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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

June 7, 1995

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Washington, DC 20554

RE: Ex Parte Filing - CC Docket No. 92-256 (GTE ONA)

Dear Mr. Caton:

The following responses and materials were prepared by Mike Drew of GTE at the request of Ms. Rose Crellin and Ms. Lisa Gelb during the June 1, 1995 meeting in the above matter. The response numbers below are keyed to the numbered items in the June 2, 1995 *ex parte* filing emanating from that meeting. Since item number 1 on the June 2 list has a response date of June 30, there is no response below bearing that number.

2. Q. Modify GTE's 120-Day New Service Request Implementation Plan to add the FCC's four criteria that will be used by GTE to perform the assessment of the requests.

A. The following language has been incorporated into GTE's 120-Day New Service Request Implementation Plan (Attachment A, page 31):

"GTE will utilize four criteria in it's assessment of all new service requests received from ESPs. These criteria include: market demand, cost feasibility, technical feasibility, and utility as perceived by ESPs. These criteria are recognized by the Commission as the critical factors that determine whether a service is likely to be a viable offering (BOC ONA Order, 4 FCC Rcd at 207)."

3. Q. Modify GTE's Individual CPNI Implementation Plan to include how the different multi-line business categories will be treated in the notification process (i.e., "2-20 line" business customers versus "greater than 20 line" business customers).

A. The following language has been incorporated into GTE's Individual CPNI Implementation Plan (Attachment A, page 19):

"Separate CPNI annual notifications will be sent to multi-line business customers with 2-20 access lines on their billing account and those with greater than 20 access lines on their billing account. The notification for business customers with 2-20 access lines will provide the customer the opportunity to restrict their CPNI from GTE's enhanced services marketing personnel. The notification for business customers with greater than 20 access lines provides the customer the opportunity to allow access to their CPNI by GTE's enhanced services marketing personnel."

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Prior to July 4, 1995, GTE's account representatives will be trained regarding the difference between the 2-20 line and greater than 20 line categories of business customers. The representatives will be trained that the 2-20 line business customers will have the right to restrict their CPNI from them if they can market enhanced services. The representatives will also be trained that they must have prior authorization from the greater than 20 line business customers to use their CPNI in the marketing of enhanced services.

Currently, GTE's account representatives market all of GTE's products and services. After July 4, 1995 and beyond, GTE's current account representatives will be impacted due to the ability of a customer to restrict their CPNI from GTE's representatives that can market enhanced services. After July 4, 1995, the customer that elects to restrict their CPNI will be handled by a GTE account representative that cannot market enhanced services.

4. Q. Explain how GTE's interim "partial restriction" process will be implemented and when further restriction capabilities will become available. On the next version of the CPNI notification letters, move the partial restriction option above Section B.

A. GTE currently disaggregates a multi-line business customer's records into "Billing Accounts". These billing accounts identify multiple telephone numbers that are associated with the billing account number. If the customer desires to restrict their CPNI from GTE's enhanced services marketing personnel, GTE's systems only allow the customer to restrict the entire account at the billing account level. If the customer desires to only restrict certain telephone numbers within the billing account, then they can request the separation of particular telephone numbers to a separate billing account (per checking the option on the CPNI response form). In this manner, the customer can control the numbers on which they desire to be CPNI restricted (i.e., partial restriction from those that have been grouped together on to one billing account). The customer can then choose not to restrict the remaining numbers that have been separated to another billing account. Since the above process allows the customer the choice in the level of CPNI restriction based upon the individual telephone numbers in a billing account, GTE currently has no plans to revise this process of segregating customer account information.

The next version of GTE's annual CPNI Notification letters will be revised be in compliance with the Commission's request. GTE will submit the forms for Commission approval prior to distribution.

5. Q. Explain when GTE plans to implement the capability within it's systems which will allow partial restriction of certain CPNI information, as requested by a multi-line business customer, from GTE's representatives which can sell enhanced services (i.e., blanking of certain fields of information in the account via CPNI restriction capabilities).

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A. GTE will have to make major changes to its current systems to allow partial restriction of certain CPNI information by "blanking" certain fields of data on the account. In other words, if the customer wants to only restrict their calling pattern information from GTE's enhanced services representatives, then CPNI restriction on the account would only "blank out" the field that contains this information versus the entire account. GTE is currently planning to add this additional level of partial data CPNI restriction via password ID protection by December 1996. This is a more finite level of CPNI restriction than discussed in the answer to question 4 above.

6. Q. Clarify in GTE's Interface Functionality CEI Implementation Plan what is meant by "technically measurable differences in specific interface performance characteristics" which will always be minimal enough that there are no perceptible differences to the end users in language consistent with that used in Computer III (104 FCC2d 1036).

A. The following language has been incorporated into GTE's Interface Functionality CEI Implementation Plan (Attachment A, pages 2-3):

"The basic service functions utilized by GTE's enhanced services will be equally available to others on an unbundled basis, with technical specifications, functional capabilities, and other quality and operational characteristics, such as installation and maintenance times, equal to those provided to its own enhanced services. Exact quality, in the sense that the parameters of every installation of a given type of basic service are precisely identical to those of every other installation, is unachievable, since some minor variations occur even among GTE's own installations of such services. "Equality" means that variations in the CEI parameters of the basic services offered to competing enhanced service providers, will be no greater than those of the basic services used by GTE in conjunction with its enhanced services offerings."

7. Q. Clarify in GTE's Availability of CEI Implementation Plan that any new BSAs which will be used by GTE's ESP will be available for 90 days for testing by any ESP and that GTE's ESP will not obtain the service any earlier than when it is available to other ESPs under tariff.

A. The following language has been incorporated into GTE's Availability of CEI Implementation Plan (Attachment A, page 14):

"Any new BSAs which will be used by GTE's enhanced services will be available for 90 days for testing by GTE affiliated and non-affiliated ESPs before it is offered. GTE's ESP will not obtain the service any earlier than when it is available to non-affiliated ESPs under tariff."

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8. Q. Clarify in GTE's Minimization of Transport Costs Implementation Plan, that if GTE's ESP equipment is physically collocated in the GTE central office, which price GTE will pay for any network services that are distance sensitive consistent with the parameters specified in ¶168 of the BOC ONA MO&O. (4 FCC Rcd 1 @ 87).

A. The following language has been incorporated into GTE's Minimization of Transport Costs Implementation Plan (Attachment A, page 16):

"Transport cost differences will be equalized via price parity. Where access line rates are not distance sensitive, GTE will charge its ESP the same tariffed rates other ESPs would pay if located within that area. Where access line rates are distance sensitive, GTE will charge its ESP the same tariffed rates other ESPs would pay if located within a two mile radius of the central office."

9. Q. Categorize the GTE files/data bases, identified in Attachment A of GTE's May 30, 1995 ex parte filing, per the categories discussed in paragraphs 24-25 of the Commission's March 29, 1993 Memorandum Opinion and Order in CC Docket No. 88-2, Phase I (i.e., primary databases used to perform service order processing, marketing, and billing; primary databases used in provisioning and maintaining the network; and historical databases not regularly accessed by enhanced services marketing personnel).

A. Following are the GTE files/data bases which are classified as "**Primary**" (i.e., databases containing comprehensive CPNI that are regularly accessed by enhanced services marketing personnel for use in performing service order processing, marketing, and billing which will be password/ID protected):

SORCES (Service Order Records Computer Entry System)
SOLAR (Service Order Load and Retrieval)
CMSS (Customer Marketing and Service System)

Following are the GTE files/data bases which are classified as "**Primary-Fragmented**" (i.e., databases containing fragmented CPNI not easily accessed by marketing personnel for marketing enhanced services and not requiring password/ID protection by the Commission in footnote 61 of the above referenced MO&O):

BUCU (Business Customer)
BVT (Billing Voucher and Treatment)
CABS (Carrier Access Billing System)
CBAS (Customer Billing Access System)
CBIS/OMAR (Customer Billing and Information System)
CBSS (Customer Billing Services System)
COPS (Customer Order Processing System)
DMSS (Direct Marketing Sales System)
EXACT (Exchange Access Control and Tracking)
OPT-A-PRICE
SKS (Select Knowledge System)

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Following are the GTE files/databases which are classified as "**Provisioning**" (i.e., databases used in provisioning and maintaining the network, such as maintenance or circuit and trunk tracking systems):

CNAS (Circuit Network Administration System)
MARK (Mechanized Assignment Record Keeping)
MARKSOE (Mechanized Assignment Record Keeping Service Order
Entry)
PACS/PACMOD (Provisioning Analysis Control System/Module)
SOP/SOG (Service Order Processor/Service Order Generator)
TAS (Trouble Administration System)
TUF (Translator to USOCs and FIDs)

Following are the GTE files/databases which are classified as "**Historical**" (i.e., databases not regularly accessed by enhanced services marketing personnel):

ACG (Access Customer Gateway)
BILLSTAR
CSIS (Customer Service Information System)
REVUNIT (Revenue Unit)

The following responses were prepared by Mike Drew of GTE at the request of Ms. Lisa Gelb in the above matter.

Q. Will GTE offer its BSAs and BSEs in compliance with the Commission's Computer III nondiscrimination and equal access safeguard rules?

A. Yes. A statement regarding compliance to these rules has been incorporated into GTE's Implementation Plan (Attachment A, page 33).

Q. Will GTE have any Resale Restrictions in its tariffs specific to ESPs?

A. GTE does not propose any resale restrictions on ESPs in addition to or different from those generally applicable to other subscribers. GTE intends to continue the current tariff limitations restricting IXCs from purchasing certain BSAs for use in interexchange service. However, GTE will allow an IXC, acting as an ESP, to purchase these BSAs.

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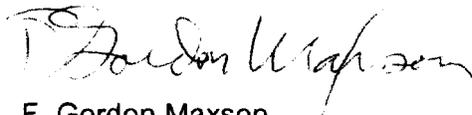
In a subsequent *ex parte* filing, GTE will respond to the following outstanding questions/clarifications:

Respond by June 30, 1995 on the status of the BSEs in GTE's ONA Plan that were not proposed to be placed in the access tariffs (i.e., GTE will place into tariffs, GTE will file waivers, or GTE will not place into tariffs and why).

Provide further information on the GTE files/data bases which are classified as "**Primary-Fragmented**". In particular, clarify how the GTE account representatives that can market enhanced services will be restricted from gaining access to these files/data bases if they are not password ID protected.

Two copies of this Notice are hereby filed with the Secretary of the Commission in accordance with Section 1.1206(a)(2) of the Rules. Please include this letter in the record of this proceeding.

Sincerely,



F. Gordon Maxson
Director - Regulatory Affairs

C: Ms. Rose Crellin
Ms. Lisa Gelb

Attachment

GTE ONA Implementation Plan

- A. COMPLIANCE WITH COMPARABLY EFFICIENT INTERCONNECTION (CEI) PRINCIPLES
 - 1. Interface Functionality
 - 2. Unbundling
 - 3. Resale
 - 4. Technical Characteristics
 - 5. Installation, Maintenance, and Repair
 - 6. End User Access
 - 7. Availability of CEI
 - 8. Minimization of Transport Costs
 - 9. Recipients of CEI

- B. COMPLIANCE WITH NONDISCRIMINATION SAFEGUARDS
 - 1. Customer Proprietary Network Information (CPNI)
 - a. Individual CPNI
 - b. Aggregate CPNI
 - c. Password ID System Requirements
 - 2. Operations Support Systems (OSS)
 - 3. Network Information Disclosure
 - 4. Nondiscrimination in Installation and Maintenance

- C. NEW SERVICE REQUESTS

- D. APPLICATION OF COMPUTER III RULES TO BSAs AND BSEs

Appendix 1 - Sample CPNI Notifications

June 6, 1995

A. COMPLIANCE WITH COMPARABLY EFFICIENT INTERCONNECTION (CEI) PRINCIPLES

1. Interface Functionality

The Commission's GTE ONA Order requirements include the mandate that dominant carriers' basic services furnished to ESPs be "technically equal" to the basic services used to provide the carriers' own enhanced services. The Commission also has explained, however, that this mandate "does not demand impossible or grossly inefficient over-engineering of the network so that absolute equality is always achieved." (Phase I Reconsideration Order, para. 92.) The Commission has established the following factors to be considered in evaluating whether its technical equality standard has been met in any given instance:

- (1) Absence of any systematic differences between basic service access given to the carrier and to others;
- (2) End-user perception of equality; and
- (3) Utility to other ESPs, i.e., whether any technical variations make a difference in the ability of competitors to provide their enhanced services.

Finally, the Commission also recognized that in exceptional cases, "a carrier may be able to provide a particular service only in a manner that prevents it from fulfilling all of the CEI parameters, which would include the technical equality standard.

GTE's ONA Plan, analyzed in light of the above three factors, complies fully with the Commission's technical equality standard. There is be no systematic differences between basic services used by GTE's enhanced services and those used by other ESPs. GTE provides technical characteristics at the interface that are equal, in all cases, from the end user perspective.

That is, although there may be technically measurable differences in specific interface performance characteristics, any such differences will always be minimal enough that there are no perceptible differences to the end users. No technical differences in GTE's network interfaces make a material difference in an ESP's ability to provide its services. It should be noted, however, that the Commission has expressly held that GTE need not sever or "split" the Packet Assembler/Disassembler (PAD)/network interface to meet the Commission's unbundled, equal access interface requirement in the packet services area.

There is no material difference between GTE basic services used to supply its own enhanced services and GTE basic services used by other ESPs to supply their enhanced services. The basic service functions utilized by GTE's enhanced services will be equally available to others on an unbundled basis, with technical specifications, functional capabilities, and other quality and operational characteristics, such as installation and maintenance times, equal to those provided to its own enhanced services. Exact quality, in the sense that the parameters of every installation of a given type of basic service are precisely identical to those of every other installation, is unachievable, since some minor variations occur even among GTE's own installations of such services. "Equality" means that variations in the CEI parameters of the basic services offered to competing enhanced service providers, will be no greater than those of the

basic services used by GTE in conjunction with its enhanced services offerings. GTE's methods for tracking service quality generally will ensure that GTE will not favor its own enhanced offerings in terms of basic service provisioning.

Finally, information utilized by GTE in providing its unbundled basic services (such as Calling Number Identification), that is not proprietary to its customers, is made equally available to others, as required by the Commission.

2. Unbundling

GTE will work to eliminate unnecessary bundling in future network services. GTE has and will unbundle BSEs requested by ESPs from other rate elements where technically and economically feasible. These unbundled BSEs must be purchased with a BSA, however, due to the technical requirements of the network (e.g., Forwarded Call Information - Multiple User requires the purchase of a Dedicated Private Line BSA). This does not preclude the offering of a bundled set of services where requested (e.g., Forwarded Call Information, or SMDI).

3. Resale

This CEI parameter requires GTE's ESP to take the underlying basic services at their unbundled tariffed rates. GTE supports this requirement and agrees that, to the extent it offers any enhanced services, it will take the underlying basic services at unbundled tariff rates.

The Commission's concern with this parameter was to prevent improper cost-shifting to regulated operations and anticompetitive pricing in unregulated markets. GTE believes that this parameter can also be satisfied by adherence to the provisions of the Joint Cost Order as provided for in GTE's Cost Allocation Manual.

4. Technical Characteristics

GTE is committed to ensuring that the technical quality of services delivered in the ONA structure meets its high standards of performance. GTE technicians will install and maintain BSAs according to the appropriate operations procedures and technical performance objectives. By employing these accepted standard procedures for BSA installation and maintenance and BSE delivery, GTE will uniformly apply the principles for evaluating the quality of BSA and BSE technical characteristics for all enhanced service providers. These principles, as expressed by the Commission, include the absence of systematic differences between basic service access given to the carrier and to others, end user perception of equality, and utility to other enhanced service providers.

5. Installation, Maintenance, and Repair

Available circuits and equipment are assigned on a "first-come, first-served" basis through highly mechanized procedures that neither depend on, nor are affected by, whether a particular

customer is an affiliated or nonaffiliated ESP. The circuit assignment systems do not contain information regarding the identity of customers, and GTE will make no effort during the actual facilities and equipment assignment process to determine whether a particular ordering customer is an ESP. The systems are blind to the use that a customer will make of particular facilities and equipment. Many enhanced services will rely on basic network services that are no different from those used by other customers. GTE's testing procedures are designed to assure that circuits meet tariffed standards. They are not set up to provide and generally do not contain any information related to the relative quality of available facilities and equipment.

The provisioning process begins when a customer contacts GTE to request a service. ESPs will use the same ordering channels as all other customers, and will purchase ONA and existing basic services from the same centers used by other customers.

BSAs, BSEs and CNSs provided by GTE will be made available to all prospective users in a nondiscriminatory fashion. Although customers identify themselves by name and address when ordering services, this information is used only -- and is necessary -- to enable GTE to facilitate maintenance and billing functions. Nonaffiliated ESPs will not be asked to identify themselves as such during the ordering process, and no special identification will be added to their records should they choose to indicate their line of business.

The availability of contact personnel and the manner in

which those personnel process orders will be identical for all similarly situated customers, regardless of business affiliation. Requests for services may be transmitted orally or in written form. Mechanized customer order input alternatives are under consideration to satisfy ESP capability requests and to handle potential order volume increases.

Since billing cannot take place until order completion, GTE has an economic incentive to complete orders for all customers -- regardless of their business affiliation -- in a timely fashion. All requests for service are handled on a "first-come, first-served" basis. Contact personnel are responsible for provisioning network service to all customers in accordance with stringent corporate standards for accessibility, accuracy, helpfulness, timeliness of contact and timeliness of order processing.

Due date intervals are assigned in accordance with corporate standards and are the same for all customers requesting similar types and quantities of services. For service requests that exceed defined interval parameters because of (e.g., request complexity) due dates are negotiated directly with the customer.

The types of systems currently being used by GTE's units may differ, but each system is designed to receive, store and distribute service orders to the various organizations responsible for providing technical and administrative support to complete the orders. The service order distribution systems are due date driven, based on the assigned service order due date

derived from published standards or negotiated between the customer and the GTE service order center. Each customer is informed of the due date at the time the order is placed.

Orders for designed services flow to a Special Services Control Center ("SSCC") where the circuit layout is designed and the necessary equipment and circuitry assignments are made. The work operations in this center are supported by a mechanized system called Circuit Network Administrative system ("CNAS"), which schedules service installation tasks based on service order due dates, performs inventory assignment functions, and for many circuit types performs mechanized circuit design functions. Services are made up of piece parts assigned from mechanized CNAS inventory databases. For each designed order the circuit is engineered and created from available facilities and equipment assigned by CNAS.

CNAS equipment and facility databases contain no special information on the identity of the customer. The circuit design is based entirely on the service ordered and its tariffed parameters. The mechanized assignment processes employed are blind to the use that the customer will make of the service. They assign equipment, facilities and telephone numbers on a "first-come, first-served" basis. The CNAS circuit design process is automated and is based on efficiency of routing and availability of facilities appropriate for the service ordered by the customer. CNAS identifies and assigns specific pieces of equipment in each office rather than generic equipment types.

CNAS contains no information on the quality of a particular facility or item of central office equipment; the processes of assignment and mechanized circuit design therefore present no opportunity for discrimination on that basis.

Once the ordered service has been designed, a document known as the Circuit Layout Record ("CLR") is automatically transmitted to the necessary work organization(s).

Service orders for both designed and nondesigned service are transmitted to a Facility Assignment Center ("FAC") or similar organization. These operations are supported by the Mechanized Assignment Record Keeping ("MARK") system, which inventories and assigns central office line equipment and telephone numbers. In instances where discrepancies in normal assignment functions occur, for example, where facilities or line equipment are unavailable, the order will be forwarded to a facility assigner who seeks alternate telephone company facilities. Because GTE's switched services are provided using common public network facilities selected automatically for each individual call, there is no opportunity for GTE to assign specific facilities or discriminate on the basis of quality. Any attempt to discriminate in the engineering of a circuit would require extraordinary manual effort -- among numerous individual employees in diverse locations -- and would result in costly disruption of the provisioning processes due to the bypassing of existing mechanized systems and procedures for circuit design and provisioning.

A control center coordinates the activities of the various organizations to assure that the physical work necessary to provide overall service is accomplished. Work priorities are established by the due dates provided on the service order. The design of GTE's administrative support systems prevent individual employees from altering service orders, due dates or circuit related technical specifications.

When physical work is required at the customer's premises, a field technician is automatically dispatched using the Automated Work Administration System ("AWAS") to install the service to a network interface. After performing the necessary work, the technician tests the service for operational functionality and to ensure that tariffed technical specifications are met. Testing parameters are based only on the type of service ordered and are not associated with a customer's business affiliation. Because the sole purpose of the testing is to determine whether or not the installation meets tariffed standards, it is not necessary to record results more detailed than an indication of passage or failure.

When the service is established, the service order distribution system is updated to indicate completion. That system in turn notifies the billing system so that billing functions may be initiated.

GTE managers in installation work groups are measured based on the quality of service their units provide. The measurements track such items as the percent of installation due dates met for

all types of services provided. Managers have an economic incentive to provide the best customer service in all cases.

All customers report service trouble to the Customer CARE center. The Customer CARE service attendant asks the identity of the service in trouble, the trouble location, and the nature of the trouble. If the Customer CARE service attendant cannot clear the trouble utilizing mechanized systems while speaking with the customer, GTE will obtain the customer's name, however, restoration intervals depend strictly on the circuit type and the outage condition. In the case of nondesigned services, the customer is given a standard commitment interval depending upon the type of trouble reported and the facilities and equipment involved. These intervals are based on whether the customer is completely out-of-service, or whether the trouble only partially affects service. Customers with complete service outages are given priority treatment. The design of these mechanized systems, which are separate and distinct from the service order systems, prevents GTE employees from changing service intervals. In addition, there is no indication on the trouble ticket record that distinguishes affiliated ESPs from nonaffiliated ESPs, or from any other customer.

Trouble reports for nondesigned services are entered into a mechanized trouble report tracking system, such as the Trouble Administration System ("TAS"). In conjunction with TAS, 4TEL Local Loop Test ("4TEL") or similar test systems, where installed, provide sophisticated testing capabilities for more

accurate isolation of trouble. The tests performed and results obtained are used to restore the affected service to tariffed technical parameters. In the majority of cases, trouble reports for designed services are entered into a similar mechanized trouble tracking system.

Both manual and mechanized trouble tickets for designed and nondesigned services carry the date and time that a customer reported a service problem and the date and time that the problem was resolved. The trouble ticket serves as the audit trail for documentation of maintenance services quality and performance.

Trouble tickets involving designed services are passed on to the Special Service Control Center ("SSCC") which is assigned maintenance responsibility for the service. Upon receipt of the trouble ticket, the SSCC performs tests to determine the cause of the reported trouble. Priority is given to trouble reports based on Commission-determined restoration requirements (e.g., military installations) and known critical services such as hospitals and police and fire departments. Trouble tickets that do not fall into these categories are handled on a "first-in, first-out" basis.

After the cause of trouble is identified, the matter is referred to the work organization responsible for repairing the affected network element. These work groups restore service based on the same priorities described above. When the problem has been resolved, testing is conducted to ensure that service has been restored to tariffed technical parameters, and the

customer is notified.

Once the service is restored, the trouble disposition and clearance time is noted on the trouble ticket. This information is currently used to generate maintenance reports which show average out-of-service duration for trouble reports. This index is and will continue to be carefully monitored by GTE as a key service indicator.

GTE managers in maintenance work groups are measured based on the quality of service their units provide. The measurements track such items as average out-of-service duration. Managers have an economic incentive to provide the best customer service in all cases.

As demonstrated above, there is no opportunity for GTE employees to discriminate on the basis of quality in providing service to customers. The provisioning process is highly mechanized and automated, with little room for individual discretion or intervention. The systems used in the circuit design, facility and equipment assignment, installation coordination, and maintenance trouble tracking processes contain no information as to a customer's business affiliation or the quality of particular facilities or equipment used to construct individual circuits.

GTE network installation and maintenance personnel will receive training on the Commission's requirements relating to the nondiscriminatory provision of services relating to ONA. GTE currently -- and will continue to -- advises employees involved

in the provisioning of network services or the assignment of circuits that discrimination based upon the origin of a service request, or a customer's business affiliation, is forbidden. Violation of the rule will cause employees to be subjected to disciplinary action.

GTE will comply with the nondiscrimination reporting requirements applicable to the BOCs. GTE will file an annual affidavit stating that it does not discriminate in providing ONA services to competitive ESPs and their customers, including the installation, maintenance, and quality of such services. GTE will file quarterly installation and maintenance reports using the reporting categories and format adopted for BOC reports as described in BOC ONA Reconsideration Order at Appendix B.

6. End User Access

This CEI parameter requires that, as to end users who access or activate a GTE enhanced service in a particular manner (e.g., abbreviated dialing, signaling or derived channels), GTE provide the same capabilities to end-users of all enhanced services that utilize GTE's facilities.

Inasmuch as GTE's enhanced services use the same tariffed services that would be used by any other user, all service features and options available under tariff to GTE's enhanced services are also available to all other users on the same terms and conditions. Consequently, end user access is identical for both GTE's enhanced services customers and the customers of

competing ESPs.

7. Availability of CEI

The Commission requires that CEI must "be fully operational and available on the date that [a carrier] offers its corresponding enhanced services to the public." (Phase I Order at para. 163). Additionally, the carrier must "specify a reasonable time prior to this date during which prospective users of CEI, such as enhanced services competitors, can utilize the CEI facilities and services for purposes of testing their enhanced service offerings."

CEI has been and will be operational and available on the same date that GTE offers its enhanced service. Additionally, the requirement for a reasonable testing period is met because the underlying BSAs are all available today. Any new BSAs which will be used by GTE's enhanced services will be available for 90 days for testing by GTE affiliated and nonaffiliated ESPs before it is offered. GTE's ESP will not obtain the service any earlier than when it is available to nonaffiliated ESPs under tariff.

8. Minimization of Transport Costs

One particular area of CEI costing, transport cost minimization, merits special consideration as it has been the topic of much discussion in the industry during the ONA development process. The most requested minimization of transport technique is physical collocation. While collocation

is one means of providing equality for GTE affiliated and nonaffiliated ESPs, it presents many operational and administrative problems. Operational problems include security, maintenance, building access, personnel training, and, potentially, labor relations. More troublesome, however, are the administrative ramifications of limited space availability. In those locations where sufficient space is available to meet initial ESP demand, innumerable problems would occur should demand eventually exceed supply, or should GTE later require space occupied by the ESPs. The Commission correctly recognized the many potential problems which could result from collocation and therefore did not mandate this alternative (Phase I Order at para. 152 and Dec. 22 Order at para. 181).

The ESPs have requested "virtual collocation" as an alternative to physical collocation. One alternative, the virtual central office concept, entails GTE obtaining floor space outside the central office, providing high capacity transport from the central office to that facility and leasing space to ESPs. This alternative, like physical collocation, would essentially place GTE in the real estate leasing business and would give rise to many of the same serious operational and administrative problems associated with physical collocation. Another form of virtual collocation is banded pricing, where equal prices would be charged to all ESPs located within a specified distance of the central office. This would insure that the rates paid by nonaffiliated ESPs located within the mileage

limit would be equal to those paid by collocated affiliated ESPs.

GTE's networks are currently and will continue in the future to be designed to fully utilize all types of technological efficiencies to reduce the cost of providing service (Phase I Reconsideration Order at note 261). Such arrangements will achieve the Commission's goal of minimizing the cost to ESPs if the resulting efficiencies are reflected in GTE's tariff prices. The savings obtained by efforts to minimize transport costs through technological means are currently averaged over the entire body of ratepayers, making available the most economic service possible to the full range of end users.

Certain ESPs have voiced two separate objectives with regard to minimization of transport: price equality with GTE affiliated ESPs, and the lowest possible transport rates. GTE's position on minimization of transport costs addresses both of these objectives. Regardless of whether a GTE-affiliated enhanced service operation is physically collocated, absolute price equality will be maintained. GTE will require the affiliated ESP to forego any possible "short wire" efficiency and pay the standard tariffed rates available to other ESPs. Transport cost differences will be equalized via price parity. Where access line rates are not distance sensitive, GTE will charge its ESP the same tariffed rates other ESPs would pay if located within that area. Where access line rates are distance sensitive, GTE will charge its ESP the same tariffed rates other ESPs would pay if located within a two mile radius of the central office. Due

to this parity neither physical collocation nor virtual collocation is required for price parity. Thus, GTE does not plan to provide such collocation for non-affiliated ESPs. The Commission has approved the use of such pricing parity as a method of complying with its minimization of transport costs CEI parameter (Dec. 22 Order at para. 166).

GTE will continue to serve its customers at the lowest possible cost. The current networks take advantage of multiplexing, hubbing, high capacity fiber optics, and other similar techniques to minimize the cost of providing service. Cost savings will, for the near term, generally continue to be passed on in broadly averaged loop rates. Where a specific customer has sufficient demand, however, networking efficiencies are available. For example, GTE offers various configurations of high capacity or DS-1 service at advantageous prices compared to individual voice grade lines. If a customer requires even greater capacity, DS-3 service is available at even more favorable prices per voice grade channel equivalent. Additional price reductions are also generally available on additional high capacity facilities terminating at a given location.

Since GTE currently offers advantageous rates where a customer's capacity warrants, the remaining question is whether there is any justification for providing specialized transport rates for a single customer class: ESPs. GTE submits that this is not a viable option. Attempting to restrict certain tariff options or prices to a class of customers such as ESPs is neither

desirable nor administratively feasible. All tariff options should be available to all customers. GTE will continue to offer services to all similarly situated customers under equal terms and conditions.

9. Recipients of CEI

GTE will not restrict the availability of the BSEs listed in Section III.b.2 of its ONA Plan to any particular class of customer. These BSEs, and their corresponding BSAs, will be made available to any customer for any use subject to applicable tariff terms and conditions.