

Donald W. McLeod
Vice President
Local Competition/Interconnection



May 13, 1996

HQE01E63
800 Hidden Ridge
P.O. Box 152082
Irving, TX 75015-2082
214/718-6330
FAX: 214/718-4353

R. H. Shurter
AT&T Southern States & National
Local Access & Infrastructure Management
Vice President
Room 4EC101
One Oak Way
Berkeley Heights, NJ 07922

Dear Mr. Shurter:

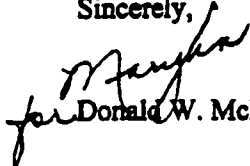
This letter will serve to confirm our Executive Negotiation meeting for Wednesday, May 15 at GTE Telops Headquarters in Irving, Texas. At your request, we will move up the start time to 8:30 a.m. We will be meeting in the West Building and will meet you in the West lobby at 8:15 a.m.

Our staffs have jointly worked together in establishing the following agenda:

1. Issue Screening and Escalation Process
2. Issue Assessment
3. Current Status of Negotiations
4. Joint Work Plan Objectives
5. Pricing Methodology

If you have any questions, please call my secretary, Marylin Holford at 214/718-6927.

Sincerely,


for Donald W. McLeod

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**EXECUTIVE NEGOTIATING TEAM
MEETING AGENDA**

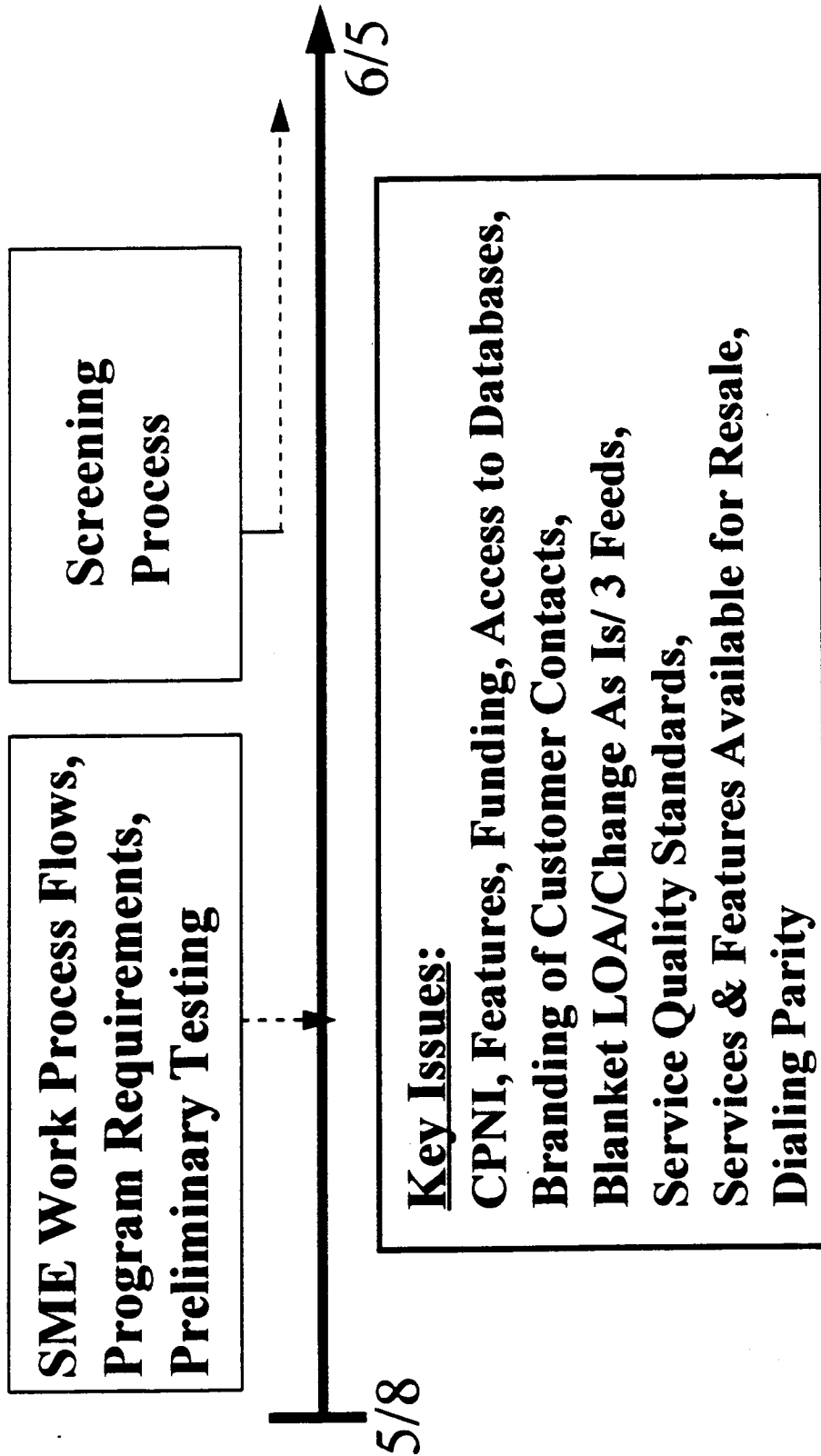
**MAY 15, 1996
GTE Irving Offices
Room: W03M54
8:30 a.m.**

- **Interconnection Rural Exemption - GTE**
- **New Interconnection Request - AT&T**
- **Negotiation Process - Joint**
 - **Joint Work Plan**
 - **Current Status of Negotiations**
 - **Key Issues/Priorities**
 - **Core Team Screening Schedule**
- **Pricing Methods & Issues**
 - **TSR Methods & TSLRIC - AT&T**
 - **Linkage of TSR & Unbundled Pricing - GTE**
- **Other Items**

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AT&T/GTE Negotiations TSR Operations

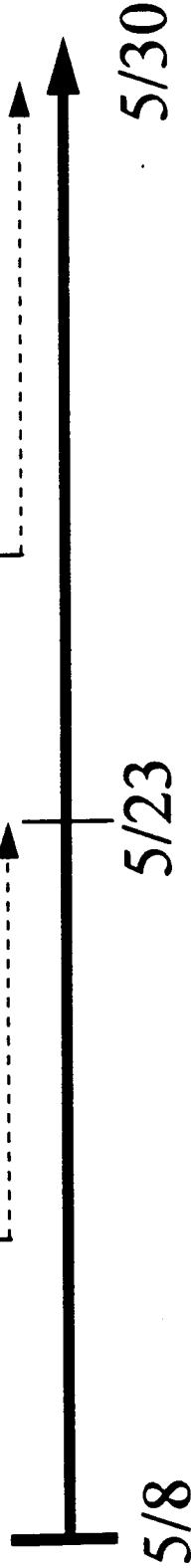


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**AT&T/GTE Negotiations
Operator Services/Directory Assistance**

**OS/DA
Position Definition (GTE)
Q&A - Intercompany**

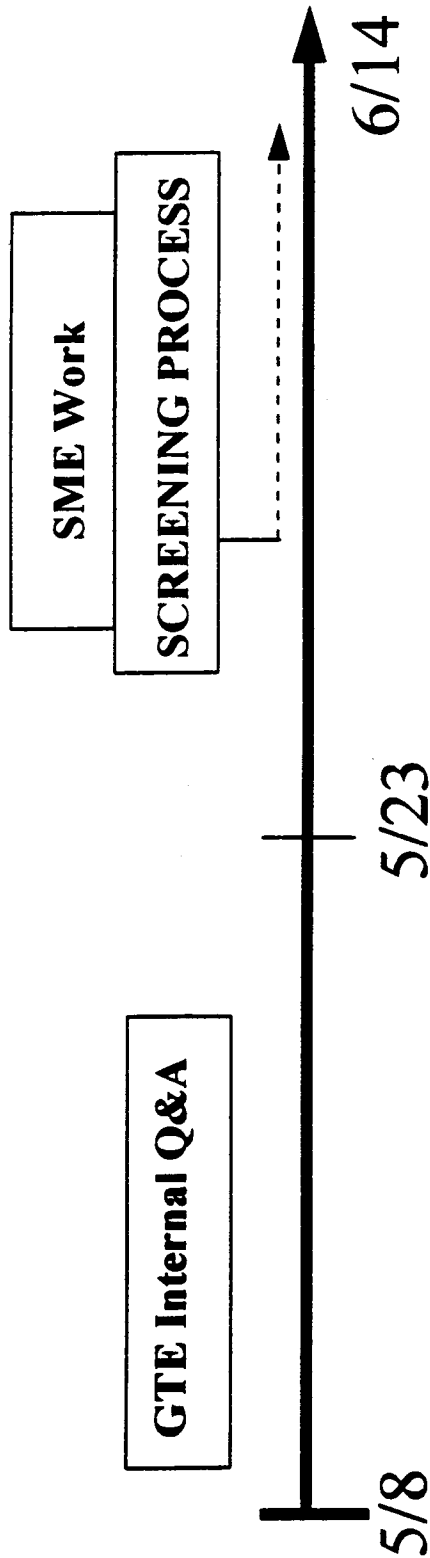
**OS/DA
SME WORK**



**Key Issues: OS/DA in Unbundled Environment,
Unbundling Vs. TSR**

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AT&T/GTE Negotiations Transport, Loops, Collocation*



Key Issues:

- Request for LEC-to-LEC Contracts
- Transport, Dedicated Unbundling
- Basic Network Functions & Combinations
- Switching (Features & Functions)
- AIN

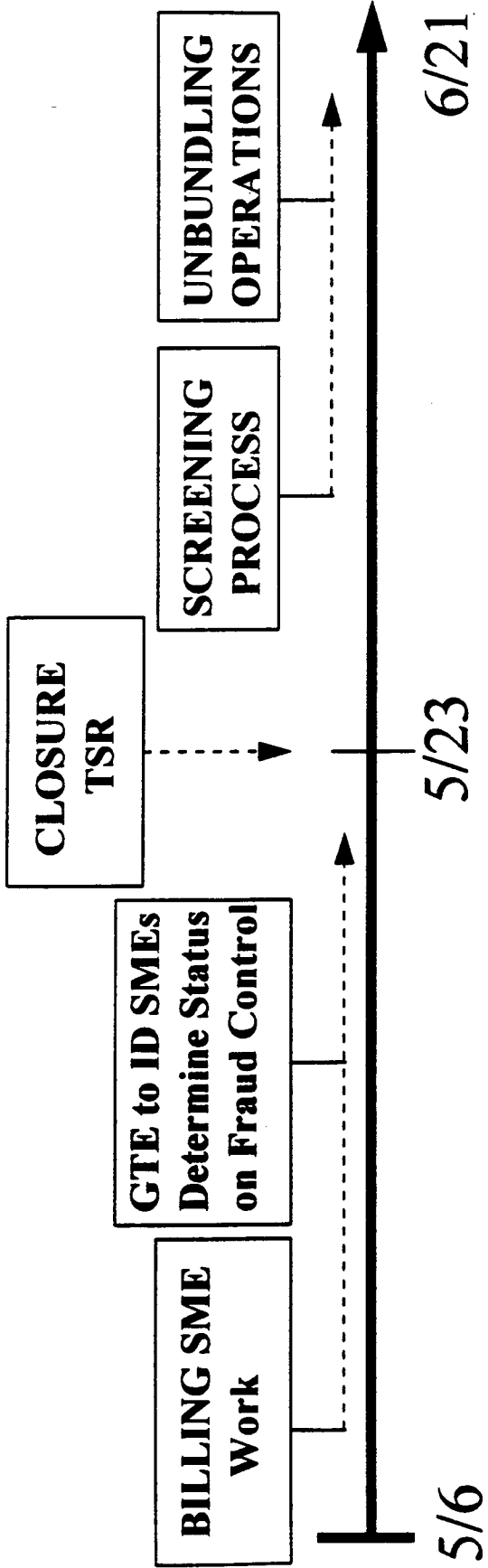
* Signalling, Switching and AIN

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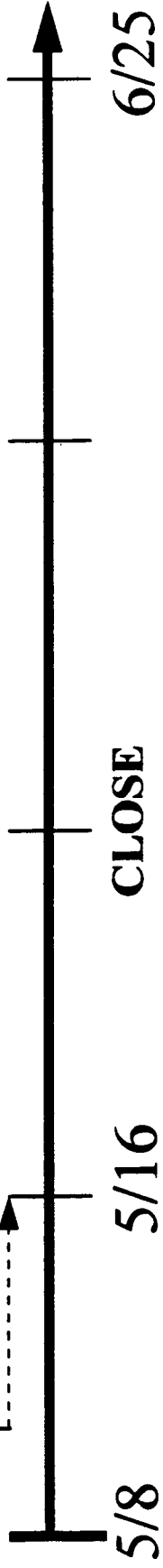
**AT&T/GTE Negotiations
Billing & Fraud Control**



Key Issues:
- **BILLING IN AN UNBUNDLED ENVIRONMENT.**
- **FRAUD POLICY - Call Annoyance**

**AT&T/GTE Negotiations
Unbundling - ROW**

**SME SCREENING
WORK**



Key Issues:

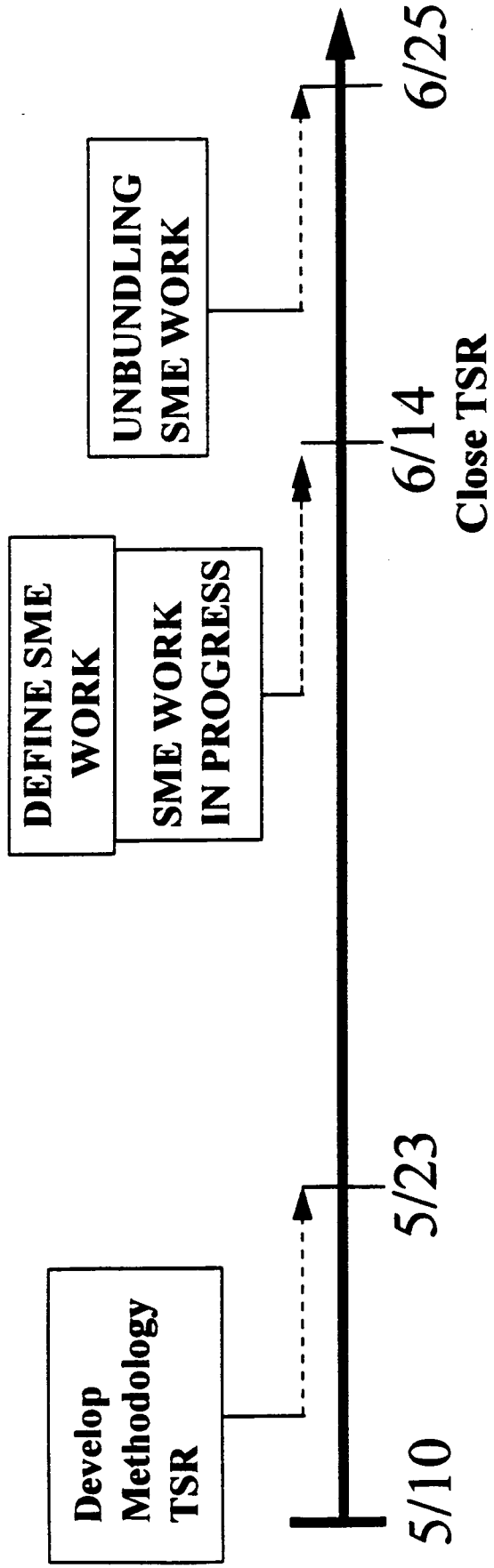
- Capacity Planning
- Reciprocity
- State Request
- Access & Interval

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AT&T/GTE Negotiations Pricing



Key Issues:
- TSR Avoided Cost Method
- Unbundling @ TSLRIC

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TSK

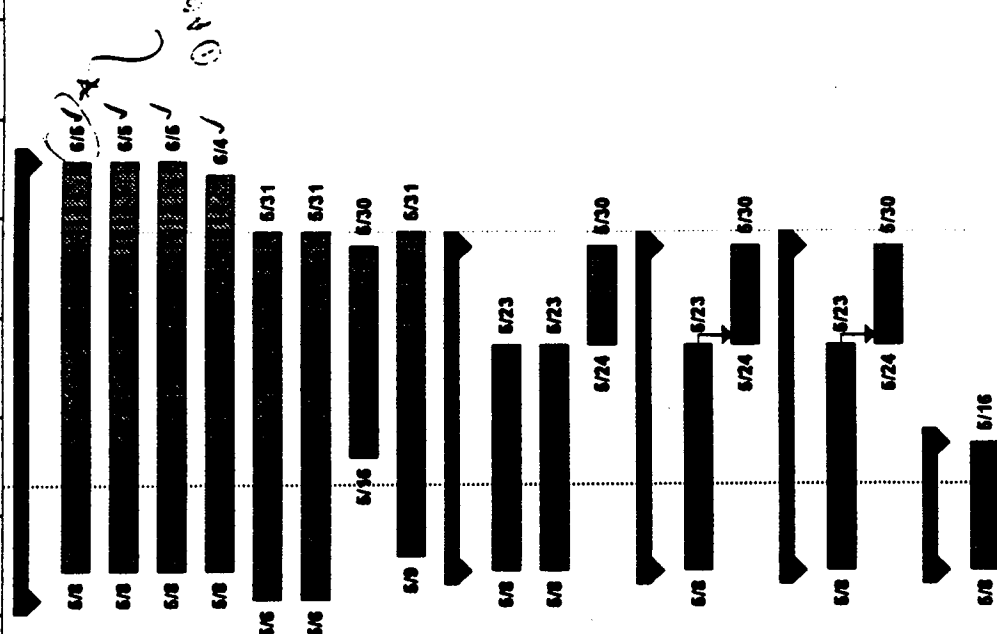
Wholesale Inefficiencies

Carrier to Carrier Inefficiencies (do not include retailing inefficiencies since they have already been backed out):

- *Investment Inefficiencies*
 - *Overbuild*
 - *Poor Quality / Old Technology*
- *Network Operation Inefficiencies*
 - *Overbuild*
 - *Poor Quality / Old Technology*
- *Overlay for Indirect Costs*
 - *The costs of running a more efficient operation should be less than the cost of running an inefficient operation.*

AT&T and GTE Negotiations
5/14/96

ID	Task Name	April				May				June			
		4/7	4/14	4/21	4/28	5/5	5/12	5/19	5/26	6/2	6/9	6/16	6/23
1	TSR												
2	Operations (Features, Services)												
3	Process Flow - Operations												
4	Programming Requirements												
5	Billing - TSR												
6	Fraud Control												
7	Identify SMEs/Determine Existing Status												
8	Screening Process - TSR												
9	Testing												
10	Unbundling - OS/DA												
11	GTE Definition of Position												
12	Q&A With AT&T												
13	Closure Of Remaining Issues												
14	Unbundling - Interconnect./Transport/Loops												
15	GTE Internal Q&A												
16	AT&T/GTE Screening Process												
17	Unbundling - Signal/Switching/AUN												
18	GTE Internal Q&A												
19	AT&T/GTE Screening Process												
20	Unbundling - Right-of-Way												
21	Screening Process												



Project: _____
 Date: 5/14/96

Task: [Symbol] Summary: [Symbol] Rolled Up Progress: [Symbol]
 Progress: [Symbol] Rolled Up Task: [Symbol]
 Milestone: [Symbol] Rolled Up Milestone: [Symbol]

AT&T and GTE Negotiations
5/14/96

ID	Task Name	April		May			June						
		4/7	4/14	4/21	4/28	5/5	5/12	5/19	5/26	6/2	6/9	6/16	6/23
22	Unbundling - Ancillary												
23	911/E911 Clarification					5/8	5/14 ✓						
24	LNP Number Assignments-Clarification					5/8	5/14 ✓						
25	Define Principles							5/14	5/30 ✓				
26	Define Technical Requirements							5/14	5/30 ✓				
27	Ancillary - Dialing Parity	4/11							5/23 ✓				
28	Ancillary - CPW	4/11							5/23 ✓				
29	Ancillary - Lifeline	4/11							5/23 ✓				
30	Ancillary - Disabled	4/11							5/23 ✓				
31	Billing - Unbundling												
32	Screening Process - Billing in Unbundled Environme												
33	Link to Pricing/Operations/Billing								5/23	5/31 ✓			
34	Pricing											5/14	5/21
35	Develop Methodology - TSR											5/14	5/14
36	Define SME Work											5/14	5/26
37	Develop Methodology - Unbundling											5/14	5/26

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Project Date 5/14/96	Task	Summary	Rolled Up Progress
	Progress	Rolled Up Task	
	Milestone	Rolled Up Milestone	

AT&T and GTE Negotiations
5/14/96

ID	Task Name	Duration	Start	Finish	Predecessors	Resource Names
1	TSR	23d	6/8/96	6/8/96		
2	Operations (Features, Services)	21d	5/8/96	6/5/96		
3	Process Flow - Operations	21d	5/8/96	6/5/96		
4	Programming Requirements	21d	5/8/96	6/5/96		
5	Billing - TSR	20d	5/8/96	6/4/96		
6	Fraud Control	20d	5/8/96	5/31/96		
7	Identify SMEs/Determine Existing Status	20d	5/8/96	5/31/96		
8	Screening Process - TSR	11d	5/16/96	5/30/96		
9	Testing	17d	5/9/96	5/31/96		
10	Unbundling - OS/IDA	17d	6/8/96	6/30/96		
11	GTE Definition of Position	12d	5/8/96	5/23/96		
12	Q&A With AT&T	12d	5/8/96	5/23/96		
13	Closure Of Remaining Issues	5d	5/24/96	5/30/96		
14	Unbundling - Interconnect/Transport/loops	17d	6/8/96	6/30/96		
15	GTE Internal Q&A	12d	5/8/96	5/23/96		
16	AT&T/GTE Screening Process	5d	5/24/96	5/30/96	15	
17	Unbundling - Signal/Switching/AM	17d	6/8/96	6/30/96		
18	GTE Internal Q&A	12d	5/8/96	5/23/96		
19	AT&T/GTE Screening Process	5d	5/24/96	5/30/96	18	
20	Unbundling - Right-of-Way	7d	6/8/96	6/16/96		
21	Screening Process	7d	5/8/96	5/16/96		
22	Unbundling - Ancillary	17d	6/8/96	6/30/96		
23	911/E911 Clarification	5d	5/8/96	5/14/96		
24	LNP Number Assignments-Clarification	5d	5/8/96	5/14/96		

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AT&T and GTE Negotiations
5/14/96

ID	Task Name	Duration	Start	Finish	Predecessors	Resource Names
25	Define Principles	12d	5/15/96	5/30/96		
26	Define Technical Requirements	12d	5/15/96	5/30/96		
27	Ancillary - Dialing Parity	31d	4/1/96	5/23/96		
28	Ancillary - CPN	31d	4/1/96	5/23/96		
29	Ancillary - Lifeline	31d	4/1/96	5/23/96		
30	Ancillary - Disabled	31d	4/1/96	5/23/96		
31	Billing - Unbundling	22d	6/23/96	6/21/96		
32	Screening Process - Billing in Unbundled Envrnment	7d	5/23/96	5/31/96		
33	Link to Pricing/Operations/Billing	6d	6/14/96	6/21/96		
34	Pricing	36d	6/8/96	6/28/96		
35	Develop Methodology - TSR	28d	5/8/96	6/14/96		
36	Define SME Work	35d	5/8/96	6/25/96		
37	Develop Methodology - Unbundling	35d	5/8/96	6/25/96		