



R. Reed Harrison III
Vice President
Local Infrastructure & Access Management
Regional Operations

Room 4ED103
One Oak Way
Berkeley Heights, NJ 07922
908 771-2700
FAX 908 771-2219
AT&T Mail atmail!rrharrison

Via Facsimile and Overnight Mail

July 12, 1996

Mr. Donald W. McLeod
Vice President-Local
Competition/Interconnection
GTE Corporation
HQEO1E63
600 Hidden Ridge
P. O. Box 152092
Irving, Texas 75015-2092

Re: Implementation in California of Interim Agreement on Electronic Interface

Dear Don:

It is clear that our companies have in fact reached agreement on the implementation of interim electronic interface arrangements for service preordering, ordering, provisioning, maintenance and billing, all in connection with AT&T's purchase from GTE (at wholesale) of GTE local services, for resale by AT&T.

In his letter dated July 8, Mr. Seaman promised on your behalf to make available for us on July 9 the work plan for the interim arrangements described in his numbered paragraph 1. This information would include, you indicated in our conference call of July 10, the cost recovery method or amount you would propose for the modification of your systems to provide those interim interconnection arrangements. But the letter did not otherwise condition any of those interim arrangements on price, and you so confirmed on the July 10 conference call.

AGBR 000919

003159

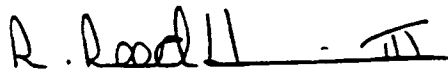
Mr. Donald W. McLeod
July 12, 1996
Page Two

In any event, wholesale pricing is not an issue in California. The California Public Utilities Commission in Decision 96-03-020 published March 12, 1996, established interim wholesale rates for GTE California resold services. Further, the California Commission is currently considering permanent rates in its Open Access and Network Architecture Development investigation (I.93-04-002). A decision in this proceeding is expected before the end of the year.

In the meantime, we need now the work plan described in the July 8 letter and promised for delivery on July 9. May we have it today or Monday morning via facsimile, please, so that we may timely review it in advance of our July 17-19 work sessions. (I will ask your assistance as well in expediting the response of GTE to Ms. Beasley's letter to Connie Nicholas, copy annexed).

We are anxious to move forward on all open issues and look forward to the arrival of the GTE team next week. We want to be ready for progress at those meetings. To this end, we need the work plan and the other materials I've noted above. Thanks for your prompt attention to these matters.

Sincerely,



R. Reed Harrison III
Vice President -
Local Infrastructure and Access Management
Regional Operations

Copy to:

GTE

D. Bennett

M. Billings

F. W. Compton

J. W. Honabarger

C. E. Nicholas

J. C. Peterson

M. C. Seaman

AT&T

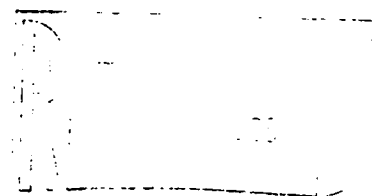
J. J. Beasley

R. Damji

R. H. Shurter

P. Walsh

AGBR 000920



003160

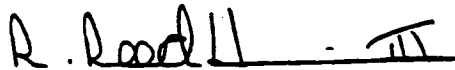
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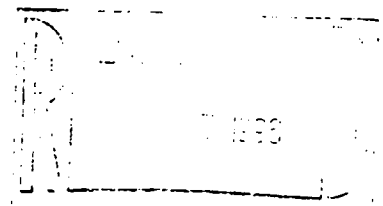
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R. Damji

R. H. Shurter

P. Walsh

AGBR 000920



003161



Joyce Beasley
General Attorney

Room 325802
295 North Maple Avenue
Basking Ridge, NJ 07920
908 221-6502
FAX 908 953-8360

July 11, 1996

Connie E. Nicholas
GTE Telephone Operations
HQEO3J28
600 Hidden Ridge
Irving, Texas 75015-2092

Dear Connie:

It's critically important, as we prepare for next week's negotiation sessions, that we clear up some outstanding matters. You and I discussed these matters --involving cost studies and "change as is"-- over a week ago, on July 1.

At that time you undertook to send to me the unbundled network elements cost studies that GTE performed for California, for Hawaii, and for Florida. I requested also at that time that you send any other or additional information or studies GTE might have for unbundled elements, including loops, for Texas. I understood that all of this material would be furnished either last week or early this week. In any event, this material is essential in our preparations for the cost/price negotiations scheduled for next week.

Don McLeod, Reed Harrison, Ron Shurter and other Executive Team members emphasized the importance they attach to those imminent cost/price negotiations, and reiterated their individual and collective desire to achieve agreement on these enabling cost/price issues--notwithstanding that our respective proposals are far apart at present. Our ability to review GTE cost data can only assist our understanding of your positions and move us closer toward potential agreement. Toward this end, I am requesting additional cost information, as set out in Exhibit A to this letter. We would appreciate that information for all GTE states, with our priority on California, Texas, Florida and Hawaii.

AGBR 000921

003162

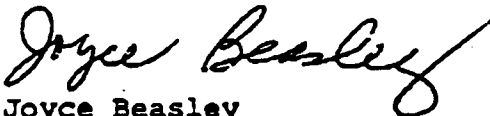
In the accompanying Exhibit A I have also included requests for information that will assist us and GTE in our further negotiation of issues relating to (i) the routing of operator and DA services; and (ii) dialing parity. On the former issue it will assist the negotiations if we can review and understand the arrangements GTE currently has with other companies regarding these services. In dialing parity, we have an issue that has not been finally resolved, especially as it relates to equal access and presubscription. Although GTE has filed implementation plans in a number of states, it has not yet done so in a number of major jurisdictions, including Texas. Accordingly, I have requested information in the format shown on Attachment 3 of the accompanying Exhibit A.

On the "change-as-is" matter, I had in our earlier discussions proposed to address GTE concerns by means of an indemnification of GTE against claims of misuse of CPNI in connection with its employment of the blanket letter of authorization procedure proposed by AT&T. I can now confirm this indemnification as a firm offer from AT&T, in the hope that it will bring us to closure on this issue. (You are of course aware of AT&T's conviction that our proposed procedures do not violate the CPNI provisions of the Act). I will proceed with revised language for our proposed blanket letter of agency, and have it ready for your review prior to our meeting of next week.

I will very much appreciate your immediate attention to the cost study and related information requests described above and in the accompanying Exhibit A.

I am faxing this letter, Exhibit A and Attachment 1 to you. Due to their length, attachments 2 and 3 are being forwarded to you with the original letter by overnight mail.

Very truly yours,


Joyce Beasley

cc: Pat Walsh
Reed Harrison
Ron Shurter

AGBR 000922

003163

JULY 11, 1996

AT&T REQUEST TO GTE TO PROVIDE DATA

For each of the following data requests, provide state specific responses for all of the States currently noticed for negotiation unless otherwise indicated; if data has previously been provided please indicate the date, document, and addresses.

1. For each of the end-user services or service categories listed on Attachment 1, provide the most current GTE "retail" TSLRIC (Total Service Long Run Incremental Cost) study and/or equivalent cost studies. If retail TSLRIC exchange cost studies are not available for one or more services, provide the most current GTE LRIC (Long Run Incremental Cost) studies for such services.

Provide non-recurring and recurring costs separately by rate element where available and by service option. Provide the requested information separately for residence and business services, where available. Business services costs should also be provided for Single-Line service, Multi-Line service, PBX Trunks, CentraNet elements, ISDN, Network Access Register Packages and Coin Telephone lines in a format similar to Attachment 1.

2. For each of the end-user services or service categories listed on Attachment 1, provide the most current GTE "wholesale" TSLRIC study and/or equivalent cost studies. If wholesale TSLRIC exchange cost studies are not available for one or more services, provide the most current GTE LRIC studies for such services.

Provide non-recurring and recurring costs separately by rate element where available and by service option. Provide the requested information separately for residence and business services where available. Business services costs should also be provided for Single-Line service, Multi-Line service, PBX Trunks, CentraNet elements, ISDN, Network Access Register Packages and Coin Telephone lines in a format similar to Attachment 1.

3. With respect to Local Services Resale, provide all the most current avoided cost studies, or any study that would support the "wholesale" discount on Local Services Resale. Provide all such studies on a state-specific basis. Include any studies supporting the GTE tariff filings providing for a 5% discount for resale of intraLATA services.

Provide recurring and non-recurring costs separately by element where available and by service option. Provide the requested information separately for residence and business services, where available. Business service costs should also be provided for Single-line service, Multi-line service, PBX Trunks, CentraNet elements, ISDN Network Access Register Packages and all types of Coin Telephone lines (including public and semi-public).

4. Provide all other cost studies on a state specific and service or element specific basis, including the following:

- * The CostMod System - Loop Technology Model
- * The CostMod System - GTD5 EAX Switching Technology Module
- * Bellcore's SCIS - Switching Application Module
- * The Levelized Annuity Pricing Program (LAPP)
- * Embedded Cost Studies that identify the "retail" and "wholesale" costs associated with providing each of the services listed on Attachment 1.

Provide recurring and non-recurring costs separately by element where available and by service option. Provide the requested information separately for residence and business services, where available. Business services costs should also be provided for Single-line service, Multi-line service, PBX Trunks, CentraNet elements, ISDN Network Access Register Packages and Coin Telephone lines in a format similar to Attachment 1.

5. Provide the TSLRIC of providing switched and non-switched (special) access service. If a TSLRIC study is not available, provide the information based on available LRIC studies. This information should be provided separately for the following categories: (1) Local Switching, (2) Tandem Switching, (3) RIC, (4) DS1, (5) DS3. DS1 and DS3 costs should be provided on a per termination basis and on a per mile basis.
6. Provide TSLRIC cost studies, if available, or LRIC costs studies if TSLRIC studies are not available, for each of the following Unbundled Network Elements: (1) Network Interface Device, (2) Loop Distribution, (3) Loop Concentrator/Multiplexer, (4) Loop Feeder, (5) Loop Combination, (6) Local Switching, (7) Local Operator Services, (8) Local Directory Assistance, (9) Common Transport, (10) Dedicated Transport, (11) Digital Cross-Connect System, (12) Data Switching Element, (13) SS7 Message Transfer and Connection Control, (14) Signaling Link Transport, (15)

SCPs/Databases, (16) Tandem Switching, (17) Advanced Intelligent Network (AIN). (See Attachment 2 for definitions of Unbundled Network Elements).

7. Provide a copy of GTE's TSLRIC Cost Study supporting the Unbundled Element rates filed in Florida in Docket 950984-TP, and copies of any other TSLRIC Cost Studies filed in state proceedings regarding loops and/or unbundled rate elements.
8. Provide a detailed explanation of the methodologies and assumptions used in developing each of the studies provided in response to questions 1 through 7 above and all supporting documentation including workpapers and any other information or materials used in preparing the studies. Also specify the time periods covered by the studies and the sources of the information used in the studies and supporting the studies.
9. Provide copies of any agreements between GTE and all Local Exchange Companies addressing routing of operator services and directory assistance.
10. Also provide copies of any agreements between GTE and any GTE subsidiaries addressing routing of operator services and directory assistance.
11. Provide the same information identified in Attachment 3 concerning the types of switching equipment serving all GTE end offices and access tandems for all states. Validate that the information related to Kentucky (attached) is still accurate.

For all switching equipment serving GTE end offices or access tandems, provide information concerning the current generic software including the current dot release (for example, 5E9.2 for 5ESS).

For each switch type, provide the average per switch usage of the switch resource used to retrieve routing information (for example, number of line class codes for the Lucent 5ESS, the number of line attributes for the Nortel switches, etc.).

On a per switch basis for each switch identified above, provide the average number of rate centers.

For the same end offices and access tandems, indicate any software or equipment upgrades that are planned through year end 1998.

Retail Costs _____
Wholesale Costs _____
(check one)

Exchange Telecommunications Services
By Element with References

EXCHANGE SERVICES	STUDY DATE		TYPE OF STUDY (1)		SERVICE COST		PAGE REFERENCE (2)	
	Business	Residence	Business	Residence	Business	Residence	Business	Residence
1. Bank Full Rate								
2. Message Rate								
3. Smart Call								
4. Smart Call								
5. Smart Ring								
6. Remote Call Forwarding								
7. Direct Dialing Inward								
8. WATS								
9. Discount Toll Plans								
10. Central/Regional (ISDN)								
11. Basic Rate/LATA Toll								
12. ISDN								

- (1) TSLRIC, LRIC, Embedded, Other (specify study type, such as EDA)
- (2) Provide the page references from the study for the Business and Residence costs.

 P. 01
 TRANSACTION REPORT
 JUL-16-96 TUE 12:08 PM
 DATE START RECEIVER TX TIME PAGES TYPE NOTE .M#
 JUL-16 12:00 PM 912147181250 4' 55" 9 SEND OK

*Correspondence
 File*

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