

The delayed time interface proposed by GTE (Connect:Direct) may cause AT&T to appear uneducated and unprepared to its customers. For example, a customer calls AT&T and requests service. AT&T will not have real time access to a Customer Service Record, which provides a full list of services and features to which that customer is currently provisioned. AT&T must ask the customer what services they are subscribed to. AT&T then places an order via Connect:Direct to GTE. GTE receives the order and attempts to manually enter it into its order system. Assume that the order has some sort of error and is rejected by GTE's order system. GTE will advise AT&T of the reject via fax or e-mail within 24 hours. Assume the customer calls AT&T back within this 24 hour period and decides to add an additional feature. AT&T will send a supplemental order associated with the initial order placed. However, the initial order was in error and was never entered into GTE's order system, but AT&T has not yet been informed of this. Thus, the supplemental order will also reject and AT&T must manually correlate these two order rejections, which are received via different faxes (or e-mail), possibly 24 hours apart from one another.

In another example, a customer calls AT&T and requests service. AT&T places an order via Connect:Direct to GTE. GTE completes the order and commits to provide AT&T with a Completion Report within 24 hours of service installation via a fax, or e-mail. The Completion Report will not include a summary of what was provisioned. If that customer calls AT&T with a service question within

those 24 hours, while the Completion Report is still in batch queue in the GTE systems, AT&T will not have a record that customer service is installed and exactly what was installed. The consumer will question AT&T's ability to provide quality service, possibly without knowing that AT&T is dependent upon GTE for provisioning.

Q. WHAT EFFECT WOULD GTE'S PROPOSAL HAVE ON AT&T's CUSTOMERS?

A. The effect of GTE's proposal would be disparate treatment of AT&T customers. It is this particular lack of parity that has been prohibited by the FCC in its Rules. When a new customer calls GTE to request phone service, by looking at its own data, GTE can immediately give the customer its new phone number and potentially permit that customer to choose from several phone numbers. In addition, GTE knows what services the customer currently has, can describe what features and services are available, describe whether additional facilities will be necessary at the customer's premises for the provision of certain features, determine when phone service will be installed, and describe any charges that may accrue for installation. Furthermore, GTE can place the customer's order and Directory Assistance data directly into GTE's system for processing and obtain immediate confirmation that the data has been entered correctly. This entire process is completed in 10-15 minutes.

In comparison, under GTE's current proposal, AT&T's response to a new customer's request for service would be severely delayed. That delay will be directly proportionate to the amount of resources that GTE makes available to respond to an AT&T phone call inquiry at any particular point in time. Thus, if GTE refuses to make sufficient resources available, AT&T's ability to service its customers may be delayed hours or days. It is that delay -- be it 2 hours or 2 days -- which amounts to inferior treatment of customers who do not choose GTE as their provider.

A walk through example of the ordering process demonstrates the disparate treatment new AT&T customers will receive under GTE's proposal. Let us assume a new AT&T customer misstates its address of "Main Street" as "Main Ave". AT&T will enter the local service order with the incorrect address and submit it to GTE. AT&T will not be able to verify the service address to the same degree of accuracy as GTE. GTE's actual receipt of the order may take hours or days, depending upon GTE's hours of operation. Upon receipt of the order, GTE will manually re-type it into the GTE system. After that system rejects the order due to the invalid address, GTE must then fax or e-mail AT&T regarding the error. Again, this notification could occur hours or days after GTE's initial receipt of the order. Upon receipt of that notification, AT&T must then call back the customer to verify the address, re-submit a new order, and wait for GTE to again manually re-enter it into GTE's system. This process could potentially repeat itself over and over.

The result: extreme disparity in the treatment of AT&T customers relative to GTE customers. The AT&T customer's order has taken days to process, whereas if the customer had instead chosen GTE as its service provider, the order would have been immediately processed and verified.

Even after their initial subscription to local service, AT&T's customers will continue to suffer inferior treatment. For example, through the use of its databases, GTE is currently able to provide (1) immediate testing of customer lines in order to isolate problems and schedule a service or maintenance dispatch; and (2) notification to customers of planned switching and systems failures and planned network disruptions. Under GTE's current proposal, however, AT&T is left without the ability to provide these essential services.

Q. WHAT EVIDENCE EXISTS TO SUPPORT THE CONCLUSION THAT GTE's PROPOSAL IS INSUFFICIENT?

A. AT&T's attempt to become a competitive local service provider in Rochester, New York and general experience in the Long Distance industry both underscore the problems with GTE's proposal.

A. The Rochester Experience

The ordering process with Rochester Telephone Corp. ("Rochester") initially required manual processing of AT&T's service orders. Consequently, AT&T had to complete and fax to Rochester a multi-page form for every individual customer that wanted to switch to AT&T. Receiving between one and two hundred customer requests daily, AT&T was faxing up to 1400 pages to Rochester each day. This caused numerous errors and substantial delays in implementing customer orders. Moreover, this system created no audit trail for monitoring. The same types of problems were evident in the maintenance process. Without an undelayed, on-line electronic interface, every maintenance call to AT&T required another phone call to Rochester. Due to these difficulties, marketing activities in the Rochester area were prematurely cut short after only a few months. Competition failed to develop and customers never received the local service choices originally contemplated.

The problems in Rochester were intolerable even given the relatively small Rochester population. The competitive impediments of manual processing will be significantly magnified in larger or more heavily populated areas where the volume of customer activity is far greater. In 1995 alone, residential customers changed interexchange carriers approximately 30 million times. Even a tiny fraction of that volume in the local exchange market would overwhelm a system that relies upon manual interfaces, such as fax, between competitors and incumbents. By requesting real time system-to-system on-line interfaces, AT&T seeks to avoid a similar result in this state.

B. Long Distance Industry Experience

Experience in the Long Distance industry also underscores the problems associated with a manual and batch-based system. Currently, the exchange of data in the Long Distance industry is time and manual intensive. Customer Account Record Exchange ("CARE") data is currently sent in batches using Connect:Direct (a.k.a. NDM), the process proposed by GTE for ordering/provisioning. This process requires hours or days to exchange information among interexchange carriers and incumbent local providers. Additionally, each access order currently requires at least one, or more, supplemental order(s) to fully complete the transaction, largely due to invalid addresses. Further, the maintenance of trunks and circuits connecting long distance companies and access providers is performed via manual phone calls or electronic bonding. While the manual exchange of data for these trunks or circuits could take days to complete, the electronic bonding interfaces enable that exchange to occur immediately.

Although the Long Distance industry currently uses Connect; Direct (or NDM), it is migrating all existing applications toward a real time, error-free, cost reduced system similar to that AT&T requests from GTE. Under this new system, all interexchange carriers, Regional Bell Operating Companies and GTE have either implemented, or are in the process of testing, an Electronic Bonding - Trouble

Administration ("EB-TA") real time interface for maintenance. This system will expedite transactions between entities, reducing costs and increasing customer satisfaction. Moreover, this system has been nationally standardized, enabling it to provide increased functionality in the years to come as new phases of its implementation are carried out.

In addition to EB-TA, another new interface for the exchange of customer account maintenance data is being developed in the Long Distance industry due to the deficiencies with Connect:Direct (NDM). Called Electric Communication-Primary Interexchange Carrier ("EC-PIC"), this interface will further reduce the time involved in transmission of such data, from days to seconds, while also reducing errors and costs. This EC-PIC interface is based on a universal model capable of handling numerous applications and, like EB-TA has been nationally standardized. It is interesting to note, however, that for Long Distance access ordering the industry is planning to migrate off of Connect:Direct to an EC real time gateway interface due to the inefficiencies previously discussed.

In addition to the efficiencies described above, adopting real time electronic interfaces for the local industry, similar to those being adopted by the Long Distance industry, will have the added advantage of enabling capital costs and development to be shared by both the local and long distance industries. This will result in faster development of new services, reduced costs for both industries and, ultimately, increased customer satisfaction in both local and long distance service.

IV. AT&T'S GATEWAY PROPOSAL

Q. WHAT IS AT&T'S RESPONSE TO GTE's INTERFACE PROPOSAL?

A. The system proposed by GTE is clearly not a long term substitute for the real time system-to-system electronic interfaces currently owned and controlled by GTE, and required to be offered to new entrants under the Federal Rules. GTE's proposal fails to provide resellers with system-to-system real time access to essential information, and also requires many different interfaces which will be costly, difficult to maintain and difficult to use to coordinate information received from one interface with data sent via another without manual intervention. Most significantly, however, the GTE proposal does not move towards the long term solution of electronic real time interfaces requested by AT&T and mandated by the Federal Act and Rules. For this reason, AT&T proposes an alternative interim solution which will migrate toward a single gateway interface.

Q. COULD YOU PLEASE DESCRIBE THIS GATEWAY SOLUTION.

A. AT&T proposes implementation of a real time interactive gateway, using uniform, nationwide interfaces and standard quality measures, which enables the real time transmission of communications between AT&T and other resellers on the one hand and GTE on the other. Because it may not be feasible to establish true real time interfaces immediately, however, as recognized by the Federal Rules, this gateway should evolve during 1996.

Initially, the gateway will permit AT&T work center personnel to have merely "remote" access to the pre-ordering, ordering/provisioning and maintenance and repair functions which GTE currently provides its customers in real time. (As noted above, AT&T is not requesting that real time interfaces be established for the transmission of billing data.) This remote access gateway should be set up to restrict a reseller's access to GTE's proprietary data through various security measures, such as read-only access and screen scraping. The exchange of data would also be subject to the statutory prohibition against the use by any carrier, for its own marketing purposes, of another carrier's proprietary data or of Customer Proprietary Network Information. 47 U.S.C. Sections 222(b) and 222(c). Furthermore, AT&T has proposed audits and indemnification clauses in its interconnection contract to prevent security breaches in GTE's and AT&T's networks and protect proprietary data.

Under AT&T's proposal, the gateway would evolve during 1996, as required by the Federal Rules, ultimately enabling real time electronic interfaces to be implemented, as opposed to the mere remote access AT&T proposes for the interim. This gateway should provide a single platform for all interface needs, including those of both the Long Distance and the Local Service industries. The evolution of the gateway should be carried out in a manner that will permit reuse of both hardware and software, thereby resulting in cost benefits and enabling relatively faster development of any new capabilities required by the industry.

V. TECHNICAL FEASIBILITY

Q. IS IT TECHNICALLY FEASIBLE FOR GTE TO PROVIDE THE REAL TIME, SYSTEM-TO-SYSTEM ELECTRONIC INTERFACES WHICH AT&T IS REQUESTING?

A. Yes. First, the FCC rules, as well as several FCC decisions acknowledge an incumbent carrier's ability to provide such interfaces. See, e.g., Report and Order, Policy and Rules Concerning the Furnishing of Customer Premises Equipment, Enhanced Services and Cellular Communications Services by the Bell Operating Companies, 95 F.C.C.2d 1117, 1135-36 (1983); see also Report and Order, Amendment of Sections 64.702 of the Commission's Rules and Regulations (Third Computer Inquiry), 104 F.C.C.2d 958, 1026-27 (1986).; see also FCC Final Rules sections 51.313 part (c) and 51.319 part (f); FCC Order Section V,¶¶ 516-528.

State Commissions have also recognized that, not only are such interfaces feasible, they are also critical to the development of a resale market. The State Commissions in Georgia, Illinois, Ohio, and New York have adopted policies that require incumbent LECs to provide electronic interfaces:

Georgia -- See In Re: Petition of AT&T for the Commission to Establish Resale Rules, Rates, Terms and Conditions and the Initial Unbundling of Services,

Georgia Public Service Commission, Docket No. 6352-U (June 12, 1996). The Georgia Public Service Commission found that "it is imperative that a reseller have access to the same service ordering provisions, service trouble reporting and informational databases for their customers as does BellSouth. In that proceeding, even BellSouth acknowledged that "[n]o one is happy, believe me, with a system that is not fully electronic." *Id. at 11.* Accordingly, the Georgia PSC ordered BellSouth to provide the electronic interfaces requested by AT&T;

Illinois -- see also In the Matter of AT&T Communications of Illinois, Inc. Petition for a Total Local Resale Service, Illinois Commerce Commission, Order, Case Nos. 95-0458 and 95-0531 (June 26, 1996). The Illinois Commerce Commission recently emphasized the importance of parity by its conclusion that "resellers must have the opportunity to provide every aspect of their retail customer contacts at parity with those provided to retail customers by the LECs either directly or through a subsidiary". The Illinois Commerce Commission concluded that "[t]he importance of equal operational interfaces is essential to the development of resale competition. In order to ensure that the needs of new entrants are satisfied, the Commission will order that all incumbent LECs are required to provide to resellers, as an integral part of their resale service offering, all operational interfaces at parity with those provided their own retail customers, whether directly or through an affiliate."

Ohio -- the Ohio Public Utilities Commission ordered each LEC that maintains a carrier-to-carrier tariff "to provide nondiscriminatory, automated operational support systems which would enable other LECs reselling its retail telecommunications services to order service, installation, repair, and number assignment; monitor network status; and bill for local service." *Ohio Public Utilities Commission, Docket Nos. 95-845-TP-COL Appendix A, at 5. (June 12, 1996);*

New York -- the New York Public Service Commission established an operations group to ensure that New York Telephone implements adequate processes and systems to enable resellers to operate on a par with New York Telephone. *New York Public Service Commission, Case No. 95-C-0657, at 13 (June 25, 1996).* The guiding principle for the operations group is that "new entrants should have access to the same New York Telephone information, processes, systems and service quality (e.g., pre-ordering information, service order processes, service provisioning and repair intervals, trouble reporting and monitoring mechanisms) as New York Telephone employs to serve its own end-use customers." Id. To afford new entrants the opportunity to compete effectively with the incumbent LEC, New York Telephone will provide new entrants with real-time, electronic access to New York Telephone's systems wherever possible, thereby improving the new entrant's ability to transact business with their customers promptly and efficiently; accord Tenn. Administrative Rules, Chapter 1220-4-8 (requiring

the incumbents to "provide nondiscriminatory automated operational support mechanisms, including modified CABS billing systems, to facilitate purchase of all elements of the wholesale local network platform."); accord Louisiana's Proposed Regulations, Docket No. U-20883, p. 44 (March 5, 1996).

Finally, as I mentioned before, real time electronic interfaces are currently being implemented in the Long Distance industry. That fact is additional evidence of their technical feasibility.

VI. FUNDING OF INTERFACES

Q. HOW SHOULD THE ACCESS TO THE REAL TIME, SYSTEM-TO-SYSTEM ELECTRONIC INTERFACES REQUESTED BY AT&T BE FUNDED?

A. Under AT&T's proposal, each carrier is responsible for the cost of its own gateway. That cost should be recovered as part of infrastructure expenses, similar to the manner in which each carrier assumes billing, customer account maintenance, and account inquiry expense. This proposal is competitively neutral and consistent with the expectation that local exchange competition will benefit all local exchange customers. Moreover, this funding proposal makes sense because, by automating many labor intensive functions, electronic interfaces will increase efficiencies and decrease costs for all carriers.

Q. ARE YOU SUGGESTING THEN THAT GTE SHOULD NOT BE PERMITTED TO IMPOSE A TRANSACTION FEE FOR TRANSMISSION OF INFORMATION TO AT&T OR OTHER RESELLERS?

A. That is correct. The preliminary designs for the transaction sets or messages needed to fulfill the pre-ordering and ordering/provisioning processes indicate that (1) messages are exchanged in both directions; and (2) each query is likely to be followed by a response message. The result is that a near equal number of messages are generated in both directions. The transactions sets which remain to be developed by the industry for repair/maintenance and billing will likely follow the same pattern of query and response. Given that the transaction sets are designed to be reciprocal, AT&T believes GTE would in effect erect a barrier to entry if it is permitted to impose an unnecessary usage charge for GTE's transmission of messages to AT&T.

Q. IS THERE PRECEDENCE FOR AT&T'S FUNDING PROPOSAL?

A. Yes. Access ordering and provisioning in the Long Distance industry is conducted in this manner. An interexchange carrier ("IXC") sends an access order to the incumbent carrier. The incumbent carrier responds with either a Firm Order Confirmation or a Jeopardy. (Where the incumbent carrier returns a Firm Order Confirmation or, if applicable, a Modify or Cancel message, an IXC may also send a Supplement to its access order.) When the provisioning is complete, the

ILEC sends a Service Order. There are no charges associated with the initial access order and the incumbent carrier's Service Order response. Thus, procedure currently followed in the Long Distance industry is precedence for AT&T's cost recovery.

VII. ENSURING COMPLIANCE WITH ELECTRONIC INTERFACE REQUIREMENTS

Q. HAS AT&T SUGGESTED ANY PROCEDURES TO ENSURE THAT GTE COMPLIES WITH THE INTERFACE REQUIREMENTS OR OTHER SERVICE STANDARDS ESTABLISHED THROUGH NEGOTIATION OR IN THIS PROCEEDING?

A. In the monopoly environment of local exchange resale, GTE will have no economic incentive to devote resources to developing the necessary electronic interfaces to its competitors. Thus, it is imperative that penalties be established to ensure that GTE devotes resources and works towards the development of the necessary on-line operational interfaces. AT&T proposes that GTE be subject to a performance incentive penalty of 9% of the monthly payment due from AT&T (for services purchased from GTE) until GTE provides the interface requirements proposed by AT&T. The penalty would apply from January 1, 1997 until GTE has the appropriate interfaces in place.

VIII. ADDITIONAL ISSUES PERTAINING TO ELECTRONIC INTERFACES

Q. WILL AT&T NEED ACCESS TO ELECTRONIC INTERFACES WITH GTE FOR BOTH ITS RESALE AND FACILITIES BASED SERVICES?

A. Yes. AT&T (and other new entrants) need these interfaces for providing service either through unbundled access under Section 251(c)(3) of the Federal Act or as a reseller under Section 251(c)(4). Although there will be differences in the information that must be submitted and processed for the two different methods of provisioning local service, the pre-ordering, ordering/provisioning, maintenance and billing processes should be comparable.

Q. GTE HAS ARGUED THAT AT&T'S ACCESS TO ELECTRONIC INTERFACES WILL FORCE GTE TO SHARE PROPRIETARY INFORMATION. HOW WILL THE SECURITY OF PROPRIETARY DATA BE MAINTAINED IF SUCH INTERFACES ARE PROVIDED?

A. By utilizing AT&T's gateway approach, such interfaces need not involve direct access between GTE's and AT&T's systems. Under this proposal, AT&T's gateway would connect to GTE's gateway, and GTE's gateway would connect directly to GTE's systems. However, AT&T's gateway would not connect directly to GTE's systems. Thus, gateways would eliminate any risk that electronic interfaces could either cause harm to GTE's network or risk disclosure of proprietary information. Moreover, the exchange of all information would, of course, be subject to the statutory prohibition against the use by any carrier, for its

own marketing purposes, of another carrier's proprietary data or of Customer Proprietary Network Information. 47 U.S.C. Sections 222(b) and 222(c). Furthermore, AT&T has proposed audits and indemnification clauses in its interconnection contract to prevent security breaches of GTE's and AT&T's networks.

IX. SUMMARY

Q. WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY?

A. Yes. In order for the local competition envisioned by the Federal Act to develop, and for new entrants like AT&T to effectively compete, and for GTE to comply with the Federal Rules, GTE must provide electronic interfaces to GTE's data and network systems for the four categories of functions discussed above. By automating many labor intensive functions, electronic interfaces will increase efficiencies and decrease costs for all carriers. Moreover, without these interfaces, customers that choose to purchase telephone service from AT&T (or any new entrant) rather than GTE will suffer unequal treatment. Such discrimination is not only prohibited by the Federal Act and Rules, but will also stifle the development of local service competition and deprive consumers of being able to choose local service carriers. Thus, because GTE has refused to voluntarily provide such interfaces, this Commission must enforce the Federal Rules requiring GTE to do so, and enforce penalties upon GTE if it fails to comply. In addition, the

Commission should impose reporting requirements and penalties that provide GTE the incentive to meet industry performance standards.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.