

10. My observations regarding competing carrier conduct are based on actual experience in an environment predating August 8, 1996, when the extent of upcoming FCC "national standards" was made known only through the FCC *ex parte* process and trade press reports. Even in this environment the negotiation process had already been corrupted.

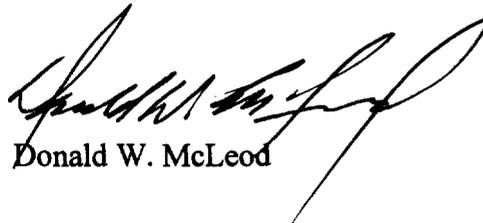
11. On July 17, 1996, the GTE and Sprint negotiating teams reached an understanding on substantially all matters under the Act at Sprint's Headquarters in Kansas City after several weeks of serious negotiations. Both teams recognized that this would be a precedent setting agreement which would provide the industry with a fair and equitable model to be followed given the proposed agreement's breadth and scope. The Sprint negotiating team was not empowered to finalize the terms of the proposed agreement and Sprint Executive Management was contacted for approval. After approximately 2 hours of closed door discussion, Sprint rejected the deal because it wanted to wait and see the content of the FCC's order in CC Docket No. 96-98. This action prevented an agreement from being finalized and effectively placed any future negotiations on hold until the FCC acted. Thus, even the mere prospect of future governmental action, as revealed by trade press reports and public FCC statements, completely corrupted the operation of free market forces in the neutral and fair negotiation process. The actual issuance of the FCC interconnection rules severely negated the opportunity to conduct meaningful negotiations as provided for by the requirements of §§ 251 and 252.

12. Sprint is not the only competing carrier that had the foregoing reaction to continuing negotiations when the FCC began to reveal the likely content of its Interconnection Order. Attached hereto as Exhibit 3 are letters from carriers advising GTE that they were

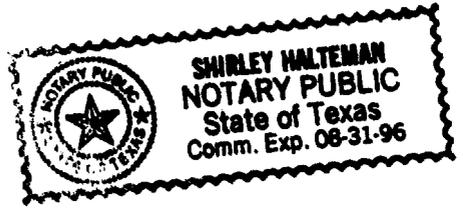
withdrawing from further negotiations until the actual substance of the FCC's Interconnection Order was known.

13. GTE and the using and consuming public are also harmed because the terms and conditions of the FCC's Interconnection Order are such that future infrastructure investments by the incumbent local exchange carrier are extremely unattractive and the incentive to grow the network or to produce new goods and services is no longer present. This will have a direct effect on GTE's ability to recover its investment and the quality of service available to the public.

14. GTE received AT&T's Petitions requesting arbitration on August 14 and 15, 1996. AT&T alleges that the state commissions need not resolve cost and price issues at this time since there are defaults and proxies to rely upon for an interim basis and that hearings need not be held. Thus, not only has the FCC's Interconnection Orders corrupted the negotiation process, it is being used to improperly influence the state arbitration process, the forum in which those issues are supposed to be resolved.

  
Donald W. McLeod

SUBSCRIBED AND SWORN TO before me this 27<sup>th</sup> day of August, 1996.



  
Notary Public, in and for the State of Texas  
My commission expires: 8-31-96

**Exhibit 1**

**Affidavit of Donald W. McLeod**

**Status of GTE Negotiations**

## STATUS OF GTE NEGOTIATIONS

<b>Company</b>	<b>Negotiation Start Date</b>	<b>End of 135-Day Period</b>	<b>End of 160-Day Period</b>
<b><i>ALASKA</i></b>			
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b><i>ALABAMA</i></b>			
ACSI	03/27/96	08/09/96	09/03/96
AT&T	05/15/96	09/27/96	10/22/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b><i>ARKANSAS</i></b>			
AT&T	06/17/96	10/30/96	11/24/96
BROOKS FIBER (BFC)	05/20/96	10/01/96	10/26/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b><i>ARIZONA</i></b>			
GST	05/08/96	09/19/96	10/14/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96

<b>Company</b>	<b>Negotiation Start Date</b>	<b>End of 135-Day Period</b>	<b>End of 160-Day Period</b>
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b>CALIFORNIA</b>			
CONTINENTAL CABLEVISION	05/24/96	10/06/96	10/31/96
COX	04/17/96	08/30/96	09/24/96
GST	05/17/96	09/28/96	10/23/96
ICG	02/08/96	06/22/96	07/17/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
MCI-METRO	02/08/96	06/22/96	07/17/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT (Interconnect)	04/19/96	09/01/96	09/26/96
SPRINT (Resale)	02/08/96	06/22/96	07/17/96
WINSTAR	04/18/96	08/31/96	09/25/96
<b>FLORIDA</b>			
MCI	04/04/96	08/17/96	09/11/96
MCI-METRO	02/08/96	06/22/96	07/17/96
NATIONAL TEL	03/08/96	07/21/96	08/15/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
TCG	03/02/96	07/15/96	08/09/96
TELEPHONE COMPANY OF CENTRAL FLORIDA	07/11/96	11/23/96	12/18/96

<b>Company</b>	<b>Negotiation Start Date</b>	<b>End of 135-Day Period</b>	<b>End of 160-Day Period</b>
TIME WARNER	02/08/96	06/22/96	07/17/96
WINSTAR WIRELESS	03/18/96	07/31/96	08/25/96
<b>HAWAII</b>			
GST	05/08/96	09/19/96	10/14/96
ICI	07/19/96	12/01/96	12/26/96
LONG DISTANCE USA	04/12/96	08/25/96	09/19/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT (Resale)	04/10/96	08/23/96	09/17/96
SPRINT (Interconnection)	04/19/96	09/01/96	09/26/96
TIME WARNER	03/12/96	07/25/96	08/19/96
<b>IDAHO</b>			
GST	05/08/96	09/19/96	10/14/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b>ILLINOIS</b>			
CONSOLIDATED COMMUNICATIONS	05/07/96	09/19/96	10/14/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96

<b>Company</b>	<b>Negotiation Start Date</b>	<b>End of 135-Day Period</b>	<b>End of 160-Day Period</b>
SPRINT	04/19/96	09/01/96	09/26/96
TCG	03/02/96	07/15/96	08/09/96
TIME WARNER	03/12/96	07/25/96	08/19/96
<b>INDIANA</b>			
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
TIME WARNER	03/12/96	07/25/96	08/19/96
<b>IOWA</b>			
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b>KENTUCKY</b>			
ACSI	03/27/96	08/09/96	09/03/96
AT&T	05/15/96	09/27/96	10/22/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b>MICHIGAN</b>			
ICI	07/19/96	12/01/96	12/26/96

<b>Company</b>	<b>Negotiation Start Date</b>	<b>End of 135-Day Period</b>	<b>End of 160-Day Period</b>
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
TIME WARNER	03/12/96	07/25/96	08/19/96
<b><i>MINNESOTA</i></b>			
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b><i>MISSOURI</i></b>			
DIAL US	04/05/96	08/18/96	09/12/96
DTI	06/22/96	11/04/96	11/29/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b><i>NEBRASKA</i></b>			
CABLE USA	04/08/96	08/21/96	09/15/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96

<b>Company</b>	<b>Negotiation Start Date</b>	<b>End of 135-Day Period</b>	<b>End of 160-Day Period</b>
<b><i>NEVADA</i></b>			
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
NEXTLINK	05/29/96	10/11/96	11/05/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b><i>NEW MEXICO</i></b>			
ACSI	03/27/96	08/09/96	09/03/96
GST	05/08/96	09/19/96	10/14/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b><i>NORTH CAROLINA</i></b>			
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
TIME WARNER	04/24/96	09/06/96	10/01/96
US LEC of North Carolina	06/17/96	10/30/96	11/24/96
<b><i>OHIO</i></b>			
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96

<b>Company</b>	<b>Negotiation Start Date</b>	<b>End of 135-Day Period</b>	<b>End of 160-Day Period</b>
NEXTLINK	05/29/96	10/11/96	11/05/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
TIME WARNER	03/01/96	07/14/96	08/08/96
<b><i>OKLAHOMA</i></b>			
BROOKS FIBER	05/20/96	10/01/96	10/26/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b><i>OREGON</i></b>			
ELI	07/12/96	11/24/96	12/19/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b><i>PENNSYLVANIA</i></b>			
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
NEXTLINK	05/29/96	10/11/96	11/05/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96

<b>Company</b>	<b>Negotiation Start Date</b>	<b>End of 135-Day Period</b>	<b>End of 160-Day Period</b>
TCG	03/02/96	07/15/96	08/09/96
<b><i>SOUTH CAROLINA</i></b>			
ACSI	03/27/96	08/09/96	09/03/96
AT&T	06/17/96	10/30/96	11/24/96
BELL SOUTH	05/31/96		
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b><i>TEXAS</i></b>			
ACSI	03/27/96	08/09/96	09/03/96
AMERICAN TELCO (Negotiations)	02/13/96	06/27/96	07/22/96
GST	05/08/96	09/19/96	10/14/96
ICI	07/19/96	12/01/96	12/26/96
LONE STAR NET	06/10/96	10/23/96	11/17/96
MCI	04/04/96	08/17/96	09/11/96
METROLINK	07/08/96	11/20/96	12/15/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
TIME WARNER	02/21/96	07/05/96	07/30/96
<b><i>VIRGINIA</i></b>			
BELL ATLANTIC	02/08/96		
COX FIBERNET	03/16/96	07/29/96	08/23/96

<b>Company</b>	<b>Negotiation Start Date</b>	<b>End of 135-Day Period</b>	<b>End of 160-Day Period</b>
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b>WASHINGTON</b>			
ELI	07/12/96	11/24/96	12/19/96
GST	05/08/96	09/19/96	10/14/96
ICI	07/19/96	12/01/96	12/26/96
MCI	04/04/96	08/17/96	09/11/96
NEXTLINK	05/29/96	10/11/96	11/05/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
<b>WISCONSIN</b>			
MCI	04/04/96	08/17/96	09/11/96
PREFERRED CARRIER SERVICES	05/20/96	10/02/96	10/27/96
SPRINT	04/19/96	09/01/96	09/26/96
TIME WARNER	03/12/96	07/25/96	08/19/96
<b>SAIPAN</b>			
SAIPAN CAB LE TELECOMM., INC.	07/11/96	11/23/96	12/18/96

**Exhibit 2**

**Affidavit of Donald W. McLeod**

**Status of GTE Arbitrations**

**STATUS OF GTE ARBITRATIONS**

08/22/96

Company	Date of Initial Request	Filed for Arbitration	Arbitration Completion Deadline
Arizona: AT&T	03/12/96	08/16/96	12/12/96
California: TCG	02/23/96	07/31/96	11/23/96
AT&T	03/12/96	08/16/96	12/12/96
Florida: MFS	02/08/96	07/17/96 <sup>1</sup>	11/08/96
AT&T	03/12/96	08/16/96	12/12/96
Hawaii: AT&T	03/12/96	08/15/96	12/12/96
Illinois: AT&T	03/12/96	08/15/96	12/12/96
Indiana: AT&T	03/12/96	08/15/96	12/12/96
Iowa: AT&T	03/12/96	08/16/96	12/12/96
Michigan: AT&T	03/12/96	08/15/96	12/12/96
Minnesota: AT&T	03/12/96	08/16/96	12/12/96
Missouri: AT&T	03/12/96	08/15/96	12/12/96
Nebraska: AT&T	03/12/96	08/16/96	12/12/96
North Carolina: AT&T	03/12/96	08/16/96	12/12/96
Ohio: AT&T	03/12/96	08/15/96	12/12/96

<sup>1</sup>Withdrawn 08/08/96

Oklahoma:			
AT&T	03/12/96	08/16/96	12/12/96
Oregon:			
TCG	no request	07/31/96 <sup>2</sup>	n.a.
AT&T	03/12/96	08/16/96	12/12/96
Pennsylvania:			
TCG	02/23/96	07/31/96 <sup>3</sup>	11/23/96
AT&T	03/12/96	08/16/96	12/12/96
Texas:			
MFS	02/08/96	07/17/96 <sup>4</sup>	11/08/96
TCG	02/23/96	07/31/96	11/23/96
AT&T	03/12/96	08/16/96	12/12/96
Virginia:			
MFS	02/08/96	07/17/96 <sup>5</sup>	11/08/96
TCG	no request	07/31/96 <sup>6</sup>	n.a.
AT&T	03/12/96	08/16/96	12/12/96
Washington:			
TCG	02/23/96	07/31/96	11/23/96
AT&T	03/12/96	08/16/96	12/12/96
Wisconsin:			
AT&T	03/12/96	08/15/96	12/12/96

<sup>2</sup>Withdrawn 08/16/96

<sup>3</sup>Withdrawn 08/12/96

<sup>4</sup>Withdrawn 08/08/96

<sup>5</sup>Withdrawn 08/08/96

<sup>6</sup>Withdrawn 08/12/96

**Exhibit 3**

**Affidavit of Donald W. McLeod**

*file*



July 10, 1996

VIA OVERNIGHT COURIER

Norman Farmer  
 GTE  
 Director of Regulatory Affairs  
 Mail Code NC-99015  
 4100 Roxboro Road  
 Durham, North Carolina 27704

Re: Request that GTE ["GTE"] Engage in Interconnection Negotiations With Business Telecom, Inc. ["BTI"] Pursuant to Section 251(c)(1) of the Telecommunications Act of 1996.

Dear Mr. Farmer:

In response to GTE's correspondence dated March 14, 1996, regarding BTI's request to commence good faith interconnection negotiation with GTE, this letter is to advise you that BTI wishes to suspend its request for good faith negotiations with GTE.

As you know, the Federal Communications Commission ["FCC"] is currently engaged in extensive interconnection rulemaking. I trust you will agree that a final order in the FCC rulemaking will likely define the parameters of an interconnection agreement between GTE and BTI.

In that neither GTE nor BTI have entered into substantive discussions about the rates, terms or conditions of interconnection, I do not believe that suspension of negotiations will prejudice either GTE or BTI. If negotiations are reopened at a future date, this suspension will allow time for both of our companies to accommodate and comply with any rules or regulations developed by the FCC.

Thank you for your prompt attention to this matter. If you have any questions, please do not hesitate to call.

Sincerely,

Anthony M. Copeland  
 Vice President/General Counsel

cc: Donald W. McLeod  
 Mike Marczyk

a:\gences.ltr

7/10/96

**BTI**

Through the Power of the Service

July 10, 1996

VIA OVERNIGHT COURIER

P.A. Daks  
GTE Florida  
One Tampa City Center  
Tampa, Florida 33602

Re: Request that GTE Florida ["GTE"] Engage in Interconnection Negotiations With Business Telecom, Inc. ["BTI"] Pursuant to Section 251(c)(1) of the Telecommunications Act of 1996.

Dear Mr. Daks:

Regarding BTI's February 29, 1996 request to commence good faith interconnection negotiation with GTE, this letter is to advise you that BTI wishes to suspend its request for good faith negotiations with GTE Florida.

As you know, the Federal Communications Commission ["FCC"] is currently engaged in extensive interconnection rulemaking. I trust you will agree that a final order in the FCC rulemaking will likely define the parameters of an interconnection agreement between GTE and BTI.

In that neither GTE nor BTI have entered into substantive discussions about the rates, terms or conditions of interconnection, I do not believe that suspension of negotiations will prejudice either GTE or BTI. If negotiations are reopened at a future date, this suspension will allow time for both of our companies to accommodate and comply with any rules or regulations developed by the FCC.

Thank you for your prompt attention to this matter. If you have any questions, please do not hesitate to call.

Sincerely,

Anthony M. Copeland  
Vice President/General Counsel

g:\gtd\lrae.ltr  
7/10/96

**FIBER SOUTH**

July 10, 1996

VIA OVERNIGHT COURIER

Norman Farmer

GTE

Director of Regulatory Affairs

Mail Code NC-99015

4100 Roxboro Road

Durham, NC 27704

Re: Request that GTE ["GTE"] Engage in Interconnection Negotiations With FiberSouth Communications ["FiberSouth"] Pursuant to Section 251(c)(1) of the Telecommunications Act of 1996

Dear Mr. Farmer:

In response to GTE's correspondence dated March 14, 1996, regarding FiberSouth's request to commence good faith interconnection negotiation with GTE, this letter is to advise you that FiberSouth wishes to suspend its request for good faith negotiations with GTE.

I trust you will agree that a final order in the FCC interconnection rulemaking will likely define the parameters of an interconnection agreement between GTE and FiberSouth.

In that neither GTE nor FiberSouth have entered into substantive discussions about the rates, terms or conditions of interconnection, I do not believe that suspension of negotiations will prejudice either GTE or FiberSouth. If negotiations are reopened at a future date, this suspension will allow time for both of our companies to accommodate and comply with any rules or regulations developed by the FCC.

Thank you for your prompt attention to this matter. If you have any questions, please do not hesitate to call.

Sincerely,



Anthony M. Copeland  
Vice President/General Counsel

cc: Donald W. McLeod  
Mike Marczyk

a:\gms\ain.ltr  
7/10/96

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of )  
 )  
Implementation of the Local ) CC Docket No. 96-98  
Competition Provisions in the )  
Telecommunications Act of 1996 )

**DECLARATION OF ANNE U. MacCLINTOCK**

Anne U. MacClintock, pursuant to 28 U.S.C. § 1746, hereby  
declares:

1. I am the Vice President—Regulatory Affairs & Public  
Policy of The Southern New England Telephone Company ("SNET").  
In that capacity, I am responsible for SNET's business and  
regulatory affairs with respect to competition in the provision  
of telecommunications services, including local exchange service.

2. SNET provides telephone service, including local  
exchange service, in almost all areas of Connecticut. SNET is an  
incumbent local exchange carrier as that term is used in the  
Telecommunications Act of 1996 ("Act").

3. The Connecticut Department of Public Utility Control  
("DPUC") is part of the executive branch of state government and  
is responsible for regulating the price and service offerings of  
Connecticut's public service companies.

**Competition in Telecommunications in Connecticut**

4. Connecticut has had extensive experience to date with  
opening up telecommunications services to competition. The DPUC  
has developed considerable expertise on issues relating to  
competition, and it has implemented a detailed, comprehensive

regime that already provides for competition in telecommunications services--including local exchange service--in the manner that the Act envisioned. As I will discuss, the FCC's rules create an immediate threat to implementation of the DPUC's program to create competition in Connecticut in accordance with the mandate of the Act.

5. The DPUC first authorized competition for telecommunications services in April 1989, allowing Interexchange Carriers such as AT&T, MCI, Sprint, Williams Telecommunications Group, and Cable and Wireless, to offer certain specialized intrastate services to Connecticut customers. As a result of Connecticut Public Act No. 93-330, intrastate long distance telecommunications service was opened to competition effective July 1, 1993. The DPUC implemented that law in 1993 by authorizing the competitive in-state toll market to be served by both facilities and non-facilities based carriers.

6. In 1994, Connecticut advanced the revolution in telecommunications services by enacting Public Act No. 94-83 ("P.A. 94-83"), which provided the foundation for fostering the full development of competition in Connecticut (including competition in the provision of local exchange service) and encouraged the DPUC to implement price-based regulation.

7. Over the last two years, the DPUC has concluded numerous separate docketed proceedings to implement P.A. 94-83, including more than a dozen in the competition phase alone. The DPUC has required SNET to provide prospective providers, at rates approved by the DPUC, reasonable non-discriminatory access to all

equipment, facilities and services necessary to provide telecommunications services to customers. Attached as Exhibit 1 is a list of the some of the key developments in the DPUC's proceedings to implement P.A. 94-83. As discussed below, the DPUC has also recently conducted an in-depth examination of this framework for competition and has found it to be consistent with the federal Act's mandates.

8. In its application to the DPUC in Docket No. 95-06-17 (see Exhibit 1), SNET was only the second local exchange company in the country to have filed a resale tariff and the fifth to have filed a tariff for unbundled loops and ports. In support of its tariffs, SNET provided the DPUC with thorough and complete cost information, including over 3,000 pages of cost studies completed by approximately 30 people working over a six-month period.

9. The DPUC's decision in Docket No. 95-06-17, dated December 20, 1995, established the appropriate methodology for the establishment of rates for unbundled network elements and wholesale service. In that decision, the DPUC articulated its goal of establishing nondiscriminatory and compensatory rates and charges for SNET's offering of discrete network service elements and for SNET's wholesale local basic service offering. It held that "cost must serve as the primary determinant of telecommunications prices" and recognized that determining cost and associated prices was "especially important" because too high a price would discourage competitive entry but, just as important, too low a price would distort market choices. Docket

No. 95-06-17, Decision at 73. The DPUC found that "[a] cost and associated price that is too low will greatly increase the level of financial benefit presented to prospective providers by resale competition and discourage the development of alternative telecommunications infrastructure in Connecticut, possibly limiting the choice of services and providers intended by passage of Public Act 94-83." Id. at 74. In other words, "rates and charges that are set too low will only prolong the existence of a resale market and retard the eventual development of facilities-based competition in Connecticut." Id. at 75. The DPUC established interim rates for resale and unbundled elements, pending further review of cost studies to be resubmitted by SNET with certain revisions.

10. In Docket No. 95-11-08, the DPUC considered SNET's proposed tariff for its network interconnection offerings to local exchange service competitors as well as for certain unbundled service elements. Before the DPUC could consider the tariff, however, it first needed to determine whether the elaborate structure it had built over the previous two years to implement competition was consistent with the new federal mandates in the Act, which had become effective while the docket was pending. The DPUC concluded as follows in its decision dated July 17, 1996: "Review of the legislation's provisions indicates that the policies and positions expressed to date in the Department's implementation proceedings are generally in accord with that legislation." Docket No. 95-11-08, Decision at 5; see also id. at 71 (Findings of Fact nos. 5 and 6). The DPUC

therefore proceeded to evaluate the tariff filing under the standards of both P.A. 94-83 and the federal Act.

11. In its decision in Docket No. 95-11-08, although the DPUC found that its regulatory policies were in accord with the Act, it did identify a single exception to that finding that was not relevant to that particular docket: "one discrepancy between federal and Department policy is in the pricing of wholesale local basic service." Docket No. 95-11-08, Decision at 5. The DPUC has reopened Docket No. 95-06-17 to reevaluate the DPUC's policy with regard to wholesale pricing, in addition to conducting its planned further review of SNET's revised cost studies. A decision in that docket was initially expected in the fall of 1996, but as a result of the FCC's promulgation of its rules, the DPUC has stopped the proceeding to take into account the impact of the rules.

12. These and the other docketed proceedings conducted by the DPUC to implement competition in Connecticut consumed hundreds of hours of hearings, thousands of pages of submissions, innumerable hours of preparation and presentation of cost studies, exhibits, testimony and argument, and millions of dollars of expenditures by SNET.

13. Although the DPUC has issued orders mandating the market opening measures described above, many of those measures resulted largely from successful negotiations just as Section 252 of the Act contemplates. When the DPUC first began considering market opening measures, it insisted that all interested parties seek to reach agreement on a variety of matters. As a result of

that process, and consistent with the process envisioned by the Act, SNET reached an accord with all interested parties on measures to facilitate competition in many of the ways that Sections 251 and 252 mandate. Among other things, that agreement deals with interconnection, network unbundling, physical collocation, and telephone number portability, and it deals with these matters in a way that is consistent with the plain meaning of Sections 251 and 252. Moreover, the signers -- SNET, AT&T, MCI, Spring, MFS Intelenet, Teleport, Cablevision Lightpath, the Connecticut Attorney General, and the Connecticut Office of Consumer Counsel -- constitute a broad spectrum of CLECs and state governmental interests. Upon review, the DPUC adopted the agreement as DPUC policy after finding that it constituted "irrefutable evidence of the ability to achieve reasonable agreement on issues of common concern to the industry and the public." Docket No. 94-10-02, Decision at 51. A copy of the agreement, titled "Unbundling and Resale Stipulation," was attached to SNET's Comments in this docket.

14. The enactment of the Act has led to additional negotiations by SNET with potential competitors for local exchange service. Attached as Exhibit 2 is a current list of all of the negotiations that SNET has undertaken pursuant to the Act for interconnection, access to unbundled network elements, or resale. SNET has expended significant resources in pursuing such negotiations.

15. In sum, over the past two years through negotiation and state commission proceedings, Connecticut has addressed and