

Detailed Log of Dealings with LEC  
Meeting/Communications Log

Issues Cover Sheet

Date and Time of Contact

Wednesday, June 19, 1996  
3:00pm - 4:00pm

Nature of Contact

Conference Call

Participants

AT&T

Brenda Kahn  
Lisa Tyler  
Diane Toomey  
Pat McFarland  
Dave Hill  
Linda Harrington

GTE

Frank Corradi  
Michelle Moody  
John Peterson  
John Honinberger

AGPL 4517

AT&T Proprietary (Restricted)

001408

Brenda introduced AT&T's Cost Team to GTE, then explained what she hoped would be accomplished during the call.

1. AT&T wants additional information from GTE in order to analyze the pricing proposal. AT&T needs this additional information to develop a side-by-side comparison of GTE's discounts and AT&T retail avoided costs. Example: how the study cost team developed and ran their study.

2. Questions on Avoided Cost Study regarding discounts.

3. Issue of data requests regarding filing of Contel data with FCC. We wanted our expert, Dave Hill, to ask detailed questions we need answered in order to run our models.

**GTE response:** GTE had not anticipated questions on Contel data so they do not have anyone on the call who can respond to this. They anticipated questions on pricing proposals only.

AT&T conference call participant explained that we have made this request on several occasions. She also said that Mead has reviewed GTE's filing and although GTE says the information is there, we cannot locate it in the documents.

GTE has agreed to call David Hill and provide the information requested. GTE did not have anyone on hand to provide the information today.

Brenda continues the discussion explaining that AT&T wishes to analyze the pricing proposal presented on Friday 6/14/96. We hope to receive information from GTE to understand the level of discounts being offered at the service category levels. For example, there are two broad categories, (1) local service rate elements and (2) toll service rate elements. AT&T's goal is to create a side-by-side comparison of AT&T's desired discount (local and toll) in each state and each Cosa against GTE's discount.

ARMIS data was relied upon in AT&T and GTE models. GTE designat of revenues (local, toll). We need GTE to identify rate elements to these categories on ARMIS Reports 4303/4304. We need GTE to explain how this relates to Part 32 account or ARMIS 4304 separator line. GTE says 4303 is a match to Part 32 accounts.

Brenda says that once rate elements are mapped to do the comparison, we feel GTE would have to weight the rate elements (weighting the discounts). The output we need from GTE is one discount for local, and one discount for toll for each state, and the average retail rate avoided costs in order to do the comparison. AT&T needs help to do the comparison.

**GTE:** John wants to know what they will have when done, an offer from AT&T? What will GTE have?

**AT&T:** GTE presents proposal in a different way. There is a different perspective in each state as to what the offer is. There is a difference in output. We don't have the information needed for a comparison. We can't make an informed decision.

Regarding revenues and customer penetration rates. We want the discount weighted by the above. The average reflects buying patterns.

**Michelle - GTE:** There are five service categories which apply to all tariffed elements or all areas related to resale. They are:

1. residents
2. vertical
3. business
4. advanced
5. usage

**Brenda:** We don't understand the gaps between how GTE discounts tie to AT&T discounts. We can't compare. Detail identifies services available for resale. We can't determine price. Some Rate elements are at zero discount. In all states is there no discount for residential flat rate?

**GTE:** GTE concurs this is correct. We won't resell at a discount below cost services. A decision was made to make the offer and include residential service, but not as a discount.

**Brenda:** This is one of the problems we have. There is a variation by state as to whether the discounts are offered or not.

**GTE:** That shouldn't be the case. Regarding residential flat rate, the rules are the same across all states and

entities. There may be some errors and we have attempted to correct.

**AT&T:** We can't respond to proposal because of the difference in outputs our models present.

**GTE:** Wouldn't it be better to use the financial impact of the GTE offer.

**AT&T:** For us to compare models and what resale rates should be we need to do a like-for-like evaluation to determine how far apart we are.

**GTE:** There is a range of percentage discounts in California and Hawaii data. Over 33%? We know how far apart we are now.

**Brenda:** We can't tell on your information if discounts offered in California are at least as great as the authorized amount of the California PUC.

**GTE:** Sometimes we are more or less than interim discount authorized by California PUC. There will be a decision in September or October on interim proposal. Total discount should be approved.

**Brenda:** How far is the gap between proposed overall discount in California and interim authorization?

**GTE:** Interim authorization 7% on R1. Currently not offering discount on R1, because R1 rate is higher than average R1 rate, equal to approximately 5%. 12% for business is the highest approval on interim basis.

**AT&T:** AT&T would like to have data weighted so we can respond to GTE proposal. AT&T would like a discussion of local and toll on the state level. That is what we would be looking for.

**GTE:** Why can't AT&T take the GTE total study and compare?

**AT&T:** We do not get weighted average from GTE's study. GTE TELLUPS study does not let us do that.

**GTE:** We have given information. We can't tell you what kind of customer you will capture.

**AT&T:** We do not want to know what cost we can capture. We want to obtain information on weighted information so we can respond. We need to tweak proposal so we can respond. We want to identify our forecasts and utilize GTE data against that forecast.

The additional five categories you should be able to weight based on information in the study. We want GTE to do this as it is GTE's proposal. We need this so we can make an informed decision so we don't misinterpret your data.

**GTE:** Let us caucus for a few minutes.

**AT&T:** OK

**GTE:** In our cost studies we break down revenues into categories. Attachments to our cost study are there for your use in evaluating our proposal on total TELLUPS basis.

**Brenda:** Is discount the same in all states? For example: there are discounts in some states and not others.

**GTE:** The same rule applies in each state, if there is a discrepancy then that is a mistake. Percentage is the same in all states, Service people apply rules and error could occur. Discount should be the same across all states. If there is a difference in feature, this is an error.

**AT&T:** Is GTE question, can we look by feature what revenue is? Brenda, do we have study?

**GTE:** Total revenue numbers by category. Total TELLUPS should analyze our proposal.

**AT&T:** Look at your study and come up with six numbers in each.

**GTE:** We will not do this. AT&T has to compare list of all services whole/discount comparing avoided costs. What specifics will AT&T be looking for.

**AT&T:** We need to do an assessment.

**GTE:** GTE will discuss at executive meeting tomorrow. GTE will provide ARMIS related data to David Hill.

**AT&T:** We need a complete set of ARMIS data so we can evaluate Contel data.

**GTE:** If ARMIS 1995 data, avoided data 1995, ARMIS data would provide state breakout of all data.

**Brenda:** Do we have all states? Alabama, Kentucky, Mississippi?

**GTE:** Yes. Mississippi not part of original request for interconnection. Limited to 20 states only.

**Brenda:** Regarding revenue numbers from study. Can we share revenue information to analysts on our National Cost Team.

**GTE:** Defer until after tomorrow's executive session.

**Brenda:** Mischaracterization of numbers possible by AT&T. GTE could do analysis better than us. AT&T would prefer state level weighted on analysis rather than national level analysis. GTE could do national level analysis.

**Brenda:** Non-recurring charges - information in GTE proposal?

**GTE:** Non-recurring charges: labor related type changes offered for resale but no discount. Service order costs done in separate study because regulation different.

**Brenda:** Regarding service order costs.

**GTE:** Separate study consistently applied across states.

**GTE:** NDM Platform - consider in putting together that proposal.

We will continue price discussions next meeting, possibly Monday, June 24, 1996. Agenda needs to be established so the right people can be on call.