


1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

2	In the Matter of the)	
3	Interconnection Contract)	DOCKET NO. UT-960307
4	Negotiations Between AT&T)	
5	COMMUNICATIONS OF THE PACIFIC)	AT&T'S MOTION FOR
6	NORTHWEST, INC., and GTE)	ARBITRATION PROCEDURE
	NORTHWEST INCORPORATED, Pursuant)	ORDER
	to 47 U.S.C. Section 252)	

7 AT&T Communications of the Pacific Northwest, Inc. ("AT&T")
8 hereby requests entry of an Order on Arbitration Procedures in
9 the above-captioned proceeding pursuant to Commission rules and
10 the Commission's Interpretive and Policy Statement Regarding
11 Negotiation, Mediation, Arbitration, and Approval of Agreements
12 under the Telecommunications Act of 1996 in Docket No. UT-960269
13 ("Interpretive and Policy Statement"). A proposed Order
14 consistent with the Commission's Interpretive and Policy
15 Statement is attached to this Motion.

16 DATED this 16th day of August, 1996.

17 DAVIS WRIGHT TREMAINE
18 Attorneys for AT&T Communications
of the Pacific Northwest, Inc.

19
20
21 By 
Daniel Waggoner
WSBA No. 9439

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1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

2 In the Matter of the)
3 Interconnection Contract) DOCKET NO. UT-960307
4 Negotiations Between AT&T)
5 COMMUNICATIONS OF THE PACIFIC) [Proposed]
6 NORTHWEST, INC., and GTE) ORDER ON ARBITRATION
7 NORTHWEST INCORPORATED, Pursuant) PROCEDURE
8 to 47 U.S.C. Section 252)
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7 **NATURE OF PROCEEDING:** On August 16, 1996, AT&T

8 Communications of the Pacific Northwest, Inc. ("AT&T") filed with
9 the Commission a request for arbitration pursuant to 47 U.S.C.
10 § 252(b)(1) of the Telecommunications Act of 1996, Public Law No.
11 104-104, 101 Stat. 56 (1996) (the "1996 Act" or "the Act"). The
12 Petition was served on GTE Northwest Incorporated ("GTE") and
13 counsel and included the following materials:

- 14 (1) correspondence exchanged between the parties to be
15 offered as Exhibits at the hearing (Ex. 1(a)-(zzzzz));
16 (2) GTE's pricing proposals (Ex. 2);
17 (3) Issues matrices (Ex. 3);
18 (4) AT&T's proposed interconnection agreement (Ex. 4);
19 (5) written direct testimony supporting AT&T's
20 interconnection agreement and proposed pricing (Exs. 5-8);
21 and
22 (7) Other relevant documents (Exs. 9-11).

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25 ARBITRATION PROCEDURE ORDER - 1
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1 This arbitration will be governed by the terms of this Order,
2 pursuant to the Commission's Interpretive and Policy Statement
3 dated June 28, 1996.

4 **STATUTORY DATES:** The Petition reports the following
5 statutory dates:

6 Request for Negotiation	March 11, 1996
7 Plus 135 Days	July 25, 1996
8 Plus 160 Days	August 17, 1996
9 Nine Month Deadline	
10 for Resolution	December 11, 1996

11 According to the reported dates, the petition is timely
12 filed. Any party asserting that the dates are incorrect should
13 do so within three business days of service of this order. If no
14 objection is received these dates shall be adopted as the
15 statutory deadlines for this arbitration.

16 **MODIFIED PROCEDURES:** Pursuant to WAC 480-09-010, the
17 Commission adopts the following modified procedures for purposes
18 of this proceeding. These procedures shall govern the course of
19 the arbitration unless modified for cause by the arbitrator or
20 the Commission.

21 **ARBITRATOR:** The Commission appoints [name] as the
22 arbitrator for this proceeding. The arbitrator may select staff
23 members to provide technical or other assistance. The arbitrator
24 shall have all the reasonable and necessary authority to conduct
25 the arbitration according to the terms of this Order and to issue
an Arbitration Report as set forth below.

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1 **THE PARTIES:** The parties to the arbitration are AT&T and
2 GTE. While nonparties may ask to participate, intervention by
3 persons not a party to the negotiation will generally not be
4 permitted, except upon a showing that such participation will
5 serve a compelling public interest. Public Counsel Section of
6 the Office of Attorney General may request participation in an
7 arbitration pursuant to RCW 80.04.510. If the arbitrator permits
8 any participation, limits may be imposed on the participants
9 rights in the arbitration.

10 **RESPONSE BY NON-PETITIONING PARTIES:** GTE may respond to the
11 Petition and may file such additional information as it wishes
12 with the arbitrator by September 10, 1996 (25 days after the
13 petition filing date). At a minimum, the response shall include:

14 a. A brief or other written statement addressing the
15 disputed issues. The brief should address, in addition to
16 any other matters, how the parties' positions, and any
17 conditions requested, meet or fail to meet the requirements
18 of Sections 251 ad 252 of the 1996 Act, any applicable FCC
19 regulations, and any applicable regulation, order or policy
20 of this Commission.

21 b. Prices are in dispute, and therefore GTE shall
22 submit its proposed rates or charges, and all relevant cost
23 studies and related supporting materials.

24 c. Any conditions which GTE requests be imposed.
25

1 d. A proposed schedule for implementation of the terms
and conditions by the parties to the agreement.

2 e. The response may include a recommendation as to any
3 information which should be requested from the parties by
4 the arbitrator pursuant to Section 252(b)(4)(B). The
5 recommendation should state why the information is necessary
6 for the arbitrator to reach a decision on the unresolved
7 issues.

8 f. At GTE's option, it may submit a proposed
9 interconnection agreement.

10 g. Any other documents relevant to the dispute,
11 including copies of all documents in GTE's possession or
12 control on which it relies in support of its positions or
13 which GTE intends to introduce as exhibits at the hearing.
14 All responses and accompanying documentation shall be verified as
15 provided by WAC 480-09-425, or submitted by affidavit.

16 **PROTECTIVE ORDER:** The petition in this matter requested a
17 protective order pursuant to WAC 480-09-015, as permitted by the
18 Interpretive Statement. The Commission will enter a protective
19 order in this matter concurrently with this order.

20 **DISCOVERY:** All discovery authorized under WAC 480-09-480
21 shall be permitted in this proceeding. In addition, the parties
22 shall cooperate in good faith in the voluntary, prompt and
23 informal exchange of all documents and other information relevant
24 to the disputed issues, subject to claims of privilege or

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ARBITRATION PROCEDURE ORDER - 4
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1 confidentiality. Parties shall exchange copies of all documents
2 relevant to the dispute, including those on which they rely in
3 support of their position or which they intend to introduce as
4 exhibits. Failure to exchange information may be deemed a
5 failure to negotiate in good faith under the Act. The arbitrator
6 may decline to consider documents or information improperly
7 withheld during discovery.

8 **COMMISSION REQUEST FOR INFORMATION:** Pursuant to 47 U.S.C.
9 § 252(b)(4)(B), the arbitrator may require AT&T and GTE to
10 provide information necessary to reach a decision on unresolved
11 issues. If any party refuses or fails unreasonably to respond on
12 a timely basis to any reasonable request, then the arbitrator may
13 proceed on the basis of the best information available from
14 whatever source derived. The parties shall respond to such
15 requests within seven days, unless another time is set by the
16 arbitrator.

17 **INITIAL PRE-HEARING CONFERENCE:** On September 30, 1996, the
18 arbitrator will hold a conference to review scheduling issues,
19 the status of discovery, motions anticipated by the parties, and
20 other issues. At the time of the conference, either party may
21 request an order from the arbitrator requiring a response to any
22 outstanding discovery request. The request shall include an
23 explanation of why the information is necessary to reach a
24 decision on the unresolved issues. This provision shall not
25 limit the right of the arbitrator or Commission to request

ARBITRATION PROCEDURE ORDER - 5
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information from the parties at any time pursuant to 47 U.S.C. §
1 252(b)(4)(B).

2 **SECOND PRE-HEARING CONFERENCE:** On October 10, 1996, the
3 arbitrator will hold a second pre-hearing conference to review
4 the status of the parties' preparation for the arbitration. At
5 the second conference, the parties will exchange copies of the
6 exhibits they intend to use at the hearing and a list of the
7 witnesses they intend to call at the hearing. With the exception
8 of exhibits offered for purposes of rebuttal or impeachment, no
9 party will be permitted to offer at the arbitration an exhibit
10 not disclosed at the second pre-hearing conference.

11 **RESOLUTION OF UNDISPUTED ISSUES:** At the first pre-hearing
12 conference, either party may make a motion for summary
13 disposition by the arbitrator of any issue on the basis that the
14 issue is undisputed and need not be arbitrated. The request
15 should demonstrate why there is no dispute on the issue. The
16 arbitrator may request argument on the motion, which will be held
17 at the time of the second pre-hearing conference.

18 **SUPPLEMENTAL OR CORRECTED TESTIMONY:** On October 23, 1996,
19 each party will file and serve any supplemental or corrected
20 testimony it desires the arbitrator to consider at the
21 arbitration.

22 **PRE-HEARING STATEMENT:** On November 4, 1996, each party will
23 file a pre-hearing statement designating all issues the party
24 believes remain in dispute, the party's position on each such
25

ARBITRATION PROCEDURE ORDER - 6
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1 issue, and arguments as to why the party's position should be
2 accepted by the arbitrator.

3 **NOTICE OF HEARING:** The arbitration hearing will be held
4 beginning on November 11, 1996, at 9:00 a.m., in [location].
5 Parties may waive hearing and submit the issues to arbitration on
6 the written record.

7 **PROCEDURE:** Hearing time shall not exceed [number] days,
8 unless extended by the arbitrator. Parties may call eight
9 witnesses each. The direct testimony of a witness shall be
10 offered in written form if the witness will address matters not
11 covered in the written filings. Cross-examination and rebuttal
12 testimony will be oral. Documentary evidence may be introduced.
13 Evidence is admissible if, in the judgment of the arbitrator, it
14 is the kind of evidence on which reasonably prudent persons are
15 accustomed to rely in the conduct of their affairs. Irrelevant,
16 immaterial, or unduly repetitious evidence may be excluded.
17 Evidence may be excluded on the ground that it was improperly
18 withheld during discovery.

19 **PROPOSED ORDER:** On November 28, 1996 [or 14 days after
20 hearing] each party will provide to the arbitrator and the other
21 party its proposed arbitration order, setting forth proposed
22 findings of fact and conclusions of law on each issue presented
23 to the arbitrator.

24 **ARBITRATOR'S REPORT:** The arbitrator is authorized to
25 issue an Arbitrator's Report which shall constitute the

ARBITRATION PROCEDURE ORDER - 7
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1 resolution by the Commission of the issues submitted for
2 arbitration, subject to final Commission review during the
3 approval process. The Arbitrators Report shall comply with the
4 requirements of 47 U.S.C. § 252(c). The Arbitrator's Report
5 shall be provided to the Commission on or before December 11,
6 1996.

7 DATED at Olympia, Washington and effective this _____ day
8 of August 1996.

9 WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

10 SHARON L. NELSON, Chairman

11 RICHARD HEMSTAD, Commissioner

12 WILLIAM R. GILLIS, Commissioner

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ARBITRATION PROCEDURE ORDER - 8
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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STATE OF WASH.
UTIL. AND TRANSP.
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-960309

AT&T'S MOTION FOR
PROTECTIVE ORDER

AT&T Communications of the Pacific Northwest, Inc. ("AT&T") hereby requests entry of a protective order in the above-captioned proceeding pursuant to Commission rules and the Commission's Interpretive and Policy Statement Regarding Negotiation, Mediation, Arbitration, and Approval of Agreements under the Telecommunications Act of 1996 in Docket No. UT-960269 ("Interpretive and Policy Statement").

At issue in this proceeding are the rates, terms and conditions for resale, unbundled network elements, on-line electronic interfaces and various aspects of interconnection between AT&T and GTE Northwest Incorporated ("GTE"). To enable the Arbitrator and the parties fully to develop and resolve these issues, AT&T has requested that GTE produce cost studies and other information that GTE considers confidential and proprietary. GTE also is likely to request confidential information from AT&T. Therefore, absent a protective order, a

MOTION FOR PROTECTIVE ORDER - 1
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1 significant risk exists that confidential and proprietary
2 information could be disclosed with resulting competitive harm.

3 Accordingly, AT&T respectfully requests that the Commission
4 enter a protective order governing the disclosure of proprietary
5 and confidential information exchanged between the parties in
6 this docket. As provided in the Commission's Interpretive and
7 Policy Statement, AT&T requests issuance of the Commission's
8 standard protective order patterned after the protective order
9 entered in Docket UT-901029.

10 DATED this 16th day of August, 1996.

11 DAVIS WRIGHT TREMAINE
12 Attorneys for AT&T Communications
13 of the Pacific Northwest, Inc.

14 By 

15 Daniel Waggoner
16 WSBA No. 9439

17 Maria Arias-Chapleau
18 Susan D. Proctor
19 AT&T Communications of the
20 Pacific Northwest, Inc.
21 1875 Lawrence Street, Room 1575
22 Denver, CO 80202

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25 MOTION FOR PROTECTIVE ORDER - 2
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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
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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)

STATE OF WASH.
DOCKET NO. UPL-960307ANSP.
COMMISSION
AT&T'S FIRST SET OF
DATA REQUESTS AND
REQUESTS FOR
PRODUCTION OF
DOCUMENTS UPON GTE

Pursuant to WAC 480-09-480, AT&T Communications of the Pacific Northwest, Inc. ("AT&T") requests GTE Northwest Incorporated ("GTE") to answer the following data requests and produce and permit AT&T to inspect and copy each of the following documents at the offices of AT&T, 1875 Lawrence Street, Room 1575, Denver, CO 80202, or provide copies to the undersigned of the documents and things described below.

THIS REQUEST IS A CONTINUING REQUEST AND REQUIRES TIMELY PRODUCTION OF DOCUMENTS AS ACQUIRED THROUGH THE PENDENCY OF THIS PROCEEDING.

DATA REQUESTS AND REQUESTS FOR PRODUCTION OF DOCUMENTS

Request No. 1

Describe in detail GTE's definition of the term Total Service Long Run Incremental Cost ("TSLRIC"), including a list of all cost principles, inputs, and assumptions that GTE believes are applicable.

Request No. 2

Please provide the most recent loop cost study (CostMod System-Loop Technology Model or alternative study such as the Basic Network Access Channel Study) for residential and business loops, which may be referred to as a "NAC", for the state of Washington. If more than one zone was studied, provide the study output for each zone and a statewide average. Please provide the requested information separately for business and residential loops. For business loops, if costs for more than one type of business service (e.g., one party flat business lines, key lines, PBX trunks, private lines, Centrex-type, etc.) were modeled, provide the studies for each of the business services. Provide the entire study. Include in your response the following detailed information and pages of the cost study which show:

- a. input assumptions;
- b. assumptions made concerning the cost of placing facilities;
- c. detailed output which shows (1) the average feeder, drop, and distribution fill factors used in the study and (2) the objective (design) fill factors used in the study to model drop, feeder, and distribution costs;
- d. a narrative which explains what fill factor was used to model distribution costs (costs between the feeder and the service drop). If a fill factor was not used, explain the method used to determine this portion of NAC costs;

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- e. a narrative which explains what fill factor was used to model drop costs. If a fill factor was not used, explain the method used to determine this portion of NAC costs;
- f. detailed cost output of the model which shows costs, by plant account, with sufficient detail to identify GTE's estimates of either: TSLRIC and shared costs;
- g. detailed output which shows the number of loops studied and loop length.

Request No. 3

Please provide the most recent Switching Cost Model (SCIS) study/output, CostMod System - GTD5 EAX Switching Technology Module study/output, Signaling System 7 Model study/output, Levelized Annuity Pricing Program (LAPP) study/output, and Transport Model study/output for each type of transport (e.g. local, DS0, DS1, DS3, etc.), for the state of Washington. Include all the work papers and detailed inputs and output from the models/study. Please include copies of the demand used in modeling the output for each model. Also provide a narrative describing each cost study and work papers which support that cost estimate for the state of Washington.

Request No. 4

Please provide copies of GTE's TSLRIC (1) recurring costs and (2) non-recurring cost studies for the features, functions, and services listed below. Please include all executive summaries, all backup details, data inputs, workpapers, and a description of all assumptions, algorithms, factors, weightings, etc.

- a. Local Interconnection;
- b. Local Interconnection Service - Link:
 - 1) With only Maintenance included;
 - 2) With Maintenance and Remote Testing included;
 - 3) With Maintenance excluded;
 - 4) With Maintenance and Remote Testing excluded;
- c. Network Interface Device (NID)/Unit;
- d. Drop Wire;
- e. Cross Connect at the Serving Area Interface (SAI);
- f. Local Interconnection Service - Common Channel;
- g. Signaling Access Capability;
 - 1) entrance facility;
 - 2) transport (fixed and variable) by DS0, DS1, DS3, OC1, OC3, OC12, OC48, OC96, OC192;
 - 3) multiplexing;
 - 4) STP Port;
 - 5) SCP;
 - 6) A Links;
 - 7) B Links;
 - 8) C Links;
 - 9) D Links,

- 10) E Links;
- 11) SMS;
- h. LIDB;
- i. Physical Collocation (all rate categories including cage enclosures, rent, security, etc.);
- j. Virtual Collocation (all rate categories);
- k. Expanded Interconnection Channel Termination for each of the following items (for both switched and special access services): DS0; DS1; DS3 Electrical; DS3 Optical; OC1; OC3; OC12; OC48; OC96; OC192;
- l. Local Interconnection Service - Line Port (all types and speeds) such as 2-Wire Analog, 4-Wire Analog, 2-Wire Digital, 4-Wire Digital, etc.;
- m. 911 Service by Element;
- n. CentraNet Elements;
- o. Operator Assistance;
- p. Intercept;
- q. Exchange Carrier Operator Services including calls handled by the operator on r. a work second basis and computer handled calls on a per call basis;
- s. Directory Assistance-Exchange Carriers;
- t. Listing services;
- u. White Pages Directory Listings;
- v. Electronic Directory Assistance;
- w. Directory Assistance Database Listing Service;
- x. Local Exchange Usage Cost Study;
- y. Local Switching;

- z. Tandem Switching;
- aa. Asynchronous Transfer Mode Switching;
- bb. Packet Switching (all types and associated features);
- cc. DS0 Entrance Facilities;
- dd. DS0 Direct Trunk Transport for both the fixed and variable components;
- ee. DS1 to DS0 MUX;
- ff. DS1 Entrance Facilities;
- gg. DS1 Direct Trunk Transport for both the fixed and variable components;
- hh. DS3 to DS1 MUX;
- ii. DS3 Entrance Facilities;
- jj. DS3 Direct Trunk Transport for both the fixed and variable components;
- kk. Common local transport for fixed and variable elements;
- ll. Service Provider Number Portability;
- mm. Route Indexing;
- nn. Direct Inward Dialing for both analog and digital;
- oo. Direct Outward Dialing for both analog and digital;
- pp. Basic Flat Rate Residential Service for primary lines;
- qq. Basic Flat Rate Residential Service for secondary lines;
- rr. Local Exchange Residential Measured Rate Service for primary lines;
- ss. Local Exchange Residential Measured Rate Service for secondary lines;
- tt. Basic Flat Rate Business Service for primary lines;

- uu. Basic Flat Rate Business Service for secondary lines;
- vv. Local Exchange Business Measured Rate Service for primary lines;
- ww. Local Exchange Business Measured Rate Service for secondary lines;
- xx. Local Exchange Business Trunks both analog and digital for both 2 wire and 4 wire services;
- yy. Payphone Lines;
- zz. Voice Grade Private Line;
- aaa. All Custom Calling Features such as Call Forwarding (all types), Call Waiting (all types), 3 way calling, Speed Calling (all types), Call Hold, Hunting (all types), etc.;
- bbb. All CLASS Features such as Caller ID (all types), Call Transfer, Custom Ringing (all types), Selective Call Forwarding, Selective Call Rejection, Call Trace, Continuous Redialing, Last Call Return, etc.;
- ccc. All Advanced Intelligent Network Features and Enhanced Services such as Voice Dialing, Voice Messaging, etc.;
- ddd. All Local Switching Routing and Charging Enhancements such as NXX Translations, Code Sharing, Call Blocking (all types), etc.;
- eee. ISDN Network Access Register Packages;
- fff. RIC.

Request No. 5

Please provide copies of GTE's TSLRIC (1) recurring costs and (2) non-recurring cost studies for the features, functions, and services listed below. Please include all executive summaries, all backup details, data inputs, workpapers, and a description of all assumptions, algorithms, factors, weightings, etc.

- a. UDLC;
- b. BDT (FITL);
- c. Digital Crossconnect System (DCS);
- d. Wideband Digital Crossconnect System (W-DCS);
- e. Broadband Digital Crossconnect System (B-DCS);
- f. SONET Add Drop Multiplexers (ADM);
- g. Automatic Digital Terminal Systems (ADTS);
- h. Switched Digital Carrier Trunks (DCT/DTC);
- i. Switched Line Units (TU) Digital and Analog;
- j. Switched Line Units (LU) Digital and Analog;
- k. DSX Crossconnect Panels;
- l. Fiber Guide Crossconnect System (FDP);
- m. Closely Coupled Element Management Systems (EMS);
- n. Network Interface Device/Unit;
- o. Drop Wire;
- p. Cross Connection for the SAI;
- q. Hz. Ringing Supply;
- r. BITS timing/synchronization supply.

Request No. 6

Please provide copies of all models, including the capital cost model and those listed below, used to develop GTE's costs as identified in Data Request No. 2 through No. 5. Please provide a complete copy of each of the models in their entirety on DOS or Windows based, 3 ½ inch disks or CD ROM in an executable format. Indicate the software and hardware required to execute the models. Please include all user and training manuals and guides, descriptions of the models, and documentation including but not limited to, algorithms and assumptions.

- a. The CostMod System - Loop Technology Model
- b. The CostMod System - GTD5 EAX Switching Technology Module
- c. The CostMod System - GTD5 EAX Switching Application Module
- d. The CostMod System - SS7 Technology Module
- e. Bellcore's SCIS - Switching Application Model
- f. The Levelized Annuity Pricing Program (LAAP)
- g. CostMod System - Fiber Optic Technology Module (FO Model)

Request No. 7

Please provide a copy of the current factor results, that list all factors used to develop the cost studies requested in these Data Requests No. 2 through No. 5. For each factor, please provide the last two historical changes to

that factor, and include both the date of the change and the prior factor value.

Request No. 8

Please provide copies of the calculations, workpapers, algorithms, backup data, and descriptions of all assumptions used to compute each of the following factors:

- a. maintenance;
- b. testing (reactive);
- c. testing (proactive);
- d. administrative-assignable;
- e. product management;
- f. sales expense;
- g. business fees;
- h. common costs;
- i. ad valorem;
- j. sales compensations expense;
- k. administrative-common;
- l. Power;
- m. sales tax;
- n. Interest During Construction (IDC);
- o. Land;
- p. Building;
- q. Supply;
- r. Telco;
- s. RTUF;

t. Structure Ratios;

Request No. 9

What is the basis for the structure ratio factors provided in Data Requests No. 8? Please provide a narrative description of what structures were included and a copy of all documents used in developing the factors.

Request No. 10

For the factors used in the requested models and studies, to the extent that each current factor's numerator, denominator or underlying data relies on historical accounting data from GTE Separations system, ARMIS, MR or FR, or other reports or systems, please provide the following:

- a. the source of the input (e.g., ARMIS);
- b. the date of the input data used;
- c. a copy of the document, output, report, etc.;
- d. a mapping of the data to the calculation;
- e. the Account or Equipment Code (e.g. 6623 or 377C);
- f. all inputs, workpapers and calculations used in the development of the factor.

Request No. 11

To the extent that shared costs are included in the TSLRICs identified in these data requests, please provide the basis (e.g., demand, revenues, etc.) and the calculation, backup data, assumptions and other information used to compute the unitized shared cost component of the respective TSLRICs.

Request No. 12

Please provide the typical or average discount from list price GTE receives from its vendors for:

- a. switching equipment;
- b. switching software;
- c. transmission equipment.

Request No. 13

Identify all parties whom GTE has contracted to perform customer surveys, market analyses, studies, working papers and reports relating to the entry of competitive providers of local exchange services in the state of Washington or in any other state or market in which GTE provides local exchange services. Provide copies of all such customer surveys, market analyses, studies, working papers and reports.

Request No. 14

Explain in detail all electronic system interfaces (i.e. ordering, billing, administration, maintenance, provisioning, etc.) currently available to GTE, the intervals within which each is available to GTE, and the intervals within which each interface will be provided to AT&T under GTE's current proposal.

Request No. 15

Explain in detail all technical and operational constraints that prevent GTE from offering unique branding for operator services to non-facilities based carriers on a resale basis.

- a. If these constraints are the result of cost considerations, state what the cost constraints are on a per unit basis;
- b. Provide all TSLRIC studies that have been performed by GTE or at GTE's direction that support assertions of additional costs associated with providing the services.

Request No. 16

Explain in detail all technical and operational constraints that prevent GTE from quoting AT&T rates for operational interfaces (i.e. ordering, billing, administration, maintenance, provisioning, etc.) in Washington.

- a. If these constraints are the result of additional costs associated with providing the services, state what the additional costs are on a per unit basis.
- b. Provide all TSLRIC studies that have been performed by GTE or at GTE's direction that support assertions of additional costs associated with providing the services.

Request No. 17

Explain in detail all technical and operational constraints that prevent GTE from routing intraLATA operator calls to AT&T when requested.

- a. If the constraints are the result of additional costs of providing the service, provide a detailed study of the additional costs;
- b. Provide all TSLRIC studies that have been performed by GTE or at GTE's direction that support assertions of additional costs associated with providing the services.

Request No. 18

Explain in detail the manner in which GTE currently processes emergency calls in Washington. Provide any TSLRIC studies that have been performed by GTE or at GTE's direction determine the costs associated with these services.

- a. Explain in detail the manner in which GTE proposes to process emergency calls for AT&T customers.

Request No. 19

Please identify all additional costs that GTE claims it will incur if it charges or credits PIC change charges separately from the Local/Resale billing.

- a. Provide a detailed analysis of the specific costs that would be incurred, including consideration of any cost savings associated with separate billing.

Request No. 20

Regarding End User Data Transfer, please identify all additional costs that GTE claims it will incur by providing local and intraLATA toll usage to new entrants, performing error correction and conducting periodic reviews of control procedures. Provide a detailed analysis of these costs, as well as the incremental costs avoided if these services are not provided.

Request No. 21

Please identify all technical and operational constraints that prevent GTE from routing AT&T 411 calls to AT&T's directory assistance platform.

- a. If the constraints are the result of additional costs of providing the service, provide a detailed study of

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- the additional costs on a per unit basis;
- b. Provide all TSLRIC studies that have been performed by GTE or at GTE's direction that support
 - c. assertions of additional costs associated with providing the services.

Request No. 22

Regarding Resale Service Ordering, please identify all technical and operational constraints that prevent GTE from providing AT&T with real time electronic responses for feature, service and facility availability within any given area by central office.

- a. If the constraints are the result of additional costs of providing the service, provide a detailed study of the additional costs on a per unit basis;
- b. Provide all TSLRIC studies that have been performed by GTE or at GTE's direction that support assertions of additional costs associated with providing the services.

Request No. 23

Please identify all technical and operational constraints or limitations that prevent GTE from unbundling the following network elements, features and functionalities. If the constraints are the result of additional costs of providing the service, provide a detailed study of the additional costs on a per unit basis. Provide all TSLRIC studies that

have been performed by GTE or at GTE's direction that support assertions of additional costs associated with providing the services.

- a. loop distribution;
- b. loop feeder;
- c. loop concentrator/multiplexer;
- d. basic voice switching;
- e. data (packetized data) switching;
- f. operator services;
- g. dedicated transport;
- h. common transport;
- i. tandem switching;
- j. signaling links by A, B, C, D, and E;
- k. signal transfer point (STP);
- m. service control point (SCP);
- n. Network Interface Device (NID);
- o. Cross-Connect at the Serving Area Interface (SAI).

Request No. 24

For each TSLRIC study requested in these Data Requests, please provide a copy of network designs and design specifications used by GTE in developing the results. In addition, please:

- a. state the source of the designs;
- b. state whether each design is specific to the state or is used for all GTE states in its cost modeling efforts;

- c. for each design type, please provide the weightings used;
- d. state the source of the weightings and provide a copy of the data used in developing the weightings;
- e. state whether each weighting is specific to the state or is used for all GTE cost modeling efforts;
- f. to the extent that the weightings are based on forecasted data, provide the methodology employed and all workpapers, backup detail and assumptions used to forecast the weightings;
- g. to the extent that the weightings are based on historical/actual data, provide the workpapers, backup detail and assumptions used and all documentation on the methods and procedures used by the source in gathering the data for the weightings;
- h. state whether the weightings were based on subject matter experts opinions, a statistical sample, an inventory of forecasted demand assumptions.

Request No. 25

For the loop results supplied in response to Data Request No. 2, please provide the dollar amounts of investment by category without adjustments for fill factors (i.e., utilization) by each service (e.g., one party flat residential, one party measured residential, one party flat business, one party measured business, Centrex-type, Payphone Line, unbundled loop, etc.):

- a. 1C Poles;
- b. 52C Ar Cable;
- c. 3C C Wire;
- d. 4C Conduit;
- e. 5C UG Cable;
- f. 45C Bur Cable;
- g. 62C Bld Cable;
- h. 85C UG F O;
- i. 257C Pair Gain;
- j. 845C Bur F O;
- k. 862C BC F O;
- l. 110C Building;
- m. 20C Land;
- n. 35C Bur Drop;
- o. 42C Ar Drop;
- p. Feeder, Distribution and Drop breakdown: Feeder;
- q. Feeder, Distribution and Drop breakdown: Distribution;
- r. Feeder, Distribution and Drop breakdown: Drop.

Request No. 26

For the data provided above, please provide the dollar amount of investment for each category listed in Data Request No. 25 after fill factors were applied.

Request No. 27

To the extent that historical accounting data was used to establish product management, sales expense, sales

compensation and advertising factors identified in response to Data Requests No. 2 through No. 5, was the allocation of these expenses to various product groupings based on FCC Part 36.372? If yes, please provide the following:

- a. the source of the input (e.g., ARMIS);
- b. whether the input changed the numerator or denominator of the calculation;
- c. the date of the input data used;
- d. a copy of the document, output, report, etc.;
- e. a mapping of the data to the calculation;
- f. the Account or Equipment Code (e.g. 6623 or 377C);
- g. all inputs, workpapers and calculations used in the
- h. development of the factor;
- i. quantification of the amount of corporate "imaging" embedded in these factors.

If no, please provide a copy of the data and narrative on how these factors were developed.

Request No. 28

Provide the economic life that GTE applies in its cost studies identified in Data Request No. 2 through No. 5. Include a comparison with currently approved/prescribed economic lives for both state and interstate jurisdictions.

Request No. 29

If GTE seeks a change in its currently prescribed depreciation schedules (for revenue requirement purposes), are the requested lives equal to those used in GTE's economic cost studies as provided in Data Request No. 2 through No. 5? If yes, explain why remaining life equals a forward looking depreciation expense.

Request No. 30

For each design type used in GTE's cost studies, please provide the objective or engineering and the average fill factors for fiber feeder cable, fiber distribution cable, copper distribution cable and electronics (AFC, SLC, and Switching). Provide justification for the fill factors provided and used.

Request No. 31

Please provide the following cost of capital inputs applicable to the state of Washington used by GTE in the cost studies identified in Data Request No. 2 through No. 5:

- a. Debt %;
- b. Cost of Debt;
- c. Equity %;
- d. Cost of Equity.

Request No. 32

Please provide currently authorized cost of capital information and justify any differences with those used in GTE's economic cost model.

Request No. 33

Please provide all tax rates used by GTE in its cost models for the state of Washington, including Federal, State and Local income tax factors as well as any other taxes.

Request No. 34

Please list all serving wire centers by CLLI, and the number of working lines for the following classes of services in the state of Washington:

- a. All Residence;
- b. All Small Business;
- c. Public Access Lines;
- d. Voice Grade (VG) Private Line/DS0 Special Access;
- e. Centrex;
- f. PBX Trunks (analog and digital);
- g. ISDN;
- h. Other (Identify).

Request No. 35

Please provide the additional cost and percentage of investment per foot to place (1) copper feeder cable and fiber feeder cable, (2) copper distribution cable and fiber distribution cable, and (3) copper interoffice cable and fiber interoffice cable in the ground (buried/underground) and on poles (aerial). Define these costs for three (3) distinct types of rock hardness, i.e. Rock "Hard", Rock "Soft", and Rock Normal, by populating the table below:

Definitions:

Rock "Hard" Hard rock above plowing depth, requires more dynamite or rock saw to place.

Rock "Soft" Soft rock above plowing depth, requires more costly trenching or backhoeing than normal.

Rock Normal Straight plowing with minimal surface impact.

Copper Cost Factor			Fiber Cost Factor		
Structure	Underground	Buried	Aerial	Underground	Buried
Rock "Hard"					
Rock "Soft"					
Rock Normal					

Request No. 36

For each exchange, please provide the actual percentage mix of underground, buried, and aerial cable for the current year and for each planning year.

- a. Fiber Feeder;
- b. Copper Feeder;
- c. Copper Distribution;
- d. Fiber Distribution.

Request No. 37

Please provide the engineering placement depth, in feet, for buried/underground:

- a. Copper Cable;
- b. Fiber Cable.

Request No. 38

Please provide separately the investments incurred by GTE (include any and all vendor discounts) for purchasing and installing the following network elements:

- a. Network Interface Device (NID);
- b. Drop Wire;
- c. Terminal Splice (the terminal and associated splice to connect the subscriber drop wire to the distribution cable).

Request No. 39

Please provide separately, the purchase price and installation costs for each type of Serving Area Interface (SAI) presently being deployed, and those GTE plans to deploy; vendor discounts should be explicitly stated. Specify the engineering capacity for each type of SAI.

Request No. 40

Please provide the ratio of feeder capacity to distribution capacity at each Serving Area Interface (SAI) by design type. Please specify whether the ratios are for engineered, average, objective capacity, or by design type capacity.

Request No. 41

Please provide the unit (per foot) purchase price incurred by GTE for any and all discrete sizes of copper distribution cable and copper feeder cable separately, ranging from 25 to 4200 wire pairs by populating the table below. Assume aerial cable investment represents non-armored cable with both aluminum and plastic jacketing; buried cable investment is for armored, singlejacket filled cable. Please include any/all discounts the company receives from its suppliers.

Copper Distribution/Feeder cable (Separately). Price (\$ per foot)			
Cable Size (wire pairs)	Underground	Buried	Aerial
4200			
3600			
3000			
2400			
1800			
1200			
900			
600			
400			
200			
100			
50			
25			

Request No. 42

Please provide the unit (per foot) purchase price incurred by GTE for any and all discrete sizes of fiber feeder cable, ranging from 12 to 216 strands by populating the table below. Please include any/all discounts the company receives from its suppliers. Identify material costs and installation costs separately.

Fiber Feeder cable		Price (\$ per foot)
Cable Size (Fibers)	Underground	Buried
216		
144		
96		
72		
60		
48		
36		
24		
18		
12		

Request No. 43

Please identify the type of Digital Loop Carrier (DLC) currently deployed by GTE. For each type of DLC please provide:

- a. Purchase price (in dollars);
- b. Vendor discount received by GTE (in percent);
- c. Engineering characteristics, including capacity;
- d. Engineering costs;
- e. Installation costs.

Request No. 44

For each CLLI please provide:

- a. Number of busy hour call attempts (BHCA) per residential subscriber;
- b. Number of BHCA per business line;
- c. Average holding time per call;
- d. Interoffice fraction of total traffic (%);
- e. Local fraction of total traffic (%);
- f. Operator services fraction of total traffic (%);
- g. Tandem-routed fraction of local interoffice traffic;
- h. Tandem-routed fraction of intraLATA toll traffic;
- i. Tandem-routed fraction of access traffic.

Request No. 45

Please identify the types and quantity (of each type) of end office switching systems, tandem switching systems, operator tandem switching system and remote/hosts switching systems deployed by GTE in the state of Washington. For each such switching system type provide:

- a. Investment without the application of fill factors;
- b. Discount received by GTE (in percent);
- c. Line capacity;
- d. Processor capacity;
- e. Switching capacity (BH Call Attempts);
- f. Objective fill factors;
- g. Average fill factors;
- h. Size of the room required to house only the switch (in square feet);
- i. Average number of rate center

For the end office switching systems, tandem switching systems, operator tandem switching system and remote/hosts switching systems also include any software or equipment upgrades that are planned through year end 1998.

Request No. 46

Please provide the following wire center investment information required to support end office and tandem switches. For each switch size and type provide the:

- a. Construction costs (dollars per square foot);
- b. Lot sizes (as a multiplier of switch room size);
- c. Land acquisition costs (per square foot);
- d. Investments in power systems per line served;
- e. Investment in distribution frames per line served.

Include all supporting work papers.

Request No. 47

Please provide the average distance by route mile for interoffice transport for:

- a. Local direct route;
- b. IntraLATA toll routes;
- c. Access routes;
- d. Cellular routes.

Include all supporting work papers.

Request No. 48

How does GTE define the maximum busy hour trunk occupancy for network engineering purposes? Provide answer as a maximum CCS.

Request No. 49

For terminating equipment only, please provide the investment per trunk for DS0, DS1, and DS3?

Request No. 50

Please provide the average transport investment and the associated terminal equipment investment per DS0 channel mile without the application of fill factors in the state of Washington. Provide work papers detailing how these values were derived, including data elements, algorithms, and methodology.

Request No. 51

Provide the signaling (SS7) investment (after discounts) by link type by mile without the application of fill factors in the state of Washington. Provide work papers detailing how these values were derived, including data elements, algorithms, and methodology.

Request No. 52

For 1995, please provide the:

- a. Number of ISUP (ISDN User Part) messages;
- b. Average ISUP message length (in Octets);
- c. Number of Transaction Capabilities Applications Part (TCAP) messages;
- d. Average TCAP message length (in Octets);

e. Fraction of Busy Hour Call Attempts (BHCA) requiring TCAP.

Request No. 53

Please provide the STP capacity in terms of the total number of signaling links each STP can terminate. Provide the associate objective fill factor.

Request No. 54

Please provide the Service Control Point (SCP) investment per transaction per second after purchase discounts and without the application of fill factors and the number of SCP queries processed in 1995. To the extent that a SCP is used for multi-state traffic, please provide a narrative description of how GTE in its cost modeling efforts assigns the investment to state specific cost studies. Provide work papers detailing how these values were derived, including data elements, algorithms, and methodology.

Request No. 55

Please provide the average investment in subscriber databases per tandem required for operator services.

Request No. 56

For each operator system, i.e. OSPS, TOPS, TSPS, provide :

- a. Investment per position without application of fill factors;
- b. Maximum utilization per position, expressed in CCS; Fraction of operator calls that require human operator assistance.

Request No. 57

Please identify the location by LATA and by state for each host and related remote central offices in the state of Washington.

Request No. 58

With regard to structure investments (i.e., Common Trenches (CT); Conduits (CON); Common Poles), in the state of Washington please provide:

- a. Total structural investment by type;
- b. Whether other entities (i.e. other local exchange carriers, cable television operators, electric companies) occupy space in/on this structural investment;
 - 1) Revenues received by GTE for the occupancy;
 - 2) Percentage of the structural capacity being used/rented by other entities.

Request No. 59

For each CLLI, please provide the number of lines separately by residence, business, special access, ISDN/BRI, public access lines and other (e.g. Centrex) as a function of the distance from the wire center. Please report the results in the following table:

Number of Lines						
Distance from W.C. (mi.)	Residence	Business	Special Access / Private Line (2 wire)	Public (PAL)	ISDN BRI	Other e.g. Centrex
0 - .25						
.25 - .5						
.5 - 1						
1 - 2						
2 - 3						
3 - 4						
4 - 5						
5 - 6						
6 - 7						
7 - 8						
8 - 9						
9 - 10						
>10						

Also provide the source, and the time frame (e.g. month, year) of the data provided.

Request No. 60

Provide Cable/Electronic vendor discounts as a percentage to the following items:

- a. Copper Cable Discount %;

- b. Fiber Cable Discount %;
- c. AFC Electronics Discount %;
- d. SLC Electronics Discount %.

Request No. 61

For tandem switching parameters provide the following:

- a. Real time limit, (BHCA);
- b. Port limit per trunk;
- c. Common Equipment Investment.

Request No. 62

Please provide all input data, calculations, analyses, studies, working papers, critiques and reports performed by GTE or at GTE's direction regarding AT&T's Avoided Cost Model.

Request No. 63

Please provide GTE's avoided cost results. Please include all executive summaries, all input data, backup details, workpapers, description of all assumptions, algorithms, factors, weightings, etc.

Request No. 64

Please provide the 1995 separations results for the state of Washington and for GTE in Total. In addition, please provide the following:

- a. copies of all data inputs, workpapers, backup detail, assumptions, algorithms, factors, weightings, executive summaries and other information.
- b. copies of all documentation that describes the separations system and its various modules;
- c. a copy of all mapping of the separations inputs and outputs to ARMIS, MR, FR, etc. reports;
- d. copies of all user manual and training guides;
- e. methods and procedures;
- f. copy of the Cost Allocation Manual;
- g. all workpapers that were used to adjust the 1995 results for the sale of exchanges;
- h. provide the methods and procedures used to develop the traffic minutes and factors for such traffic indicators including but not limited to DEM, SLU, Relative MOUs, CM, CMM, Term Counts, etc. used in FCC Part 36 rules;
- i. the minutes, messages and other information used to develop its Separations factors. Please state the type of services that GTE captures traffic data from for the purpose of developing its Separations factors.
Specifically address usage for services like Switched Digital Services such as ISDN, DSS, DDS, Frame Relay, and Cellular, etc. In addition, please include all workpapers, assumptions, and adjustment to account for EAS and sale of exchanges.

Request No. 65

Please provide a list of the special studies used to classify investment into the FCC Part 36 categories. Please provide copies of these studies. For each study, please state the date of the last update. Please provide the methods, procedures, instructions, algorithms, workpapers and other information used to adjust the special studies for the sale of exchanges.

Request No. 66

In developing the special investment studies to classify investment into the FCC Part 36 categories, please state the type of services that GTE captures in these studies. Specifically, address usage for services like Switched Digital Service such as ISDN, DSS, DDS, Frame Relay, and Cellular. In addition, please include all workpapers, assumptions and adjustment to account for EAS and sale of exchanges.

Request No. 67

Please provide the total Cellular minutes originating and terminating on GTE wireless network, including GTE wireless operations, for 1993, 1994 and 1995 for the state of Washington.

Request No. 68

Please identify the billing systems that GTE proposes to use to render a bill for total services resale ("TSR") and unbundled loop. If the billing system is not CABS or an existing system, please provide a full and complete explanation including all documentation on why it is absolutely necessary to build a new system in lieu of modifying existing systems. Include in the documentation the break-even analysis comparing existing systems to building new systems.

Request No. 69

Please provide the name of the order entry system and group of employees that will be used for order entry TSR and unbundled network elements, separately. If the order entry system is not an existing system, please provide a full and complete explanation including all documentation on why it is absolutely necessary to build a new system in lieu of modifying existing systems. Include in the documentation the break-even analysis comparing existing systems to building new systems.

Request No. 70

Please provide the name of the market unit that will deal with TSR and unbundled network elements, separately. If the market unit is not Switched Access Carrier Marketing, please

provide a full and complete explanation including all documentation on why it is absolutely necessary to establish a new market unit(s) in lieu of using existing market unit(s), such as Switched Access Carrier Marketing. Include in the documentation the break-even analysis comparing using existing market units to establishing new market units.

Request No. 71

Provide a copy of GTE's TSLRIC Cost Study supporting the unbundled element rates filed in all state proceedings regarding loops and/or unbundled rate elements.

Request No. 72

Provide copies of any agreements between GTE and all Local Exchange Companies addressing routing of operator services and directory assistance.

Request No. 73

Provide copies of any agreements between GTE and any GTE subsidiaries addressing routing of operator service and directory assistance.

Request No. 74

Please populate the attached table entitled "ILEC COST RECONCILIATION MATRIX".

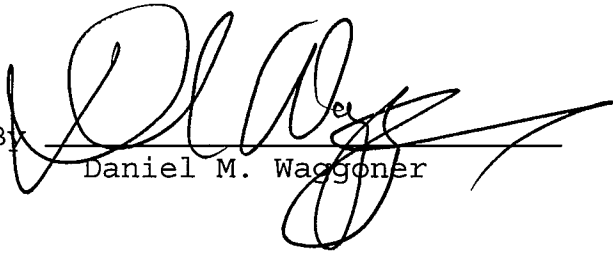
Request No. 75

Please provide copies of all GTE's responses provided to all other parties in this arbitration proceeding, including all supporting documentation, backup data, and workpapers. This request is continuous.

DATED this 16th day of August, 1996.

DAVIS WRIGHT TREMAINE
Attorneys for AT&T Communications
of the Pacific Northwest, Inc.

By


Daniel M. Waggoner

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Susan D. Proctor
AT&T Communications of the
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Denver, CO 80202

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

PETITION OF
AT&T COMMUNICATIONS OF THE
PACIFIC NORTHWEST, INC.
FOR ARBITRATION UNDER
THE TELECOMMUNICATIONS ACT OF 1996

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I. INTRODUCTION

Pursuant to Sections 251 and 252 of the Telecommunications Act of 1996 (the "Act"), and the Commission's Interpretive and Policy Statement Regarding Negotiation, Mediation, Arbitration, and Approval of Agreements under the Telecommunications Act of 1996 in Docket No. UT-960269 ("Interpretive and Policy Statement"), AT&T Communications of the Pacific Northwest, Inc. ("AT&T") requests that the Washington Utilities and Transportation Commission ("Commission") arbitrate the issues which remain unresolved in the interconnection negotiations between AT&T and GTE Northwest Incorporated ("GTE"). In resolving these issues, AT&T respectfully suggests that the Commission adopt the proposed interconnection agreement which AT&T submits with this Petition.

In support of this Petition, AT&T is providing an overview of the framework for local competition created by the Act and GTE's role within this framework; the history of the parties' negotiations; and a description of the unresolved issues and the parties' positions on those issues. To assist the Commission in its analysis, the following documents are attached to this Petition: (1) correspondence exchanged between the parties throughout the negotiations (Exhibit 1); (2) AT&T's request for interconnection (Exhibits 1(1) and 1(o)); (3) GTE's incomplete price proposals to date (Exhibit 2(a-b)); (4) a matrix specifying

the issues the parties addressed, including the issues resolved and the issues that remain unresolved (the "Matrix") (Exhibit 3(a-f)); (5) AT&T's proposed interconnection agreement and supporting documents (Exhibit 4); and, (6) written direct testimony supporting AT&T's interconnection agreement (Exhibits 5 - 8). Concurrently, AT&T is filing its First Set of Data Requests to GTE; Motion on Arbitration Procedures; and Motion and proposed Protective Order.

AT&T respectfully reserves its right to supplement this Petition and the supporting documents to reflect any information obtained from GTE in discovery. In addition, AT&T is evaluating the First Report and Order, *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, released August 8, 1996 by the Federal Communications Commission ("FCC Order"). When AT&T completes its evaluation of these Federal initiatives and receives the necessary cost information from GTE, AT&T will supplement this Petition and file supplemental testimony addressing AT&T's proposal for the pricing of the interconnection, unbundled network elements, services and facilities that AT&T seeks from GTE.

A. The Parties

1. **AT&T:** AT&T is a telecommunications company authorized to provide telecommunications services, including local exchange services, throughout the state of Washington. AT&T's address is:

AT&T Communications of the Pacific Northwest, Inc.
2601 Fourth Avenue, 6th Floor
Seattle, Washington 98121

Contacts related to this arbitration should be made to:

Maria Arias-Chapleau
Susan D. Proctor
AT&T Communications of the
Pacific Northwest, Inc.
1875 Lawrence St., Room 1575
Denver, Colorado 80202
Telephone: (303) 298-6164
Facsimile: (303) 298-6301

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Mary E. Steele
DAVIS WRIGHT TREMAINE
2600 Century Square
1501 Fourth Avenue
Seattle, WA 98101-1688
Telephone: (206) 622-3150
Facsimile: (206) 628-7040

2. **GTE:** GTE is a Washington corporation authorized to operate as a telecommunications company providing local exchange and other services throughout the state of Washington. In addition, GTE is an "incumbent local exchange carrier" as that term is defined in Sections 251 and 252 of the Act. GTE's address is:

GTE Northwest Incorporated
1800 41st Street
Everett, Washington 98201

AT&T's contacts with GTE regarding interconnection negotiations have been with the following individuals:

Counsel for AT&T:

Patrick Walsh
Joyce Beasley
AT&T
295 North Maple Avenue
Room 3258D2
Basking Ridge, NJ 07920
(908) 221-6502

R. Reed Harrison, III
Vice President
AT&T
One Oak Way
Room 4ED103
Berkeley Heights, NJ 07922
(908) 771-2700

In addition to filing this petition with the Commission,
AT&T is also serving a copy on GTE's corporate and local counsel:

Connie E. Nicholas
GTE Telephone Operations
600 Hidden Ridge
HQEO3H44
P. O. Box 152092
Irving, TX 75015-2092
(214) 718-4856

Richard Potter
GTE Northwest Incorporated
1800 41st Street
Everett, WA 98201
(206)

B. Timeline

AT&T's request for negotiations was received by GTE on **March 12, 1996**.¹ Under the timeline established in Section 252 of the Act, arbitration must be requested between **July 26, 1996** (the first weekday after the 135th day after AT&T's request for negotiations) and **August 19, 1996** (the first weekday after the 160th day after AT&T's request for negotiations). All outstanding issues must be resolved no later than **December 12, 1996** (nine months after AT&T's request for negotiations). The Commission has until **January 11, 1997**, to approve or reject the arbitration decision.

¹ (Ex. 1(u))

C. The Federal Act

The Act promises to transform fundamentally the landscape of local telephone service in America. For the last 100 years, consumers have had no choice for local phone service other than a single, monopoly provider. The purpose of the Act is to make local service markets competitive, with multiple providers offering customers diverse choices on a fully interconnected and seamless "network of networks." Market forces, in turn, will efficiently determine prices and the deployment of technology and innovative services. Congress correctly determined that, as is the case in virtually all other markets, encouraging the development of local exchange markets that offer a meaningful supply of alternatives is the best way to ensure that all consumers have access to high quality, reasonably priced, and technologically advanced local services.

The transformation of local service markets from regulated monopolies to effectively competitive markets, however, cannot be accomplished simply by enacting a federal statute. Recognizing this reality, Congress granted state commissions the critical role of ensuring that incumbent Local Exchange Carriers ("LECs"), such as GTE, provide access to their bottleneck network facilities, which have been built with ratepayer funds during many decades of monopoly control. Not only is GTE the single

largest telephone company in the U.S.,² but it also has the advantage of being able to enter the long distance marketplace without demonstrating that effective local exchange competition exists in its local exchange markets. See 47 U.S.C. § 601 (a)(2). Accordingly, the Commission must not ignore the reality that GTE has the ability to stifle competition by unfairly limiting access to its network facilities or by engaging in other anticompetitive conduct.

As required by the Act (as well as by this Commission's Orders, as discussed below), GTE must now open its network to competition in various ways including, but not limited to:

(a) **resale**: GTE must offer all of its telecommunications services at discounted, wholesale rates and on reasonable terms and conditions. See 47 U.S.C. §§ 251(c)(4) and 252(d)(3);

(b) **reciprocal compensation arrangements**: GTE must interconnect with other carriers via reciprocal compensation arrangements covering the transport and termination of traffic

² GTE's size and power is aptly described in the company's 1995 Annual Report attached as Ex. 11. In that report, GTE Chairman and CEO, Chuck Lee, stated that GTE is better positioned than AT&T to maximize profits in the new competitive marketplace because it owns the infrastructure that AT&T must use to reach its customers. Ex. 11 at pp. 4-5. Citing (1) stronger brand recognition, (2) geographic dispersion that protects GTE from regional economic upheaval, and (3) attractive markets in both major suburban areas, which provide GTE with growth potential and affluent customers, and rural areas, which present fewer competitive pressures, Chuck Lee concluded that GTE is in even a better position to take advantage of the changing marketplace than the RBOCs. Id.

exchanged between the carriers' networks. See 47 U.S.C. §§251(b)(5) and 252(d)(2);

(c) **unbundled network elements**: GTE must unbundle its local network and offer individual network elements, and combinations thereof, at reasonable, nondiscriminatory, and cost-based rates, enabling new entrants, such as AT&T, to: (1) combine elements in a manner tailored to satisfy customer needs; (2) combine elements with the facilities of other carriers; and/or (3) combine elements with the carrier's own network. See 47 U.S.C. §§ 251(c)(3) and 252(a)(1);

(d) **essential services and facilities and certain ancillary services**: GTE must provide other essential facilities and services and certain ancillary services. These facilities and services include: (i) **number portability** -- the ability of a customer changing local service providers to retain her or his existing phone number; (ii) **collocation** -- the placement of AT&T's facilities at GTE central offices and other locations; (iii) **access to poles, ducts, conduits and rights-of-way** that GTE currently owns or controls; and (iv) **certain ancillary services** including routing to AT&T's operator services and directory assistance platforms, and other related local services. See 47 U.S.C. §§251(b)(2), 251(c)(6) and 251(b)(4); and

(e) **electronic interfaces**: GTE must provide service parity through "real-time" electronic interfaces, processing, and other technical features for the following customer care areas: (i) pre-ordering; (ii) ordering and provisioning; (iii) maintenance and repair; and (iv) billing and recording. These interfaces are critical to AT&T's ability to provide reliable and high quality service to its customers in a manner that is "at least equal in quality" to that which GTE can offer.

D. This Commission's Commitment to Fostering Local Competition

The Commission demonstrated its commitment to opening local markets to competition in Washington well before the Federal Act became law. Immediately following the Washington Supreme Court's 1994 decision holding that LECs do not have exclusive service rights, the Commission began to register new entrants to provide local exchange service and classify them as competitive telecommunications companies, facilitating their ability to compete more effectively with the de facto monopoly providers. Perhaps most significantly, however, the Commission already has established significant portions of the ground rules for interconnection between competing local exchange carriers in its orders in Consolidated Docket Nos. UT-941464, et al. ("Interconnection"). The Fourth and Sixth Supplemental Orders, in particular, instituted ground-breaking requirements for mutual

compensation for the exchange of local traffic, physical interconnection, network unbundling, number portability, and related services. Many of these requirements have been adopted in other states and reflect principles similar to those in the Federal Act. Indeed, the Commission's Fourth Supplemental Order was cited prominently in the FCC's Notice of Proposed Rulemaking in CC Docket No. 96-98 implementing the Act and its further Supplemental Orders were relied upon in the FCC's August 8, 1996 Order.

The Commission's Interpretive and Policy Statement incorporates the requirements of prior orders as "preferred outcomes" of the arbitration process. The Commission thus already has substantially addressed and defined intercarrier duties consistently with the Federal Act, including the following:

(a) **resale**: GTE must eliminate restrictions on resale of its retail services and offer those services to new entrants at discounted, wholesale rates and reasonable terms and conditions (Interconnection Sixth Supp. Order at 19).

(b) **reciprocal compensation arrangements**: GTE must interconnect via reciprocal compensation arrangements for transport and termination of traffic exchanged between the carriers' networks on a bill-and-keep basis until the parties are able to negotiate (or present to the Commission for decision)

a capacity-based form of compensation that does not impose a "price squeeze" (Interconnection Fourth Supp. Order at 29-33);

(c) **unbundled network elements:** GTE must provide "unbundled" network elements at reasonable, nondiscriminatory, and cost-based rates (Interconnection Fourth Supp. Order at 51-53): and

(d) **essential services and facilities:** GTE must provide other essential facilities and services such as interim number portability, directory listings, directory assistance, and operator services at reasonable, cost-based rates, terms and conditions that are the same as GTE or its affiliates provide those services to each other or themselves, as well as collocation at rates consistent with Commission orders (Interconnection Fourth Supp. Order at 53-57 and 86).

The Federal Act specifically authorizes the Commission to promulgate or retain any regulation, order or policy that establishes access and interconnection obligations of local exchange carriers, is consistent with the requirements of the Act and does not substantially prevent implementation of the requirements and purposes of the Act. 47 U.S.C. § 251(d)(3). The Commission's orders represent just such regulation and complement Congressional efforts to ensure that the consumer benefits of effective competition can be realized in the local exchange market. The Commission now must address those duties

raised in the Act that have not been resolved in prior Commission orders.

E. AT&T's Commitment to Broad-based Local Entry

AT&T is the first new entrant that seeks to provide a broad array of local and other telecommunications services to residential and business customers in both urban and rural areas throughout this state. AT&T wants to offer consumers in this state the choice of using AT&T for both local and long distance service as well as other telecommunications services, such as wireless and on-line services. In order to offer a full range of services to all types of customers in Washington, AT&T must obtain facilities and services that are now only available from GTE, the monopoly provider in its serving territories.

AT&T contemplates entering the local market in Washington using a mosaic of interconnection services and network elements. Initially, AT&T will have to rely on the resale of GTE's services. In conjunction with resale, AT&T plans to provide many of its own customer care services, including directory assistance, operator service, and the processing of ordering, billing, and maintenance/repair requests. Over time, AT&T will deploy its own facilities, integrating them with the unbundled network elements and related functions and services that AT&T obtains from GTE and other LECs.

AT&T is before this Commission today because AT&T wants to provide high quality local services to Washington consumers. The role of this Commission is to ensure that GTE's natural monopolist instincts are checked and that the necessary comprehensive interconnection agreement, that complies with the Federal Act and the FCC's Order and Rules, is adopted in this proceeding so that local service competition can begin to develop in this state.

F. Procedures for Negotiating Agreements

The Act establishes the process by which AT&T and GTE could reach an interconnection agreement covering the terms, conditions and prices for the services and facilities that AT&T has requested from GTE. The Act provides a three-step process: (a) negotiation; (b) mediation, which can be requested at any time; and, (c) arbitration, which can be requested from this Commission from the 135th to the 160th day after negotiations commence.

II. REQUEST FOR ARBITRATION

Pursuant to Section 252(a) and (b) of the Act and the Commission's Interpretive and Policy Statement, AT&T hereby requests arbitration with GTE. In connection with this request, AT&T provides the following information to the Commission.

A. Overview of Issues

GTE's conduct in the negotiations process can be summarized as follows. GTE has:

- used price and cost recovery as an "enabling issue," conditioning agreement on any interconnection issue upon agreement on price and cost recovery;
- failed to provide AT&T with its pricing proposal until the 135th day of negotiations;
- refused to provide AT&T services, unbundled network elements and interconnection which are equal to those GTE provides to itself;
- denied AT&T access to facilities and services that are critical to AT&T's provisioning of competitive local service and restricting the manner in which AT&T may use GTE facilities and services;
- refused to commit to the real-time electronic interfaces that are vital to customer care; and
- waited until late in the negotiations to assert that GTE is a rural telephone company, exempt from the requirements of Section 251(c).

Details on these issues are provided throughout Section III of this Petition and the testimony of AT&T witnesses attached as Exhibits hereto. Finally, it is clear that GTE intends to use

the advantage it has over the Regional Bell Operating Companies ("RBOCs"), stemming from its ability to enter the long distance market without demonstrating the existence of effective local competition in its markets, as a tool to inhibit the development of true market-based local competition.

B. Factual Background of Negotiations

By letters dated March 11 and March 19, 1996,⁴ AT&T transmitted to GTE its general and state specific requests for interconnection, services and network elements pursuant to Section 252 of the Act. Washington was one of the twenty states included in AT&T's requests. By letter dated April 11, 1996 GTE confirmed its March 12, 1996⁵ receipt of AT&T's general request for negotiation and indicated its availability to negotiate.

On April 2, 1996, a senior level meeting between AT&T and GTE was held at GTE World Headquarters in Irving, Texas.⁶ At

⁴ Exs. 1(l) and 1(o), respectively.

⁵ Ex. 1(u).

⁶ The AT&T representatives at this meeting were Reed Harrison, Vice President-Local Infrastructure and Access Management Regional Operations; Ron Shurter, AT&T Local Infrastructure and Access Management Vice President for the Southern States and National Suppliers; Joyce Beasley, General Attorney, AT&T; Gary Rall, District Manager, Local Infrastructure and Access Management. GTE representatives at this meeting were Donald McLeod, Vice President-Local Competition/Interconnection; Connie Nicholas, Attorney; Frank Compton, Director-AT&T National Account Management; Meade Seamna, Director-Program Management, Local Competition/Interconnection; Mike Billings, Director-Collocation and Interconnection; John Peterson, Manager-National Industry Relations; and Dan Bennet, Manager-AT&T Account Management.

that meeting, AT&T gave a presentation of its interconnection, services and network elements needs. The GTE audience included senior and experienced local exchange company line operations people, particularly and uniquely familiar with the interconnection, services and network elements needed to provide effective and efficient local exchange telephone services and, otherwise, to serve local telephone markets. Mike Billings, one of the members of the GTE audience present at the meeting, had previously been the lead negotiator responsible for addressing AT&T's request for interconnection and resale pursuant to the California Interim Rules for Local Exchange Competition. The California Commission ruled that local resale would be available on March 1, 1996 in California.⁷ Thus, GTE was already well aware of AT&T's requirements for resale and interconnection.⁸

Subsequently, at an April 18, 1996 meeting, AT&T presented to GTE the detailed Matrix of AT&T's needs for interconnection, services and network elements. However, GTE delayed meeting with AT&T to discuss AT&T's requirements for unbundled network elements until June 4, 1996. The Matrix was intended to facilitate, guide and expedite the negotiations process by

⁷ California Commission Decision 95-07-054, issued July 24, 1995.

⁸ See correspondence to Mike Billings (GTE) from Ross Richards, et. al. (AT&T), dated December 4, 1995, Ex.1 (yyyyy).

providing a clear and detailed picture of AT&T's needs. A copy of the Matrix is attached as Exhibit 3(a)-(f).

C. Pricing Proposals

The parties have been unable to resolve any of the issues relating to price for resold services, unbundled elements, interconnection and other facilities and services requested by AT&T. AT&T made repeated requests for cost information from GTE,⁹ but GTE has refused to provide the type and scope of such information requested by AT&T.¹⁰ Instead, on June 4, 1996, GTE provided a nationwide, not state specific, avoided cost study which was previously filed in a California Commission proceeding regarding resale. GTE then sent a local services resale pricing proposal to AT&T on Friday, June 14, 1996¹¹ with a request for a response by June 21, 1996. AT&T received and began reviewing the proposal on Monday, June 17, 1996. When AT&T asked for assistance in reviewing this price proposal, GTE refused to provide AT&T the needed information.¹²

⁹ See, e.g., Letters from Joyce Beasley, dated June 3, 1996, June 10, 1996 and July 11, 1996, Exs. 1(jjj), 1(www) and 1(kkkkk) respectively.

¹⁰ GTE has only provided limited LRIC cost studies for California, Hawaii, Texas and Florida.

¹¹ Ex. 2(a).

¹² Letter from Ron Shurter to Meade Seaman dated June 21, 1996, Ex.1(jjjj); letter from Meade Seaman to Ron Shurter dated June 27 1996, Ex. 1(oooo).

In view of this continuing refusal by GTE to assist AT&T, and the lack of GTE cost studies, AT&T calculated GTE's avoided costs, by state, based upon publicly available ARMIS data. On July 1, 1996, AT&T made its first counteroffer to GTE with regard to prices for resold services, unbundled network elements, and interconnection.¹³ GTE rejected AT&T's offer.¹⁴

GTE provided a counter pricing proposal on July 24, 1996, which included the same resale pricing proposal and for the first time included prices for GTE's limited unbundled network elements proposal.¹⁵ On August 2, 1996 AT&T rejected GTE's proposal and provided another counterproposal.¹⁶ GTE has not responded to AT&T's counterproposal. Therefore, to date, the parties have not reached an agreement on price, and therefore, all issues "agreed upon" subject to price are outstanding. In sum, negotiations on price between the parties have been hampered by GTE's failure to provide AT&T with cost studies and complete pricing proposals.

D. GTE's Rural Exemption Claim

¹³ AT&T July 1, 1996 Pricing Proposal, Ex. 1(xxxx).

¹⁴ Letter from Don McLeod, signed by Meade Seaman to Reed Harrison dated July 8, 1996, Ex. 1(ggggg)

¹⁵ GTE July 24, 1996 Pricing Proposal, Ex.2(b).

¹⁶ AT&T August 2, 1996 Pricing Proposal, Ex. 1(wwwww).

On May 15, 1996, over two months after agreeing to negotiate the terms and conditions for AT&T's interconnection request, GTE announced that it was planning to assert that certain of its operating companies currently included in the negotiations qualify as rural telephone companies under Section 251(f)(1) of the Act, and thus, exempt GTE from the obligations of Section 251(c). It was not until June 21, 1996, that GTE actually informed AT&T that it would indeed assert that the Contel operations in Washington are a rural telephone company.¹⁷ Thus, for over three months, GTE misled AT&T into believing that GTE had every intention of negotiating a comprehensive interconnection agreement applicable to all of its operations in Washington pursuant to Sections 251(c) and 252.

The FCC Rules make it clear that GTE bears the burden of establishing that it should be entitled to a rural carrier exemption under Section 251(f)(1) of the Act. 47 C.F.R. § 51.405(a). Furthermore, the FCC rules require GTE to prove that requiring it to comply with Section 251(c) of the Act is "likely to cause undue economic burden beyond the economic burden that is typically associated with efficient competitive entry." 47 C.F.R. § 51.405(a). In this case, GTE has not and cannot establish such undue burden. Therefore, its rural exemption claim should be rejected.

¹⁷ Ex. 1(kkkk).

The Public Utilities Commission of Ohio stated in evaluating GTE's rural exemption claim:

We are thoroughly displeased with GTE's actions in this matter. **The company has had to have known for some time that it would be asserting this RLEC exemption yet the company chose to withhold this vital information from potential competitors and from this Commission until late** in the negotiation process with Time Warner and AT&T. Such posturing certainly causes us to step back and ponder the company's intentions including whether the company is positioning itself to act in an anti-competitive fashion going into the emerging local competitive era.

Assuming arguendo that GTE qualified as an RLEC in Ohio upon the date of enactment, an assumption the Commission is unwilling to make, **the procompetitive aspects of the 1996 Act are clear.** In the absence of an affirmative determination by this Commission that GTE's RLEC exemption ought to be continued based upon undue economic burden, technical feasibility, and universal service principles, the exemption shall be terminated. GTE provided no documentation through which this Commission could evaluate whether to continue GTE's RLEC exemption under the aforementioned principles. **Therefore, we find that the RLEC exemption afforded GTE on the date of enactment of the 1996 Act is hereby terminated** and GTE is instructed to implement the request in the time and manner prescribed...[by the Commission].

In the Matter of GTE North Incorporated's Rural Local Exchange Carrier Exemption Under the Telecommunications Act of 1996, Case No. 96-612-TP-UNC at paragraph 6, Public Utilities Commission of Ohio (June 27, 1996) (emphasis added)¹⁸

¹⁸ Ex. 9 at p. 3.

To the extent GTE asserts the rural exemption claim in this state, the Commission similarly should reject it.

III. POSITIONS ON UNRESOLVED ISSUES

A. Position Matrix and AT&T's Proposed Interconnection Contract

The successful implementation of a comprehensive interconnection agreement between AT&T and GTE requires detail because AT&T seeks to provide a wide variety of high quality local services to Washington consumers. To do so, AT&T has requested that GTE provide local and toll services for resale, unbundled network elements and related functions and features, access to certain necessary facilities and services, real-time electronic interfaces, and certain performance standards.

The Matrix lists the issues AT&T presented to GTE for negotiation and the respective positions of AT&T and GTE on each issue. In developing the Matrix, AT&T intended to provide a clear picture of the issues that need to be resolved before AT&T can begin to provide consumers in this state new local exchange service options. Throughout the negotiations, the Matrix was reviewed, edited, and approved by both AT&T and GTE. While detailed, the Matrix nonetheless groups subjects according to

issues.¹⁹ Those issues noted as "closed" have been discussed and resolved by the parties. Those issues that have not been resolved are noted as "open." The Matrix also references where the terms pertaining to the unresolved issues appear in AT&T's proposed contract. As to all issues, open and closed, AT&T respectfully requests that the Commission adopt the position, terms and conditions set forth in AT&T's proposed interconnection contract.²⁰ GTE considers the Matrix a proprietary document. While AT&T has requested that GTE waive its proprietary claim, GTE has refused to do so. Therefore, AT&T is filing the Matrix subject to the parties' Nondisclosure Agreement. AT&T requests that the Commission grant its Motion for Protective Order, filed contemporaneously with this Petition, in order to protect GTE's claim to the proprietary nature of the Matrix.²¹

B. Issues

The following is a discussion of the general categories of issues that remain unresolved, the parties' respective positions on those issues, applicable portions of the Act, the FCC Order and Rules, and Commission Orders.

¹⁹ Ex. 3.

²⁰ Ex. 4.

²¹ Exhibits subject to the Nondisclosure Agreement are marked with an asterisk on the Exhibit List and filed under seal.

1. Physical Interconnection/Collocation

a. Issue: How should AT&T and GTE physically interconnect their networks?

b. Telecommunications Act, FCC Rules and WUTC

Requirements: GTE has a duty to provide new entrants, such as AT&T, with the facilities and equipment necessary to access GTE's network "at any technically feasible point" and in a manner "that is at least equal in quality to that provided by the local exchange carrier to itself or to any subsidiary, affiliate, or any other party to which the carrier provides interconnection. 47 U.S.C. § 251(c)(2); accord 47 C.F.R. § 51.311 and 51.313. GTE also has the express duty to provide "physical collocation of equipment necessary for interconnection or access to unbundled network elements at the premises of the local exchange carrier," or virtual collocation if, and only if, GTE can prove that physical collocation "is not practical for technical reasons or because of space limitations." 47 U.S.C. § 251(c)(6); accord 47 C.F.R. §51.321(e).

The FCC Rules identify the following minimum points at which LECs like GTE must provide interconnection: (i) the line-side of a local switch; (ii) the trunk-side of a local switch; (iii) the trunk interconnection points for a tandem switch; (iv) central office cross-connect points; (v) out-of-band signaling transfer

points necessary to exchange traffic at these points and access call-related database; and (vi) the points of access to unbundled network elements as described in the FCC Order and Rules. See 47 C.F.R. §§ 51.305, 51.319. GTE is required to provide any technically feasible method of interconnection or access requested by AT&T, including physical collocation, virtual collocation and interconnection at meet points. FCC Order, paras. 549-550. However, GTE may provide virtual collocation if it demonstrates that physical collocation is not practical for technical reasons or because of space limitations. FCC Order, paras. 549-550; accord, 47 C.F.R. § 51.305(a)(2).

As with pricing for unbundled elements, the FCC has determined that pricing for interconnection and collocation should be based on the Total Element Long Run Incremental Cost ("TELRIC") plus a reasonable share of forward-looking joint and common costs. FCC Order, para. 672; accord, 47 C.F.R. § 51.503-511.

c. **Matrix:** Matrix #4 - Interconnection/Unbundling Items 4120-4130, page 13 and Items 4245-4395, pages 27-40 of the Matrix summarize the parties' positions on this issue.²²

d. **AT&T Position:** AT&T customers must be able to make calls to, and receive calls from, customers of other carriers, including GTE. Therefore, AT&T proposes the following

²² Ex. 3.

as the most efficient way to exchange local traffic with GTE.

(1) The companies should negotiate specific meet points for interconnection, and each company should be responsible for the costs of constructing facilities to the meet points. See, e.g., FCC Order, para 553. (2) GTE should provide physical collocation for AT&T equipment in GTE central offices, consistent with FCC Order. Id. at para. 579-580. If GTE demonstrates to the satisfaction of the Commission that insufficient space exists or, that physical collocation is not technically feasible in a particular central office, GTE should provide virtual collocation for AT&T equipment in that office, without limitation on the type or use of the collocated equipment, consistent with FCC Order. Id. at para. 579. In any event, AT&T must be able to directly and/or remotely monitor and control equipment that GTE uses for such interconnection in order for AT&T to provide quality customer service. (3) The rates for interconnection and collocation should be cost based as measured with a TELRIC methodology. FCC Order, para. 672; accord 47 C.F.R. § 51.503.

AT&T witness Todd Bohling provides testimony on these interconnection and collocation issues.²³ AT&T's proposed

²³ Ex. 7.

Interconnection Agreement provides contract language on these issues.²⁴

e. **GTE Position:** On the issue of collocation, GTE proposes to provide physical collocation on a first-come, first-served basis after GTE reserves floor space based on its own five year projections of space needs. This is contrary to the recently issued FCC Order. See FCC Order, para. 606. Also, contrary to the FCC Order, GTE desires to restrict the use of collocated space and to limit the type of equipment that AT&T can install on GTE's premises. See FCC Order, paras. 579-580. GTE has also proposed to restrict the use of collocated space to interconnection to DS3, DS1, or DS0 switched or special transport services. GTE has not provided cost studies for these facilities and does not agree that interconnection or collocation should be priced at TELRIC, contrary to the FCC Order (FCC Order, para. 155) and the Rules issued pursuant to the Order. 47 C.F.R. § 51.301(c).

f. **Compliance With Act, FCC Rules and WUTC**

Requirements: AT&T's proposal tracks the requirements of the Act, requesting physical interconnection on the same terms and conditions that GTE provides interconnection to itself and to other incumbent local exchange carriers. 47 U.S.C. § 251 (c)(2);

²⁴ Ex. 4, Part III Ancillary Functions, Section 35 and Attachment 3, Section 2.

47 C.F.R. §§ 51.311 and 51.313 GTE's proposals, on the other hand, are intended for no purpose other than to make it more difficult for its potential competitors to operate efficiently and effectively in GTE's local service markets. Furthermore, GTE's proposals are plainly inconsistent with the requirements of the Act and the FCC Order and Rules.

2. **Reciprocal Compensation**

a. **Issue:** How should AT&T and GTE compensate each other for transporting and terminating each other's local exchange traffic?

b. **Telecommunications Act, FCC Rules and WUTC**

Requirements: The Act provides that GTE has the duty "to establish reciprocal compensation arrangements for the transport and termination of telecommunications [services]." 47 U.S.C. § 251(a)(5); See also 47 C.F.R. § 51.713(a). These arrangements must "provide for the mutual and reciprocal recovery of costs associated with [call] transport and termination." 47 U.S.C. § 252(d)(2)(A)(i); 47 C.F.R. § 51.702(e). Furthermore, such agreements may "afford the mutual recovery of costs through the offsetting of reciprocal obligations, including arrangements that waive mutual recovery (such as bill-and-keep arrangements)." 47 U.S.C. § 252(d)(2)(B)(i); 47 C.F.R. §§ 51.701(a) and 51.713.

The FCC Rules require that prices for transport and termination of local traffic must be symmetrical and established through one of three methods: (1) the forward-looking economic costs, based upon cost studies that comply with the FCC's Rules; (2) default proxies, established by the FCC; or (3) a bill-and-keep arrangement. 47 C.F.R. § 51.705. This Commission has required mutual, reciprocal compensation for the exchange of local traffic and has established bill-and-keep as the appropriate interim form of such compensation until the parties negotiate or the Commission orders a capacity-based form of compensation. Interconnection Fourth Supp. Order at 28-32. In addition, the FCC found that state commissions that had already ordered such arrangements could retain them. FCC Order, para. 129.

c. **Matrix:** The parties' positions on this issue are found in Matrix #4 - Interconnection/Unbundling at Items 4475 and 4480, pages 45-46.²⁵

d. **AT&T Position:** AT&T proposes that GTE and AT&T exchange local traffic on a bill-and-keep basis. Under a bill-and-keep compensation mechanism, each company is responsible for its own costs and each receives compensation through "in kind" exchange of call transport and termination. 47 C.F.R. § 51.713.

²⁵ Ex. 3.

To date, bill-and-keep has been the norm in this industry and various state Commissions, including this Commission, have adopted it as an interim mutual compensation method.²⁶

Furthermore, the FCC Rules expressly permit the Commission to adopt bill-and-keep arrangements. 47 C.F.R. § 51.713(b). AT&T has proposed such a "bill-and-keep" arrangement for the first twelve months of operation under the proposed Interconnection Agreement. Thereafter, once GTE produces cost studies which fully comply with the FCC Rules and if a study demonstrates that the traffic between the parties is not in balance, the Commission can order cost based rates. So long as traffic is relatively in balance, there would be no reason to incur the expense of moving away from bill-and-keep.

AT&T's position on this issue can be found in AT&T's proposed Interconnection Agreement.²⁷

e. GTE Position: GTE has proposed call termination rates for calls delivered to its end office, and rates for calls

²⁶ Arizona, Colorado, Iowa, Oregon and Washington have issued orders adopting bill-and-keep. See In re Rules for Telecommunications Interconnection and Unbundling, Ariz. Corp. Comm'n Docket No. 0000-96-001, Decision No. 59761 (Adopted July 22, 1996); Washington Utilities and Transportation Commission v. U S WEST Communications, Inc., Docket No. UT-941464, Fourth Supp. Order (October 31, 1995); In re Application of Electric Lightwave, et al., Oregon PUC Docket Nos. CP 1, 14 & 15, Order No. 96-021 at 52 (January 12, 1996); U S WEST Communications, Inc. -- LIS-LINK Tariff, Docket No. RPU-95-10, Final Decision and Order (Iowa Utils. Bd. May 17, 1996).

²⁷ General Terms and Conditions, Section I; Part V Pricing, Section 48.3.2; Attachment 6 - Local Services, Unbundled Network Element and Interconnection Billing and Reporting, Section 2.1; and Attachment 6B - Unbundled Network Element Billing and Reporting, Section 8.2, Ex. 4.

delivered to a tandem office or wire center. Because GTE has not provided cost studies, AT&T has no basis for evaluating whether GTE's proposed rates comply with the FCC Order and Rules.

f. Compliance With Act, FCC Rules and WUTC

Requirements: AT&T's proposal is consistent with and supported by the Federal Act, the FCC Rules and the Commission's specific allowance for bill-and-keep, as well as the requirement that compensation for call termination and transport must be reciprocal and cost-based. This Commission also flatly rejected any form of measured compensation for the exchange of local traffic as inconsistent with the public interest and state policy of flat-rated calling and prohibition on mandatory measure service. Interconnection Fourth Supp. Order at 26-32. GTE's proposal, on the other hand, is plainly inconsistent with the Act, the FCC Order, the Rules and the Commission's order.

3. Unbundling

a. Issue: What unbundled network elements must GTE make available to AT&T?

b. Telecommunications Act, FCC Rules and WUTC

Requirements: GTE has the duty to unbundle its networks so that new entrants like AT&T can provide local services. Specifically, GTE must provide "to any requesting telecommunications carrier

for the provision of a telecommunications service, 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." 47 U.S.C. § 251(c)(3). Under the Rules adopted by the FCC to implement the Act, the network elements that must be unbundled include, **at a minimum**, (1) local loops; (2) network interface devices; (3) local and tandem switches (including all software features provided by such switches); (4) interoffice transmission facilities; (5) signaling and call related database facilities; (6) operations support systems functions; and (7) operator services and directory assistance. 47 C.F.R. § 51.319 The FCC Rules allow states, however, to order the unbundling of additional elements beyond those identified in its Order and Rules. 47 C.F.R. § 51.319

GTE may not impose any limitations, restrictions, or requirements upon the manner in which AT&T chooses to use the unbundled elements. 47 C.F.R. § 51.309. Instead, GTE must provide access to network elements in a manner that allows AT&T and other new entrants to combine the elements as they choose. 47 C.F.R. § 51.315(a). Moreover, GTE must provide network elements in a manner that is at least equal in quality to that which GTE provides to itself. 47 C.F.R. § 51.311. Further, upon AT&T's

request, GTE must provide network elements at a superior quality, to the extent technically feasible. 47 C.F.R. § 51.311(c).

c. **Matrix**: The parties' positions on this issue are found in Matrix #4 - Interconnection/Unbundling.²⁸

d. **AT&T Position**: GTE must unbundle its network at all technically feasible points and make those unbundled network elements available on a "piece part" basis so that AT&T and other new entrants can use those elements to provide local service on a stand-alone basis, in combination with the facilities of other carriers, or in combination with their own network facilities. 47 C.F.R. §§ 51.307 and 51.315(a). It is currently technically feasible to unbundle the local network at all of the points identified in the FCC Rules. Id. at § 51.319. AT&T proposes the unbundling of the following 12 network elements²⁹ because it is technically feasible to unbundle the local network at these points: (1) Network Interface Device; (2) Loop Distribution; (3) Loop Concentrator/Multiplexer; (4) Loop Feeder; (5) Local Switching; (6) Operator Systems/Directory Assistance; (7) Dedicated Transport; (8) Common Transport; (9) Tandem Switching;

²⁸ The specific Matrix cites for the unbundled elements are as follows: Network Interface Device - Items 4025-4050, pages 4-5; Loop Distribution - Items 4055-4070, page 6; Loop Concentrator/Multiplexer - Items 4075-4100, pages 7-11; Loop Feeder - Items 4105-4115, page 12; Local Switching - items 4510-4540, pages 49-54; Tandem Switching - items 4545-4555, pages 55-56; Transport - items 4400-4505, pages 41-48; Signaling Links - items 4685-4700, pages 72-73; Signal Transfer Points - items 4650-4680, pages 67-71; Service Control Points - items 4705-4715, pages 74-77. Ex. 3.

²⁹ At the arbitration hearing, AT&T will present demonstrative evidence on these 12 unbundled network elements.

(10) Signaling Links; (11) Signal Transfer Points; and (12) Service Control Points/Databases.

Currently, AT&T has no choice but to use GTE's unbundled network elements to make local services more widely available. Further, GTE's network elements must be made available meeting certain appropriate performance standards AT&T refers to as Direct Measures of Quality ("DMOQs"), and at reasonable and nondiscriminatory, cost-based rates, terms and conditions.

AT&T witness Todd Bohling describes the unbundled network elements that AT&T is requesting be made available.³⁰ AT&T's proposed Interconnection Agreement provides contract language to support its position on this issue.³¹ AT&T reserves its right to file supplemental testimony on the pricing of these network elements.

e. **GTE Position:** GTE agrees that it is technically feasible to unbundle many of the network elements requested by AT&T. For example, GTE has agreed to provide the NID, but has not provided any pricing for that element. On July 18, 1996, GTE and AT&T subject matter experts reached tentative agreement that GTE would initially provide a combination of the three subloop elements, and that it would in the future provide the three

³⁰ Ex. 7.

³¹ General Terms and Conditions, Section 1; Part II, Unbundled Network Elements and Attachment II, Sections 2-12, Ex. 4.

individually as the market demand was ascertained. While GTE acknowledged that it was technically feasible to provide the requested subloops, GTE asserted that it would be expensive to do so. More recently, GTE has asserted that the provision of subloops AT&T requested are not technically feasible.

GTE has taken the position that it will provide limited switching capabilities as a part of its port offer. However, GTE states that it is either not legally required to provide such unbundling (routing to AT&T's operator services platforms) or, in the alternative, that such unbundling is not technically feasible.

GTE has refused to unbundle either dedicated or common local transport from GTE's switch on the basis that the unbundling of these local transport network elements from the GTE switch is not technically feasible. However, GTE has stated that AT&T may order dedicated and common transport from the access tariff.

Contrary to the FCC Order and Rules, GTE has taken the position that operator systems are not network elements that should be unbundled even though GTE concedes that routing of operator systems is technically feasible.

Also, GTE will not agree to unbundle the signaling systems as requested by AT&T and required by the FCC Order and Rules. Finally, GTE also contends that AT&T should not be permitted to

combine network elements so as to "substantially replicate" any services GTE separately offers for resale under § 251(c)(4).

f. **Compliance With Act, FCC Rules and WUTC**

Requirements: AT&T's unbundling proposals are consistent with the Act and the FCC Rules. In fact, the FCC Order and Rules specifically approve the unbundling of seven of AT&T's twelve requested network elements and further provide the basis for ordering additional unbundling. FCC Order, paras. 366-529 47 C.F.R. § 51.319. Unbundling GTE's network into the network elements AT&T has requested is technically feasible and necessary to promote local service competition in this state. In addition, the FCC has already determined that the Act does not permit GTE to place limitations on the manner in which AT&T may seek to combine the unbundled elements. 47 C.F.R. § 51.315(A). In contrast, GTE's position ignores the requirements of the Act, the FCC Order and Rules.

4. **Pricing of Unbundled Elements**

a. **Issue:** At what price should unbundled network elements be made available to AT&T?

b. **Telecommunications Act, FCC Rules and WUTC**

Requirements: GTE's rates for the unbundled elements must be "based on the cost (determined without reference to a rate-of-return or other rate-based proceeding) of providing the

network element, . . . nondiscriminatory," and . . . may include a reasonable profit." 47 U.S.C. § 252(d)(1).³²

In its Rules, the FCC requires that the prices for unbundled network elements be based on TELRIC, plus a calculation of a reasonable share of forward-looking joint and common costs. FCC Order, para. 672; 47 C.F.R. §§ 51.501-51.505, 51.511. This methodology is a TSLRIC methodology as AT&T witness Dr. John W. Mayo defines and explains it. However, the FCC emphasized that any allocation of joint and common costs that occurs using TSLRIC cannot be based on "Ramsey Pricing," where those with the fewest or no alternative sources of supply bear the highest allocation, and that rate structure must comport with the manner in which costs are incurred. 47 C.F.R. §§ 51.507, 51.508.

The FCC adopted default proxy rates for interconnection and unbundled network elements that will serve as a presumptive ceiling until the Commission adopts rates pursuant to cost studies that are consistent with the costing and pricing principles adopted by the FCC Order. See FCC Order, paras. 766-67. This Commission may set prices below these default ceilings if the record before it supports a lower price. Id. at para. 767.

States that set prices based upon the default proxies must also require the parties to update the prices in the interconnection

³² As a practical matter, the "sum of the parts not to exceed the whole" should apply if the rates of the unbundled elements are cost-based.

agreement on a going-forward basis, either after the state conducts or approves an economic study according to the cost-based pricing methodology or pursuant to any FCC revision of the default proxy. Id. at para. 768.

In calculating TSLRIC and joint and common costs, the Commission may not consider or include GTE's embedded or retail costs, the opportunity costs of GTE not serving other customers with the same elements, or subsidies for other services or customers. 47 C.F.R. § 51.505(d). The FCC also concludes that the required TELRIC methodology already includes a "reasonable profit" and no additional profit is justified under the statutory language. FCC Order, para. 699.

b. **Matrix**: The parties' positions on this issue are found in Matrix #4 - Interconnection/Unbundling items.³³

c. **AT&T Position**: As the FCC Rules recognize, the "cost-based" requirement of § 252(d) means that rates for unbundled elements should be set at economically efficient levels. 47 C.F.R.. §§ 51.503 and 51.505. TELRIC is the forward-looking, long-run incremental costs of providing an entire service, assuming the firm already provides its other services, and includes both depreciation expense and return on the investment devoted to the service. 47 C.F.R.. § 51.505. GTE has

³³ Ex. 3. The specific matrix cites are: Items 4022, page 3; 4030, page 4; 4070, page 6; 4115, page 12; 4430, page 43; 4455, page 44; 4470, page 45; 4540, page 54; 4555, page 56; 4585, page 59 and 4625, page 63

not provided AT&T with either TSLRIC-based or TELRIC-based cost studies for this state. AT&T requests that GTE immediately provide such studies. Further, AT&T is evaluating the FCC Rules and preparing a cost model developed by Hatfield & Associates to calculate revised proxy rates for GTE's TELRIC for the network elements and services AT&T is seeking from GTE. More work needs to be done and information obtained, however, to develop specific GTE rate elements for unbundled elements, interconnection, collocation and number portability.

AT&T's witness Dr. John W. Mayo presents economic principles supporting AT&T's position on how prices for unbundled elements should be established.³⁴ AT&T's proposed Interconnection Agreement provides contract language on these issues.³⁵

d. **GTE Position:** For switching and transport, GTE has stated that AT&T can purchase these elements from the existing tariffs GTE has on file. For the loop, GTE proposes prices that, generally, are higher than the total amount an end-user customer pays for monthly service and include very substantial nonrecurring charges. GTE claims that other elements do not need to be provided, and thus, has refused to provide prices for them.

³⁴ Ex. 6.

³⁵ Ex. 4 at Part IV, Pricing, Section 48.2.

e. **Compliance With Act, FCC Rules and WUTC**

Requirements: AT&T's position complies with the Federal Act, the FCC Order and Rules' requirement that prices for unbundled elements be based on the cost of providing those elements. GTE's proposed prices do not meet the requirements of the Act or the FCC's Order and Rules since GTE's prices have not been developed consistent with the FCC's TELRIC methodology.

5. **Resale**

a. **Issue:** What retail services must GTE make available for purchase and resale by AT&T, and on what terms and conditions?

b. **Telecommunications Act, FCC Rules and WUTC**

Requirements: GTE has the duty "to offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers." The FCC concluded that GTE must establish a "wholesale rate" on the basis of retail rates charged to subscribers for each retail service that: (1) meets the statutory definition of a "telecommunications service;" and (2) is provided at retail to subscribers who are not "telecommunications carriers." FCC Order, para 31; 47 C.F.R. § 51.605(a) Such retail services include, for example, bundled service offerings, promotional or discounted offerings, below cost and residential service, and

grandfathered services. In addition, all of GTE's remaining telecommunications services must be made available for resale under Section 251(b)(1), although the provisions of Section 252(d)(3) would not apply.

c. **Matrix**: The parties' positions on resale are found in the Matrix.³⁶

d. **AT&T Position**: The only means by which AT&T can bring the benefits of competition to a broad range of residential and business customers throughout Washington in the immediate future is through the resale of GTE's services. As the FCC recently stated, "Resale will be an important entry strategy for many new entrants, especially in the short term when they build out their own facilities." FCC Order, para. 907.

All of GTE's services must be available for resale, including, but not limited to: (1) retail services, (i.e., payphones); (2) nontariffed services (i.e., services offered under price list); (3) "grandfathered" services; (4) contract services (i.e., Centrex); (5) services offered on individual contract basis; (6) discounted and promotional offerings.³⁷

³⁶ Ex. 3. The specific Matrix cites are #1 - Billing for Local Resale, pages 1-8; Matrix #2 - Features and Services for Local Resale, pages 1-59; Matrix #3 - Pre-Ordering/Ordering for Local Resale, pages 1-27; and Matrix #5 - Payphone-Local Resale, pages 1-29

³⁷ AT&T recognizes that only promotions that exceed 90 days are subject to resale under the FCC Order and Rules. See FCC Order para. 948; 47 C.F.R. § 51.613(a)(2)

These services must be offered for resale without restrictions on the use or the user of those services.³⁸ AT&T also requires that GTE provide in its resold services the AIN functionality resident in the GTE switch so that AT&T can offer its customers services at parity with those services that GTE offers its own customers in that switch.

AT&T witness Dr. John W. Mayo provides testimony that explains the importance of resale.³⁹ AT&T's proposed Interconnection Agreement provides contract language on these resale issues in Part I, Local Services Resale, all Sections.⁴⁰

e. **GTE Position:** GTE refuses to provide those resale services which it labels as "Non-Telecom", such as, enhanced or information services, inside wire, and voice messaging. GTE also refuses to resell grandfathered services, promotional offerings, "below cost" residential services, AIN triggers and "In Contract" services. GTE agrees to resell, but not at wholesale rates, discounted calling plans and packages, non-recurring charges, usage rated services such as Operator Assistance, and services used for "administrative purposes."

³⁸ AT&T believes that any and all restrictions on the use or user of resold services must be eliminated with the FCC's presumptions. See FCC Order, para. 939; 47 C.F.R. § 51.613.

³⁹ Ex. 5(b).

⁴⁰ Ex. 6.

GTE proposes to restrict the use of its retail offerings, permitting use by only a defined class of users and preventing use by others. Furthermore, GTE proposes to continue all of its existing category-to-category restrictions, with the exception being that it will permit resellers to sell business services to residential customers. Finally, GTE takes the position that AT&T cannot serve its own locations or those of its affiliates through resale arrangements.

f. Compliance With Act, FCC Rules and WUTC

Requirements: AT&T's request for resale of all services that GTE provides to its customers at wholesale rates, based on demonstrated avoidable costs, is consistent with the language and purpose of the Act and the FCC Order and Rules. FCC Order, para. 871; 47 U.S.C. § 251(c)(4). GTE's proposal, however, ignores these requirements by inappropriately limiting the services GTE will offer for resale, restricting the use of those services, and failing to offer appropriately priced wholesale discounts based on avoidable costs. GTE also has failed to provide any cost data to support its position.

6. Pricing of Wholesale Services

a. Issue: At what price should GTE's wholesale services be made available to AT&T?

b. Telecommunications Act, FCC Rules, and WUTC

Requirements: Section 251(c)(4) of the Act requires GTE to offer for resale at wholesale rates any telecommunications services it provides to retail customers. The "wholesale rates" must be determined on the basis of retail rates charged to subscribers for the telecommunications service requested, excluding the portion thereof attributable to any "marketing, billing, collection, and other costs that will be avoided by the local exchange carrier." 47 U.S.C. § 252(d)(3); 47 C.F.R. §§ 51.603-617. The FCC issued rules which identified two methods to be used by state commissions to establish the appropriate wholesale rates. FCC Order, para 907. These methods are: 1) identify and calculate avoided costs based on avoided cost studies that comply with a methodology prescribed by the FCC; or 2) select an interim discount rate from within the range of 17% to 25%. FCC Order, paras. 907, 909. The default range is to be used if: 1) an avoided cost study meeting the FCC's criteria does not exist; 2) the state commission has not completed its review of such an avoided cost study; or 3) a pre-order discount was established based on a study that does not comply with the criteria adopted by the FCC. FCC Order, para. 909. The Act also requires GTE to provide all services and facilities, other than retail services resold at wholesale rates, at cost-based rates. 47 U.S.C. §§ 252(d)(1) and (2).

c. **AT&T's Position:** GTE must offer its services for resale at wholesale rates that reflect savings from GTE's avoidable costs, including marketing, customer services (including billing and collection), uncollectibles and general and administrative costs. In the absence of a cost study that complies with the FCC Rules, the new FCC Rules require a wholesale discount of between 17% and 25%.⁴¹ AT&T also has proposed that in return for giving a national volume commitment to GTE, it should receive a volume discount. No provision of the Act or the Rules prohibits volume discounts on resale services. Indeed, such agreements are typical in the course of conducting business in the industry.

AT&T is in the process of evaluating its resale pricing data and avoided cost model for Washington in light of the FCC's Rules and the limited information provided to AT&T by GTE. When it completes its evaluation, AT&T will file supplemental testimony on AT&T's Avoided Cost Model and AT&T's proposed wholesale discounts for the services that AT&T seeks to purchase from GTE. AT&T's proposed contract language may be found within the agreement in Part V, Pricing.⁴²

d. **GTE's Position:** GTE claims that no discount should be given on most residential services and proposes an inadequate

⁴¹ FCC Order, para. 932; 47 C.F.R. § 51.611.

⁴² Ex. 4.

discount for business services. AT&T contends that GTE will avoid all of the costs of: (1) Advertising, (2) Call Completion (Operator services), (3) Number Service (Directory assistance), (4) General and Administrative, (5) Testing/Plant Administration, (6) Product Management. As a wholesaler, GTE disputes whether any of those costs are avoided.

In addition, while GTE agrees that a portion of sales expenses (90%) and uncollectibles (not quantifiable based upon data provided by GTE) are avoided, AT&T believes that all (100%) of these items should be avoided. GTE has failed to provide cost data sufficient to support its discount proposals and, therefore has prevented AT&T from fully evaluating them.

e. Compliance With Act, FCC Rules and WUTC

Requirements: AT&T's request for wholesale rates, based on demonstrated avoidable costs, is consistent with the Act, the FCC Order and the FCC Rules. 47 U.S.C. § 252(d)(3); FCC Order, paras. 910-913; 47 C.F.R. §§ 51.607 and 51.609. GTE's proposal plainly fails to offer wholesale discounts that properly reflect avoidable cost and GTE fails to provide any cost data to support its position.

7. Electronic Interfaces

a. Issue: Should GTE be required to provide the electronic interfaces that will enable new entrants to have

access to the GTE operations, administration, maintenance, provisioning and billing applications and/or data necessary to achieve parity between AT&T and GTE's customer service?

b. Telecommunications Act, FCC Rules and WUTC

Requirements: GTE has a duty to interconnect its network with that of AT&T and other new entrants in a manner "that is at least equal in quality to that provided by GTE to itself. . . ." 47 U.S.C. § 251(c)(2)(C). See also FCC Order, para. 516-528. GTE also must provide "nondiscriminatory access to network elements on an unbundled basis" to other carriers providing local exchange service "in a manner that allows requesting carriers to combine such elements in order to provide such service." 47 U.S.C. § 251(c)(3). This must include access to operations support systems and information. FCC Order, para. 516. Furthermore, GTE has a "duty to provide reasonable public notice of changes in the information necessary for the transmission and routing of services using that local exchange carrier's facilities or networks, as well as of any other changes that would affect the interoperability of those facilities and networks." 47 U.S.C. § 251(c)(5).

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

systems." 47 C.F.R. § 51.313(c) The FCC Rules further provide that GTE shall provide nondiscriminatory access to, and at parity with, the LEC itself: "Operations support systems functions consist of pre-ordering, ordering, provisioning, maintenance and repair, and billing functions supported by an incumbent LEC's databases and information." 47 C.F.R. § 51.319(f). The Commission also has found that "[t]echnically and economically efficient interconnection of the incumbent LEC and new entrant ALEC networks is essential to the emergence of a competitive local exchange market." Interconnection Fourth Supp. Order at 45.

c. **Matrix**: The parties' positions on these issues are found in Matrix #1 - Billing for Local Resale and Matrix #3 - Pre-Ordering/Ordering for Local Resale.⁴³

d. **AT&T Position**: Only if real-time electronic interfaces are available will AT&T have the ability to provide customer service in a manner that is at least equal in quality to that provided by GTE today. FCC Order, paras. 518 and 970. For example, AT&T must be able to promptly inform a customer, while on the initial call with that customer, when and in what manner AT&T can provide local service. Without that ability, AT&T customers will face substantial delay because AT&T will be

⁴³ Ex. 3 and 3, Billing - entire Matrix, pages 1-8; Pre-Ordering - items 3005-3245, pages 1-10; Ordering/Provisioning - items 3455-3495, pages 24-27; Maintenance and Repair - items 3250-3270, page 11; item 3280, page 12; item 3305, page 14; item 3220, page 15 and item 3350, page 17.

hindered in receiving confirmation of its customers' local service orders or responses to service requests. The incumbent carriers, including GTE, rely on real-time electronic interfaces within their own networks to provide customers with immediate confirmation and response. In fact, customers have come to expect that service; thus, without the ability to provide it, AT&T and other new entrants will simply be unable to effectively compete with GTE. Consequently, AT&T requests that GTE provide real-time electronic interfaces for four broad categories of transactions: (1) pre-ordering; (2) ordering and provisioning; (3) maintenance and repair; and (4) billing and recording. These interfaces are, in fact, mandated by the FCC Rules and FCC Order. FCC Order, para. 518; 47 C.F.R. § 51.313. These are described in more detail as follows:

(1) **Pre-Ordering**: Customers should be able to place orders for local service in the way they do with GTE today. In order to achieve such parity, AT&T must have real-time access to the information needed to respond to pre-service ordering queries from customers and be able to place a service order with GTE for AT&T's customer. That information includes: (a) the verification of the new customer's address; (b) the availability of the features the customer desires; (c) the time frame for service installation; (d) the customer service record; and, most importantly, (e) the list of telephone numbers from which a

customer may choose. Access to this information is, in fact, mandated by the FCC Order. See FCC Order, para. 518-523. Unless AT&T 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. The FCC Rules specifically seek to prevent the disparate treatment of GTE and AT&T end user customers. Id. at para. 519.

(2) **Ordering and Provisioning:** To complete the ordering process and provide local service, information must be exchanged between AT&T and GTE to provision the service order in GTE's switching office or transport plant. Id. at para. 517. Such provisioning includes but is not limited to, GTE's input of data into its databases, the tracking of critical dates, appropriate directory listings, customer information for 911, transmission of any jeopardy or reject notices related to the service order, and service order completion notification. Id. at paras. 518 and 523. This process requires that AT&T be provided with an itemized list of what was provisioned, and the time and material charges for those services. Id. Provisioning also involves GTE's conversion of the features and functions associated with a customer's current service⁴⁴ when that customer chooses to change local exchange carriers. Id. Without real-

⁴⁴ AT&T's suggested blanket letter of authorization is attached as Ex. 1 (nnnnn).

time interfaces for these processes, AT&T will be unable to complete a customer order and provision local service in the same time frame as GTE does for its own end users. Access to an electronic interface for these processes is mandated by the FCC Order. Id.

(3) **Maintenance and Repair**: Customers should be able to consult AT&T about service problems and have service restored in a minimum amount of time. This requires that AT&T have access to a real-time electronic interface to databases that: (a) enable AT&T customer service representatives to, among other things, perform testing to isolate problems, enter and close a trouble ticket, provide a repair commitment, provide testing and/or test result status, provide a trouble ticket escalation and schedule a dispatch, if necessary; and (b) permit AT&T maintenance personnel to learn immediately of switching and systems failures, planned network-affecting events, and other disruptions in GTE's network. Access to this type of interface is mandated by the FCC Order. Id. at para. 518.

(4) **Billing and Recording**: Customers should receive timely, accurate billing. To accomplish this, AT&T needs the following three categories of information from GTE:

a) **Connectivity Billing** - A monthly bill from GTE to AT&T for all connectivity charges incurred by, and credits

or adjustments due to, AT&T for network elements and local services;

b) Local and Toll Usage - Daily electronic transmission of the customer's usage data to AT&T, enabling AT&T to accurately bill specific service plans to its customers;

c) Local Account Maintenance - Maintaining a current status of local customer accounts. The total "account maintenance" view is a combination of the initial customer service record ("CSR"), and any subsequent account changes. Local Account Maintenance data is required as an end of day electronic feed.

While long term database solutions for certain of these real-time electronic interfaces require some development,⁴⁵ AT&T has presented GTE with a reasonable and practical interim solution. AT&T proposes implementation of a real-time interactive gateway which uses uniform, nationwide interfaces and standard quality measures. 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

⁴⁵ Just in the last few months, the Georgia and Illinois Commissions have ordered Bell South and Ameritech, respectively, to provide real-time electronic interfaces such as these to new entrants. AT&T Communications of Illinois, Inc. Petition for a Local Exchange Wholesale Tariff from Illinois Bell Telephone and Central Telephone Company of Illinois, et al; ICC Docket No 95-0458/95-0531 (consol.) (June 26, 1996) and In re Petition of AT&T for the Commission to Establish Resale Rules, Rates, Terms and Conditions and the Initial Unbundling of Services; GPSC Docket No. 6352-U (May 26, 1996).

time. 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 ("CPNI"). 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.⁴⁶

Under AT&T's proposal, the gateway would evolve, over time, as national standards in the industry are developed, ultimately enabling real time electronic interfaces to be implemented by the January 1, 1997 date required by the FCC Order. See, FCC Order, para. 525. 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 faster development of any new capabilities required by the industry. The development and implementation costs for these system-to-system electronic interfaces should be recovered in a competitively neutral manner.

⁴⁶ Ex. 4.

Since GTE will not have the economic incentive to devote resources to developing real-time operational interfaces for its competitors, it is imperative that penalties be established that are sufficient to ensure that GTE devotes resources and works towards the development of these necessary 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.

AT&T witness John Finnegan provides testimony which describes the need for these electronic interfaces.⁴⁷ AT&T's proposed Interconnection Agreement provides contract language resolving these issues.⁴⁸ AT&T reserves the right to file supplemental testimony concerning the appropriate cost recovery for these interfaces.

e. **GTE Position:** GTE has persisted in its refusal to negotiate interactive electronic interfaces and the mechanism for

⁴⁷ Ex. 8.

⁴⁸ Ex. 4, Part II, Services Description: Unbundled Network Elements, Section 30 and Attachment 6A - Local Services Resale: Billing and Recording.

the interim interface, even though it has been ordered by the California Commission to provide such electronic interfaces.⁴⁹

(1) **Pre-Ordering**: GTE has stated that it will provide AT&T with access to a street address guide and a list of features generally available to new customers. This list, however, will be updated only once a month. In addition, GTE has refused to provide AT&T access to a customer's service record in real time. It will provide this record, only by fax or e-mail. Therefore, AT&T would not be able to offer the customer a blanket transfer of the features the customer already has without requiring the customer to list each service, because AT&T will not have access to such information in a timely manner. Under GTE's proposal, in order to provide a customer a phone number and a time frame for service installation, AT&T would have to manually call GTE, and then, call AT&T's new customer back with the information (or put its new customer on hold) while GTE provides the information to AT&T. This process ensures delay in AT&T's customers' receipt of this critical information and disparate treatment of AT&T and GTE customers.

(2) **Ordering and Provisioning**: GTE indicates that it will provide Network Data Mover ("NDM"), which is a batch-based data transmission, for order placement; conditioned on AT&T's agreement to GTE's price. GTE would then send AT&T an electronic

⁴⁹ See California Commission Decision Docket No. 96-02-072 (February 23,

response saying the ordering files have been received. But, GTE has required that AT&T submit separate files for a customer's order, and directory assistance.

GTE will provide installation dates on a Firm Order Confirmation Notice, but only within 24 hours in a batch fashion. Also, GTE will not transfer customer accounts "as is." Rather, GTE would require AT&T to start from scratch and specify every feature and function AT&T needs for resale to the customer. Moreover, GTE will only agree to send any reports of jeopardy or reject by e-mail or fax. GTE has agreed to use the blanket letter of authorization procedures in the limited circumstances of a new customer to the service area and for a customer changing from GTE to AT&T if AT&T lists all of the requested features. Finally, GTE refuses to conclude agreement on any ordering and provisioning interface, even an interim process, until AT&T agrees to GTE's demands regarding price and cost recovery.

(3) Maintenance and Repair: GTE refuses to provide notification of local facility outages, degradations, or subscriber loop problems. Moreover, although it has agreed to negotiate a "disaster recovery plan" per AT&T's request, no agreement has been reached because of the parties' different definitions of "disaster." While AT&T and GTE have discussed the development of an electronic interface to support maintenance

1996).

and repair services, GTE will not conclude an agreement on these items until AT&T agrees to GTE's demands regarding price and cost recovery.

(4) Billing and Recording: GTE has not agreed to a specific time interval during which it will retain backup billing data. In addition, GTE refuses to utilize AT&T's billing requirements document to provide billing information. For example, GTE refuses to provide wholesale billing information electronically -- agreeing only to provide paper billing.

GTE disagrees with AT&T's proposal regarding how billing will be accomplished when an AT&T local service customer calls AT&T to change its long distance carrier or local carrier. The parties have further not agreed on what should occur if an AT&T local service customer changes its long distance or local carrier and the new carrier attempts to notify GTE directly to make the billing change in the switch⁵⁰. GTE has agreed to notify AT&T of local carrier changes only daily by fax.

⁵⁰ AT&T has requested that it be the contact for all AT&T local service customers making long distance changes. Thus, when a long distance request from another carrier involves an AT&T local customer, GTE would not immediately perform the billing change in the switch. Rather, GTE would inform the long distance carrier requesting the change to submit its request directly to AT&T. AT&T also needs to be able to initiate Primary Interexchange Carrier ("PIC") changes with GTE through a more simplified ordering process than exists today, and AT&T must be able to separately identify charges for long distance carrier changes on the wholesale bill it receives from GTE so that it can correctly rebill either the appropriate long distance carrier or the end user.

⁵⁰ Just in the last few months, the Georgia and Illinois Commissions have ordered Bell South and Ameritech, respectively, to provide real-time electronic interfaces such as these to new entrants. AT&T Communications of Illinois, Inc. Petition for a Local Exchange Wholesale Tariff from

GTE has informed AT&T that it will not even begin to establish a long term workplan for developing electronic interfaces until AT&T has agreed to GTE's pricing proposals pertaining to other interconnection issues.

f. Compliance With Act, FCC Rules and WUTC

Requirements: AT&T's proposal is consistent with the Act, Federal Rules this Commission's Interconnection Orders because it ensures that AT&T will have access to the same interfaces that GTE uses today to provide local service to its own end users. FCC Order, paras. 516-528; 47 C.F.R. §§ 51.313 and 51.603. GTE's refusal to provide such real-time electronic interfaces would guarantee that AT&T's customers receive inferior service, contrary to the requirements of the FCC Order and Rules. Id. Thus, the only way to achieve true service parity is to permit AT&T to have real-time electronic interfaces to the same databases GTE uses in providing service to its customers today.

GTE's position is contrary to the FCC's recent Order and FCC Rules. Id. As a separate matter, GTE's refusal to provide electronic interfaces also is discriminatory because GTE currently maintains electronic interfaces with existing resellers of local exchange service and with interexchange carriers.

Illinois Bell Telephone and Central Telephone Company of Illinois, et al; ICC Docket No 95-0458/95-0531 (consol.) (June 26, 1996) and In re Petition of AT&T for the Commission to Establish Resale Rules, Rates, Terms and Conditions and the Initial Unbundling of Services; GPSC Docket No. 6352-U (May 26, 1996).

8. **Number Portability**

a. **Issue:** Under what rates, terms and conditions should GTE provide local service provider number portability?

b. **Telecommunications Act, FCC Rules and WUTC**

Requirements: GTE has the duty to provide number portability to the extent technically feasible. 47 U.S.C. § 251(b)(2). Under the Act, the costs of "number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the [FCC]." Id. § 251(e)(2). The FCC recently interpreted these requirements and established specific criteria for ensuring that cost recovery is competitively neutral. In re Telephone Number Portability, CC Docket No. 95-116, First Report and Order (released July 2, 1996) at pp. 121-136 ("FCC LNP Order"). The FCC expressly approved existing cost recovery mechanisms that allocate costs to all carriers based on total working telephone numbers, market share as measured by gross revenues less charges paid to other carriers, or on a bill-and-keep basis. The FCC also requires that carriers share in the access revenues collected on calls to ported numbers and concludes that meet-point billing arrangements provide the appropriate model. This Commission has also recognized the importance of true service provider number portability and has

required GTE to provide interim solutions at TSLRIC.

Interconnection Fourth Supp. Order at 55.

c. **Matrix**: The parties' positions on these issues are found in Matrix #2 - Features and Services for Local Resale; items 2260-2275, pages 16-17.⁵¹

d. **AT&T Position**: Most customers will not switch to a competitive provider if they must suffer the inconvenience and expense of changing their phone number. This is particularly true with respect to business customers who would have to incur significant expenses as a result of having a new phone number (e.g., stationary, business cards, fax numbers). The FCC LNP Order requires that permanent database number portability be available within certain time frames and that the costs of its implementation and use be borne by all carriers in a nondiscriminatory and competitively neutral basis. The Location Routing Number ("LRN") solution -- which AT&T proposes -- is consistent with the FCC Rules on the permanent local number portability solution. In fact, the LRN solution is the only solution that meets the requirements of the FCC Rules which include implementation in the top 100 Metropolitan Statistical Areas ("MSAs") by the end of 1998.

AT&T has requested that GTE support the development of an industry wide permanent number portability solution within a

⁵¹ Ex. 3.

geographic area based on a LRN method and service provider number portability with limited location portability. For this purpose, AT&T has requested that GTE agree to the establishment of an industry wide service management system managed by an independent third party. AT&T further has requested that GTE agree to service provider number portability with limited location portability and one database solution with one local number portability dip per call.

Until a permanent local number portability solution is developed, however, interim number portability options must be available. AT&T seeks Remote Call Forwarding ("RCF") as an interim solution with the costs allocated to all carriers on a competitively neutral basis. Recovering interim number portability costs only from new entrants would be discriminatory and would not be competitively neutral as required by the Act and the FCC. The FCC in its LNP Order specifically found that a cost recovery mechanism as used in New York, which allocates number portability costs based on a carrier's number of active telephone numbers (or lines) relative to the total number of active telephone numbers (or lines) in a service area, satisfies requirements of competitive neutrality. AT&T proposes the same cost recovery mechanism here, as described in the following formula:

For interim number portability, the annual charge billed to the new entrant should be calculated and applied as follows:

Step 1

Total Ported Numbers x Switching
& Transport Costs divided by = Charge Per Total Working
Telephone Numbers ("TNs") Provided Telephone Number
by Telecommunications Company

Step 2

Charge Per Working TN x Number of
Ported TNs Used by the New Local = Charge Per New LEC
Service Competitor

Competitive neutrality principles also require that GTE's "Switching and Transport Costs" in this formula be the TSLRIC of Remote Call Forwarding, and GTE must conduct reliable cost studies to identify these costs. GTE also must share with AT&T the access charges it collects on toll calls terminated to AT&T ported numbers.

AT&T has requested that GTE provide cost studies identifying its TSLRIC for remote call forwarding. However, GTE has not provided this information.

AT&T witness Todd Bohling provides testimony that describes the interim and permanent solutions for providing service provider local number portability.⁵² AT&T's proposed

⁵² Ex. 7.

Interconnection Agreement provides contract language on this issue.⁵³

e. **GTE Position:** GTE has taken the position that it will provide interim number portability through service provider number portability which may allow for location change within the serving wire center. GTE further states that it will utilize remote call forwarding and direct inward dialing to provide interim number portability upon specific request. GTE is still investigating other methods such as flex-direct inward dialing and directory number-route index for technical feasibility. However, GTE has taken the position that it is premature for GTE to commit to any long term number portability solution. GTE has further stated that it will provide only service provider number portability and that it will not agree to any limited location portability. GTE has not provided a pricing proposal for its local number portability proposals.

f. **Compliance With Act, FCC Rules and WUTC**

Requirements: AT&T's proposal for local number portability is inconsistent with the Act and the FCC's LNP Order. AT&T's proposal provides for both long term and interim solutions at cost-based, fair and reasonable prices. In contrast, GTE's proposal is inconsistent with the Act and the FCC's LNP Order by

⁵³ Ex. 4, Part I, Local Services Resale, Section 25.4 and Attachment 8 Local Number Portability.

failing to provide the appropriate prices for short term solutions and further failing to provide for long term solutions.

9. Other Essential Local Services and Facilities and Certain Ancillary Services

a. Issue: Should GTE be required to provide White Pages listings, routing to AT&T's directory assistance and operator services platforms, branding, and other related local services, and under what rates, terms and conditions?

b. Telecommunications Act, FCC Rules and WUTC

Requirements: GTE has the duty to permit "nondiscriminatory access to . . . operator services, directory assistance, and directory listing, with no unreasonable dialing delays." 47 U.S.C. § 251(b)(3). The Act further requires that GTE provide interconnection with its network to AT&T and other competitors "that is at least equal in quality to that provided by [GTE] to itself." 47 U.S.C. § 251(c)(2)(c). GTE also must provide "nondiscriminatory access to network elements on an unbundled basis" to other carriers providing local exchange service "in a manner that allows requesting carriers to combine such elements in order to provide such service." 47 U.S.C. § 251(c)(3); 47 C.F.R. § 51.315.

In defining the unbundled elements, GTE must make available to new entrants like AT&T certain essential services and

facilities. The local switch must be provided on an unbundled basis and must include all of the same capabilities offered by GTE to its customers, including directory listings, access to 911, operator services, and directory assistance. FCC Order, para. 412; 47 C.F.R. § 51.319(c)(1)(i)(c)(1). To the extent technically feasible, GTE must route traffic as directed by AT&T, including routing to AT&T's operator services or directory assistance platform. FCC Order, paras. 418 and 536. GTE must provide access to all of its call-related databases, including the Line Information Database, Toll Free Calling Database, downstream number portability database and Advanced Intelligent Network database. 47 C.F.R. § 51.319(e)(2)(ii)

c. **Matrix**: The parties' positions on these issues are found in Matrix #2 - Features and Services for Local Resale and Matrix #5 - Payphone-Local Resale.⁵⁴

d. **AT&T Position**: AT&T must be able to obtain the following facilities and services, and route traffic to AT&T's platforms on behalf of its customers, for the following services:

- (1) directory assistance ("DA");
- (2) operator services ("OS");

⁵⁴ Ex. 3. Matrix #2 - Directory Assistance - Items 2295-2400, pages 12-25; Operator Services - Items 2485-2600, pages 34-42; Access to LIDB and Other Databases - Items 2475 and 2480, page 33; Item 2325, page 21; Item 2425, page 29; Item 2500, page 35; White and Yellow Pages Listings- Items 2405-2445, pages 26-30 and Items 2450-2465, pages 31-32; Directory Listing of AT&T Service Information - Items 2415 and 2420, pages 28-29; Directory Distribution - Item 2410, page 27.

- (3) access to Line Item Database ("LIDB") and similar databases.

AT&T must also be able to obtain for, or on behalf of, its customers the following services from GTE:

- (1) white and yellow pages listings;
- (2) directory listing of AT&T service information;
- (3) directory distribution;
- (4) connection to all facilities and access to related services;
- (5) access to LIDB and other databases;
- (6) protection against uncollectible or unbillable revenues.

See FCC Order, paras. 412, 537 and 971; 47 C.F.R.

51.319(e)(2)(ii).

AT&T witness Todd Bohling provides testimony that describes how GTE should provide these services.⁵⁵ AT&T's proposed Interconnection Agreement provides contract language which resolves any issues underlying the provision of these services.⁵⁶

⁵⁵ Ex. 7.

⁵⁶ Ex. 4, General Terms and Conditions, Section 18 and 19; Part II, Unbundled Network Elements, Section 28; Part III, Ancillary Functions, Sections 34 and 35; and Attachment 3, Service Description: Ancillary Functions.

AT&T also reserves its right to file supplemental testimony on the appropriate pricing for these services.

e. **GTE Position:** GTE claims that the Act does not require it to route DA or OS calls to AT&T's platform. In addition, GTE also refuses to provide AT&T access to GTE's directory assistance databases. With respect to directory listings of reseller service information, GTE has agreed only to provide one page in the Customer Guide Section of its Directory for all competing local exchange carriers. Furthermore, GTE refuses to allow any product information to appear in this listing, limiting it to the carriers' logo and essential customer contact numbers. Finally, although it is the only party with the ability to police effectively and prevent certain types of billing fraud and work errors, GTE refuses to accept any liability for unbillable or uncollectible revenues caused by GTE work errors, accidental or malicious alterations of software, or unauthorized physical attachments to loop facilities.

f. **Compliance With Act, FCC Rules and WUTC**

Requirements: AT&T has requested services and facilities that are specifically authorized under the Act. GTE, on the other hand, refuses to provide those services and facilities on the same terms and conditions it provides to itself or obtains from its affiliates even though it has acknowledged that it is technically feasible to do so. GTE's position is thus contrary

to the requirements of the FCC Order and FCC Rules. FCC Order, para. 312; 47 C.F.R. §§ 51.311 (1)-(c) and 51.603.

10. Access to Poles, Ducts, Conduits and Rights of Way

a. **Issue:** Should GTE be required to provide AT&T access to GTE owned or controlled poles, ducts, conduits and rights-of-way, and under what rates, terms and conditions?

b. **Telecommunications Act, FCC Rules and WUTC**

Requirements: GTE has the "duty to afford access to poles, ducts, conduits, and rights-of-way. . .to competing providers of telecommunications services on rates, terms, and conditions that are consistent with Section 224." 47 U.S.C. § 251(b)(4); 47 C.F.R. § 51.219. Section 224(f)(1) imposes a specific duty on the owners and holders of poles, conduits and rights-of-way who are "utilities" to provide non-discriminatory access to competing telecommunications carriers. "Non-discriminatory access" means that GTE must take reasonable steps to ensure that new entrants such as AT&T have access to and ability to use the poles, ducts, conduits and rights-of-way (collectively "ROW") on the same terms and conditions as the LEC itself. FCC Order, paras. 1123 and 1157; 47 C.F.R. §§ 51.311 and 51.313. GTE should not be permitted first to satisfy its existing and projected five year spare capacity needs before allowing others to share the pathways. Furthermore, Section 224(f)(2) makes it clear that

only electric utilities are permitted to deny space for reasons of insufficient capacity. The Commission has not specifically addressed this issue.

c. **Matrix**: The parties' positions on these issues are found in Matrix #4 - Interconnection/Unbundling, Items 4135-4240, pages 14-26.⁵⁷

d. **AT&T Position**: Poles, ducts, conduits and rights-of-way that currently support telecommunications services cannot be reconstructed overnight. Nor is the public interest served by engaging in construction to duplicate the entire existing infrastructure that GTE currently owns and/or controls. The FCC Order recognizes that the public interest, as well as principles of competitive neutrality, require that a new entrant like AT&T have nondiscriminatory access to these facilities at cost-based rates and on the same terms and conditions as GTE provides to itself or to other third parties. FCC Order, para. 1123; C.F.R. §§ 51.311 and 51.313.

AT&T witness Todd Bohling provides testimony that explains the need for access to these resources.⁵⁸ AT&T's proposed Interconnection Agreement provides contract language which resolves any issues underlying the provision of these services

⁵⁷ Ex. 3.

⁵⁸ Ex. 7.

and facilities.⁵⁹ AT&T also reserves its right to file supplemental testimony supporting AT&T's proposal for the appropriate pricing of such access.

e. **GTE Proposal:** GTE interprets the "non-discriminatory access" requirement of Section 224(f)(1) to require the owners of facilities to apply the same rates, terms and conditions to all third parties obtaining access to poles, ducts, conduits, and rights-of-way. GTE asserts it has the right to refuse access due to capacity constraints, including constraints based on GTE's five-year planning horizon. GTE claims the five-year planning horizon is justified because it is consistent with the time frames the FCC previously found reasonable for reserving central office space for the owner's own use related to collocation requests. GTE has stated that the Act requires GTE only to provide access to existing conduit and pole space, not augment that space. GTE is unwilling to negotiate any time frames for providing additional capacity because GTE believes that the rates established pursuant to the requirements of Section 224 are not sufficiently compensatory.

f. **Compliance With Act, FCC Rules and WUTC**

Requirements: AT&T's proposals are consistent with both the Act's and the FCC Rules mandate that GTE grant AT&T access to GTE

⁵⁹ Ex. 4, Part III, Ancillary Functions, Section 35 and Attachment 3, Ancillary Functions, Section III.

owned/controlled poles, ducts, conduits and rights-of-way. 47 U.S.C. § 251(b)(4); 47 C.F.R. § 51.219. In contrast, GTE's position is contrary to the FCC's Order and Rules which proscribe blanket refusal of access to such GTE facilities. FCC Order, para. 185.

11. Dialing Parity and Access to Number Resources

a. **Issue:** Should GTE be required to provide dialing parity and access to number resources to AT&T and other competitors and under what rates, terms and conditions?

b. **Telecommunications Act, FCC Rules and WUTC**

Requirements: GTE has the duty "to provide dialing parity to competing providers of telephone exchange service and telephone toll service, and the duty to permit all such providers to have nondiscriminatory access to telephone numbers. . . and directory listing, with no unreasonable dialing delays." 47 U.S.C. § 251(b)(3); 47 C.F.R. §§ 51.205 and 51.207. The Commission has not specifically addressed this issue but has expressed concern over intercarrier quality of service issues, as well as the need for technically and economically efficient interconnection between incumbent LECs and new entrants. See Interconnection Fourth Supp. Order at 45.

c. **Matrix**: The parties' positions on this issue are found in Matrix #2 - Features and Services for Local Resale.⁶⁰

d. **AT&T Position**: Consumer choice among local service providers is meaningless unless AT&T and other competitors are able to provide service at least equal in quality to the service provided by GTE. The FCC recognized this in its Second Report and Order, FCC 96-33 (August 8, 1996) ("Second Order"). This requires that new entrants have 1+ presubscription dialing parity and includes the automatic routing of directory assistance and operator service calls to AT&T's platforms to eliminate the need for customers to dial onerous access codes with attendant delays. 47 C.F.R. §§ 51.205, 51.207 and 51.217. Furthermore, costs incurred as part of implementing 1+ presubscription and dialing parity should be set at TELRIC, and recovered on a competitively neutral basis from all local exchange carriers. AT&T also should have nondiscriminatory access to number resources for assignment to its customers on the same terms and conditions as GTE provides to itself and other third parties.

AT&T witness Todd Bohling provides testimony that explains the need for dialing parity and access to number resources.⁶¹

⁶⁰ Ex. 3, Automatic Routing for Directory Assistance - Items 2295-2385, pages 19-25; Automatic Routing Operator Services - Items 2485-2600, pages 34-42; 1+Presubscription - Items 2075 and 2080, page 5; Dialing Parity - Items 2005-2075, pages 1-5 and Number Resources - Items 2215-2255, pages 12-15.

AT&T's proposed Interconnection Agreement proposes contract language resolving these issues in the General Terms and Conditions Sections 19, 22, 25 and 28.⁶² AT&T reserves its right to file supplemental testimony concerning the appropriate cost recovery mechanism.

e. **GTE Proposal:** GTE has taken the position that it will provide 1+ presubscription or "equal access" for intraLATA toll services only where GTE supports equal access, where equal access is technically possible, and where it has been ordered to do so by the state commission. GTE has provided certain schedules for equal access where such schedules were already on file with a state commission. GTE's position on number administration and assignment is that AT&T must make its requests to the NPA administrator as assigned by the FCC, not to GTE.

f. **Compliance With Act, FCC Rules and WUTC**

Requirements: AT&T's proposals are consistent with the Act and Commission rules. 47 U.S.C. §251(b)(3); 47 C.F.R. Part 51 as amended in the Second Order. AT&T requests dialing parity and access to number resources that are specifically authorized under the Act. GTE's delays in implementing dialing parity are contrary to both the letter and spirit of the Act.

⁶¹ Ex. 7.

⁶² Ex. 4.

12. **General Terms and Conditions**

a. **Issue:** What general terms and conditions should be included in the interconnection agreement between GTE and AT&T?

b. **Telecommunications Act, FCC Rules and WUTC**

Requirements: GTE has a duty to negotiate contract terms and conditions in good faith and to provide interconnection to new entrants such as AT&T "that is at least equal in quality to that provided by the local exchange carrier to itself or to any subsidiary, affiliate, or any other party to which the carrier provides interconnection." 47 U.S.C. § 251(c)(2). The Commission has not specifically addressed this issue but has expressed concern over intercarrier quality of service issues, as well as the need for technically and economically efficient interconnection between incumbent LECs and new entrants. See Interconnection Fourth Supp. Order at 45.

c. **AT&T Proposal:** AT&T (and other new entrants) must be able to provide services to customers based upon terms and conditions that are customary and ordinary in commercial business transactions. AT&T has requested, from all incumbent LECs with whom AT&T initiated negotiations under the Federal Act, certain performance standards that AT&T refers to as Direct Measures of Quality ("DMOQs"). These service performance standards are used to gauge a supplier's performance in providing service and

meeting customer expectations. These standards typically focus on timeliness and accuracy, and usually have specific objectives that serve as a benchmark for performance expectations. AT&T believes that such performance standards, with appropriate enforcement procedures, are critical to achieving customer satisfaction and business goals.

AT&T initially requested from GTE the inclusion of performance standards in the comprehensive interconnection agreement sought by AT&T. Over the course of negotiations, as in all major business transactions, compromises were made with the expectation of reaching a final agreement. One such area of compromise between AT&T and GTE was the DMOQ performance standards. AT&T and GTE agreed to a somewhat different approach than that originally proposed by AT&T. The parties agreed to develop and deploy mutually beneficial network performance standards, quality measures and approaches for key processes between AT&T's retail and GTE's wholesale operations. These key network performance standards and processes apply to a multitude of operations including advance notice of new and changed services, prices, preordering, ordering and provisioning, maintenance and billing and related areas of interface operations. AT&T proposes to conclude that agreement by September 1, 1996. Absent such an agreement by that date, AT&T would pursue in these proceedings a direction to incorporate in

the arbitration agreement AT&T's proposed DMOQs. In brief, AT&T's compromise on this issue does not signal a retreat from its commitment to the supplier performance standards embodied in the DMOQs.

AT&T also has proposed terms and conditions that properly allocate risk and financial obligations between the parties, recognizing GTE's unique status as an LEC regulated by this Commission and the FCC. AT&T's proposed agreement provides for appropriate audit and control mechanisms to ensure that AT&T and its customers receive the type, manner and quality of services for which they pay.

Section 251 of the Act requires GTE to provide resold services, interconnection, and unbundled network elements to AT&T under terms and conditions that are equal to those GTE uses to provide such services and facilities to itself and its affiliates. There must be measurable and verifiable standards to ensure that such services and facilities are provided at least at parity.

AT&T's proposed contract also provides for alternative dispute resolution mechanisms that will allow the parties to address issues that arise later in the implementation of the interconnection agreement. Otherwise, the parties would be continually before this commission in enforcement actions. The proposed contract language regarding these issues can be found in

the General Terms and Conditions, Sections 1-23 and Attachment 1 Alternative Dispute Resolution.

The type of performance standards that AT&T seeks from GTE are described in the testimony of Todd Bohling and John Finnegan.⁶³

d. GTE Proposal: GTE has contended throughout the negotiations that it is only required to provide resold services, interconnection, and unbundled network elements to AT&T under terms and conditions that are equal to those GTE uses to provide such services and facilities to other competitive carriers and retail end-users. GTE has not yet agreed to measurable, enforceable, and verifiable standards.

GTE has also refused to agree to AT&T's proposed alternative dispute resolution mechanism. Rather, GTE requires that the arbitrator limit his or her decision to a literal interpretation of the interconnection agreement language so that the arbitrator would not be empowered to make a ruling based on equity.

e. Compliance With Act, FCC Rules and WUTC

Requirements: AT&T's proposed agreement is consistent with the requirements of the Act, requesting general terms and conditions that are commercially reasonable and necessary for insuring compliance with the interconnection contract and service quality.

⁶³ Ex. 7 and 8.

GTE's proposal, on the other hand, fails to comply with the Act and instead offers terms and conditions which are not commercially reasonable. GTE's proposals are discriminatory and exemplify its monopoly advantages.

IV. RESOLVED ISSUES

The Matrix⁶⁴ identifies the issues on which the parties have agreed. The AT&T proposed interconnection agreement⁶⁵ identifies the contract language to which the parties have agreed.

V. ISSUES AGREED UPON BUT NOT YET COMMITTED TO WRITING

There are issues to which AT&T and GTE have agreed in principle, but have not yet reduced to writing, particularly since all "agreements" are contingent on price. Until committed to writing, the issues have to be considered "open."

Negotiations between GTE and AT&T will continue. If additional issues are resolved in writing during the course of the arbitration, AT&T will inform the Commission as quickly as possible and withdraw the issues from arbitration.

VI. REQUEST FOR INTERCONNECTION AGREEMENTS,

⁶⁴ Ex. 3.

⁶⁵ Ex. 4.

COST STUDIES AND OTHER INFORMATION

AT&T has, throughout its negotiations, sought information needed in order to reach a comprehensive interconnection agreement, resold services, and unbundled network elements that properly reflect both AT&T's rights and GTE's obligations under the Act⁶⁶. The information requested includes access to interconnection agreements between GTE and its affiliates, other LECs, and other Alternate Local Exchange Carriers ("ALECs"). These agreements would provide relevant information about such matters as the routing of operator services and directory assistance calls, unbundling, points of interconnection, and pricing. Indeed, the FCC Order and Rules require that this type of information be provided. See e.g. FCC Order, paras. 155, 1314; 47 C.F.R. § 51.301(8)(i).

AT&T has requested information regarding GTE's costs in order to negotiate prices which comply with the pricing requirements of Sections 251 and 252 of the Act. Id; See also 47 C.F.R. § 51.301 (8)(ii). Finally, AT&T has also requested that GTE negotiate the issue of equal access implementation for intraLATA calling.

⁶⁶ AT&T's requests are summarized in the June 3, June 10, and July 11, 1996 letters from Joyce Beasley, General Attorney, AT&T to Connie Nicholas, Attorney for GTE. Exs. 1(jjj), 1(www) and 1(kkkkk), respectively.

VII. REQUEST FOR HEARING

AT&T expressly requests that this matter be set for hearing so that AT&T can address these issues before the arbitrator(s), respond to any questions and, as necessary, respond to any arguments put forward by GTE. AT&T also respectfully requests that the Commission convene a prehearing conference to establish a schedule and procedures for the arbitration. AT&T is filing concurrently AT&T's proposed procedural schedule.

VIII. CONCLUSION

The Act recognizes that non-discriminatory resale, unbundling of the network, and appropriate pricing of all services -- both bundled and unbundled -- are prerequisites for local competition, just as they have been for the emergence of competition in all other telecommunications markets. And, the tactics for delaying local exchange competition are the same as are the defenses of "harm to the network", "preserving universal service" and "cream-skimming."

GTE's strategy, no doubt, will be to try to convince this Commission to slowly and cautiously open GTE's network and market to competition. Such tactics, however, are GTE's transparent attempt to be protected from the business risks that naturally result from competition by forestalling that competition and

denying consumers in this state a choice of local service providers. Protestations of network security, consumer privacy and stranded investment are really nothing more than tactics of delay -- in fact these are the same concerns that were raised in the past decade by the Bell System; now they are being raised by GTE.

To break open the last monopoly stronghold in the telecommunications market and give customers in this state a real choice of local service providers, this Commission should adopt an interconnection agreement that contains commercially reasonable terms, adjusted to reflect GTE's monopoly power, economically viable prices, and performance standards to insure quality in the services, elements, functions and facilities GTE provides. Only under such an agreement can AT&T do what it does best -- provide high quality and reliable service to customers in this state.

IX. REQUEST FOR RELIEF

For the foregoing reasons, AT&T respectfully requests the following relief:

A. That the Commission arbitrate the unresolved issues between AT&T and GTE;

B. That, in light of the time limitations under the Act, the Commission agree to act as, or expeditiously appoint

Commission personnel to be, the arbitrator and establish a schedule for the arbitration as soon as possible.

C. That GTE be required to provide AT&T and the arbitrator with all relevant documents in sufficient time to allow AT&T meaningfully to examine and address those documents as part of this arbitration.

D. That the Commission enter an Order adopting AT&T's proposed interconnection agreement (Exhibit 4) with the rates, terms, conditions and implementation schedule proposed by AT&T; and

E. For such other relief as the Commission determines is fair, reasonable and just.

DATED this 16th day of August, 1996.

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VERIFICATION

R. Reed Harrison III, being of proper age and duly sworn, states that he is the Vice President-Local Infrastructure and Access Management-Regional Operations for AT&T Corp., that he has read the foregoing Petition for Arbitration, that he is familiar with the contents thereof, and that such is true, accurate, and correct to the best of his knowledge.

R Reed Harrison III 8/15/96

R. Reed Harrison III

STATE OF *New Jersey*)
) SS.
COUNTY OF *Union*)

SUBSCRIBED AND SWORN to before me this 15th day of August, 1996.

Witness my hand and official seal.

Louise M Tomchak
Notary Public

My Commission expires

LOUISE M. TOMCHAK
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires March 12, 1997

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CERTIFICATE OF SERVICE


I hereby certify that on the 16th day of August, 1996, I caused a true and correct copy of the **Petition of AT&T Communications of the Pacific Northwest, Inc., for Arbitration under the Telecommunications Act of 1996, AT&T's Motion for Protective Order, AT&T's Motion for Arbitration Procedure Order, and AT&T's First Set of Data Requests and Requests for Production of Documents on GTE**, to be sent via messenger for delivery no later than 5:00 p.m. on August 16, 1996 to the following:

Monte Marti/Richard Potter
GTE Northwest Incorporated
1800 41st Street
Everett, WA 98201

and a true and correct copy sent via federal express to:

Connie E. Nicholas
GTE Telephone Operations
600 Hidden Ridge
HQE03H44
P.O. Box 152092
Irving, TX 75015-2092

DATED this 16th day of August, 1996.


Larry J. Weathers

**PETITION FOR ARBITRATION
EXHIBIT LIST**

* Denotes proprietary material

<u>Exhibit Number</u>	<u>Description</u>				
1	Correspondence and other relevant documentation exchanged between parties				
	<u>Document Date</u>	<u>Type of Document</u>	<u>Author(s)</u>	<u>Recipient(s)</u>	<u>Summary</u>
Ex.1(a)	9/14/95	Letter	Larry J. Sparrow	Rian Wren	GTE is prepared to discuss CA local interconnection with AT&T.
Ex.1(b)	9/19/95	Memo	Larry J. Sparrow	Rian Wren	GTE lists persons who will attend meeting on 9/22: Mark Robason, Wayne Irwin, and Frank Compton.
Ex.1(c) *	9/22/95	Letter	Rian J. Wren	Larry J. Sparrow	AT&T requests a wholesale business arrangement by 12/1/95 and loop resale arrangement by 2/1/96 and attaches a primary list of issues to be addressed & resolved.
Ex.1(d)	9/27/95	Letter	Larry J. Sparrow	Rian J. Wren	GTE response to Wren's 9/22/95 letter. Mike Billings has been appointed as project lead.
Ex.1(e) *	10/18/95	Letter	Gary Rall	Mike Billings	AT&T reiterates their interest in reselling GTE's full complement of services & features on a parity basis.

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Ex.1(f)	10/24/95	Report	Fred Barber	Unknown	GTE's comments concerning Maintenance Procedure requirements Q30 - Q45 from AT&T's Local Market Service Proposal. Attaches a flowchart on the GTE - AT&T Resale Repair Process.
Ex.1(g)	10/26/95	Report	Richard Brodeur	Unknown	GTE's responses re: AT&T's Disaster Recovery and Maintenance Procedures requirements.
Ex.1(h)*	10/27/95	Memo	Thomas J. Schroeder	CA Negotiations Team	Notes from conference call re: delivering OS traffic to AT&T's platform.
Ex.1(i)*	11/14/95	Memo	Rodney Langley	George, Joan	GTE forwards EDI specifications for bill record transfers, as per discussion from 10/24-26/95 meetings.
Ex.1(j)	12/4/95	Letter	Ross A. Richards, Joan Ellsworth, Judy Parrish	Mike Billings	AT&T requests specific information on GTE's offer for Local Service resale in CA.
Ex.1(k)*	2/9/96	Letter	Gary A. Rall	Mike Billings	Encloses AT&T's response to GTE's proposal for interconnection and resale.
Ex.1(l)	3/11/96	Letter	R. Reed Harrison	Thomas W. White	AT&T requests commencement of TA96 negotiations with GTE & CONTEL for 20 listed states.
Ex.1(m)*	3/12/96	Letter	Mike Billings	Gary Rall	Draft letter with 3 attachments listing negotiation areas of concurrence, areas considered unacceptable to AT&T, and areas which need improvement.

Ex.1(n)	3/19/96	Letter	Donald W. McLeod	R. Reed Harrison	GTE preparations to manage interconnection negotiations & issues associated with TA96.
Ex.1(o)	3/19/96	Letters	R. Reed, Harrison	Peter A. Daks, William A. Griswold, Katherine J. Harless, Warren H. Haruki, Mateland L. Keith, Dennis F. Myers, Eileen O'Neill Odum, Barry W. Paulson, Edward J. Wiese, William Z. Zielke, Jeffrey B. Cuthrell	Form letters to GTE regional heads stating AT&T's 3/11/96 request to commence TA96 negotiations.
Ex.1(p)	3/26/96	Letter	R. Reed Harrison	Donald W. McLeod	AT&T agrees to begin negotiations with GTE on 4/2/96.
Ex.1(q)	4/3/96	Letter	Rian J. Wren	Larry J. Sparrow	AT&T requests, by 4/10/96, GTE's plan to install dialing parity capability in its switches in TX, MO, OK, and AR.
Ex.1(r)	4/3/96	Letter	Rian J. Wren	Larry J. Sparrow	AT&T requests information on interconnection agreements between GTE and incumbent LECs or any other entity to the State Commissions in TX, MO, or OK.
Ex.1(s)	4/9/96	Letter	Terry Casey	Dan Bennett	AT&T confirms OS requirements, along with key issues & associated required action, addressed during 4/9 conference call.

Ex.1(t)	4/9/96	Letter	Terry Casey	Dan Bennett	AT&T confirms key issues & associated action items addressed during 4/9 conference call re: Local Operator requirements.
Ex.1(u)	4/11/96	Letter	R.H. Shurter	Donald W. McLeod	Confirms agreements reached at the first meeting of the Executive Negotiation Team. It was agreed that GTE officially received notice on 3/12/96.
Ex.1(v)	4/12/96	Letter	R.H. Shurter	Donald W. McLeod	AT&T confirms date & agenda items for 4/18/96 Executive Negotiation Team meeting.
Ex.1(w)	4/15/96	Letter	Donald W. McLeod	Rian J. Wren	In response to AT&T letters dated 4/3/96, GTE will not separately negotiate the matters contained in TA96.
Ex.1(x)	4/17/96	Letter	Donald W. McLeod	R.H. Shurter	Re: agenda for 4/18 meeting, GTE will respond to last meeting & comments prior to other discussions.
Ex.1(y)	4/18/96	Status Report	Unknown	Unknown	Discusses items in dispute. Includes a GTE organization chart, list of the TA96 Joint Executive Team, list of review issues, and graph of the negotiations time clock.
Ex.1(z)	4/19/96	Letter	Gary Rall	John Peterson	AT&T stresses that GTE's postponing of billing negotiations, to 5/10/96, is unacceptable.

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Ex.1(aa)	4/24/96	Letter	R.H. Shurter	Donald W. McLeod	Confirms results of Executive Negotiation meeting held in Berkeley Heights on 5/18.
Ex.1(bb)	4/25/96	Letter	Dan Bennett	Terry L. Casey	GTE recognizes AT&T's desire to use its own OS platform and their concerns re: branding of local operator services. GTE acknowledges the feasibility of routing AT&T customers to AT&T's OS platform.
Ex.1(cc)	4/26/96	Letter	R.H. Shurter	Donald V. McLeod	Confirms conference call for 5/1 to discuss Electronic Interfaces & LOA and GTE's status on AT&T's requests for their resale & interconnection agreements.
Ex.1(dd)	4/29/96	Letter	William L. West	M.B. Esstman	AT&T submits request that GTE immediately implement IntraLATA toll dialing parity in all IN exchanges, using 2 PIC methodology.
Ex.1(ee)	4/29/96	Letter/Agreement	Connie E. Nicholas	Joyce Beasley	Attaches a fully-executed Confidentiality Agreement between GTE telephone operating companies, Contel of CA, and AT&T.
Ex.1(ff)	4/30/96	Letter	John C. Peterson	Gary Rall	GTE concurs in using the Local Resale and Interconnection/Unbundling matrices as a master list for identifying SME meeting agenda items.
Ex.1(gg)	5/1/96	Letter	Donald W. McLeod	R.H. Shurter	GTE concurs, in general, with AT&T's assessment of Executive Negotiation meeting held on 4/18.

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Ex.1(hh)*	5/1/96	Memo	Terry Casey	Dan Bennett	AT&T requests resolution of open, pending issues no later than 5/10/96.
Ex.1(ii)	5/8/96	Letter	Donald W. McLeod	R. Reed Harrison	Confirms GTE's treatment of Harrison's 5/11/96 letter as AT&T's official request for local service interconnection.
Ex.1(jj)	5/8/96	Letter	Joyce Beasley	Connie Nicholas	AT&T forwards statement of AT&T & GTE positions re: Section 702 of TA96 and encloses AT&T's proposed blanket LOA.
Ex.1(kk)	5/9/96	Letter	Connie E. Nicholas	Joyce Beasley	GTE clarifies their position that Section 702 of TA96 prevents them from providing CPNI on an existing GTE local service customer, until they receive written consent from the customer.
Ex.1(ll)	5/9/96	Fax	John Harnabargar	Lisa Tyler	Fax cover sheet attaches GTE discussion draft of materials re: AT&T/GTE National Interconnection Negotiations, dated 4/17/96.
Ex.1(mm)*	5/10/96	Letter	Joyce Beasley	Connie Nicholas	Coversheet attaches flow charts on ideal provisioning including additional charts to be added if signed LOA or third party verification is required.
Ex.1(nn)	5/10/96	Presentation	Bert I. Steele	Unknown	GTE Pricing and Tariffs Department document discusses cost methodology and pricing models including TSLRIC.

Ex.1(oo)	Intentionally Left Blank				
Ex.1(pp)	5/13/96	Letter	Joyce Beasley	Connie E. Nicholas	AT&T forwards revised Issue statement re: the use of the blanket LOA process.
Ex.1(qq)	5/13/96	Letter	Donald W. McLeod	R.H. Shurter	Confirms Executive meeting scheduled for 5/15 and includes agenda, timelines on key issues, list of wholesale inefficiencies, and timelines on tasks #1 - #37.
Ex.1(rr)	5/14/96	Letter	R. Reed Harrison	Donald W. McLeod	AT&T requests commencement of TA96 negotiations, with GTE, for AL & KY.
Ex.1(ss)	Intentionally Left Blank				
Ex.1(tt)	5/15/96	Memo	Anthony D. Navarro	Sheila Ritchie, Les Webber	List of error conditions & associated return codes that Message Receipt considers to be critical errors. Errors are sent back to the sending LEC.
Ex.1(uu)	5/15/96	Procedures	Unknown	Dan Bennett	Draft of Emergency Restoral Procedures (ROW) concerns prioritizing restoral work due to service disruptions & outages and discusses point of contact.
Ex.1(w)	5/17/96				Duplicate of AGPL002348-002349, with different fax transmission date.

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Ex.1(ww)*	5/17/96	Letter/Chart	Terry Casey	Dan Bennett	AT&T requests resolution of open issues pending from discussions, by 5/31/96.
Ex.1(xx)	5/23/96	Letter	Lisa Tyler	John Peterson	Attaches recap of Screening Process discussion held during 5/22 Core Team conference call.
Ex.1(yy)	5/24/96	Minutes			Fax Cover sheet with minutes of 5/23 Core Team meeting attached.
Ex.1(zz)	5/28/96	Letter	Meade C. Seaman	R.H. Shurter	Summary of Executive Negotiations meeting hosted by GTE on 5/15/96.
Ex.1(aaa)	5/30/96	Letter	R. Reed Harrison	Michael B. Esstman	AT&T expresses dissatisfaction with minimal progress GTE has made in response to requests and toward resolution of critical issues
Ex.1(bbb)	5/30/96	Charts	Unknown	Michael B. Esstman	Materials from the TA96 AT&T/GTE Negotiations Kick-off Meeting held 4/2/96.
Ex.1(ccc)	5/30/96	Charts/Matrix	Unknown	Michael B. Esstman	Blank issues matrix including ordering, provisioning & maintenance requirements, interconnection/unbundled arrangements, and local resale arrangements - billing and features/services.
Ex.1(ddd)	5/30/96	Work Plan	Unknown	Michael B. Esstman	

Ex.1(eee)	6/3/96	Letter	Robert McGrew	Dan Bennett	Confirms conference call scheduled to negotiate pay phone services & features on TSR & Unbundled Public Services.
Ex.1(fff)	6/3/96	Letter	Donald W. McLeod	R. Reed Harrison	GTE responds to allegations made in AT&T's letter to Esstman dated 5/30/96.
Ex.1(ggg)	6/3/96	Letter	Donald W. McLeod	R. Reed Harrison	GTE responds to AT&T's letter to Esstman dated 6/3/96 and reiterates that all issues pertaining to TA96 are to be resolved within GTE's Local Competition/Interconnection Program Office.
Ex.1(hhh)	6/3/96	Letter	Ron Shurter	Meade Seaman	AT&T agrees that Seaman's letter dated 5/28, which summarized the 5/15 Texas meeting, presents a GTE summary of an AT&T/GTE meeting.
Ex.1(iii)	6/3/96	Letter	R. Reed Harrison	Michael B. Esstman	Follow-up on AT&T's letter to Esstman from the previous week encloses a listing of principal TSR issues that are ready-for-closure.
Ex.1(jjj)	6/3/96	Letter	Joyce Beasley	Connie E. Nicholas	AT&T proposes that by 6/10/96, GTE make the requested interconnection agreements available for review. AT&T requests GTE's cost study data.

Ex.1(kkk)*	6/4/96	Letter	Connie E. Nicholas	Joyce Beasley	Re: Beasley's letter dated 6/3/96, GTE does not agree that formal data requests are appropriate in these negotiations, but can provide the requested CA cost information.
Ex.1(III)*	6/4/96	Letter	R.H. Shurter	L. Sparrow	Confirms that meeting will be held on 6/10 to discuss general business items including Service Performance, Access Price, and TA96 Negotiations.
Ex.1(mmm)	6/4/96	Charts	Rodney Langley, Dan Bennett	Salazar, Rose	GTE flowcharts for New Service Request, Conversion Order, AT&T "As is" Migration, and Maintenance/Repair.
Ex.1(nnn)	Intentionally Left Blank				
Ex.1(ooo)	6/5/96	Letter	Donald W. McLeod	R. Reed Harrison	Letter forms of agreement from GTE to AT&T re: certain matters arising out of ongoing negotiations. GTE states that all tentatively agreed to items are contingent upon reaching a satisfactory, negotiated agreement as to price and/or cost recovery.
Ex.1(ppp)	6/5/96	Letter	Larry J. Sparrow	R.H. Shurter	GTE proposes discussion of access prices at 6/10 meeting.
Ex.1(qqq)	6/5/96	Charts	Rodney Langley, Dan Bennett	Unknown	GTE flowcharts for AT&T "As Is" Migration, Conversion Order, New Service Request, and Maintenance/Repair.

Ex.1(rrr)*	6/5/96	Letter	Joyce Beasley	Connie E. Nicholas	Encloses AT&T's avoided cost study for GTE Hawaiian Telephone Company, which AT&T agreed to furnish during 6/4 conference call.
Ex.1(sss)	Intentionally Left Blank				
Ex.1(ttt)	6/10/96	Letter	R. Reed Harrison	Donald W. McLeod	Re: GTE's letters dated 6/3 & 6/5 and 6/4 Executive Team conference call, AT&T denies & rejects all GTE claims & characterizations, including that negotiations are privileged "settlement negotiations."
Ex.1(uuu)	6/10/96	Viewgraphs	Unknown	Unknown	GTE's viewgraphs for 6/10 meeting list quality initiatives, results, performance initiatives, access price topics, TA96 negotiations status, and AT&T advertising claims.
Ex.1(vvv)	6/10/96	Letter	Joyce Beasley	Connie E. Nicholas	AT&T requests information re: GTE's intentions with respect to rural exemption provisions of TA96.
Ex.1(www)	6/10/96	Letter	Joyce Beasley	Connie E. Nicholas	AT&T's requests for information from GTE are intended to facilitate the achievement of a negotiated agreement and to minimize the number of unresolved issues.
Ex.1(xxx)	Intentionally Left Blank				

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Ex.1(yyy)	6/10/96	GTE Forms	John Peterson	Bonnie Watson, Rasul Damji	Fax cover letter attaches sample GTE Customer Service Record Requests (CSRs) for a residence customer & a business customer.
Ex.1(zzz)	6/14/96	Letter	Donald W. McLeod	R. Reed Harrison	Fax cover sheet with GTE response to AT&T's letter dated 6/10/96. GTE offers willingness to participate in a single, national mediation process with a professional, neutral mediator.
Ex.1(aaaa)*	6/14/96	Letter	Meade C. Seaman	R.H. Shurter	Work plan includes a blank chart entitled "AT&T/GTE Resale Arrangements - Features/Services" and a timeline for tasks #1 through #37.
Ex.1(bbbb)	6/17/96	Letter	R. Reed Harrison	Dennis F. Myers	
Ex.1(cccc)	6/17/96	Letter	R. Reed Harrison	Milton T. Sepic	AT&T, through the attached letter, requests commencement of TA96 negotiations with GTE, for the state of AR.
Ex.1(dddd)	6/17/96	Manual	Unknown	Salazar, Rose	Introduces GTE's processes for ordering, billing & servicing of local services purchased via local resale & unbundling tariffs, which are applicable only with state commission authorization.
Ex.1(eeee)	6/17/96	Chart	John Honabarger	Lisa Tyler, Rasul Damji	Fax cover sheet attaches chart on GTE/Contel implementation of IntraLATA equal access.

Ex.1(ffff)	6/17/96	Letter	R. Reed Harrison	Donald W. McLeod	AT&T requests commencement of TA96 negotiations for the states of AR and SC.
Ex.1(gggg)*	6/18/96	Memo	R. Reed Harrison	Ronald Shurter	Memorandum for record concerns phone call received by Harrison from McLeod on 6/13, triggered by AT&T disagreement with GTE's request that all negotiation agreements be contingent on a price agreement.
Ex.1(hhhh)	6/19/96	Minutes	Unknown	Unknown	Conference call to discuss information needed for AT&T's analysis of pricing proposal, and to discuss discounts on the Avoided Cost Study and filing of Contel data with the FCC.
Ex.1(iiii)	6/20/96	Memo	John Peterson	Rasul Damji	GTE responds to AT&T's 6/20 request for clarification re: GTE's need for AT&T resources on the NDM workplan.
Ex.1(jjjj)	6/21/96	Letter	Ronald H. Shurter, Rasul Damji	Meade Seaman	AT&T, in response to GTE's 6/14 transmittal, requests that GTE distinguish between rate elements associated with local & toll services.
Ex.1(kkkk)	6/21/96	Letter	Donald W. McLeod, D.A. Voller	R. Reed Harrison	Fax cover sheet attaches letter advising AT&T that specified GTOC service areas fall under the rural exemption provision of TA96.
Ex.1(llll)	6/25/96	Letter	A. Rasul Damji, Lisa Tyler-Stanley	John Peterson	AT&T's Core Team has reviewed GTE's concern re: the availability of SMEs to discuss programming requirements supporting the NDM order transport vehicle.

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Ex.1(mmmm)	6/25/96	Letter	Brenda Kahn	Meade Seaman	AT&T is looking forward to receiving GTE's UNE pricing proposal due 6/25. Attaches three state runs performed for GTE in FL, TX & CA using the Hatfield model.
Ex.1(nnnn)	6/26/96	Letter	Joyce Beasley	Connie E. Nicholas	Fax cover sheet attaches letter in which AT&T requests access to all cost studies & related testimony produced by GTE in any noticed states.
Ex.1(oooo)	6/27/96	Letter	Meade C. Seaman	R.H. Shurter	Fax cover sheet attaches letter, in response to AT&T's 6/21 letter. GTE does not intend to recast their proposal so AT&T can do model comparisons.
Ex.1(pppp)	6/28/96	Letter	Joyce Beasley	Connie E. Nicholas	AT&T notes that PUCs in CA, TX & OH have addressed LOA issue re: LEC transitioning, and have followed the type of procedure which AT&T is proposing to GTE.
Ex.1(qqqq)	6/29/96	Letter	John C. Peterson	A. Rasul Damji	GTE clarifies that the original work plan developed to implement the NDM solution, for order delivery to GTE's order center, only addressed electronic transmission of LSR.
Ex.1(rrrr)	6/29/96	Letter	John C. Peterson	A. Rasul Damji	GTE is evaluating AT&T's request that GTE submit UNE pricing proposal in a format consistent with the Hatfield model output report.

Ex.1(ssss)	6/29/96	Charts	John Peterson	Rasul Damji	Fax cover sheet attaches flowcharts and information on GTE's Service Interface Process and the five phases of their Service Readiness Process.
Ex.1(tttt)	7/1/96	Letter	R. Reed Harrison	Donald W. McLeod	AT&T presents proposal on how to reach agreement on the interactive electronic interface.
Ex.1(uuuu)	7/1/96	Memo	Joyce Beasley	Unknown	Memorandum of record re: 6/28 GTE phone message expressing concern about giving AT&T authorization to see all cost studies filed in all states. GTE will provide the more recent studies for CA, FL & HI.
Ex.1(vvvv)	7/1/96	Letter	Brian Haux	Dan Bennett	AT&T requires trunk side unbundling of GTE switches to transport traffic to platforms & switches and wants to purchase unbundled trunk groups from GTE.
Ex.1(wwww)*	7/1/96	Letter	Connie E. Nicholas	Joyce Beasley	Fax cover sheet attaches letter from GTE disputing AT&T's view that the mentioned state orders/resolutions impact the "change as is" issue or the provision of the CSR to a CLEC without written authorization of the end user.
Ex.1(xxxx)*	7/1/96	Letter	R. Reed Harrison	Donald W. McLeod	AT&T presents GTE with a comprehensive pricing proposal covering LSR, including provision for V&T discounts, Interconnection, and UNEs & Ancillary Functions.

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Ex.1(yyyy)*	7/1/96	Letter	R. Reed Harrison	Donald W. McLeod	AT&T responds to GTE's request to provide a forecast for the number of TSR local lines, required in the near term.
Ex.(zzzz)*	7/1/96	Cost Study	Unknown	Unknown	GTE's Cost Study for Florida, produced pursuant to TA96.
Ex.1(aaaaa)*	7/1/96	Cost Study	Unknown	Unknown	GTE's Cost Study for California, produced pursuant to TA96.
Ex.1(bbbbb)*	7/1/96	Cost Study	Unknown	Unknown	GTE's Cost Study for Hawaii, produced pursuant to TA96.
Ex.1(ccccc)*	7/1/96	Cost Study	Unknown	Unknown	GTE's Cost Study for Texas, produced pursuant to TA96.
Ex.1(ddddd)	7/2/96	Memo	Brian J. Haux	Mirna Recoder	Attaches product description of the Hekimian REACT support system and description of GTE's Customer Network Controller.
Ex.1(eeeee)*	7/2/96	Letter	Joyce Beasley	Connie Nicholas	AT&T's draft contract which reflects business agreements reached as of 6/28/96.
Ex.1(fffff)	7/2/96	Letter	Joyce Beasley	Connie Nicholas	Fax cover sheet & letter stating that AT&T is shipping GTE a draft contract reflecting AT&T's understanding of business agreements reached as of 6/28/96.

Ex.I (ggggg)	7/8/96	Letter	Meade Seaman, Donald W. McLeod	R. Reed Harrison	Re: AT&T's 7/1 proposal for enhanced interactive electronic interface submitted, GTE is not prepared to commit to any plan providing specific timelines & requirements for EI until a number of issues are resolved
Ex. 1 (hhhhh)	Intentionally Left Blank				
Ex. 1 (iiii)	7/9/96	Memo	Ron Shurter	Unknown	Memo to file concerns phone call between Shurter and McLeod re: beginning price negotiations. GTE could not agree to the TSR percent discount and did not agree that the Hatfield model should be a basis for TSLRIC.
Ex. 1 (jjjj)*	7/10/96	Letter	Bonnie J. Watson	Connie E. Nicholas, Sandra Skogen	AT&T provides a Matrix showing where negotiations issues for the 2000, 3000, & 4000 series are covered in the 7/2 draft agreement, and encloses corrected parts of that agreement.
Ex. 1 (kkkkk)	7/11/96	Letter	Joyce Beasley	Connie E. Nicholas	AT&T requests that GTE clear up outstanding matters re: cost studies and change as is. AT&T has not received GTE's UNE cost studies for CA, HI, FL and information for UNE's for TX.
Ex. 1 (llll)	7/12/96	Letter	R. Reed Harrison	Donald W. McLeod	AT&T states that both parties have reached agreement on implementation of interim EI arrangements, but GTE has not provided their promised workplan.

Ex. 1 (mmmmm)*	7/16/96	Matrix	Bonnie J. Watson	Connie Nicholas	Fax cover letter attaches corrections to pages from the Negotiations Issues box scores matrix.
Ex. 1 (nnnnn)	7/17/96	Memo	Joyce Beasley	File	AT&T delivered the attached draft proposed Limited Letter of Agency to GTE on 7/17.
Ex. 1 (ooooo)	7/19/96	Letter	R. Reed Harrison	Donald W. McLeod	AT&T expresses satisfaction with negotiation sessions which took place 7/17-19, but states that arbitration will be pursued, in the absence of a negotiated agreement.
Ex. 1 (ppppp)	7/22/96	Letter	Bonnie J. Watson	Connie E. Nicholas	Fax cover sheet attaches letter noting minor typographical errors which AT&T found in the electronic file of AT&T contract provided to GTE.
Ex. 1 (qqqqq)*	7/22/96	Memo	Brian Haux	Mirna	Cover memo attaches notes and matrices used during & prior to the 7/18 executive negotiations session at Berkeley Heights.
Ex. 1 (rrrrr)*	7/24/96	Minutes	Neil Brown	Joyce J. Beasley	Attaches files constituting GTE Cost/Price Minutes from 7/17-18 negotiations.
Ex. 1 (sssss)	7/24/96	Letter	Donald W. McLeod, D.A. Voller	R. Reed Harrison	GTE attaches revised version of 6/21/96 chart, indicating which service areas come under the TA96 rural exemption provision.

Ex. 1 (tttt)*	7/24/96	Letter	Donald W. McLeod, Meade Seaman	R. Reed Harrison	GTE attaches revised Resale Pricing Proposal and pricing proposal for UNE, as discussed during 7/17-19/96 meetings. Same as Exhibit 2(b).
Ex. 1 (uuuuu)	Intentionally Left Blank				
Ex. 1 (vvvv)*	7/27/96	Matrix	Unknown	Unknown	GTE's version of Matrix # 1 through # 5: Billing for Local Resale, Features/Services for Local Resale, Pre-Ordering /Ordering for Local Resale, Interconnection/Unbundling, and Pay-Phone-Local Resale. Same as Exhibits 3(a)(b)(c) (d) and (e).
Ex. 1 (wwww)*	8/2/96	Letter	R.Reed Harrison	Donald W. McLeod	AT&T expresses disappointment that GTE's recent price proposal, received 7/25, did not represent the expected degree of movement. AT&T encloses a revised price proposal in response to GTE's last transmittal.
Ex. 1 (xxxxx)	8/15/96	Letter	R.Reed Harrison	Donald McLeod	Comments on state of negotiations and AT&T's desire to continue negotiations with GTE. AT&T proposes a separate agreement on DMOQ/Quality/Performance Standards. If these issues are not resolved by 9/1/96, AT&T intends to refer these issues to individual state arbitration proceedings for resolution.

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Ex. 1 (yyyy)

12/4/95

Letter

R. Richards, J.
Ellsworth, J
Parrish

Mike Billings

AT&T's requirements were presented to GTE 10/4/95. References CAPUC order that local resale competition begins in CA 3/1/96

Ex. 1 (zzzzz)

8/5/96

Letter

B. Haux

D. Bennett

Seeks official GTE position re Tandem Switching and Data Switching Element based on issues from 7/17 meeting.

Exhibit Number

Description

- 2***
 - GTE Price Proposals**
 - (a) GTE Price Proposal dated June 14, 1996**
 - (b) GTE Price Proposal dated July 24, 1996**

- 3***
 - Issues Matrices**
 - (a) Matrix # 1 - Billing for Local Resale (Items 1005 - 1240)**
 - (b) Matrix # 2- Features/Services for Local Resale (Items 2005 - 2765)**
 - (c) Matrix # 3 - Pre-Ordering/Ordering for Local Resale (Items 3005-3495)**
 - (d) Matrix # 4 - Interconnection/Unbundling (Items 4005 - 4910)**
 - (e) Matrix # 5 - Pay Phone- Local Resale (Items 5005 - 5760)**
 - (f) Matrix - Open Issues - Local Resale & Unbundling Summary**

- 4**
 - AT&T Proposed Agreement**

- 5**
 - Policy Testimony - R.Reed Harrison III**

- 6**
 - Economic Testimony - Dr. John W. Mayo**

- 7**
 - Technical Testimony - Todd Bohling**

- 8**
 - Operational Testimony - John Finnegan**

- 9**
 - Public Utility Commission of Ohio Order**

- 10**
 - Kentucky Public Utility Commission Order**

- 11**
 - GTE 1995 Annual Report**

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