96-115 980255

Darlene P. Richeson
Director of Regulatory
and Legislative Policy Matters

ORIGINAL

GTE

GTE Service Corporation

1850 M Street
Washington, D.C.
202 463-5294
202 463-5293 fax
e-mail: drichesonl@dcoffice.gte.com

August 3, 1998

EX PARTE OR LATE FILED

RECEIVED

SEP 21 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

The Honorable William E. Kennard
Chairman
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, DC 20554

Re: CC Docket No. 96-115-- Telecommunications Carriers' Use of Customer Proprietary Network Information (CPNI); *Ex Parte*

Dear Chairman Kennard:

GTE is writing to share our concerns with the electronic safequard requirements adopted in the *Second Report and Order* in the above referenced proceeding. We are in full agreement with the overwhelming majority of the industry that these requirements are extremely costly and burdensome. GTE hereby requests the Commission, on its own motion, to stay the requirements pending the Commission's review on reconsideration

This *Second Report and Order* modifies the Commission's rules and procedures regarding Customer Proprietary Network Information (CPNI) and, pursuant to Section 222 of the Act, imposes these rules on all carriers. The Order required carriers to either modify or implement systems that would ensure two mechanized safeguards. First, carriers are required to implement software that will "flag" whether or not a customer has given approval to use CPNI. This information must be clearly visible to the system's end-users, along with the customer's existing service subscriptions, within the first few lines of the initial screen. Second, carriers must maintain an electronic audit mechanism that tracks access to customer accounts, including when a customer's record is opened, by whom, and for what purpose. These contact histories must be maintained for a minimum period of one year

While it may have been the Commission's intent that these requirements should not be burdensome to implement, GTE's cost analysis proves otherwise. It is estimated that the development cost associated with the "flagging" safeguard alone is $26 million, with annual recurring maintenance of $4 million. The electronic audit development costs are estimated at $16 million, while on-going maintenance is estimated at $13 million. Therefore, GTE's costs alone are estimated at $42 million for development, with total annual recurring costs of $17 million. Further compounding the cost burden is the fact that several of the systems at GTE that would require modification under the Order will likely soon

No. of Copies rec'd 0+1
List A B C D E

be replaced by newer systems, resulting in stranded costs that have no future value to the company or to consumers. The Order does not give carriers the option of exempting those systems that are expected to be replaced in the near future.

In addition to the "in-house" systems that we have estimated above, GTE has 19 outsourced systems that have yet to be fully analyzed. In view of this, our current cost estimates are only a fraction of what our true costs will be to fully implement the requirements of the Order.

The Order states that carriers are required to have system modifications in place by November 25, 1998, and subject to FCC audit beginning January 25, 1999. In order to comply with the Order, GTE would be faced with the overwhelming task of 1) assessing all of its systems to ascertain whether or not they contain CPNI, 2) developing a central repository of customer consent information, 3) modifying *all* legacy systems containing CPNI so that "flags" appear on the first user screen, and 4) developing data warehouses capable of processing and maintaining massive amounts of data for up to one year for the electronic audit trail requirement of when, where, and by whom CPNI is viewed.

These requisite system changes to accommodate the electronic safeguards section of the Order could not be accomplished without a massive effort from resources at GTE which are already at full capacity to accommodate other FCC-mandated system initiatives such as universal service, local number portability and open market transition. In addition to these burdens, information technology personnel in all telecommunications companies are heavily involved in efforts to make their systems Year 2000 compliant. The possibility of hiring additional resources would be very difficult since the information technology labor market is extremely tight. According to a recent study by the Information Technology Association of America and Virginia Polytechnic Institute there are currently 346,000 unfilled information technology positions in the United States.

In the absence of a stay, GTE will be forced to *immediately* undergo a massive re-deployment of resources and funding from the other critical projects noted above. This would likely result in one or more of those projects not being completed by their specified deadlines. Further, even if all resources were re-deployed from these projects, it's questionable whether we could be 100% compliant with the Order by the date required.

The issues that GTE faces in complying with the Order are similar to those that others in the industry have raised. In order that the Commission might work with industry to develop alternative solutions to the mechanized safeguards, we respectfully ask that it move quickly and decisively to issue an interim stay of the *Second Report and Order*, pending further consideration of those requirements on their merits.

Sincerely,

Darlene P. Richeson

c: The Honorable Harold Furchtgott-Roth
The Honorable Susan Ness
The Honorable Michael Powell
The Honorable Gloria Tristani
Ms. Kathryn C. Brown, Chief, Common Carrier Bureau
Mr. Dan Phythyon, Chief, Wireless Telecommunications Bureau
Mr. Thomas Power, Legal Advisor, Office of the Chairman
Mr. James Casserly, Senior Legal Advisor, Office of Commissioner Ness
Mr. Kevin Martin, Legal Advisor, Office of Commissioner Furchtgott- Roth
Mr. Kyle Dixon, Legal Advisor, Office of Commissioner Powell
Mr. Paul Gallant, Legal Advisor, Office of Commissioner Tristani
FCC's Secretary's Office