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IT MAY NOT ADDRESS ALL OF THE DIFFERENCES BETWEEN A RATE INTEGRATED SCHEDULE AND THE COSTS TO PROVIDE SERVICE BETWEEN GUAM AND THE UNITED STATES. FOR EXAMPLE, IT WOULD POTENTIALLY SOLVE THE GUAM TO U.S. LEG (ASSUMING A LANDING ON THE WEST COAST) BUT IT WOULD NOT ADDRESS THE REMAINDER OF THE PROBLEM OF TRANSPORT AND DISTRIBUTION THROUGHOUT THE U.S. MARKET. SOME SEPARATE CONSIDERATION MAY BE REQUIRED THERE. FURTHER, THE SUBSIDY ON FACILITIES MAY BE DIFFICULT TO ADMINISTER IN THE EVENT THAT OTHERS SOUGHT TO ENTER THE MARKET FOR TRANSPORT BETWEEN GUAM AND THE U.S. SEEKING THE SAME BASIC TREATMENT, I.E. PAYMENT FOR FACILITIES SO THAT PRICES TO LONG DISTANCE CARRIERS WITH THE TRANSPORT FACILITIES COULD BE SUBSIDIZED.

OPENED FOR FURTHER DISCUSSION.

ISSUE NO. 10 - ADMINISTRATION OF FUNDS

ISSUANCE STATEMENT: ADDRESSING THE QUESTION OF WHERE SUPPORT FUNDS SHOULD BE GENERATED, HOW THOSE FUNDS SHOULD BE ADMINISTERED, AND HOW THOSE FUNDS SHOULD BE DISTRIBUTED. AT&T, FOR EXAMPLE, HAS SUGGESTED THAT THIS BE APART OF THE UNIVERSAL SERVICE FUND, BUT HAS NOT COME FORTH WITH A PROCESS FOR COLLECTION OF SUPPORT MONEY OR FOR THE DISTRIBUTION OF SUPPORT MONEY.

ORIGINATOR: MR. VICENTE M. CAMACHO, GENERAL MANAGER, GUAM TELEPHONE AUTHORITY

PROPOSED RESOLUTION OR ACTION SOUGHT: ESTABLISH RATE INTEGRATION FOLLOWING THE ALASKA MODEL. WHILE WE ARE NOT FAMILIAR ENOUGH WITH THIS SITUATION TO DISCUSS THIS AT LENGTH, WE BELIEVE THE WAY THE ALASCOM SITUATION WAS RESOLVED WAS THROUGH PAYMENTS FROM AT&T TO ALASCOM THAT REFLECTED THE DIFFERENCE BETWEEN ALASCOM'S LONG DISTANCE COSTS BASED ON SEPARATIONS AND THE REVENUE ALASCOM COLLECTED FOR LONG DISTANCE COSTS BASED ON SEPARATIONS AND THE REVENUE ALASCOM COLLECTED FOR LONG DISTANCE SERVICE BASED ON RATE INTEGRATED SCHEDULES. WE BELIEVE THAT THE ALASCOM SITUATION HAD A LENGTHY TRANSITION PERIOD AND DID NOT NECESSARILY RESULT IN HEALTHY BUSINESS RELATIONSHIPS BETWEEN AT&T AND ALASCOM. HOWEVER, IF THIS CONCEPT WERE EXTENDED TO GUAM, THEN IT WOULD APPEAR THAT AT&T WOULD REIMBURSE LOCAL CARRIERS SUCH AS IT&E AND PCI FOR THE DIFFERENCE BETWEEN THEIR COST AND THE REVENUE COLLECTED UNDER A RATE INTEGRATED SCHEDULE WHILE MCI AND SPRINT WOULD BE FREE AND ON THEIR OWN TO PERFORM RATE INTEGRATION AS BEST THEY COULD.

OPENED FOR FURTHER DISCUSSION.

ISSUE NO. 11 - WHAT IS RATE INTEGRATION?

ISSUANCE STATEMENT: THE DEFINITION OF RATE INTEGRATION ITSELF. WHILE THIS MAY HAVE HAD STRONG MEANING WHEN AT&T HELD A VIRTUAL MONOPOLY OVER THE LONG DISTANCE MARKET, THE QUESTION WE WOULD POSE IS, "DOES RATE INTEGRATION MEAN THE ADOPTION OR EXTENSION OF THE AT&T

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LONG DISTANCE PRICING STRUCTURE OR THE PRICES OF SOME OTHER CARRIERS, OR A WEIGHTED AVERAGE OF THOSE PRICES?" WE BELIEVE THAT A DEFINITION OF RATE INTEGRATION AND WHICH PRICE STRUCTURE WOULD BE HELPFUL TO THE FCC.

ORIGINATOR: MR. VICENTE M. CAMACHO, GENERAL MANAGER, GUAM TELEPHONE AUTHORITY

PROPOSED RESOLUTION OR ACTION SOUGHT: UNIVERSAL SERVICE FUNDING. A CERTAIN AMOUNT OF DOLLARS COULD BE EARMARKED FOR GUAM AS PART OF THE UNIVERSAL SERVICE POOL, AND THOSE DOLLARS THEN WOULD BE APPORTIONED AMONG ALL INTEREXCHANGE CARRIERS BASED ON THE NUMBER OF MINUTES TRANSPORTED TO AND FROM GUAM. OBVIOUSLY, IF THE CURRENT SITUATION CONTINUES, AT&T WOULD NOT BE CONSIDERED A LONG DISTANCE CARRIER ORIGINATING OR TERMINATING TRAFFIC ON GUAM. IT&E WOULD NEED TO LEASE CIRCUITS FROM AT&T AND BUILD ITS OWN NETWORK IN ORDER TO BE CONSIDERED SUCH A CARRIER. HOWEVER, IT WOULD APPEAR THAT AT&T COULD BE A CARRIER DELIVERING TRAFFIC TO GUAM BY PRESORTING IN THE U.S. AND THEN DELIVERING TRAFFIC DIRECTLY TO THE GUAM TELEPHONE AUTHORITY SWITCH IN AGANA.

OPENED FOR FURTHER DISCUSSION.

ISSUE NO. 12 - HOW DO WE HANDLE THE LOCALIZED LONG DISTANCE PROVIDER?

ISSUANCE STATEMENT: DEALING WITH THE DIFFICULTIES THAT MAY ARISE BECAUSE OF THE PRICING STRUCTURES OF THE GLOBAL CARRIER AND THE FLEXIBILITY THAT THEY HAVE TO PRICE AT VERY LOW LEVELS COMPARED TO THE FLEXIBILITY AND OPPORTUNITIES THAT MAY BE AVAILABLE TO GUAM-BASED CARRIERS SUCH AS IT&E. IN PARTICULAR, IT IS POINTED OUT THAT IF, UNDER THE LEGISLATION, SPRINT WAS REQUIRED TO EXTEND ITS 5-CENT-PER-MINUTE POSTALIZED PRICE TO CALLS BETWEEN THE U.S. AND GUAM, HOW WOULD IT&E RESPOND TO THAT MARKET TACTIC? WHILE WE BELIEVE THAT THIS IS A VERY IMPORTANT QUESTION, WE ARE NOT CERTAIN THAT IT BELONGS IN THE CONTEXT OF RATE INTEGRATION. IT WOULD SEEM THAT THIS IS A COMPETITIVE ISSUE AND ONE THAT MIGHT BETTER BE ADDRESSED WITHIN THE CONTEXT OF FCC PROCEEDINGS FOCUSING ON IMPLEMENTATION OF THE LEGISLATION.

ORIGINATOR: MR. VICENTE M. CAMACHO, GENERAL MANAGER, GUAM TELEPHONE AUTHORITY

PROPOSED RESOLUTION OR ACTION SOUGHT: OPENED FOR DISCUSSION.

ISSUE NO. 13 - SUBSIDIZATION FOR PROVIDERS

ISSUANCE STATEMENT: THERE IS THE QUESTION OF HOW TO ENSURE THAT LONG DISTANCE SERVICE IS PROVIDED TO AND FROM GUAM. IF HYPOTHETICALLY, THE PRICE OF SERVICE FROM GUAM TO THE UNITED STATES IS BELOW ITS COST, MECHANISMS NEED TO BE IN PLACE TO ENSURE THAT CARRIER

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S ARE MADE WHOLE FOR THESE LOSSES IN ORDER TO ENSURE THAT THEY DO NOT ABANDON THE MARKET.

ORIGINATOR: MR. VICENTE M. CAMACHO, GENERAL MANAGER, GUAM TELEPHONE AUTHORITY

PROPOSED RESOLUTION OR ACTION SOUGHT: OPENED FOR DISCUSSION.

ISSUE NO. 14 - DISTANCE INSENSITIVE SATELLITE SERVICE

ISSUANCE STATEMENT: SHOULD RATE INTEGRATION BE CONDITIONED ON THE AVAILABILITY OF COMPETING DISTANCE-INSENSITIVE SATELLITE SERVICES TO THE WESTERN PACIFIC REGION? ALTHOUGH THE FCC CURRENTLY IS PROPOSING TO LIBERALIZE ITS RULES TO FACILITATE THE MARKET ENTRY OF NON-U.S. SATELLITE PROVIDERS, A FAVORABLE RULING IN THIS PROCEEDING, WHILE INCREASING THE POTENTIAL FOR COMPETITIVE SATELLITE SERVICE TO THE WESTERN PACIFIC REGION WILL NOT ALTER THE FACT THAT THE COST OF SATELLITE SERVICE TO THE WESTERN PACIFIC REGION, WHICH REQUIRES A DOUBLE RATHER THAN A SINGLE HOP, IS SIGNIFICANTLY HIGHER THAN THE COST OF SATELLITE SERVICE TO OTHER PARTS OF THE U.S.

ORIGINATOR: MR. JOHN M. BORLAS, PRESIDENT, IT&E OVERSEAS, INC.

PROPOSED RESOLUTION OR ACTION SOUGHT: FOR DISCUSSION.

ISSUE 15 - TIMING OF RATE INTEGRATION

ISSUANCE STATEMENT: HOW WILL FULL CONVERSION TO FEATURE GROUP D BE COORDINATED WITH THE CHANGE TO THE U.S. DOMESTIC DIALING PATTERN, INCLUSION WITHIN THE NORTH AMERICAN NUMBERING PLAN (NANP) AND WITH THE IMPLEMENTATION OF RATE INTEGRATION?

IS IT NECESSARY OR DESIRABLE FOR ALL OF THESE CHANGES TO OCCUR SIMULTANEOUSLY?

ORIGINATOR: MR. JOHN M. BORLAS, PRESIDENT, IT&E OVERSEAS, INC.

PROPOSED RESOLUTION OR ACTION SOUGHT: DISCUSSED.

CONSENSUS: ALL OF THESE ACTIONS SHOULD OCCUR SIMULTANEOUSLY.

MR. CARL THORSEN, COOPERS AND LYBRAND, CONSULTING, ASKED IF THE WORKING GROUP WAS ACCEPTING ALL FIFTEEN ISSUES.

MR. ROBERT KELLEY, TELECOMMUNICATIONS ADVISOR TO THE GOVERNOR, STATED THAT ISSUE 15 - TIMING OF RATE INTEGRATION BE CLOSED.

CONSENSUS: MR. KELLEY STATED THAT THE GTA BOARD OF DIRECTORS SHOULD NOT SET A SPECIFIC DATE FOR THE IMPLEMENTATION OF FEATURE GROUP D UNTIL SOMETIME AFTER THE AUGUST ORDER OR RATE INTEGRATION

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INTEREXCHANGE SERVICES. THE WORKING GROUP AGREED WITH AN UNANIMOUS CONSENSUS

MR. KELLEY ALSO STATED THAT IT WAS PREFERRED BY THE WORKING GROUP TO HAVE SIMULTANEOUS IMPLEMENTATION OF EQUAL ACCESS, FEATURE GROUP D, AND THE NORTHERN AMERICAN NUMBERING PLAN (NANP), AND FOR THE GUAM TELEPHONE AUTHORITY TO IMPLEMENT A COST BASED TARIFF DIRECTLY WITH THE FEDERAL COMMUNICATIONS COMMISSION OR WITH NECA WITH THE SAME IMPLEMENTATION DATE. HE ALSO STATED THAT IT WAS PREFERRABLE THAT FCC BE ENCOURAGED TO IMPLEMENT ALL OF THE RATE INTEGRATION MECHANISMS ALONG WITH THE IMPLEMENTATION.

MR. KELLEY ASKED THE WORKING GROUP IF THEY HAD ANY OBJECTIONS TO THE CONSENSUS OF THE ABOVE. THERE BEING NO OBJECTION FROM THE WORKING GROUP, THE SIMOULTANIUOS IMPLEMENTATION OF EQUAL ACCESS, FEATURE GROUP D, AND THE NORTH AMERICAN NUMBERING PLAN (NANP) AND RATE INTEGRARION BE ACCEPTED AS A CONSENSUS.

ATTORNEY TORRES ABSTAINED.

MR. KELLEY ASKED THE PARTICIPANTS IF THE GOVERNOR OF AMERICAN SAMOA SHOULD BE INVITED TO THE WASHINGTON, D.C. MEETING TO PARTICIPATE IN ANY FURTHER DISCUSSION. NO OBJECTIONS.

IV. ADJOURNMENT

THERE BEING NO FURTHER DISCUSSION, THE MEETING ADJOURNED AT 11:45 A.M.

SUBMITTED BY,



ROBERT F. KELLEY, JR.
ADVISOR TO THE GOVERNOR
ON TELECOMMUNICATIONS

GOVERNOR OF GUAM
RATE INTEGRATION WORKING GROUP
WEDNESDAY, MAY 22, 1996
9:30 A.M.
GUAM TELEPHONE AUTHORITY CONFERENCE ROOM
TAMUNING GUAM

RECEIVED

JUL 22 1996

FEDERAL TELECOMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

I. CALL TO ORDER

THE THIRD MEETING OF THE RATE INTEGRATION WORKING GROUP WAS CALLED TO ORDER BY MR. ROBERT KELLEY, TELECOMMUNICATIONS ADVISOR TO THE GOVERNOR, ON WEDNESDAY, MAY 22, 1996 AT 9:30 A.M. IN THE GTA CONFERENCE ROOM.

II. ATTENDEES

PARTICIPANTS PRESENT: ATTY. ROBERT TORRES, IT&E; MR. ROBERT MALONEY, CHAIRMAN, AND CEO; PCI; MR. DANNY SANTOS, GENERAL MANAGER, SPRINT; MR. JOHN BORLAS, PRESIDENT, IT&E OVERSEAS, INC.; MS. RENA WANG, BOARD MEMBER, GTA BOARD OF DIRECTORS; MR. VICENTE M. CAMACHO, GTA GENERAL MANAGER; MR. JOSE S. PEREZ, REPRESENTATIVE, TNI; MR. TOM CAMACHO, REPRESENTATIVE, SENATOR ADA'S OFFICE; MR. RIC NOVAK, REPRESENTATIVE, GUAM CABLE TELECOM; MR. FRANK DELA ROSA, GTA ACTING PLANT MANAGER; MR. CARL LEON GUERRERO, GTA CHIEF ENGINEER; MR. LITO C. GERMAN, ACCESS TELECOM, MR. VICTOR REYES, ACCESS TELECOM; MR. SAM HILL, GTA COMMUNICATIONS MANAGER; MS. MONESSA L. CRUZ, PUBLIC UTILITIES COMMISSION; MR. TONY MOSLEY, REPRESENTATIVE, MCI; MR. CARL THORSEN, COOPERS AND LYBRAND CONSULTING; MR. DING SANTIAGO, IT&E; AND MS. JULIE D. SMITH, RECORDING SECRETARY.

III. DISCUSSION

ISSUE ON TIMING OF RATE INTEGRATION

MR. JOHN BORLAS, PRESIDENT OF IT&E STATED THAT THE TIMING WITH REGARDS TO FEATURE GROUP D AND RATE INTEGRATION WAS IMPORTANT.

ATTORNEY TORRES ASKED IF RATE INTEGRATION WAS NEEDED OR NOT. HE STATED THAT AS DISCUSSED EARLIER, THERE WAS NO CONSENSUS ON THE TIMING OF RATE INTEGRATION.

MR. KELLEY RESPONDED THAT THE TIMING ISSUES WILL BE ANNOUNCED BY THE GOVERNOR. IT IS ANTICIPATED THAT THE KEY DATE WILL BE ON OR ABOUT JULY 1, 1997 FOR THE AREA CODE NORTH AMERICAN NUMBERING PLAN (NANP). HE STATED THAT THERE WILL BE A STEP TOWARDS RATE INTEGRATION ON JULY 1, 1997 WHEN THERE WILL BE ABOUT A 1/3 REDUCTION IN ACCESS CHARGES TO THE CARRIERS.

MR. KELLEY PROPOSED THAT FOR THE RECORD, THE GTA BOARD OF DIRECTORS SHOULD NOT SET A SPECIFIC DATE FOR THE IMPLEMENTATION OF

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FEATURE GROUP D UNTIL SOMETIME AFTER THE AUGUST ORDER ON RATE INTEGRATION. THIS WAS AGREED WITH AN UNANIMOUS CONSENSUS.

THE FOLLOWING THIRTEEN (13) ISSUES WERE DISCUSSED AT THE WORKING GROUP MEETING ON MAY 21, 1996:

- 1. MILEAGE BANDS
ORIGINATOR'S IDENTITY: MR. JOHN M. BORLAS, PRESIDENT,
IT&E**
- 2. COMSAT DESIGNATION
ORIGINATOR'S IDENTITY: MR. JOHN M. BORLAS, PRESIDENT,
IT&E**
- 3. GEOGRAPHIC SCOPE OF RATE INTEGRATION
ORIGINATOR'S IDENTITY: MR.. DANNY SANTOS,
GENERAL MANAGER, SPRINT**
- 4. WHAT DOES THE GUAM GROUP DEFINE AS RATE INTEGRATION?
ORIGINATOR'S IDENTITY: MR. DANNY SANTOS,
GENERAL MANAGER, SPRINT**
- 5. IF A PARTICULAR SERVICE OR GROUP OF SERVICES IS DETERMINED
TO BE SUBJECT TO REQUIREMENTS OF RATE INTEGRATION, TO WHAT
EXTENT MAY COSTS OF SERVICE (E.G. DISTANCE; TYPE OF
FACILITIES) BE CONSIDERED IN SETTING RATES TO AND FROM THE
NEW POINTS TO BE INTEGRATED?
ORIGINATOR'S IDENTITY: MR. DANNY SANTOS,
GENERAL MANAGER, SPRINT**
- 6. WHETHER AND HOW RATE INTEGRATION AND COMPETITION CAN
COEXIST?
ORIGINATOR'S IDENTITY: MR. DANNY SANTOS,
GENERAL MANAGER, SPRINT**
- 7. SUBSCRIBER LINE CHARGE
ORIGINATOR'S IDENTITY: MR. TERRENCE BROOKS, CHAIRMAN,
PUBLIC UTILITIES COMMISSION**
- 8. RATE INTEGRATION
ORIGINATOR'S IDENTITY: MR. VICENTE M. CAMACHO,
GENERAL MANAGER, GUAM TELEPHONE AUTHORITY**
- 9. COMPETITION ON GUAM
ORIGINATOR'S IDENTITY: MR. VICENTE M. CAMACHO,
GENERAL MANAGER, GUAM TELEPHONE AUTHORITY**
- 10. ADMINISTRATION OF FUNDS
ORIGINATOR'S IDENTITY: MR. VICENTE M. CAMACHO,
GENERAL MANAGER, GUAM TELEPHONE AUTHORITY**

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11. **WHAT IS RATE INTEGRATION?
ORIGINATOR'S IDENTITY: MR. VICENTE M. CAMACHO,
GENERAL MANAGER, GUAM TELEPHONE AUTHORITY**
12. **HOW DO WE HANDLE THE LOCALIZED LONG
DISTANCE PROVIDER?
ORIGINATOR'S IDENTITY: MR. VICENTE M. CAMACHO,
GENERAL MANAGER, GUAM TELEPHONE AUTHORITY**
13. **SUBSIDIZATION FOR PROVIDERS
ORIGINATOR'S IDENTITY: MR. VICENTE M. CAMACHO
GENERAL MANAGER, GUAM TELEPHONE AUTHORITY**

MR. KELLEY STATED THAT THERE WERE TWO MORE ISSUES THAT HAVE BEEN PRESENTED BY IT&E. HE STATED THAT THE FOLLOWING BE MARKED AS FOLLOWS:

ISSUE 14: DISTANCE INSENSITIVE SATELLITE SERVICE

ISSUE 15: TIMING OF RATE INTEGRATION

MR. KELLEY INTRODUCED THE ABOVE ISSUES AND ASKED FOR DISCUSSION.

MR. CARL THORSEN, COOPERS AND LYBRAND, RECOMMENDED THAT THE WORKING GROUP ACCEPT ALL FIFTEEN ISSUES.

MR. KELLEY ASKED THE WORKING GROUP TO HAVE A FORMAL DISCUSSION TO FURTHER DISCUSS THE CLOSURE ON THE FIFTEEN ISSUES.

MR. KELLEY RECOMMENDED THE FOLLOWING:

- 1) **ISSUE 15 - TIMING OF RATE INTEGRATION TO BE CLOSED.**
- 2) **IMPLEMENT EQUAL ACCESS, FEATURE GROUP D, AND NORTH AMERICAN NUMBERING PLAN (NANP) INCLUSION SO THAT THE GUAM TELEPHONE AUTHORITY WILL EFFECT A COST BASED TARIFF OR CONCUR WITH NECA TARIFFS ON THE SAME IMPLEMENTATION DATE. IT IS HOPED THAT THE FCC WILL IMPLEMENT ALL OF THE RATE INTEGRATION MECHANISMS SIMULTANEOUSLY WITH THIS IMPLEMENTATION.**

MR. KELLEY ASKED THE WORKING GROUP IF THEY HAD ANY OBJECTIONS TO THE CONSENSUS OF THE ABOVE RECOMMENDATIONS. THERE BEING NONE, THE ABOVE WERE ACCEPTED.

ATTORNEY TORRES ABSTAINED.

MR. KELLEY STATED THAT IF FCC DOES NOT IMPLEMENT THE RATE INTEGRATION MECHANISM THAT THEY AT LEAST STATE WHAT THOSE

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MECHANISMS WILL BE SO THEY CAN BE FACTORED INTO THE MARKETING AND TARIFF PRICES.

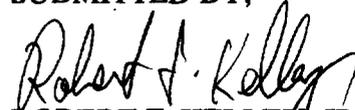
MR. KELLEY STATED THAT NO. 2 "COMSAT DESIGNATION" WAS NOT AN ISSUE TO DEAL WITH. HE ASKED IF THERE WERE ANY OBJECTIONS TO THE CONSENSUS OF THE FIFTEEN (15) ISSUES.

MR. KELLEY ASKED IF THE GOVERNOR OF AMERICAN SAMOA BE INVITED TO ATTEND THE WASHINGTON, D.C. MEETING ON JUNE 10-12. THERE WAS NO OBJECTION BY THE WORKING GROUP. HE ASKED IF THE WORKING GROUP CAN MEET ON JUNE 3, 1996 AT 9:00 A.M. IN THE GTA CONFERENCE ROOM.

IV. ADJOURNMENT

THERE BEING NO FURTHER DISCUSSION, THE MEETING ADJOURNED AT 4:00 P.M.

SUBMITTED BY,



ROBERT F. KELLEY, JR.
ADVISOR TO THE GOVERNOR
ON TELECOMMUNICATIONS

RECEIVED

JUL 22 1996

GOVERNOR OF GUAM
RATE INTEGRATION WORKING GROUP
MONDAY, MAY 20, 1996
9:30 A.M.
GUAM TELEPHONE AUTHORITY CONFERENCE ROOM
TAMUNING GUAM

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

I. CALL TO ORDER

THE FIRST MEETING OF THE RATE INTEGRATION WORKING GROUP WAS CALLED TO ORDER BY MR. ROBERT KELLEY, ADVISOR TO THE GOVERNOR, ON MONDAY, MAY 20, 1996 AT 9:30 A.M. IN THE GTA CONFERENCE ROOM.

II. WELCOME

MR. KELLEY WELCOMED ALL PARTICIPANTS ATTENDING THE RATE INTEGRATION WORKING GROUP.

III. INTRODUCE DESIGNATED REPRESENTATIVES AND ADDITIONAL ATTENDEES OPTIONAL: BRIEF REMARKS FOR EACH PARTICIPANT

MR. KELLEY INTRODUCED HIMSELF AS THE ADVISER TO THE GOVERNOR FOR TELECOMMUNICATIONS AND TECHNOLOGY. HE ASKED THAT EACH PARTICIPANT INTRODUCE THEMSELVES.

PARTICIPANTS:

MR. VICENTE M. CAMACHO, GENERAL MANAGER
GUAM TELEPHONE AUTHORITY

MR. WALTER SCHWEIKERT, COOPERS AND LYBRAND CONSULTING
REPRESENTATIVE FOR MR. CARL THORSEN

MR. JOSE S. PEREZ, TNI

MS. RENA B. WANG, BOARD MEMBER, GUAM TELEPHONE AUTHORITY

MR. JOHN BORLAS, PRESIDENT, IT&E

MR. TONY MOSLEY, MCI

MR. BOB MALONEY, PCI

MR. DANNY SANTOS, SPRINT

MR. ROBERT TORRES, ATTY. (REPRESENTING IT&E)

MR. JOHN SANTOS, IT&E

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MR. FRANK LIZAMA, VICE PRESIDENT, PCI

MR. CARL LEON GUERRERO, CHIEF ENGINEER
GUAM TELEPHONE AUTHORITY

MR. RICK NOVAK, GUAM CABLE

MR. TOM CAMACHO, REPRESENTATIVE, SENATOR ADA'S OFFICE

MR. FRANK DELA ROSA, ACTING PLANT MANAGER, GUAM TELEPHONE
AUTHORITY

MR. TERRENCE BROOKS, CHAIRMAN, PUBLIC UTILITIES COMMISSION

MS. MONESSA L. CRUZ, PUBLIC UTILITIES COMMISSION

MR. LITO C. GERMAN, GENERAL MANAGER, ACCESS TELECOM

MR. SAM HILL, COMMUNICATIONS MANAGER,
GUAM TELEPHONE AUTHORITY

MS. JULIE D. SMITH, RECORDING SECRETARY
GUAM TELEPHONE AUTHORITY

IV. WORKING GROUP MISSION

MR. KELLEY READ THE OF "WORKING GROUP MISSION":.

THE WORKING GROUP WILL PROVIDE MECHANISMS FOR IDENTIFICATION, DISCUSSION AND VOLUNTARY RESOLUTION OF INDUSTRY-WIDE CONCERNS REGARDING THE IMPLEMENTATION OF RATE INTEGRATION BETWEEN GUAM AND TELECOMMUNICATIONS USERS IN THE REST OF THE UNITED STATES.

MR. KELLEY ASKED IF ANYONE WOULD LIKE TO MODIFY OR DELETE OR CHANGE THE MISSION STATEMENT OR MAKE COMMENTS ON IT BEFORE IT IS ADOPTED BY CONSENSUS.

ATTORNEY TORRES ASKED IF THE FLOOR WAS OPEN FOR DISCUSSION.

MR. KELLEY STATED THAT THE FIRST DAY OF THE WORKING GROUP WILL BE OPEN TO ALL PRESENT.

MR. MALONEY ASKED, "DO YOU AT LEAST EXPECT SOME OF THE CNMI TO OBSERVE?".

MR. KELLEY STATED IT WAS DOUBTFUL THAT THEY WOULD WISH TO PARTICIPATE.

MR. SANTOS, GENERAL MANAGER OF SPRINT, STATED THAT MR. KELLEY'S RESPONSE WAS BASED UPON THE RESPONSE OF THE CNMI GOVERNOR'S OFFICE.

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MR. KELLEY STATED THAT HE WISHED THAT ALL PARTICIPANTS WORKED CLOSELY TOGETHER. CNMI PURPOSELY STATED THAT THEY HAD NO INTENTION OF PARTICIPATING IN WHAT GUAM IS TRYING TO DO AT THIS TIME.

MR. SANTOS, GENERAL MANAGER OF SPRINT, STATED THAT THE POINT THAT MR. MALONEY MADE WAS SIGNIFICANT BECAUSE WHATEVER IS RESOLVED AND WE COME UP WITH IS GOING TO IMPACT THE CNMI. HE STATED THAT THE GOVERNOR'S OFFICE SHOULD AT LEAST SEND AN INVITATION TO THE CNMI.

MR. KELLEY STATED THAT INTERESTED PARTIES WERE WELCOME TO COME. GOVERNOR TENORIO AND DAVE ECRET WERE SUPPLIED COPIES OF RATE INTEGRATION DOCUMENTS ESTABLISHING THE RATE INTEGRATION WORKING GROUP.

MR. KELLEY STATED THAT THE CNMI WAS WELCOME TO ATTEND BUT DID NOT EXPECT TO SEE THEM. HE ASKED IF THERE WERE ANY MORE COMMENTS ON THE MISSION STATEMENT.

ATTY. TORRES STATED THAT IN THE LAST SENTENCE:

"RATE INTEGRATION BETWEEN GUAM AND TELECOMMUNICATIONS USERS IN THE REST OF THE UNITED STATES" BE AMENDED TO READ:

"RATE INTEGRATION BETWEEN TELECOMMUNICATIONS USERS IN GUAM AND THE REST OF THE UNITED STATES".

MR. KELLEY ASKED IF THERE WAS ANY OBJECTION TO THE CHANGE OF THE MISSION STATEMENT. THERE BEING NONE, THE ABOVE CHANGE WAS APPROVED.

V. DISCUSS APPLICABLE DOCUMENTS

MR. KELLEY ASKED THAT THE PARTICIPANTS WHO DID NOT HAVE COPIES OF THE DOCUMENTS BEING DISCUSSED SHOULD LET HIM KNOW. THE FIRST DOCUMENT THAT HE MENTIONED WAS A RELEVANT TO THE PRINCIPLES AND PROCEDURES OF THE WORKING GROUP. DISCUSSION WAS POSTPONED UNTIL AFTER THE BREAK TO GIVE EVERYONE A CHANCE TO READ AND DISCUSS AMONG THEMSELVES FOR ANY CHANGES IN THE FORMAT FOR OPERATING AS A WORKING GROUP THROUGHOUT THE MEETINGS.

MR. KELLEY PRESENTED EXCERPTS OF FCC 96-123 WHICH IS THE NOTICE OF RULEMAKING FOR RATE INTEGRATION. HE ALSO INCLUDED A DOCUMENT FROM BELLCORE AS WELL AS THE PRESS RELEASE FROM THE GOVERNOR'S OFFICE

MR. KELLEY ALSO STATED THAT THE GOVERNOR HAS MADE COMMENTS AND REPLY COMMENTS JOINTLY WITH THE GUAM TELEPHONE AUTHORITY ON THE RATE INTEGRATION PROCEEDING. IN ADDITION, UNIVERSAL SERVICE COMMENTS AND REPLY COMMENTS WERE FILED BY THE GOVERNOR OF GUAM AND GUAM TELEPHONE AUTHORITY.

MR. KELLEY ALSO STATED THAT A NOTICE OF THE PROPOSED RULEMAKING FOR RATE INTEGRATION IS APPLICABLE TO GUAM AND THE CNMI. THE WORKING GROUP IS NOW WORKING OUT THE MECHANISMS ON HOW TO IMPLEMENT RATE INTEGRATION.

VI. REVIEW SCHEDULE

MR. KELLEY INFORMED THE PARTICIPANTS THAT THE WORKING GROUP WILL MEET MAY 20 - 23 1996 AT 9:00 A.M.. HE STATED A MEETING WILL BE HELD IN WASHINGTON, D.C. HE INFORMED THE PARTICIPANTS THAT THERE WAS A REQUEST TO CHANGE THE MEETING DATES SCHEDULED JUNE 10-12, 1996. HE ASKED IF PARTICIPANTS CAN MEET ONE MORE DAY FOR FURTHER DISCUSSION ON FILINGS.

ATTORNEY TORRES ASKED "WHEN WILL THE DECISION BE MADE ON THE JUNE 10-12 VERSUS JUNE 17-19".

MR. KELLEY RESPONDED THAT FOR NOW IT IS JUNE 10-12, 1996. HE WILL NOTIFY PARTICIPANTS OF THE FINAL DECISION.

VII. PRINCIPLES AND PROCEDURES/ DISCUSS AND ADOPT

MR. KELLEY RECOMMENDED A 15 MINUTE BREAK AT 10:15 A.M. HE ASKED FOR PARTICIPANTS TO REVIEW THE PRINCIPLES AND PROCEDURES.

THE MEETING RECONVENED AT 10:30 A.M..

MR. KELLEY ASKED IF ANYONE HAD ANY COMMENTS ON ANY OF THE SECTIONS IN THE PROCEDURES. HE EXPLAINED THE FOLLOWING ITEMS:

1) OPERATING PRINCIPLES

THE WORKING GROUP SHALL:

- * AFFORD ALL PARTIES THE RIGHT TO BE HEARD AND TO HAVE THEIR VIEWS AND CONCERNS CONSIDERED.
- * BE FREE FROM DOMINANCE BY ANY PARTICIPANT, OR INDUSTRY SEGMENT AND CONDUCT ACTIVITIES IN A FAIR AND UNBIASED MANNER.
- * SUPPORT THE EVALUATION AND ACCEPTANCE OF ISSUES AND DEVELOPMENT OF RESOLUTIONS BASED ON THEIR MERIT.
- * REACH RESOLUTION OF ISSUES IN A TIMELY, EFFICIENT AND EFFECTIVE MANNER.
- * RECOGNIZE THAT BROAD AND CONSISTENT IMPLEMENTATION OF A CONSENSUS RESOLUTION IS A FUNDAMENTAL EXPECTATION AND REASON FOR THE EXISTENCE OF THE WORKING GROUP.

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2) ORGANIZATIONAL STRUCTURE

THE WORKING GROUP PROVIDES A WORKING FORUM FOR ALL TELECOMMUNICATIONS INDUSTRY PARTICIPANTS TO IDENTIFY ISSUES WHICH ARE INDUSTRY WIDE IN SCOPE INVOLVING THE IMPLEMENTATION OF RATE INTEGRATION FOR GUAM. RESOLUTIONS TO ISSUES ARE DEVELOPED BY CONSENSUS AGREEMENT FOR SUBMISSION TO THE FEDERAL COMMUNICATIONS COMMISSION AS EX PARTE SUBMISSIONS TO THE NOTICE OF PROPOSED RULEMAKING SECTION 254(G) OF THE COMMUNICATIONS ACT OF 1934 AS AMENDED (CC DOCKET NO. 96-61).

THERE WAS NO COMMENT ON THESE MATTERS.

VIII. SCHEDULE

MR. KELLEY STATED THAT AS MENTIONED EARLIER THAT THERE WAS A REQUEST TO DELAY JUNE 10-12 TO JUNE 17-19. HE STATED THAT HE WAS INFORMED BY MR. MALONEY THAT CONFLICTS WITH THE PTC CABLE OWNERSHIP MEETING.

IV. WORKING GROUP MEETING RECORDS

MR. KELLEY STATED THAT IT WAS THE RESPONSIBILITY OF THE WORKING GROUP PARTICIPANTS TO:

BE FAMILIAR WITH AND UNDERSTAND THE PROCESS AND PROCEDURES USED BY THE WORKING GROUP.

- * BE COGNIZANT OF AND BE PREPARED TO ADDRESS SIGNIFICANT ISSUES AND HELP IDENTIFY AREAS FOR POSSIBLE SOLUTIONS.
- * BE RECOGNIZED BY THE CHAIR OR DESIGNATE BEFORE SPEAKING.
- * REFRAIN FROM STATEMENTS, COMMENTS OR ACTIONS THAT COULD BE POTENTIALLY OFFENSIVE TO ANY PARTICIPANT.
- * REFRAIN FROM ATTACKING A PARTICIPANT'S MOTIVES.
- * CONFINE REMARKS TO THE MERITS OF THE PENDING QUESTION OR ISSUE.
- * REFRAIN FROM SPEAKING ADVERSELY ON A PRIOR ACTION OR ISSUE NOT PENDING.
- * REFRAIN FROM DISTURBING THE MEETING.
- * RECOGNIZE AND BE SENSITIVE TO ANTITRUST LAWS.

THERE WAS NO COMMENT ON THESE MATTERS.

X. ISSUE INTRODUCTION

MR. KELLEY EXPLAINED THAT AN ISSUE MUST BE INTRODUCED TO THE WORKING GROUP BEFORE IT CAN BE FORMALLY ACCEPTED AND ANY SUBSTANTIVE DISCUSSION AND ACTIVITY CAN OCCUR. THE ISSUE MAY BE INTRODUCED THROUGH ANY OF THE FOLLOWING MEANS:

- * WRITTEN REQUEST TO THE WORKING GROUP CHAIR

PAGE 6

- * RAISED AT A MEETING OF THE WORKING GROUP UNDER NEW BUSINESS.

THERE WAS NO COMMENT ON THESE MATTERS.

XI. ISSUE ACCEPTANCE

MR. KELLEY EXPLAINED THAT ALL ISSUES THAT MEET THE WORKING GROUP MISSION STATEMENT AND ISSUE ACCEPTANCE CRITERIA SHOULD BE ACCEPTED. THE FOLLOWING INPUT SHOULD BE ADDED TO THE ISSUE, ONCE AN ISSUE HAS BEEN ACCEPTED.

DATE ON WHICH THE ISSUE WAS ACCEPTED BY THE WORKING GROUP.

MR. KELLEY STATED THAT ONCE THE ISSUE IS PRESENTED, IT WILL BE ACCEPTED AS AN ISSUE BY THE WORKING GROUP AN ISSUE NUMBER WILL BE ASSIGNED FOR ISSUE IDENTIFICATION AND TRACKING.

THERE WAS NO COMMENT ON THESE MATTERS.

XII. CLOSURE

MR. KELLEY EXPLAINED THAT UPON COMPLETION OF DELIBERATIONS OF AN ACTIVE ISSUE AND BASED ON CONSENSUS REACHED BY THE WORKING GROUP PARTICIPANTS, THE ISSUE UNDER QUESTION WILL BE PLACED IN CLOSURE.

AN ISSUE WILL BE PRESENTED TO THE FORMAL SESSION OF THE WORKING GROUP FOR ACCEPTANCE OF FINAL CLOSURE. A CONSENSUS OF THE PARTICIPANTS SHALL BE NECESSARY FOR AN ISSUE TO BE RESOLVED.

XIII. TIMELY RESOLUTION OF ISSUES

MR. KELLEY EXPLAINED THAT EVERY EFFORT WILL BE MADE TO WORK TOWARDS A RAPID AND TIMELY RESOLUTION OF ISSUES. HOWEVER, THIS NEED MUST BE BALANCED AGAINST THE NEED TO ENSURE THAT RESOLUTIONS FOR ALL INVOLVED PARTIES ARE FAIR AND PRACTICAL.

XIV. CONSENSUS

MR. KELLEY EXPLAINED THAT CONSENSUS IS ESTABLISHED WHEN SUBSTANTIAL AGREEMENT HAS BEEN REACHED AMONG INTEREST GROUPS PARTICIPATING IN THE CONSIDERATION OF THE SUBJECT AT HAND. INTEREST GROUPS ARE THOSE MATERIALLY AFFECTED BY THE OUTCOME OR RESULT. SUBSTANTIAL AGREEMENT MEANS MORE THAN A SIMPLE MAJORITY. HE STATED THAT RECOMMENDATIONS OF ALL PARTICIPANTS WILL BE CONSIDERED CAREFULLY AND IN GOOD FAITH IN SEEKING AND IN REACHING CONSENSUS RECOMMENDATIONS AND RESOLUTIONS.

THE CONSENSUS PROCESS IS TO BE FREE FROM INTEREST GROUP DOMINANCE, REQUIRING THAT ALL VIEW AND OBJECTIONS BE CONSIDERED. THIS REQUIRES THAT A CONCERTED EFFORT BE MADE TOWARD ISSUE RESOLUTION. UNDER SOME CIRCUMSTANCES, CONSENSUS IS ACHIEVED WHEN THE MINORITY NO LONGER WISHES TO ARTICULATE ITS OBJECTION.

XV. WORKING GROUP CHAIRPERSON RESPONSIBILITY

MR. KELLEY EXPLAINED THAT IT IS THE RESPONSIBILITY OF THE WORKING GROUP CHAIRPERSON TO

- * FACILITATE ADHERENCE TO WORKING GROUP PRINCIPLES AND PROCEDURES.
- * PRESIDE AT WORKING GROUP MEETINGS.
- * ESTABLISH WORKING GROUP MEETING AGENDAS WITH WORKING GROUP PARTICIPANTS.

MR. KELLEY STATED THAT THERE WILL BE A SUMMARY MEETING RECORD TO KEEP ALL PARTICIPANTS INFORMED OF THE INFORMAL WORKING SESSION. HE STATED THAT PROBABLY THERE WILL BE AN INFORMAL WORKING SESSION ABOUT 90% OF THE TIME AND EVERYONE IN THE ROOM CAN FULLY PARTICIPATE. THERE WILL BE DETAILED MEETING RECORDS DURING THE FORMAL WORKING GROUP. EACH ENTITY HAS ONE DELEGATE OR ONE REPRESENTATIVE AT THE TABLE FOR RECORD PURPOSES. THE DETAILED MEETING RECORDS WOULD STATE THOSE OPINIONS OR ISSUES THAT ARE CONTRARY TO WHAT THE MAJORITY WANT. THEY WILL BE PART OF A DETAILED MEETING RECORD. ON A DETAILED RECORD, IT IS NOT A VERBATIM BUT EACH ISSUE/PARTICIPANT MUST BE PROPERLY ADDRESSED IN A DETAILED MEETING RECORD. HE ALSO EXPLAINED THAT THE DETAILED MEETING RECORD, AS ADOPTED BY THE GROUP, WILL BE FORWARDED TO THE FCC AS THE EX PARTE PRESENTATION OF THE GROUP.

MR. KELLEY ASKED THE PARTICIPANTS IF THEY HAD ANY COMMENTS/QUESTIONS ON THE MEETING RECORD.

THERE WAS NO COMMENTS.

XVI. PRESS RELEASES/MEDIA RELATIONS

MR. KELLEY EXPLAINED THAT PARTICIPANTS SHOULD NOT INDIVIDUALLY SPEAK TO THE PRESS ABOUT THE WORKING GROUP DISCUSSIONS. HE STATED THAT UNDER THE FCC EX PARTE RULES AS WELL AS THE SUNSHINE ACT OF GUAM THESE MEETINGS ARE REQUIRED TO BE OPEN TO THE PRESS. THE PRESS WAS NOTIFIED BY A PRESS RELEASE. HE ALSO STATED THAT PRESS RELEASES SHOULD COME FROM THE WORKING GROUP AS ONE DOCUMENT.

XVII. WORKING GROUP PROCEDURES

MR. KELLEY EXPLAINED THAT THE PROCEDURES ARE APPLICABLE TO ALL WORKING GROUP ACTIVITIES.

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FORMAL SESSIONS ARE THOSE SESSIONS IN WHICH DETAILED MINUTES WILL BE KEPT FOR SUBMISSION TO THE FEDERAL COMMUNICATIONS COMMISSION. DURING THE FORMAL SESSIONS, EACH ENTITY WILL ONLY HAVE ONE OFFICIAL DELEGATE.

INFORMAL SESSIONS ARE WHERE THE ISSUES WILL BE DISCUSSED IN DETAIL. ALL PERSONS PRESENT WILL BE ENTITLED TO PARTICIPATE IN AN ORDERLY MANNER UNDER THE CONTROL OF THE WORKING GROUP CHAIR OR DESIGNEE.

XVII. PARTICIPANT REMARKS AND COMMENTS

MR. KELLEY ASKED THE PARTICIPANTS IF THERE WERE ANY REMARKS ON THE OBJECTIVES OF THE WORKING GROUP.

MR. KELLEY STATED THAT ONCE RATE INTEGRATION IS IMPLEMENTED FOR GUAM IT WILL BE EXPECTED BY THE CUSTOMERS/CARRIERS IN THE U.S THAT THEY WILL BE CALLING GUAM DOMESTIC. HE ALSO STATED THAT ON OR ABOUT JULY 1, 1997, THE NUMBER CHANGE WILL BE IMPLEMENTED WITH THE AREA CODE 671.

MR. KELLEY EXPLAINED TO THE PARTICIPANTS "EXPLICIT SUBSIDY" VERSUS "IMPLICIT SUBSIDY" HE DEFINED THE FOLLOWING DEFINITIONS:

"EXPLICIT SUBSIDY" IS WHERE THERE IS MONEY DIRECTLY TRANSFERRED TO SUBSIDIZE RATES, SUCH AS UNIVERSAL SERVICE FUND OR SUCH AS DONE IN THE ALASKA RATE CASE.

"IMPLICIT SUBSIDY" IS THE INDIRECT USE OF REVENUES TO KEEP CERTAIN RATES LOW AND AT&T AND OTHER CARRIERS UTILIZE AN IMPLICIT SUBSIDY WHEN THEY EMPLOY GEOGRAPHIC RATE AVERAGING.

MR. KELLEY STATED THE WORKING GROUP NEEDS TO LOOK AT WHAT TYPE OF ASSISTANCE TO EXTEND TO THE CARRIERS. SHOULD IT BE ONLY CARRIERS THAT ARE UNIQUELY SERVING GUAM OR WHETHER THE SAME AMOUNT OF MONEY COULD BE GIVEN TO ALL CARRIERS ON GUAM. HE ALSO STATED THAT THERE IS GOING TO BE A POSSIBLE UNIVERSAL SUPPORT AND THAT SHOULD THOSE FUNDS SUPPORT GUAM OR SHOULD ANOTHER FUND? WHO IS GOING TO ADMINISTER THE FUNDS AND HOW ARE THE FUNDS TO BE DISTRIBUTED?

MR. KELLEY STATED THAT THE PARTICIPANTS NEED TO DISCUSS THE ALASKA MODEL BECAUSE THAT IS THE MOST RECENT PLACE RATE INTEGRATION WAS IMPLEMENTED.

MR. KELLEY OPENED THE FLOOR FOR REMARKS/QUESTIONS.

MR. JOSE PEREZ, REPRESENTATIVE, TNI, ASKED IF THE IMPLEMENTATION DATE FOR EQUAL ACCESS AND AREA CODE BE THE SAME.

MR. KELLEY RESPONDED THAT THE IMPLEMENTATION DATE WILL BE DISCUSSED BY THE WORKING GROUP.

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MR. KELLEY STATED THAT THERE WAS ONE MINOR PROBLEM. HE STATED THAT THERE ARE MANY QUESTIONS ON HOW THE U.S. IS GOING TO DIVIDE UP THE ACCESS CHARGES FOR INTEREXCHANGE TRAFFIC IN THE FUTURE. FOR INSTANCE, THERE IS CURRENTLY A CHARGE KNOWN AS THE RESIDENTIAL SLC CHARGE OF \$3.50 BY THE FCC IN THE U.S. THERE ARE DISCUSSIONS GOING ON WITH THE LAST SET OF FILINGS BECAUSE IT CAN GO AS HIGH AS \$5.00 TO \$7.00 IN THE U.S.

ATTORNEY TORRES ASKED IF IT WOULD BE HELPFUL TO TALK ABOUT THE DIFFERENT COMMENTS THAT PEOPLE HAD FOR THE FILINGS THEY HAD IN THE INITIAL PROPOSAL. HE STATED THAT IT MIGHT E HELPFUL FOR SOME OF THE PARTIES WHO HAVE NOT HAD THE OPPORTUNITY TO READ THE COMMENTS.

MR. SANTOS EXPRESSED HIS CONCERN FOR CLARIFICATION ON WHAT THE GOVERNOR'S EXPECTATION WAS WITH RESPECT TO THE WORKING GROUP SO THAT FEATURE GROUP D CAN E IMPLEMENTED NEXT YEAR.

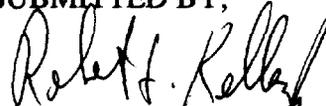
MR. KELLEY RESPONDED THAT THE GUAM TELEPHONE AUTHORITY BOARD OF DIRECTORS WILL DISCUSS THE IMPLEMENTATION OF FEATURE GROUP D AT THEIR NEXT REGULAR MEETING.

MR. KELLEY ASKED IF THERE WERE ANY OTHER DISCUSSIONS. HE ENCOURAGED THE PARTICIPANTS TO BRING AS MANY ISSUES FOR DISCUSSION. HE REQUESTED THE PARTICIPANTS INFORM MS. SMITH, RECORDING SECRETARY, OF ANY DOCUMENTS NEEDED.

IX X. ADJOURNMENT

THERE BEING NO FURTHER DISCUSSION, THE MEETING ADJOURNED AT 11:00 A.M.

SUBMITTED BY,



ROBERT F. KELLEY, JR.
ADVISOR TO THE GOVERNOR
ON TELECOMMUNICATIONS

GOVERNOR OF GUAM
RATE INTEGRATION WORKING GROUP
TUESDAY, MAY 21, 1996
9:00 A.M.
GUAM TELEPHONE AUTHORITY CONFERENCE ROOM
TAMUNING GUAM

RECEIVED

JUL 22 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

I. CALL TO ORDER

THE SECOND MEETING OF THE RATE INTEGRATION WORKING GROUP WAS CALLED TO ORDER BY MR. ROBERT KELLEY, TELECOMMUNICATIONS ADVISOR TO THE GOVERNOR, ON TUESDAY, MAY 21, 1996 AT 9:30 A.M. IN THE GTA CONFERENCE ROOM.

II. ATTENDEES

PARTICIPANTS PRESENT: ATTY. ROBERT TORRES, IT&E; MR. FRANK LIZAMA, VICE PRESIDENT, PCI; MR. ROBERT MALONEY, CHAIRMAN AND CEO, PCI; MR. DANNY SANTOS, GENERAL MANAGER, SPRINT; MR. JOHN BORLAS, PRESIDENT, IT&E OVERSEAS, INC.; MS. RENA WANG, BOARD MEMBER, GTA BOARD OF DIRECTORS; MR. VICENTE M. CAMACHO, GTA GENERAL MANAGER; MR. JOSE S. PEREZ, REPRESENTATIVE, TNI; MR. TOM CAMACHO, REPRESENTATIVE, SENATOR ADA'S OFFICE; MR. RIC NOVAK, REPRESENTATIVE, GUAM CABLE TELECOM; MR. FRANK DELA ROSA, GTA ACTING PLANT MANAGER; MR. CARL LEON GUERRERO, GTA CHIEF ENGINEER; MR. LITO C. GERMAN, ACCESS TELECOM, MR. VICTOR REYES, ACCESS TELECOM; MS. ADELEINE ARRIOLA, GOVERNOR'S OFFICE; MR. SAM HILL, GTA COMMUNICATIONS MANAGER; MS. MONESSA L. CRUZ, PUBLIC UTILITIES COMMISSION; MR. TONY MOSLEY, REPRESENTATIVE, MCI; MR. TERRENCE M. BROOKS, CHAIRMAN, PUBLIC UTILITIES COMMISSION; AND MR. CARL THORNSEN, COOPERS AND LYBRAND CONSULTING; AND MS. JULIE D. SMITH, RECORDING SECRETARY.

III. DISCUSSION

MR. KELLEY STATED THAT THE FOLLOWING ISSUES WERE PRESENTED TO THE PARTICIPANTS FOR DISCUSSION:

ISSUE NO. 1 - MILEAGE BANDS

ORIGINATOR'S IDENTITY: MR. JOHN BORLAS, PRESIDENT, IT&E

ISSUE NO. 2 - COMSAT DESIGNATION

ORIGINATOR'S IDENTIFY:: MR. JOHN BORLAS, PRESIDENT, IT&E

ISSUE NO. 3 - GEOGRAPHIC SCOPE OF RATE INTEGRATION

ORIGINATOR'S IDENTITY: MR. DANNY SANTOS, GENERAL MANAGER, SPRINT

ISSUE NO. 4 - WHAT DOES THE GUAM GROUP DEFINE AS RATE INTEGRATION?

ORIGINATOR'S IDENTITY: MR. DANNY SANTOS, GENERAL MANAGER, SPRINT

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ISSUE NO. 5 - IF A PARTICULAR SERVICE OR GROUP OF SERVICES IS DETERMINED TO BE SUBJECT TO REQUIREMENTS OF RATE INTEGRATION, TO WHAT EXTENT MAY COSTS OF SERVICE (E.G. DISTANCE; TYPE OF FACILITIES) BE CONSIDERED IN SETTING RATES TO AND FROM THE NEW POINTS TO BE INTEGRATED?

ORIGINATOR'S IDENTITY: MR. DANNY SANTOS, GENERAL MANAGER, SPRINT

ISSUE NO. 6 - WHETHER AND HOW RATE INTEGRATION AND COMPETITION CAN COEXIST?

ORIGINATOR'S IDENTITY: MR. DANNY SANTOS, GENERAL MANAGER, SPRINT

ISSUE NO. 7 - SUBSCRIBER LINE CHARGE

ORIGINATOR'S IDENTITY: MR. TERRENCE M. BROOKS, CHAIRMAN, PUBLIC UTILITY COMMISSION

ISSUE NO. 8 - RATE INTEGRATION

ORIGINATOR'S IDENTITY: MR. VICENTE M. CAMACHO, GENERAL MANAGER GUAM TELEPHONE AUTHORITY

ISSUE NO. 9 - COMPETITION ON GUAM

ORIGINATOR'S IDENTITY: MR. VICENTE M. CAMACHO, GENERAL MANAGER GUAM TELEPHONE AUTHORITY

ISSUE NO. 10 - ADMINISTRATION OF FUNDS

ORIGINATOR'S IDENTITY: MR. VICENTE M. CAMACHO, GENERAL MANAGER GUAM TELEPHONE AUTHORITY

ISSUE NO. 11 - WHAT IS RATE INTEGRATION?

ORIGINATOR'S IDENTITY: MR. VICENTE M. CAMACHO, GENERAL MANAGER GUAM TELEPHONE AUTHORITY

ISSUE NO. 12 - HOW DO WE HANDLE THE LOCALIZED LONG DISTANCE PROVIDER?

ORIGINATOR'S IDENTITY: MR. VICENTE M. CAMACHO, GENERAL MANAGER GUAM TELEPHONE AUTHORITY

ISSUE NO. 13 - SUBSIDIZATION FOR PROVIDERS

ORIGINATOR'S IDENTITY: MR. VICENTE M. CAMACHO, GENERAL MANAGER GUAM TELEPHONE AUTHORITY

MR. THORSEN ASKED MR. KELLEY WHAT HE PLANS ON DOING BEFORE HE CLOSES THE MEETING.

MR. KELLEY RESPONDED THAT HE HOPED THE WORKING GROUP WILL REACH A CONSENSUS OF HOW TO HANDLE ALL THE INTEGRATION OF GUAM INTO THE US TELEPHONE NETWORK. THE WORKING GROUP WILL BE GOING FOR SOME RESOLUTION AND IDEAS THAT ARE BEING RESEARCHED INCLUDE THE POSSIBILITY OF AN AGREEMENT TO GET TOGETHER FOR AN INTERIM MEETING AND PREPARATION FOR GOING TO WASHINGTON, D.C. HE SAID THAT A DETERMINATION OF WHAT ADDITIONAL DOCUMENTS NEED TO BE SHARED AMONG EACH OTHER ANYTHING THAT IS A PUBLIC DOCUMENT WITHIN THE FCC OR PUBLICLY AVAILABLE IT SHOULD BE SHARED WITH EACH TO GET THE INTEREXCHANGE DISCUSSION STARTED.

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MR. KELLEY STATED THAT THE GTA BOARD WILL HAVE A COPY OF THE MINUTES FOR THE BOARD MEETING ON THURSDAY, MAY 23, 1996 BECAUSE THERE HAS BEEN A REQUEST TO DEFER THE IMPLEMENTATION DATE OF FEATURE GROUP D. HE STATED IT WILL BE THE DECISION OF THE GTA BOARD TO ANNOUNCE A DATE FOR THE IMPLEMENTATION OF THE FEATURE GROUP D.

MR. KELLEY STATED THAT WHAT THE WORKING GROUP WILL PROVIDING THE MINUTE TO THE FCC INCLUDING RESOLUTIONS PASSED BY CONSENSUS AND ANY DISSENTING OPINIONS PRESENTED TO THIS GROUP.

ATTORNEY TORRES STATED THAT THERE ARE A FEW MORE ISSUES THAT WERE NOT DISCUSSED AND RECOMMENDED THAT THE WORKING GROUP SUBMIT AND COMBINE THEM AT SOME JUNCTURE.

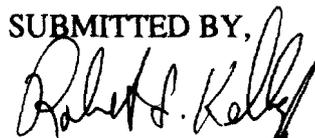
MR. KELLEY ASKED THE WORKING GROUP IF THERE WAS A RECOMMENDATION IN COMBINING THE ISSUES OF THE CURRENTLY THIRTEEN (13) ISSUES. HE STATED THAT MAY BE THERE ARE SOME ISSUES THAT THE WORKING GROUP MAY WANT TO REMAIN ACTIVE WHILE THERE ARE ALSO ONES THAT DO NOT NEED TO BE DISCUSSED. HE ALSO STATED THAT THESE ISSUES WILL AGAIN BE DISCUSSED AT TOMORROW'S MEETING.

MR. KELLEY INFORMED THE PARTICIPANTS THAT THEY WILL MEET TOMORROW (WEDNESDAY, MAY 23, 1996) AT 9:30 A.M.

IV. ADJOURNMENT

THERE BEING NO FURTHER DISCUSSION, THE MEETING ADJOURNED AT 4:00 P.M.

SUBMITTED BY,



ROBERT F. KELLEY, JR.
ADVISOR TO THE GOVERNOR
ON TELECOMMUNICATIONS

**GOVERNOR OF GUAM
RATE INTEGRATION WORKING GROUP**

**TUESDAY, JUNE 11, 1996
9:30 A.M.**

**HALL OF THE STATES
444 NORTH CAPITOL ST., N.W.
WASHINGTON, D.C. 20001
CONFERENCE ROOM NO. 283**

I. CALL TO ORDER

THE SIXTH MEETING OF THE RATE INTEGRATION WORKING GROUP WAS CALLED TO ORDER BY MR. ROBERT KELLEY, ADVISOR TO THE GOVERNOR ON TELECOMMUNICATIONS AND TECHNOLOGY, ON TUESDAY, JUNE 11, 1996 AT 9:30 A.M. IN CONFERENCE ROOM NO. 283, HALL OF THE STATES, NORTH CAPITOL ST., WASHINGTON, D.C.

II. ATTENDEES

PARTICIPANTS PRESENT: MR. PAUL D. UNTALAN, CHAIRMAN, GTA BOARD OF DIRECTORS; MS. RENA B. WANG, MEMBER, GTA BOARD OF DIRECTORS; MR. GREG INTOCCIA, COUNSEL FOR MCI; MR. PHUONG PHAM, COUNSEL FOR IT&E; MS. MARGARET TOBEY, COUNSEL FOR IT&E; MR. JOHN BORLAS, PRESIDENT, IT&E; MR. KENT NAKAMURA, COUNSEL FOR SPRINT; MR. JIM MADAN, PUC CONSULTANT, GEORGETOWN CONSULTING; MR. CARL THORSEN, COOPERS AND LYBRAND; MS. VERONICA M. AHERN, COUNSEL TO GTA; NIXON, HARGRAVE; MR. VICENTE M. CAMACHO, GTA GENERAL MANAGER; MR. ROBERT J. MALONEY, CHAIRMAN AND CEO, PCI COMMUNICATIONS INC.; MR. ERIC FISHMAN, COUNSEL FOR PCI; MR. BOB LLOYD, REPRESENTING NECA; MR. TOM CROWE, COUNSEL FOR CNMI; MR. MICHAEL ADAMS, LAW OFFICE OF CROWE; MR. FRANK TORRES, EXECUTIVE DIRECTOR, WASHINGTON LIAISON OFFICE; MR. LARRY SAMPSON, NECA; AND MS. JULIE D. SMITH, RECORDING SECRETARY.

III. DISCUSSION ON ISSUES AND POSSIBLE CLOSURE OF ISSUES

MR. KELLEY INTRODUCED MR. LARRY SAMPSON, REPRESENTATIVE FROM NECA.

MR. KELLEY STATED THAT THE WORKING GROUP DISCUSSED MOST OF THE ISSUES ON EXPLICIT AND IMPLICIT SUBSIDIES.

MR. KELLEY ASKED THE WORKING GROUP WHAT THE MAJOR CONCERNS ARE IN IMPLEMENTING THE DOMESTIC RATE SCHEDULE, CURRENT MILEAGE BANDS AND IF POSSIBLE THE ADDITION OF TWO OR MORE BANDS.

MR. KELLEY ASKED IF THE WORKING GROUP FELT THEY NEEDED ADDITIONAL BANDS.

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MR. MADAN RESPONDED THAT THERE SHOULD AT LEAST ONE OR TWO BANDS IN AND OUT OF GUAM. HE STATED THAT IT WAS A GOOD IDEA TO KEEP THE WORKING GROUP TOGETHER TO DISCUSS DIFFERENT ISSUES.

MS. TOBEY EXPRESSED HER CONCERN ABOUT THE ISSUES DISCUSSED ON THE ACCOMPLISHMENT OF SUBSIDIES AND OTHER MECHANISMS THAT WILL BE ADMINISTERED. SHE STATED THAT RATE INTEGRATION IS VERY COMPETITIVE.

MR. KELLEY ASKED ATTY. TORRES IF UNDER THE NEW TELECOMMUNICATIONS ACT SECTION 254G IF IT WILL BE REASONABLE TO APPLY DIFFERENT RATES FOR THE SAME DISTANCE WITH HAWAII AND ALASKA.

ATTY. TORRES STATED THAT THE DIFFERENCE FROM HAWAII TO ALASKA SERVICE RATE SCHEDULES ARE SIGNIFICANTLY GREATER THAN THE U.S.

MS. AHERN PRESENTED TO THE WORKING THE GUAM/CNMI WORKING GROUP PROPOSAL FOR REVIEW AND COMMENTS. THE FOLLOWING IS THE DRAFT PROPOSAL:

IT IS PROPOSED:

1. THAT RATE INTEGRATION SHOULD INVOLVE INCLUSION OF GUAM/CNMI WITHIN A TELECOMMUNICATIONS CARRIER'S AVERAGED MILEAGE BAND RATE PATTERN FOR MESSAGE TELEPHONE SERVICE, ON A NON-DISCRIMINATORY BASIS. THE METHODOLOGY USED FOR ESTABLISHING AVERAGED RATES SHOULD NOT CHANGE AS A RESULT OF THE INCLUSION OF GUAM/CNMI WITHIN THE AVERAGED RATE PATTERN..

2. THAT THE TIMETABLE FOR IMPLEMENTATION OF RATE INTEGRATION SHOULD CORRESPOND WITH INCLUSION WITHIN THE NORTH AMERICAN NUMBERING PLAN, IMPLEMENTATION OF EQUAL ACCESS, AND GTA'S CONVERSION TO A COST-BASED INTERSTATE ACCESS TARIFF, WHICH EVENTS ARE SCHEDULED TO OCCUR ON OR ABOUT JULY 1, 1997.

3. THAT A TRANSITIONAL SUPPORT MECHANISM SHOULD BE PROVIDED TO ASSIST REGIONAL CARRIERS, UNABLE TO ENGAGE IN RATE AVERAGING, IN COMPETING. THE TRANSITION SUPPORT MECHANISM SHOULD BE AVAILABLE FOR A PERIOD OF FIVE YEARS TO CARRIERS THAT ORIGINATE SERVICE ONLY ON GUAM/CNMI. THE SUPPORT MECHANISM SHOULD BE BASED ON ??? AND BE FUNDED THROUGH ????

4. THAT CALLING PLANS, PROMOTIONS AND DISCOUNTS OFFERED ON A NATIONWIDE BASIS, SHOULD ALSO BE OFFERED ON GUAM/CNMI.

5. THAT TELECOMMUNICATIONS SERVICES OTHER THAN MTS, TO THE EXTENT THEY ARE OFFERED ON A NATIONWIDE BASIS, SHOULD ALSO BE OFFERED ON GUAM/CNMI IF DEMAND EXISTS. RATES FOR THOSE SERVICES SHOULD BE BASED ON THE SAME METHODOLOGY USED TO DETERMINE RATES IN OTHER PARTS OF THE NATION.

PAGE 3

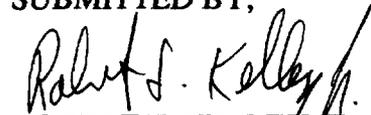
6. THAT RATE INTEGRATION SHOULD BE IMPLEMENTED, SO FAR AS POSSIBLE, TO ENCOURAGE FLEXIBILITY AND COMPETITIVE RESPONSES AMONG CARRIERS.

7. THAT THE GUAM/CNMI WORKING GROUP SHOULD CONTINUE TO WORK TOGETHER TO IDENTIFY, DISCUSS AND RESOLVE INDUSTRY CONCERNS REGARDING THE IMPLEMENTATION OF RATE INTEGRATION.

V. ADJOURNMENT

THERE BEING NO FURTHER DISCUSSION, THE NEXT SCHEDULED MEETING WILL BE HELD ON WEDNESDAY, JULY 12, 1996 AT 9:00 A.M. IN CONFERENCE ROOM 283, 444 NORTH CAPITOL ST., WASHINGTON, D.C. THE MEETING ADJOURNED AT 5:00 P.M.

SUBMITTED BY,



ROBERT F. KELLEY JR.
ADVISOR TO THE GOVERNOR
ON TELECOMMUNICATIONS
AND TECHNOLOGY

GOVERNOR OF GUAM
RATE INTEGRATION WORKING GROUP

MONDAY, JUNE 10, 1996
9:00 A.M.
HALL OF THE STATES
444 NORTH CAPITOL ST., N.W.
WASHINGTON, D.C. 20001
CONFERENCE ROOM NO. 233

RECEIVED

JUL 22 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

I. CALL TO ORDER

THE FIFTH MEETING OF THE RATE INTEGRATION WORKING GROUP WAS CALLED TO ORDER BY MR. ROBERT KELLEY, TELECOMMUNICATIONS ADVISOR TO THE GOVERNOR, ON MONDAY, JUNE 10, 1996 AT 9:00 A.M. IN CONFERENCE ROOM NO. 233, WASHINGTON, D.C.

II. WELCOME

MR. KELLEY WELCOMED ALL ATTENDEES OF THE RATE INTEGRATION WORKING GROUP. HE STATED THAT THE PURPOSE OF THE MEETING WAS TO TRY TO WORK AS A COMMITTEE OF CARRIERS AND THE GOVERNMENT OF GUAM TO COME UP WITH A CONSENSUS ON RECOMMENDATIONS TO BE SUBMITTED TO THE FEDERAL COMMUNICATIONS COMMISSION IN THE IMPLEMENTATION OF SECTION 254(G) OF THE COMMUNICATIONS ACT .

III. INTRODUCTION OF REPRESENTATIVES AND ATTENDEES

MS. JUDY ARGENTIERI, REPRESENTING AT&T

PAUL D. UNTALAN, CHAIRMAN, BOARD OF DIRECTORS
GUAM TELEPHONE AUTHORITY

MS. RENA BORJA WANG, BOARD MEMBER, GUAM TELEPHONE AUTHORITY

MR. ERIC FISHMAN, COUNSEL FOR PCI COMMUNICATIONS, INC.

MR. ROBERT MALONEY, CHAIRMAN AND CEO, PCI COMMUNICATIONS, INC.

MR. VICENTE M. CAMACHO, GENERAL MANAGER, GUAM TELEPHONE
AUTHORITY

MS. VERONICA M. AHERN, NIXON, HARGRAVE, COUNSEL FOR GUAM
TELEPHONE AUTHORITY

MR. CARL O. THORSEN, COOPERS AND LYBRAND

MR. JIM MADAN, PUC CONSULTANT

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MR. KENT NAKAMURA, COUNSEL REPRESENTING SPRINT

MR. JOHN BORLAS, PRESIDENT, IT&E

MR. ROBERT TORRES, COUNSEL REPRESENTING IT&E

MS. MARGARET TOBEY, COUNSEL REPRESENTING IT&E

MR. BOB LLOYD, REPRESENTING NECA

MR. PHUONG PHAM COUNSEL REPRESENTING IT&E

MR. GREG INTOCCIA, COUNSEL REPRESENTING MCI

MR. TOM CROWE, COUNSEL FOR CNMI

MR. FRANK TORRES, DIRECTOR, WASHINGTON OFFICE

MS. JULIE D. SMITH, RECORDING SECRETARY FOR RATE INTEGRATION WORKING GROUP

IV. REVIEW WORKING GROUP MISSION

MR. KELLEY STATED THAT AT THE LAST WORKING GROUP MEETING, FCC SENT A LETTER TO EVERYONE WHO MADE COMMENTS ON 254(G) RELATING TO GUAM REQUESTING PROPOSALS ON HOW TO IMPLEMENT RATE INTEGRATION. HE HOPED THAT REPRESENTATIVES WILL COME TO A CONSENSUS SO THAT EVERYONE WILL AGREE ON BOTH TIMETABLES AND METHODS OF IMPLEMENTATION.

MR. KELLEY STATED THAT THE WORKING GROUP WILL BE DISCUSSING WHAT TYPE OF SERVICES WILL BE BROUGHT UNDER RATE INTEGRATION. THE WORKING GROUP WILL ALSO DISCUSS WHAT TYPE OF SUBSIDIES OR IMPLICIT SUBSIDIES. THE DISCUSSIONS WILL ALSO INCLUDE THE FOLLOWING:

1) HOW RATE INTEGRATION WILL BE IMPLEMENTED AND WHO WILL BE THE HANDLING THE SUBSIDY;

2) WHERE THE SUBSIDIES WILL COME FROM AND HOW RATE INTEGRATION WILL BE DEALT WITH IN A MARKET PLACE THAT WILL INCLUDE RATE AVERAGING AND A SUBSIDY TYPE SYSTEM AND STILL PROMOTE A COMPETITIVELY NEUTRAL MARKETPLACE IN GUAM.

V. REVIEW APPLICABLE DOCUMENTS

MR. KELLEY STATED THAT THE ISSUES OF THE NPRM THAT RELATE TO RATE INTEGRATION AND DOMESTIC RATE AVERAGING CAN BE UTILIZED AS A REFERENCE. HE ALSO STATED THAT THE OTHER APPLICABLE DOCUMENTS ARE AVAILABLE AT THE GUAM WASHINGTON LIAISON OFFICE FOR REVIEW. THE GOVERNOR OF GUAM PROVIDED COMMENTS AND REPLY COMMENTS IN UNIVERSAL SERVICE. GTA AND THE GOVERNOR JOINTLY FILED ON THE