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May 8, 1996

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

Re: Service Ordering and Provisioning Discussion

Dear Connie,

I am forwarding to you a brief statement of the legal issue to ensure that we clearly understand each other's position with regard to Section 702 of the Telecommunications Act.

AT&T is working with the industry to develop an agreed process for transitioning local exchange customers. The proposal relies upon the FCC's existing rules regarding interexchange carrier selection. As we have previously discussed, the FCC will be issuing a NPRM regarding local exchange carrier transitioning. AT&T will, of course, abide by the FCC's rules and those of other applicable jurisdictions.

AT&T's proposed blanket letter of authorization is also enclosed. This agreement would be entered into between carriers as part of a business arrangement. It provides for reciprocal handling of customer transitioning. The flow charts will be forwarded shortly. If you have any questions, or wish to discuss the position paper or proposed letter of authorization, please give me a call. I should be generally available the rest of the week, allowing for the usual meetings! If you want to revise the GTE portion of the position statement, please send your revisions and I will have them incorporated.

Very truly yours,

A handwritten signature in cursive script that reads "Joyce".

Joyce Beasley

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May 8, 1996
Statement of Positions of AT&T and GTE

ISSUE: Does Section 702 of the Telecommunications Act of 1996 prohibit the use of a blanket letter of authorization process and the transfer "as is" of a customer's telecommunications services which are subject to resale?

GTE Position:

Section 702 prohibits one carrier sharing customer specific information as defined in the Act with another carrier except upon specific written authorization by the customer. GTE relies upon the provisions of Section 222(c)2 for its position that written authorization is required.

AT&T Position:

As a threshold matter, while Section 222(c)(2) requires a carrier to disclose CPNI "upon affirmative written request by the customer, to any person designated by the customer," Section 222(c)(1) independently allows a carrier to disclose CPNI "with the approval of the customer." Unlike the approval required in Section 222(c)(2), the approval required by Section 222(c)(1) does not need to be in writing.

Nonetheless, for purposes of the transfer and initiation of service, GTE and AT&T need not resolve this issue. The exemptions in Section 222(d) permit the use of the transfer "as is" procedure without further customer approval. Specifically, Section 222(d)1 makes explicit that nothing in Section 222 prohibits a carrier "from using, disclosing, or permitting access to" CPNI "to initiate, render, bill, and collect for telecommunications services." The term "telecommunication services" is not limited to the services provided by the carrier holding the customer proprietary network information, and allows for the transfer of CPNI as part of the transfer of service. This exemption therefore, provides protection to the providing carrier against any claim by a customer that provision of information in accordance with Section 222(d)1 is a violation of Section 702.

AT&T proposes to implement the transitioning process pursuant to business agreements between local exchange carriers. The agreements would include a letter of authorization. The AT&T proposed letter of authorization is attached. The proposed letter also includes indemnification language to protect the carrier providing the information.

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LIMITED BLANKET AGENCY AGREEMENT

THIS AGREEMENT is made and entered into as of this ____ day of _____, 1996 by and between (insert appropriate AT&T entity name) a Certified Local Exchange Carrier ("CLEC") and (insert appropriate GTE entity name) in _____.

WHEREAS, CLEC will be providing local exchange service to subscribers in _____;

WHEREAS, the parties will be exchanging service orders for local telecommunications service with regard to their respective subscribers in _____;

WHEREAS, the parties are desirous of implementing an orderly and legal process for the exchange of such orders.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

1. Good Faith Exchange. CLEC and _____ do hereby agree to exchange service orders in good faith for the purpose of provisioning local telecommunications service to their respective subscribers in the State of _____.
2. Compliance with Law. Each party shall comply with all applicable governmental statutes, laws, rules, regulations, ordinances, codes, directives, and orders (whether federal, state municipal or otherwise, including without limitation, the rules and regulations of the (insert appropriate state agency name) and is solely responsible for its compliance with all such laws arising out of or relating to its obligations associated with such service orders.
3. Term. The term of the Agreement shall be for one year from the Execution Date unless earlier terminated. Upon expiration, the Agreement shall automatically renew for additional one year terms unless and until one of the parties provides written notice of termination to the other.
4. Mutual Right to Terminate. Either party may terminate the Agreement if:
 - a) there is a material breach of the Agreement by the other party which is not cured within 30 days after receipt of written notice to the breaching party;
 - b) without cause upon 90 days written notice.
5. Indemnification. Each party (the "Indemnifying Party") agrees to indemnify and hold the other party (the "Indemnified Party") harmless from and against any and all claims, proceedings, actions, damages, costs, expenses and other liabilities incurred by, or threatened, imposed or filed against, any Indemnified Party (including, without limitation, court costs and reasonable attorney fees) resulting from the breaching party's submission of an improperly prepared or incorrect exchange service order.
6. Notification and Control. If any claim for indemnification arises under this Agreement, the Indemnified Party shall notify the Indemnifying Party (the "Indemnity Notification") and shall consult with and keep the Indemnifying Party reasonably informed with respect to the defense, compromise, settlement, resolution or other disposition of any such claim. Upon the Indemnifying Party's request, which request may be subject to a reservation of rights (the "Control Request"), which Control Request must be in writing and received by Indemnified Party within 30 days of the Indemnity Notification, the Indemnifying Party shall be entitled to control the defense of such claim by counsel of the Indemnifying Party's choosing and at the Indemnifying Party's sole expense. In this case, the Indemnified Party shall reasonably cooperate with the Indemnifying Party in connection with the defense of any such claim, provided that such cooperation is not adverse to the Indemnified Party's legal or business interests, as reasonably determined by the Indemnified Party and promptly communicated to the Indemnifying Party upon such determination. In turn, the Indemnifying Party shall promptly inform the Indemnified Party of all material aspects of such defense, compromise, any proposed settlement, resolution or other disposition of any such claim. Upon the Indemnified Party's reasonable request, the Indemnified Party shall be entitled to participate fully and cooperatively in the defense of any such claim

at its own expense and with counsel of its choosing. Neither party shall admit any liability with respect to, or settle, compromise, resolve or discharge any such claim without the other party's prior written consent, which consent shall not be unreasonably withheld in the case of any settlement, resolution, compromise or discharge involving only the payment of money.

- 7. **LIMITATION OF LIABILITY.** THE LIABILITY OF EACH PARTY TO THE OTHER FOR DAMAGES CAUSED BY BREACH OF THIS AGREEMENT OR BY NEGLIGENT ACTS OR OMISSIONS IN CONNECTION HEREWITH SHALL BE LIMITED TO ACTUAL DIRECT DAMAGES. NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY OTHER DAMAGES, LOSSES OR EXPENSES DIRECT OR INDIRECT (INCLUDING INCIDENTAL, CONSEQUENTIAL, RELIANCE OR SPECIAL), REGARDLESS OF THE FORM OF THE ACTION; PROVIDED HOWEVER, THAT NOTHING IN THIS SECTION SHALL LIMIT THE LIABILITY OF EITHER PARTY FOR WILLFUL MISCONDUCT OR FOR GROSS NEGLIGENCE.
- 8. **Applicable Law; Entire Agreement; Modification.** This Agreement shall be construed in accordance with and be governed by the laws of the State of _____, without regard to otherwise applicable conflict of law principles. This constitutes the entire agreement between the parties and supersedes all previous understandings, commitments or representations concerning the subject matter. This Agreement may not be amended or modified, and none of its provisions may be waived, except by a writing signed by an authorized officer of the party against whom the amendment, modification or waiver is sought to be enforced.
- 9. **Severability.** Nothing contained in this Agreement shall be construed to require commission of any act contrary to law, and wherever there is any conflict between any provision of this Agreement and any law, such law shall prevail; provided, however, that in such event, the affected provisions of this Agreement shall be modified to the minimum extent necessary to permit compliance with such law and all other provisions shall continue in full force and effect.

Notices. All notices and other communications from either party to the other hereunder shall be in writing and shall be deemed received upon actual receipt when personally delivered, upon acknowledgment of receipt if sent by facsimile, or upon the expiration of the third business day after being deposited in the United States mails, postage prepaid, certified or registered mail, addressed to the other party at a location specified in writing by such party. All notices required under this section shall be made both to the signatories to this agreement and to the General Counsel(s) of the respective companies executing this agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

CLEC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

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