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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
Applications for Consent)	
to the Transfer of Control of Licenses and)	
Section 214 Authorizations from)	CC Docket No. 98-184
)	
GTE CORPORATION,)	
Transferor)	
to)	
)	
BELL ATLANTIC CORPORATION,)	
Transferee)	

**AFFIDAVIT OF JOYCE BEASLEY
ON BEHALF OF AT&T**

Joyce Beasley, being first duly sworn upon oath, does hereby depose and state as follows:

1. I am currently employed by AT&T Corp. ("AT&T") as a General Attorney in AT&T's Law Division. Since mid-February, 1996, I have been personally involved in the preparation for and the conduct of negotiations between AT&T and GTE concerning interconnection, access to unbundled network elements, and resale.

2. The purpose of my affidavit is to show how GTE has conducted those negotiations in a manner designed to delay and preclude competitive entry by AT&T. Although the Telecommunications Act of 1996 ("Act") obligated GTE to open its monopoly bottleneck markets, GTE has not complied with its duties. Rather, from the outset of the passage of the Act, GTE has taken every available opportunity to maintain its entrenched position as the exclusive provider of local services within its territories. GTE is not subject to the interLATA restriction in

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Section 271 of the Act, and therefore has little incentive to comply with its obligations.¹

Consistent with that incentive, GTE has taken a series of patently unreasonable positions to prevent competitive LECs from obtaining the access and interconnection to which the Act entitles them. GTE's actions have blocked effective competition in its local markets, denying consumers the improved service, lower prices, and other benefits that competition can provide.

I. PRE-ARBITRATION DILATORY PRACTICES

3. On March 11, 1996, AT&T notified GTE that it planned to seek interconnection agreements with GTE in twenty (20) states, and the parties agreed to conduct national negotiations. On April 2, 1996, at GTE's headquarters in Irving, Texas, I attended the first major meeting between the companies to discuss interconnection issues. For some time prior to this meeting, AT&T and GTE had been negotiating over AT&T's local market entry in California. The negotiations under the Act should have built upon these existing negotiations, but at the initial meeting GTE's negotiators stated they were not aware of AT&T's interconnection requirements. GTE's negotiators requested that AT&T explain its interconnection needs, and

¹ In contrast to the RBOCs, which are prohibited by the Telecommunications Act from providing in-region, interLATA services without approval pursuant to Section 271 of the Act, GTE is subject to no such prohibition. Section 271 requires, among other things, that a BOC open up its local exchange and exchange access monopolies to competition, by implementing a "competitive checklist" that includes the access and interconnection requirements set forth in Section 251 of the Act. The prospect of receiving relief from the prohibition against the provision of in-region interLATA service obviously provides a BOC with an important incentive to implement the competitive checklist. Conversely, a LEC that is permitted to provide such service today lacks this incentive. Indeed, as the Commission has observed, absent Section 271, LECs "have no economic incentive ... to provide potential competitors with opportunities to interconnect with and make use of [its] network and services." See Implementation of the Local Competition Provisions in the Telecommunications Act, CC Docket 96-98 (First Report & Order) ¶ 55 (Aug. 8, 1998). This observation is dramatically confirmed by AT&T's experience with GTE.

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AT&T reviewed for GTE's benefit a summary of the items on the Act's competitive checklist to indicate some of the requirements necessary for effective local market entry.

4. Even worse than this basic indifference to the Act was GTE's outright hostility to the Act's mandates. At our next meeting, on April 18, 1996, in Berkeley Heights, New Jersey, I was startled to hear one of GTE's representatives bluntly declare that AT&T should recognize that, because GTE did not have to satisfy section 271 in order to offer in-region long distance, it did not have the same incentives as the RBOCs to comply with AT&T's requests. This attitude has since colored virtually all negotiations between AT&T and GTE, resulting in many delays, false starts, and outright dead ends. At this point, more than two and one-half years after negotiations began, only nine state agreements (out of a total of 27 originally sought) have been completed.

5. As the negotiations continued, GTE adopted many unreasonable positions. For example, when AT&T asked what capacity was available to it on GTE's poles, conduits and pathways, GTE responded that it was reserving for itself the capacity it needed to meet its projected needs for 5 years (based on plans drawn up in the pre-1996 Act monopoly environment). AT&T then asked what capacity was available after that reservation, to which GTE responded only that it was more than 5%, but less than 95%.

6. In addition, early in our negotiations, GTE refused to make its operational support systems available through electronic interfaces. GTE instead suggested that AT&T agree to fax to GTE each customer inquiry AT&T received. GTE's positions on these and other issues were so far out of line with both the letter and spirit of the 1996 Act that they forestalled meaningful negotiations.

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7. To demonstrate further how GTE's unreasonable negotiating positions caused significant delay to the process of obtaining final interconnection agreements, I describe two additional particularly egregious examples of GTE's negotiation positions.

A. The "Rural Exemption" Gambit

8. As another instance of GTE's patently unreasonable positions, on approximately May 15, 1996, more than six weeks after the companies began interconnection negotiations, GTE indicated to AT&T for the first time that it intended to seek exemption from the requirements of the 1996 Act, in some unspecified number of states, on the grounds that it was a "rural telephone company" ("RTC").² It was not until June 21 -- more than a month later -- that AT&T began to receive notice of the particular states in which GTE planned to seek RTC status. GTE eventually petitioned for exemption in seventeen (17) states for which AT&T sought interconnection.

9. Apart from the highly questionable merits of GTE's claim that a "global communications and media company" (Application at 3) that is the self-described "largest U.S.-based local telephone company" should be sheltered from competition,³ the timing of GTE's decision to seek RTC status strongly suggests that it was designed simply to delay or frustrate negotiations. In fact, several state utilities commissions sharply criticized GTE and questioned its motives on this very point. For example, the Iowa Utilities Board observed that:

² See 47 U.S.C. § 271(f).

³ Of the seventeen states that have addressed GTE's rural exemption arguments, sixteen have rejected it. The Virginia commission denied GTE's claim of RTC status for the majority of GTE's service areas in that state and postponed decision on the remaining small part of the GTE service territory. Case No. PUC960109, Order issued October 22, 1996. A listing of the Commission decisions is attached as Exhibit 1.

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[p]rior to claiming the rural exemption, GTE entered into interconnection negotiations with AT&T and MCIMetro. It was only when disputes arose and negotiations failed that GTE claimed the rural exemption. GTE's failure to state its intent to claim the rural exemption for subsidiaries in an unambiguous manner raises the question of whether GTE was negotiating in good faith. The Board does not have an evidentiary record to support a finding of bad faith. However, the manner and time in which GTE Midwest chose to raise its claims raises doubts as to its intent in making the claim.⁴

The Public Utilities Commission of Ohio ("PUCO") condemned GTE's conduct in even stronger terms:

We are thoroughly displeased with GTE's actions in this matter. The company has had to have known for some time that it would be asserting this exemption yet the company chose to withhold this vital information from the Commission until late in the negotiation process with Time Warner and AT&T. Such posturing certainly causes us to step back and ponder the company's intentions including whether the company is positioning itself to act in an anti-competitive fashion going into the emerging local competitive era.⁵

The Minnesota Public Utilities Commission expressly endorsed the PUCO findings quoted above, noting that GTE had negotiated for two months before alluding that it might seek a rural exemption, and then negotiated for another month before actually petitioning for RTC status.

The Minnesota PUC concluded that:

This conduct casts substantial doubt on whether GTE's belated assertion of the exemption was genuine. GTE's conduct not only clouded the company's intentions throughout the negotiations, it also compromised the integrity of the negotiation and arbitration processes under the Act, forcing the Commission and parties to address the issue at the eleventh hour under a fast-approaching deadline.⁶

⁴ Order Denying Motion, In Re GTE Midwest Inc., Docket No. M-263, at 4 (Iowa Utils. Bd. Dec. 11, 1996) (emphasis added).

⁵ In the Matter of GTE North Inc.'s Rural Local Exchange Carrier Exemption Under the Telecommunications Act of 1996, Case No. 96-612-TP-UNC, at 3 (PUCO Jun. 27, 1996) (emphasis added), included as Exhibit 2.

⁶ In the Matter of AT&T Communications of the Midwest, Inc.'s Petition for Arbitration with GTE Communications Inc., Docket No. P-442, 407/M-96-939, at 7 (Minnesota Public Utils. Comm'n Oct. 25, 1996) (emphasis added).

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B. The “Enabling Issue” Gambit

10. Another one of the clearest examples of GTE’s dilatory tactics was its insistence that agreement on pricing for resale and unbundled network elements (“UNEs”) was “the enabling issue” for all further negotiations. In short, GTE insisted that all other subjects in interconnection contracts were contingent on agreement on price, and refused to discuss other issues until pricing was resolved. AT&T sought to reach agreement on non-price issues, such as the services that would be made available for resale and elements available as UNEs, so as to narrow the areas of disagreement and move negotiations forward wherever possible. GTE insisted, however, that such an approach was an effort to “set them up for arbitration.” I understood GTE to mean that it did not want an arbitration that would be limited to pricing issues. GTE refused even to discuss joint planning of an electronic interface until AT&T reached an agreement with it on wholesale prices of services available for resale. This approach meant that if the parties had a list of twenty items to negotiate, one of which was pricing, GTE would refuse AT&T’s requests to attempt to come to terms on the other nineteen so long as price was an outstanding issue.

11. Although GTE insisted that price was “the enabling issue,” it did little to provide information upon which the parties could negotiate and reach agreement with regard to pricing. AT&T, in an effort to move toward agreement on pricing, sought information from GTE which AT&T could use in making an AT&T pricing proposal to GTE. Very late in the negotiations, on June 4, 1996, GTE finally provided limited avoided cost data. It was not until June 14, 1996, when GTE provided a wholesale pricing proposal, that GTE presented to AT&T any pricing proposals. Only on July 18, 1996, did GTE provide unbundled network element cost data, and then only for four states. A second GTE pricing proposal, which included for the first time

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proposed prices for unbundled network elements, was not received until July 24, 1996.⁷ GTE thus created a classic catch-22 -- all negotiations were contingent on resolution of one item out of the many that the parties were required by law to negotiate, but GTE refused to provide sufficient information to permit meaningful discussion of that item.

12. Moreover, once GTE began to provide that pricing and cost data, it became apparent that GTE would refuse to agree to prices that could in any way be deemed "based on cost," as the Act requires. In fact, GTE's cost studies have received widespread criticism from state commissions and arbitrators throughout the country. For example, the Washington Utilities Commission found that "GTE's model is a 'black box',"⁸ while the Minnesota PUC concluded that "[f]actual errors, misplaced assumptions, and unverifiable inputs render the outcome of the study untrustworthy."⁹ Other state commissions found that GTE's pricing was "designed to

⁷ Under the statutory time-line, the deadline to file for arbitration was August 19, 1996.

⁸ In re Petition for Arbitration of an Interconnection Agreement Between AT&T Communications of the Pacific Northwest, Inc. and GTE Northwest, Inc., Docket No. UT-960307, at 16 (Washington Utils. Comm'n, Dec. 11, 1996).

⁹ In re AT&T Communications of the Midwest, Inc.'s Petition for Arbitration with Contel of Minnesota d/b/a GTE Minnesota, Docket No. P-442, 407/M-96-939, at 26 (Minnesota PUC, Dec. 12, 1996); see also, e.g., In re the Petition of AT&T Communications of California, Inc. for Arbitration Pursuant to Section 252 of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with GTE California, Inc., Application No. 96-08-041, at 12 (California PUC, Oct. 31, 1996); In re the Petition of AT&T Hawaii, Inc. for Arbitration of GTE Hawaiian Telephone Company, Inc., Docket No. 96-0329, Decision No. 15229, at 4 (Hawaii PUC, Dec. 12, 1996); In re the Petition of AT&T Communications of Indiana, Inc. Requesting Arbitration of Interconnection Terms, Conditions and Prices from GTE North Inc. and Contel of the South, Inc., d/b/a/ GTE Indiana, Case No. 40571-INT 02, at 9 (Indiana Utils. Reg. Comm'n, Dec. 12, 1996); In re Arbitration of AT&T Communications of the Midwest, Inc. and GTE Midwest, Inc., Docket No. ARB-96-3, at 3 (Iowa Utils. Bd., Nov. 14, 1996), aff'd, In re Arbitration of AT&T Communications of the Midwest, Inc. and GTE Midwest Inc., Docket No. ARB-96-3 (Iowa Utils. Bd., Dec. 14, 1996); Order Resolving Rates for Unbundled Network Elements and Interconnection, Wholesale Discount for Services Available for Resale, and Other

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maintain GTE's monopoly revenue stream ... to make GTE whole rather than produce competitive wholesale prices,"¹⁰ and to "insulate GTE from the rigors of the marketplace."¹¹

13. Because of these (and other) unreasonable positions and negotiating tactics, GTE and AT&T were far apart on many key issues essential to developing Interconnection Agreements that could facilitate AT&T's entry into the local market. AT&T hoped that quick arbitration and resolution of these issues would allow it to adhere to its initial hopes for market entry, but, as I describe in the next section, GTE only developed additional anticompetitive positions and refused to yield on its existing practices – even after arbitrators and state commissions had ordered it to do so.

II. POST ARBITRATION DILATORY PRACTICES

14. Completion of arbitrations between GTE and AT&T has not brought closure to the parties' interconnection negotiations, resulting in further delays in AT&T's efforts to bring competition to GTE's local markets.

Matters, PUC960117, PUC960118, PUC960124, PUC960131 (Virginia State Commerce Comm'n. Dec. 11, 1996) (noting "GTE's inability to furnish Virginia data").

¹⁰ In re AT&T Communications of the Southwest Inc.'s Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement Between AT&T and GTE Midwest, Inc., Case No. TO-97-63, at 16-17 (Missouri PSC, Dec. 10, 1996).

¹¹ In re Interconnection Contract Negotiations Between AT&T Communications of the Midwest Inc. and GTE Midwest, Docket No. C-1400, at 18-19 (Nebraska PSC, Dec. 12, 1996).

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A. GTE Further Delayed Entry After Arbitrations By Refusing To Proceed With The Parties' Prior Negotiation Documents.

15. Initially, in late 1996, when AT&T and GTE began to prepare agreements incorporating state arbitration results, GTE contended that, in any state where the state commission had not ordered a specific form of agreement, the parties should use an entirely new form of contract. GTE, by itself, would draft the new form, and GTE admitted that the new form would differ in many respects from the form used by the parties in prior negotiations. Representatives of both companies had spent hundreds, if not thousands, of hours of negotiations working from an existing form of contract. GTE's form was unfamiliar to AT&T's negotiators,¹² was structured very differently from the form that the parties had used for all discussions up to that point, and -- unlike AT&T's form that the parties had been using -- contained no signals to indicate disputed contract terms. Section 252(e)(5) contemplates that, once a final arbitration decision has been rendered, the parties will agree upon a contract that complies with the arbitration decision and submit that agreement to the state commission, which has 30 days to approve or reject the agreement. GTE's efforts to introduce an unfamiliar document so late in negotiations -- with seemingly no countervailing benefit -- could only have served to create delay and confusion. Of course, GTE had no incentive to act promptly to agree on contract language that would have facilitated competitive entry into its monopoly territories.

¹² GTE did not provide its proposed form of agreement during the pre-arbitration negotiations. The GTE form of agreement first appeared in GTE's arbitration filings.

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B. GTE Delayed Final Agreements After Arbitrations By Insisting Upon the Inclusion of Patently Unreasonable Contract Terms.

16. GTE also delayed completion of the outstanding agreements by demanding the inclusion in the final agreement of the following term:

This document has been produced by GTE and AT&T pursuant to the order (the "Order" of the Commission in Case Number -----). GTE and AT&T understand this document to be the functional equivalent of an order by the Commission and not an agreement entered into voluntarily by the Parties. Each of GTE and AT&T hereby disclaims any liability for violations of the obligations imposed hereby (including contractual liability) other than such liability as may be imposed by the Commission.¹³

GTE's refusal to bind itself by contract to terms and conditions that could serve to allow competitive entry squarely contradicts the Act, which specifies that interconnection should be achieved through inter-carrier agreements, arbitrated by the state commissions if need be. Binding interconnection agreements are essential to achieving the Act's pro-competitive goals. This is because it is essential that CLECs be able to rely on specific and meaningful contract terms when deciding to make the substantial investments necessary to compete against monopoly incumbents like GTE. Because GTE will not agree to be bound by contract, as the Act plainly requires, AT&T must seek in every case to obtain a commission ruling on GTE's proposal to eviscerate the essential nature of any Interconnection Agreement. To date, no state has required AT&T to include this term in the final agreement.

17. GTE also insists that the contract contain the following term:

provided, however, that this Agreement shall not become effective until such time as the Commission has (1) put in place a mechanism to provide GTE the opportunity to recover its historic costs, and (2) established a universal service system that is competitively neutral.¹⁴

¹³ This term was not proposed until February 1997, after the completion of the first series of arbitrations.

¹⁴ This term was first proposed in early March 1997.

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Although GTE's proposed terminology is patently anticompetitive, the time required to obtain a state commission's ruling rejecting it has served to further GTE's strategy of delay. The state commissions have in fact uniformly rejected the inclusion of such language, which is yet another instance of GTE's efforts to recover costs that are not permitted by the Act.¹⁵ For example, in GTE South Inc. v. Morrison, the Court found as a matter of law that GTE's proposed MECPR pricing methodology violates the 1996 Act.¹⁶ The Court also held that GTE's claim that it is entitled to recover its "historical costs" is not supported by the Act, stating that "Section 252(d)(1) is best read as not allowing historical cost."¹⁷ GTE's assertion that the revision of the universal service system must be completed before competition is allowed in GTE's local exchanges also has been uniformly rejected by every state commission that has ruled upon it.

18. GTE also demands that the parties' interconnection contracts delete the commercially standard term that states that the individual executing the document on GTE's behalf has authority to bind the company to that agreement. The contracts in question already provide for reformation of the terms of the parties' agreement in the event all or part of it is later overturned in a judicial or regulatory proceeding. GTE thus is not seeking to preserve its right to judicial review; it appears it is simply digging in its heels and announcing that it will not comply with the governing law so long as its legal challenges are pending. Indeed, GTE's actions when state commissions have approved the interconnection agreements are instructive. Unless specifically

¹⁵ GTE insists that the decision in Iowa Utilities Bd. requires that GTE be allowed to recover its "historical costs", despite the fact that the Eighth Circuit specifically held that it was not ruling on the merits of the FCC's pricing rules. Iowa Utilities Bd. 120 F.3d at 800.

¹⁶ GTE South, Inc. v. Morrison, 6 F.Supp.2d 517, 532 (E.D. Va. 1998).

¹⁷ Id. 6 F.Supp.2d at 530.

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ordered by the state commission to sign the agreement, GTE refuses to sign the interconnection agreement.¹⁸ In California,¹⁹ GTE executed the agreement only after adding the following language to the signature page:

GTE California does not consent to this purported agreement (which does not comply with the federal Telecommunications Act of 1996) and does not authorize any of its representatives to consent to it. The signature of a GTE representative has been placed on this document only under the duress of an order of the Public Utilities Commission of the State of California requiring such signature.

GTE continues to demand that signature lines be deleted from pending interconnection agreements between it and AT&T.

III. MISPLACED RELIANCE UPON THE EIGHTH CIRCUIT DECISION IN IOWA UTILITIES BOARD v. FCC TO FRUSTRATE CONTRACT NEGOTIATIONS

19. Despite the many difficulties encountered in completing the outstanding agreements following the state arbitrations, AT&T and GTE were on track to complete the arbitration agreements in July 1997. With the issuance of the decision of the Eighth Circuit in Iowa Utilities Board v. FCC,²⁰ GTE took the position that everything in the previously negotiated provisions of the agreements must be renegotiated. GTE refused to honor agreements reached by the parties, and began disputing hundreds of previously settled provisions in the agreement.

20. GTE reversed and completely repudiated not only terms solely required by an arbitration decision but even terms that GTE had informed state commissions it had negotiated

¹⁸ This is the case for Iowa, Washington, and Nebraska.

¹⁹ GTE also added this conditional language to the Missouri, Texas, Minnesota, Hawaii, and Florida agreements.

²⁰ 117 F.3d 1068 (8th Cir.), on rehearing, 120 F.3d 753 (8th Cir. 1997), cert. granted, 118 S. Ct. 879 (1998).

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with AT&T.²¹ For example, on February 11, 1997, the Parties filed with the Alabama Commission those provisions that GTE agreed were solely negotiated.²² The Parties also had reached agreement regarding the vast majority of the language that would be included if the state commission sustained AT&T's position on any disputed issues, such as unbundled network elements.²³ Because GTE was (and is still) contesting AT&T's right to obtain unbundled network elements, collocation, conduit, rights of way, access to operational support systems, and resale of many of GTE's retail services, GTE would not agree to designate those portions of the Agreement as negotiated.

21. Despite these express representations to AT&T and to the Alabama and Washington Commissions²⁴ that GTE had agreed to certain terms and conditions, GTE, citing the Eighth

²¹ The Alabama and Washington Commissions required the parties to submit filings that identified those terms that were negotiated rather than arbitrated. See In the Matter of Petition of AT&T Communications of the South Central States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE Alabama, Inc. and Contel of the South, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996, Docket 25704 (Alabama PSC, Feb. 11, 1997); In the Matter of the Petition of AT&T Communications of the Pacific Northwest, Inc. for Arbitration of Interconnection Rates, Terms and Conditions with GTE Northwest Incorporated Pursuant to 47 U.S.C. Section 252(b) of the Telecommunications Act of 1996, Docket No. UT-960307 (Washington UTC, March 14, 1997 and June 23, 1997). GTE also represented to the New Mexico Commission that certain terms were negotiated and agreed upon by the parties. Testimony of Meade Seaman, p.13, SCC Docket No. 97-3-TC.

²² Included in the filing was virtually all of the General Terms and Conditions of the Main Agreement, Attachments 1 (including App. 1), 6 (including 6A, 6B, and 6C), 7, 10, and 12. An excerpt of the Alabama filing is attached as Exhibit 3 (Main Agreement only).

²³ This process was described by GTE's witness, Meade C. Seaman, in testimony filed with the New Mexico State Corporation Commission on March 31, 1997. Mr. Seaman's testimony is attached as Exhibit 4.

²⁴ GTE began its repudiation of certain negotiated agreements in its Washington filings. Attached as Exhibit 5 an excerpt of AT&T's filing of June 23, 1997, which describes how GTE repudiated such important negotiated terms as Section 23.19 of the Main Agreement regarding technical standards.

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Circuit's decision in Iowa Utilities Board v. FCC, unilaterally withdrew its agreement after over a year of negotiation and arbitration had concluded.²⁵ GTE's actions were not based on any claim that the parties had a misunderstanding and therefore had no "meeting of the minds" on these terms GTE was now disavowing. This was simply a case of GTE repudiating the results of long, hard, difficult negotiations – and repudiating the notion of competition within its local bottleneck monopolies.

22. GTE also unilaterally withdrew its agreement to the terms that it had agreed would be used in the agreements if AT&T's position on arbitrated issues prevailed. The stated reason was that GTE believed that the previously agreed upon terminology forced GTE to provide "superior quality" to AT&T, which in GTE's view would be contrary to the Eighth Circuit's decision. However, the standards to which GTE now objected were simply designed to establish performance criteria in the absence of any internal GTE performance criteria shared with AT&T. Such criteria is not only consistent with the Act, it is required if competition is to develop. Nonetheless, GTE proposed hundreds of revisions to the previously agreed upon terminology. As a result of GTE's voluminous filings before state commissions where contract approvals were pending, the contract approval process came to a halt.

23. In an effort to move the implementation of local competition forward pending resolution of the Eighth Circuit issues, AT&T proposed to GTE to develop an interim agreement based upon the portions of the existing interconnection agreement that were undisputed, negotiated, and agreed upon by the parties. This interim agreement did not include any disputed

²⁵ One example is GTE's filing in Alabama. Attached as Exhibit 6 is Supplemental Comments of GTE South Inc. and Contel of the South, Inc., Docket No. 25704, (Alabama Public

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issues – despite their plain importance to effective local entry -- such as resale or unbundled network elements, and focused solely on facilities' interconnection matters. GTE responded that it did not want to use an interim form of contract because GTE wanted an agreement that "GTE can appeal to court."²⁶ As a result of GTE's litigation focused strategy, AT&T was forced to attempt to negotiate with GTE the resolution of GTE's numerous and unsupportable demands for revisions to the agreement based upon GTE's version of the Eighth Circuit's rulings.²⁷ This new series of negotiations commenced on December 1, 1997. After months of additional negotiations, the process of preparing new interconnection agreements for filing began once again in April 1998.²⁸

24. Out of twenty seven states²⁹ for which Section 251 notice was given, AT&T has to date obtained only nine final contracts with GTE. In the nine states where final contracts have

Service Commission, July 30, 1997). In this filing, GTE sought revision or deletion of provisions that GTE previously informed the Commission were negotiated and agreed.

²⁶ Letter from GTE lead negotiator dated October 14, 1997, appended hereto as Exhibit 7.

²⁷ For example, GTE sought deletion of previously undisputed provisions concerning the sharing of customer credit history, citing the quality of service ruling. Over five hundred provisions had to be reviewed because of GTE's repudiation of its previous agreement concerning the use of industry standards in provisions concerning network elements. For an example of the scope of the revisions sought, see GTE's Alabama filing, attached hereto as Exhibit 6.

²⁸ This process has been slow because GTE continues to insist upon the insertion of the language discussed above at Para. 16 and 17 that would make the contract ineffective. In addition, GTE demanded for months the inclusion of language that could have negated hundreds of the specific terms renegotiated by the parties if GTE later claimed that the result was "superior" quality of service. When GTE's negotiators were asked to specify any section that GTE claims now requires "superior" quality after the detailed renegotiation, GTE stated that it believed none existed.

²⁹ The parties jointly agreed to suspend arbitrations in the states of Arkansas and Idaho. AT&T withdrew its formal request for interconnection in Nevada. The parties have agreed to use the California agreement for interconnection in Arizona.

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been entered into with GTE,³⁰ the contracts were completed only with the help of additional rulings by the state commissions. For example, in California the agreement was completed only due to the help of an arbitrator pushing the agreement. In Iowa, the initial contract was completed by the arbitrator modifying the AT&T proposed contract to reflect the Arbitration Award. Similarly, in Iowa, upon remand by the federal district court, the Iowa Board again facilitated the completion of an amended agreement by promptly ruling upon outstanding issues. In other states final agreements were completed as the result of a detailed review and rulings by state commissions.

³⁰ As of November 1, 1998, final agreements between AT&T and GTE are in place for California, Florida, Hawaii, Iowa, Minnesota, Missouri, Nebraska, Texas, and Washington. Contracts for the following states are still pending: Alabama, Arizona, Illinois, Indiana, Kentucky, Michigan, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Virginia, and Wisconsin.

VERIFICATION

I, Joyce Beasley, do on oath depose and state that the facts contained in the foregoing affidavit are true and correct to the best of my knowledge and belief.



SUBSCRIBED AND SWORN to
before me this 19th day of
November 1998.



ROSITA M. WOODHOUSE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Feb. 7, 2000

TABLE OF EXHIBITS

- Exhibit A: GTE Rural Exemption Issue - Citations to Applicable Orders Issued by State Utility Commissions
- Exhibit B: GTE Rural Exemption Issue – Entry by the Public Utilities Commission of Ohio in Case No. 96-612-TP-UNC, dated June 27, 1996
- Exhibit C: AT&T's filing, authorized by GTE, of Purely-Negotiated provisions in the AT&T/GTE Alabama Interconnection Agreement – filed before the Alabama Public Service Commission in Docket No. 25704 on February 11, 1997
- Exhibit D: Direct Testimony of Meade C. Seaman - filed on behalf of GTE Southwest Incorporated before the New Mexico State Corporation Commission in Docket No. 97-35-TC on March 31, 1997
- Exhibit E: AT&T's Request for Approval of Interconnection Agreement, with Objections and Requests for Modifications of the Recommendations of the Arbitrator/Decision Maker – filed before the Washington Utilities and Transportation Commission in Docket No. UT-960307 on June 23, 1997
- Exhibit F: Supplemental Comments of GTE South Incorporated and Contel of the South, Inc. in Response to the Opinion of the United States Court of Appeals for the Eighth Circuit - filed before the Alabama Public Service Commission in Docket No. 25704 on July 30, 1997
- Exhibit G: Correspondence from Connie E. Nicholas (GTE) to Steve Huels (AT&T) dated October 14, 1997

EXHIBIT 1

GTE RURAL EXEMPTION ORDER CITES:

In the Matter of the Request of GTE Southwest Incorporated and GTE Arkansas Incorporated for Determination of Status as a Rural Telephone Company, Docket No. 96-446-U (Arkansas PSC, Feb. 28, 1997); In the Matter of a Rural Telephone Company Exemption for GTE Northwest Incorporated's Idaho Operations, Case No. GTE-T-97-4 (Idaho PUC, May 14, 1997); AT&T Communications of Illinois, Inc. Petition for Arbitration of Interconnection Terms, Conditions and Prices from GTE North Incorporated (and GTE South Incorporated, in their respective service areas), 96 AB-005 (Illinois Commerce Comm'n, Sept. 12, 1996); In the Matter of the Petition of AT&T Communications of Indiana, Inc. Requesting Arbitration of Interconnection Terms, Conditions and Prices from GTE North Incorporated and Contel of the South, Inc., D/B/A GTE Systems of Indiana, Inc., in their Respective Service Areas, Pursuant to §252(b) of the Communications Act of 1934, as Amended by the Telecommunications Act of 1996, Cause No. 40571-INT 02 (Indiana URC, Dec. 12, 1996); Order Denying Motion, *In Re: GTE Midwest Inc.*, Docket No. M-263 (Iowa Utils. Bd., Dec. 11, 1996); In the Matter of Application of GTE South Incorporated for the Rural Telephone Company Exemption from Certain Requirements of the Telecommunications Act of 1996, Case No. 96-313 (Kentucky PSC, Nov. 6, 1996); In the Matter on the Commission's Own Motion, To Establish Permanent Interconnection Arrangements Between Local Service Providers.; In the Matter of the Application of GTE North Incorporated for a Declaratory Ruling Concerning Certain Portions of the Final Order in Case No. U-10860.; In the Matter of the Application of AT&T Communications of Michigan, Inc., For Immediate Termination of any Rural Exemption Applicable to GTE North Incorporated, Case Nos. U-10860, U-11133, and U-11137 (Michigan PSC, Aug. 28, 1996); In the Matter of AT&T Communications of the Midwest, Inc.'s Petition for Arbitration with GTE Communications Inc., Docket No. P-442, 407/M-96-939 (Minnesota Public Utils. Comm'n, Oct. 25, 1996); In the Matter of AT&T Communications of the Southwest Inc.'s Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement Between AT&T and GTE Midwest Incorporated, Case No. TO-97-63 (Missouri PSC, Oct. 1, 1996); In the Matter of the Interconnection Contract Negotiations Between AT&T Communications of the Midwest, Inc., and GTE Midwest Inc., Pursuant to 47 U.S.C. Section 252, Application No. C-1400 (Nebraska PSC, Oct. 29, 1996); In the Matter of the Interconnection Contract Between AT&T Communications of the Mountain States, Inc., and GTE Southwest Inc., Pursuant to 47 U.S.C. Section 252, Docket No. 97-35-TC (New Mexico SCC, Sept. 19, 1997); In the Matter of GTE North Inc.'s Rural Local Exchange Carrier Exemption Under the Telecommunications Act of 1996, Case No. 96-612-TP-UNC, (PUC of Ohio, Jun. 27, 1996); *In Re: Implementation of the Telecommunications Act of 1996*, Docket No. M-00960799 (Pennsylvania PUC, Sept. 5, 1996); *In Re: Petition of AT&T Communications of the Southern States, Inc. for Arbitration of an Interconnection Agreement with GTE South, Inc.*, Docket No. 96-375-C (South Carolina PSC, Mar. 17, 1997); In the Matter of the Claim of GTE Northwest Incorporated for Rural Telephone Exemption Pursuant to 47 U.S.C. Section 251, Docket No. UT-960324 (Washington UTC, Dec. 11, 1996); Investigation of the Request by GTE North Incorporated for a Rural Telephone Company Exemption Under the Federal Telecommunications Act of 1996, 2180-TI-110 (Wisconsin PSC, Oct. 15, 1996)

EXHIBIT 2

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of GTE North Incorporated's)
Rural Local Exchange Carrier Exemption) Case No. 96-612-TP-UNC
Under the Telecommunications Act of 1996.)

ENTRY

The Commission finds:

- (1) On February 8, 1996, the Telecommunications Act of 1996 (1996 Act), which amended the provisions of the Communications Act of 1934, became law. Among other things, the 1996 Act provides for a "pro-competitive, de-regulatory national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition...."¹
- (2) On June 12, 1996, this Commission adopted guidelines to effectuate the establishment of local exchange competition in Ohio² including our responsibilities under the 1996 Act. Among other things, the Commission's guidelines set forth procedures and time frames to govern bona fide requests for interconnection, services, and network elements.
- (3) Section 251 of the 1996 Act generally sets forth the duties of local exchange and telecommunication carriers. Section 251(c) of the 1996 Act also establishes additional obligations on those carriers deemed to be incumbent local exchange carriers (ILECs) as of the date of enactment. Examples of the obligations placed upon ILECs by the 1996 Act include, but are not limited to, duties to negotiate in good faith, to interconnect with requesting carriers, to provide unbundled access to any requesting telecommunications carrier, to offer for resale at wholesale rates any telecommunications service provided at retail, to provide reasonable public notice of changes necessary for transmission and routing of services, and to provide collocation on terms that are just, reasonable, and nondiscriminatory.

¹ S. Conf. Rep. No. 104-230, 104th Cong., 2nd Sess. 113 (1996) (hereafter Joint Explanatory Statement).

² Case No. 95-845-TP-COI, Finding and Order issued June 12, 1996.

The legislative history of the 1996 Act reveals that Congress recognized that certain ILECs which also qualify as rural telephone companies³ could face competition from large global or nationwide entities that have financial or technological resources that are significantly greater than the resources of the RLECs. In order to obviate this concern, Congress built in an automatic exemption mechanism that applies to RLECs until a state commission determines to terminate the exemption pursuant to a bona fide request for interconnection, services, or network elements made to the RLEC.

In order to terminate the RLEC exemption, Section 251(f)(1)(B) of the 1996 Act directs the state commission to conduct an inquiry within 120 days after receiving notice that a bona fide request for interconnection, services, or network elements has been made to an RLEC. Section 251(f)(1)(B) also clearly contemplates that the state commission shall terminate the exemption if the bona fide request is not unduly economically burdensome, is technically feasible, and is consistent with Section 254 (universal service principles) of the 1996 Act. Upon termination of the exemption, the state commission is directed to establish an implementation schedule for the compliance with the bona fide request.

- (4) Time Warner Communications of Ohio (Time Warner) and AT&T Communications of Ohio, Inc. (AT&T) submitted to this Commission on March 1 and March 11, 1996, respectively, notices that bona fide requests for interconnection, services, or network elements had been made to GTE North Incorporated (GTE) under the provisions of the 1996 Act.
- (5) On June 21, 1996, GTE by letter asserted for the first time to the Commission its belief that GTE service areas within Ohio fall under the RLEC exemption provided by Section 251(f)(1) of the 1996 Act. While GTE asserted that it was relieved of certain interconnection and unbundling obligations, the company also noted that it would continue to negotiate in good faith with those carriers making a bona fide request for interconnection, unbundled services, and resale. As a final matter, GTE acknowledged that this RLEC exemption could be terminated once this Commission receives notice that a bona

³ In Case No. 95-845-TP-COI, the Commission used the term rural local exchange carrier (RLEC) in lieu of rural telephone company. Hereafter, we will use the acronym RLEC to refer to rural telephone companies under the 1996 Act.

vide request for interconnection, resale of services, or unbundling has been submitted to GTE and after the Commission determines that such request is not unduly economically burdensome, is technically feasible, and is consistent with Section 254 of the 1996 Act.

- (6) We are thoroughly displeased with GTE's actions in this matter. The company has had to have known for some time that it would be asserting this RLEC exemption yet the company chose to withhold this vital information from potential competitors and from this Commission until late in the negotiation process with Time Warner and AT&T. Such posturing certainly causes us to step back and ponder the company's intentions including whether the company is positioning itself to act in an anti-competitive fashion going into the emerging local competitive era. We are equally concerned that GTE has failed to provide any documentation to us to substantiate its position that it qualifies as a RLEC under Section 251(f)(1) of the 1996 Act even though the company must have known that such a position would be controversial.⁴ The legislative history of Section 251(f)(1) suggests that Congress, in adopting an exemption for carriers serving primarily rural areas, was most concerned with those companies facing competition from large nationwide entities having financial and technological resources significantly greater than the rural carrier. Few people would argue that GTE, as a regional operating company which is a part of the mammoth GTE Corporation, was meant to qualify as a RLEC under the provisions of the 1996 Act.

Assuming arguendo that GTE qualified as an RLEC in Ohio upon the date of enactment, an assumption the Commission is unwilling to make, the pro-competitive aspects of the 1996 Act are clear. In the absence of an affirmative determination by this Commission that GTE's RLEC exemption ought to be continued based upon undue economic burden, technical feasibility, and universal service principles, the exemption shall be terminated. GTE provided no documentation through which this Commission could evaluate whether to continue GTE's RLEC exemption under the aforementioned principles. Therefore, we find that the RLEC exemption afforded GTE on the date of enactment of the 1996 Act is hereby terminated and GTE is instructed to implement the request in the time and manner proscribed in the

⁴ In fact, GTE acknowledged that it serves 790,000 access lines in Ohio.

Commission's June 12, 1996, Finding and Order in Case No. 95-845-TP-COI.

- (7) As a final matter, the Commission wishes to make clear that to date we have received bona fide requests for interconnection, services, or network elements pertaining to Ameritech Ohio, GTE, and United Telephone Company of Ohio. If any other bona fide requests for interconnection, services, or network elements have been made to other ILECs operating in Ohio, the requesting party is directed to submit immediately a copy of the bona fide request to the chief of the telecommunications division of the Commission. Any ILEC which has been the recipient of a bona fide request for interconnection, services, or network elements and that intends on asserting a RLEC exemption is directed to do so with adequate supporting documentation within 15 days of this entry. The Commission clarifies that nothing herein affects the procedures or time frames set forth in Case No. 95-845-TP-COI regarding the filing by RLECs and rural carriers of plans filed in response to a bona fide request for interconnection under the provisions of Case No. 95-845-TP-COI, Section II. A.2.b.

It is, therefore,

ORDERED, That GTE's rural telephone company exemption is terminated in accordance with Finding (6). It is, further,

ORDERED, That any entity affected by a bona fide request for interconnection, services, or network elements comply with Finding (7). It is, further,

ORDERED, That a copy of this entry be served upon GTE North Incorporated and its counsel, all local exchange carriers, all applicants for authority to provide local exchange service, all other parties submitting comments in Case No. 95-845-TP-COI, and upon all other interested parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



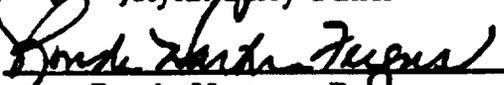
Craig A. Glazer, Chairman



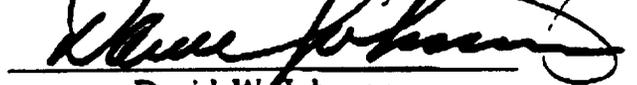
Jolynn Barry Butler



Richard M. Fawcett



Ronda Hartman Fergus



David W. Johnson

JRJ/gm

Entered in the Journal

JUN 27 1996

A True Copy



George E. Vigorito
Secretary

EXHIBIT 3

CAPELL, HOWARD, KNABE & COBBS, P.A.

ATTORNEYS AT LAW

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334 241-8000

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*TIMOTHY SULLIVAN

OF COUNSEL

WASHINGTON, D.C.

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WILLIAM K. MARTIN
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CHRISTOPHER W. WELER
CHAD S. WACHTER
ELLEN M. HASTINGS
DEBRA DEAMES SPAIN
C. CLAY TORBERT III

FONTAINE M. HOWARD (1908-1985)
WALTER J. KNABE (1898-1979)
EDWARD E. COBBS (1909-1982)
L. LISTER HILL (1936-1993)

February 11, 1997

Mr. Walter L. Thomas, Jr., Secretary
ALABAMA PUBLIC SERVICE COMMISSION
RSA Building
100 North Union Street
Montgomery, AL 36104

VIA HAND DELIVERY

Re: **AT&T/GTE Arbitration**
Docket 25704

Dear Walter:

I hereby file the original and seven copies of AT&T's revised agreement.

Please call if you have any questions.

Respectfully submitted,

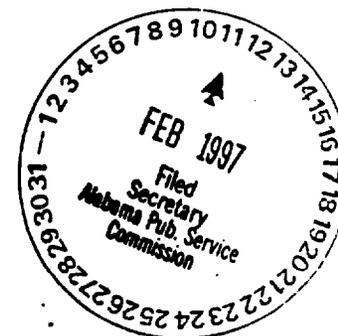


Chad S. Wachter

CSW:ec

Enclosures

cc: Judge Stan Foy
Suellen Lambert Young, Esq.
Mr. Clarence Duncan, Telecommunications Director
Mark Wilkerson, Esq.



CERTIFICATE OF SERVICE

I hereby certify that I have mailed a copy of the foregoing Pleading to the parties listed below by placing a copy of the same in the United States mail, properly addressed and postage prepaid on this 11th day of February, 1997.

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Brantley & Wilkerson
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Montgomery, AL 36104

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Attorney, South and Virginia Regions
GTE Telephone
7 South Poston Court
Durham, North Carolina 27705


OF COUNSEL

INTERCONNECTION, RESALE
AND UNBUNDLING

AGREEMENT

between

GTE [. . .] INCORPORATED

and

AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, INC.

The filing of this arbitrated Agreement with the Alabama Public Service Commission in accordance with the Arbitration Order dated [. . .](the "Order") of the Alabama Public Service Commission, with respect to AT&T Communications of the South Central States, Inc.'s Petition for Arbitration pursuant to Section 252(b) of the Telecommunications Act of 1996 to establish an interconnection agreement between AT&T Communications of the South Central States, Inc. and GTE [. . .], Case No. [. . .] does not in any way constitute a waiver by either AT&T Communications of the South Central States, Inc., or GTE [. . .] Incorporated of any right which any such Party may have to appeal to a competent court of law, or to petition the Alabama Public Service Commission for reconsideration of, any determination contained in the Order, or any provision included in this Agreement pursuant to the Order.

In this document the Parties attempt to comply with the Order which directs the Parties to reduce to contractual language the substantive provisions and directives of the Order. Nothing contained herein shall be construed or is intended to be a concession or admission by either Party that any such provision of the Order or the language herein complies with the duties imposed by the Telecommunications Act of 1996, the decisions of the FCC and the Alabama Public Service Commission, or other law, and each Party thus expressly reserves its full right to assert and pursue claims that the Order does not comport with applicable law.

RECITALS

WHEREAS, The Telecommunications Act of 1996 (the "Act") was signed into law on February 8, 1996; and

WHEREAS, the Act places certain duties and obligations upon, and grants certain rights to, Telecommunications Carriers, with respect to the interconnection of their networks, resale of their telecommunications services, access to their poles, ducts, conduits and rights of way and, in certain cases, the offering of certain unbundled network elements and physical collocation of equipment in Local Exchange Carrier premises, and

WHEREAS, GTE is an Incumbent Local Exchange Carrier; and

WHEREAS, AT&T is a Telecommunications Carrier and has requested that GTE negotiate an agreement with AT&T for the provision of Network Elements, Local Services for resale, collocation and access to poles, ducts, conduits and rights of way and the reciprocal provision of interconnection services pursuant to the Act and in conformance with GTE's and AT&T's duties under the Act; and

WHEREAS, interconnection between competing Local Exchange Carriers (LECs) is necessary and desirable for the mutual exchange and termination of traffic originating on each LEC's network and the Parties desire to exchange such traffic and related signaling in a technically and economically efficient manner at defined and mutually agreed upon points of interconnection; [. . .]

[. . .].

[. . .]

[. . .]

SCOPE, INTENT AND DEFINITIONS

This Agreement governs the purchase by AT&T of certain telecommunications services provided by GTE in its service areas for resale by AT&T, the purchase by AT&T of certain unbundled network elements from GTE, the terms and conditions of the collocation of certain equipment of AT&T in the premises of GTE, the provision by GTE of access to its poles, conduits and rights of way and the reciprocal interconnection of each Party's local facilities for the exchange of traffic.

The Parties agree that their entry into this Agreement is without prejudice to any positions they may have taken previously, or may take in the future, in any legislative, regulatory, judicial or other public forum addressing any matters, including matters related to the same types of arrangements covered in this Agreement.

For purposes of this Agreement, certain terms have been defined in Attachment 11 and elsewhere in this Agreement to encompass meanings that may differ from the normal connotation of the defined word. A defined word intended to convey its special meaning is capitalized when used. Unless the context clearly indicates otherwise, any term defined or used in the singular shall include the plural. The words "shall" and "will" are used interchangeably throughout this Agreement and the use of either connotes a mandatory requirement. The use of one or the other shall not mean a different degree of right or obligation for either Party. Other terms that are capitalized, and not defined in this Agreement, shall have the meaning given them in the Act. For convenience of reference only, Attachment 10 provides a list of acronyms used throughout this Agreement.

GENERAL TERMS AND CONDITIONS

1. Provision of Local Service, Unbundled Network Elements and Interconnection

This Agreement, which consists of these General Terms and Conditions and Attachments 1-15 and their accompanying Appendices, sets forth the terms, conditions and prices under which GTE agrees to provide (a) telecommunications services for resale (hereinafter referred to as "Local Services") and (b) certain unbundled Network Elements, Ancillary Functions and additional features to AT&T or combinations of such Network Elements ("Combinations"), for purposes of offering telecommunications services of any kind, including, but not limited to, local exchange services, intrastate toll services, and intrastate and interstate exchange access services and (c) access to GTE's poles, conduits and rights of way. This Agreement also sets forth the terms and conditions for the interconnection of AT&T's local network to GTE's local network ("Interconnection Services") and the reciprocal compensation to be paid by each Party to the other for the transport and termination of Local Traffic of the other Party. The Network Elements, Combinations or Local Services provided pursuant to this Agreement may be connected to other Network Elements, Combinations or Local Services provided by GTE or to any Network Elements, Combinations or Local Services provided by AT&T itself or by any other vendor. [. . .]

2. Term of Agreement

This Agreement shall become effective on the later of the date the same is executed by authorized representatives of all Parties, or the date the same becomes effective under Section 23.8 (the "Effective Date"), and shall remain effective for a period of [. . .]. This Agreement shall continue in effect for consecutive [. . .] terms, thereafter unless either Party gives the other Party at least ninety (90) calendar days written notice of termination, which termination shall be effective at the end of the then-current term.

3. **Termination of Agreement: Transitional Support**

- 3.1 Subject to any applicable restrictions and requirements contained elsewhere in this Agreement, AT&T may elect at any time to terminate this entire Agreement at AT&T's sole discretion, upon ninety (90) days prior written notice to GTE. Unless otherwise provided in this Agreement, in such case, AT&T's liability shall be limited to payment of the amounts due for Local Services, Network Elements, Combinations and Interconnection Services provided up to and including the date of termination. The Parties recognize that provision of uninterrupted service to customers is vital and services must be continued without interruption. Upon the termination or expiration of this Agreement, AT&T may itself provide or retain another vendor to provide comparable Local Services, Network Elements, or Combinations. GTE agrees to cooperate in an orderly and efficient transition to AT&T or another vendor such that the level and quality of the Local Services, Network Elements and Combinations are not degraded and to exercise reasonable efforts to assist in an orderly and efficient transition.
- 3.2 AT&T may terminate any Local Service(s), Network Element(s) or Combination(s) provided under this Agreement upon thirty (30) days written notice to GTE, unless a different notice period or different conditions are specified for termination of such Local Service(s), Network Element(s) or Combination(s) in this Agreement, in which event such specific period and conditions shall apply.
- 3.3 GTE will not discontinue any unbundled Network Element, Ancillary Function or Combination thereof during the term of this Agreement without AT&T's written consent which consent shall not be unreasonably withheld, except (1) to the extent required by network changes or upgrades, in which event GTE will comply with the network disclosure requirements stated in the Act and the FCC's implementing regulations; or (2) if required by a final order of the Court, the FCC or the Commission as a result of remand or appeal of the FCC's order In the Matter of Implementation of Local Competition Provisions of the Telecommunications Act of 1996, Docket 96-98. In the event such a final order allows but does not require discontinuance, GTE shall make a proposal for AT&T's approval, and if the Parties are unable to agree, either Party may submit the matter to the Dispute resolution procedures described in Attachment 1. GTE will not discontinue any Local Service or Combination of Local Services without providing 45 days advance written notice to AT&T, provided however, that if such services are discontinued with less than 45 days notice to the regulatory authority, GTE will notify AT&T at the same time it determines to discontinue the service. If GTE grandfathers a Local Service or combination of Local Services, GTE shall grandfather the service for all AT&T resale customers who subscribe to the service as of the date of discontinuance.

3.4 Either Party may terminate this Agreement at any time by giving written notice in writing to the other Party in the event the other Party files a petition for bankruptcy, is declared bankrupt, is insolvent, makes an assignment for the benefit of creditors, or goes into liquidation or receivership. In addition, either Party may terminate this Agreement in the event of a Party's refusal or failure to pay all or any portion of any amount required to be paid to the other Party as and when due; provided however that the Party allegedly due payment (1) notifies the other Party of the amounts due, (2) utilizes the ADR process set forth in Attachment 1, (3) obtains a favorable final ruling in that process and (4) does not receive payment within thirty (30) calendar days of the final ruling. There shall be no other reason for the unilateral termination of this Agreement.

4. **Good Faith Performance**

In the performance of their obligations under this Agreement, the Parties shall act in accordance with the good faith requirements of the Act. In situations in which notice, consent, approval or similar action by a Party is permitted or required by any provision of this Agreement, (including, without limitation, the obligation of the Parties to further negotiate the resolution of new or open issues under this Agreement), such action shall not be unreasonably delayed, withheld or conditioned.

5. **Section 252 (i) Election**

GTE shall allow AT&T to elect terms other than those set forth in this Agreement to the extent required by Section 252 of the Act, final regulations thereunder and relevant court decisions.

6. **Responsibility of Each Party**

Each Party is an independent contractor, and has and hereby retains the right to exercise full control of and supervision over its own performance of its obligations under this Agreement and retains full control over the employment, direction, compensation and discharge of all employees assisting in the performance of such obligations. Each Party will be solely responsible for all matters relating to payment of such employees, including compliance with social security taxes, withholding taxes and all other regulations governing such matters. [. . .]. Subject to the limitations on liability contained in this Agreement and except as otherwise provided in this Agreement, each Party shall be responsible for (i) its own acts and performance of all obligations imposed by Applicable Law in connection with its activities, legal status and property, real or personal and, (ii) the acts of its own affiliates, employees,

agents and contractors during the performance of that Party's obligations hereunder.

7.

[...].

8.

8.1 [...]

8.2 [...].

9. **Regulatory Matters**

9.1 GTE shall be responsible for obtaining and keeping in effect all FCC, state regulatory commission, franchise authority and other regulatory approvals that may be required in connection with the performance of its obligations under this Agreement. AT&T shall be responsible for obtaining and keeping in effect all FCC, state regulatory commission, franchise authority and other regulatory approvals that may be required in connection with its offering of services to AT&T Customers contemplated by this Agreement. AT&T shall reasonably cooperate with GTE in obtaining and maintaining any required approvals for which GTE is responsible, and GTE shall reasonably cooperate with AT&T in obtaining and maintaining any required approvals for which AT&T is responsible.

9.2 Nothing in this Agreement shall be construed to deny either Party the right to file tariffs from time to time in the normal course of business. Nonetheless, each Party shall be exempt from any tariff change filed by the other Party during the term of this Agreement if such change conflicts with a price or other term of this Agreement, except to the extent that this Agreement makes the tariff item being changed determinative of such price or such other term, in which case the changed tariff shall apply prospectively.

9.3 [...]

9.4 [...].

10. **Liability and Indemnity**

10.1 **Liabilities of AT&T** - AT&T's liability to GTE during any Contract Year resulting from any and all causes under this Agreement, other than as specified in Sections 7, 8, 10.3 and 10.4 below, shall not exceed an amount

equal to the amount due and owing by AT&T to GTE under this Agreement during the Contract Year in which such cause accrues or arises.

10.2 **Liabilities of GTE** - GTE's liability to AT&T during any Contract Year resulting from any and all causes under this Agreement, other than as specified in Sections 7, 8 and 10.4 below, shall not exceed (i) an amount equal to any amounts due and owing by AT&T to GTE under this Agreement during the Contract Year in which such cause accrues or arises [. . .]

10.3 **No Consequential Damages** - NEITHER AT&T NOR GTE SHALL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, RELIANCE, OR SPECIAL DAMAGES SUFFERED BY SUCH OTHER PARTY (INCLUDING WITHOUT LIMITATION DAMAGES FOR HARM TO BUSINESS, LOST REVENUES, LOST SAVINGS, OR LOST PROFITS SUFFERED BY SUCH OTHER PARTIES), REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, WARRANTY, STRICT LIABILITY, OR TORT, INCLUDING WITHOUT LIMITATION NEGLIGENCE OF ANY KIND WHETHER ACTIVE OR PASSIVE, AND REGARDLESS OF WHETHER THE PARTIES KNEW OF THE POSSIBILITY THAT SUCH DAMAGES COULD RESULT. EACH PARTY HEREBY RELEASES THE OTHER PARTY AND SUCH OTHER PARTY'S SUBSIDIARIES AND AFFILIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY SUCH CLAIM. [. . .]

10.4 **Obligation to Indemnify**

Each Party shall, and hereby agrees to, defend at the other's request, indemnify and hold harmless the other Party and each of its officers, directors, employees and agents (each, an "Indemnitee") against and in respect of any loss, debt, liability, damage, obligation, claim, demand, judgment or settlement or any nature or kind, known or unknown, liquidated or unliquidated, including without limitation all reasonable costs and expenses incurred (legal, accounting or otherwise) (collectively, "Damages") arising out of, resulting from or based upon any pending or threatened claim, action, proceeding or suit by any third party (a "Claim"): (i) based upon injuries or damage to any person or property or the environment arising out of or in connection with this Agreement, that are the result of such Indemnifying Party's actions, breach of Applicable Law, or breach of representations, warranties or covenants made in this Agreement, or the actions, breach of Applicable Law or of this Agreement by its officers, directors, employees, agents and subcontractors, or (ii) for actual or alleged infringement of any patent, copyright, trademark, service mark, trade name, trade dress, trade secret or any other intellectual property right now known or later developed (referred to as "Intellectual Property Rights") to the extent that such claim or action arises from the Indemnifying Party's or the Indemnifying Party's Customer's use of the

Network Elements, Ancillary Functions, Combinations, Local Services or other services provided under this Agreement.

10.5 **Obligation to Defend; Notice; Co-operation** - Whenever a Claim shall arise for indemnification under this Agreement, the relevant Indemnitee, as appropriate, shall promptly notify the Indemnifying Party and request the Indemnifying Party to defend the same. Failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability that the Indemnifying Party might have, except to the extent that such failure prejudices the Indemnifying Party's ability to defend such Claim. The Indemnifying Party shall have the right to defend against such liability or assertion in which event the Indemnifying Party shall give written notice to the Indemnitee of acceptance of the defense of such Claim and the identity of counsel selected by the Indemnifying Party. Except as set forth below, such notice to the relevant Indemnitee shall give the Indemnifying Party full authority to defend, adjust, compromise or settle such Claim with respect to which such notice shall have been given, except to the extent that any compromise or settlement shall prejudice the Intellectual Property Rights of the relevant Indemnitees. The Indemnifying Party shall consult with the relevant Indemnitee prior to any compromise or settlement that would [. . .] affect the Intellectual Property Rights [. . .] of any Indemnitee, and the relevant Indemnitee shall have the right to refuse such compromise or settlement and, at the refusing Party's or refusing Parties' cost, to take over such defense, provided that in such event the Indemnifying Party shall not be responsible for, nor shall it be obligated to indemnify the relevant Indemnitee against, any cost or liability in excess of such refused compromise or settlement. With respect to any defense accepted by the Indemnifying Party, the relevant Indemnitee shall be entitled to participate with the Indemnifying Party in such defense to the extent the Claim requests equitable relief [. . .] and also shall be entitled to employ separate counsel for such defense at such Indemnitee's expense. In the event the Indemnifying Party does not accept the defense of any indemnified Claim as provided above, the relevant Indemnitee shall have the right to employ counsel for such defense at the expense of the Indemnifying Party. Each Party agrees to cooperate and to cause its employees and agents to cooperate with the other Party in the defense of any such Claim and the relevant records of each Party shall be available to the other Party with respect to any such defense.

11. **Service Parity and Standards**

11.1 Notwithstanding anything in this Agreement to the contrary, GTE shall meet any service standard imposed by the FCC or by any state regulatory authority for any Local Services, Unbundled Network Elements, Ancillary Functions and Interconnection provided by GTE to AT&T for resale.

- 11.2 GTE shall ensure that the quality of Local Services, network elements, ancillary functions, and interconnection provided to AT&T are at least equal in quality to that provided by GTE to itself.
- 11.3 GTE and AT&T agree to implement the quality standards ("Quality Standards") described in Attachment 12 to measure each Party's performance of its respective obligations hereunder. [. . .]
- 11.4 [Intentionally Left Blank]
- 11.5 If AT&T requests a standard higher than GTE provides to itself, such request shall be made as a Bona Fide Request pursuant to Attachment 12, and GTE shall provide such standard to the extent technically feasible. AT&T shall pay the incremental cost, [. . .], of such higher standard or other measurement of quality.

12. **Customer Credit History**

- 12.1 AT&T and GTE agree to make available to a designated third-party credit bureau, on a timely basis, such of the following customer payment history information that is available solely from internal business records of the providing Party for each person or entity that applies for local or IntraLATA toll Telecommunications Service(s) from either carrier. Such information shall be provided on the condition that the credit bureau will only make such information available to the carrier to which the person or entity in question has applied for Telecommunication Service.

Applicants name;
Applicant's address;
Applicant's previous phone number; if any;
Amount, if any, of unpaid balance in applicant's name;
Whether applicant is delinquent on payments;
Length of service with prior local or IntraLATA toll provider;
Whether applicant had local or IntraLATA toll service terminated or suspended within the last six months with an explanation of the reason therefor; and
Whether applicant was required by prior local or IntraLATA toll provider to pay a deposit or make an advance payment, including the amount of each.

Nothing contained herein shall require either Party to undertake obligations which would subject that Party to requirements or liabilities as a consumer reporting agency under 15 U.S.C. §1681 et seq. and its implementing regulations or any similar statute, order or administrative rule of the State.

12.2 **Cooperation on Fraud Minimization** - The Parties shall cooperate with one another to investigate, minimize and take corrective action in cases of fraud. The Parties' fraud minimization procedures are to be cost effective and implemented so as not to unreasonably burden or harm one Party as compared to the other. At a minimum, such cooperation shall include, when permitted by law or regulation, providing the other Party, upon reasonable request, information concerning end users who terminate services to that Party without paying all outstanding charges, when that Party is notified that such end user seeks service from the other Party. If required, it shall be the responsibility of the Party seeking the information to secure the end user's permission (in the format required by law) to obtain the information. Although in most circumstances the end user's current telephone number may be retained by the end user when switching local service providers, if an end user has past due charges associated with the account, for which payment arrangements have not been made with one Party, the end user's previous telephone number will not be made available to the other Party until the end user's outstanding balance has been paid.

13. **Force Majeure**

13.1 Except as otherwise specifically provided in this Agreement, neither Party shall be liable for any delay or failure in performance of any part of this Agreement caused by any condition beyond the reasonable control of the Party claiming excusable delay or other failure to perform, including acts of the United States of America or any state, territory or political subdivision thereof, acts of God or a public enemy, fires, floods, freight embargoes, earthquakes, volcanic actions, wars, [. . .] civil disturbances. If any Force Majeure condition occurs, the Party whose performance fails or is delayed because of such Force Majeure condition shall give prompt notice to the other Party, and upon cessation of such Force Majeure condition, shall give like notice and commence performance hereunder as promptly as reasonably practicable, including implementation of disaster recovery plans.

13.2 Notwithstanding subsection 1, preceding, no delay or other failure to perform shall be excused pursuant to this Section:

- (i) by the acts or omission of a Party's subcontractors, material men, suppliers or other third persons providing products or services to such Party unless such acts or omissions are themselves the product of a Force Majeure condition, and
- (ii) unless such delay or failure and the consequences thereof are beyond the reasonable control and without the fault or negligence of the Party claiming excusable delay or other failure to perform.

14. **Certain State and Local Taxes**

Any state or local excise, sales, or use taxes (excluding any taxes levied on income) resulting from the performance of this Agreement shall be borne by the Party upon which the obligation for payment is imposed under applicable law, even if the obligation to collect and remit such taxes is placed upon the other Party. The collecting Party shall charge and collect from the obligated Party, and the obligated Party agrees to pay to the collecting Party, all applicable taxes, except to the extent that the obligated Party notifies the collecting Party and provides to the collecting Party appropriate documentation that qualifies the obligated Party for a full or partial exemption. Any such taxes shall be shown as separate items on applicable billing documents between the Parties. The obligated Party may contest the same in good faith, at its own expense, and shall be entitled to the benefit of any refund or recovery, provided that such Party shall not permit any lien to exist on any asset of the other Party by reason of the contest. The collecting Party shall cooperate in any such contest by the other Party, provided that the contesting Party shall pay the reasonable expenses of the collecting Party for any such cooperative activities.

15. **Alternative Dispute Resolution**

All Disputes arising under this Agreement or the breach hereof, except those arising pursuant to Attachment 6, Connectivity Billing, shall be resolved according to the procedures set forth in Attachment 1. Disputes involving matters subject to the Connectivity Billing provisions contained in Attachment 6, shall be resolved in accordance with the Billing Disputes section of Attachment 6. In no event shall the Parties permit the pendency of a Dispute to disrupt service to any customer of any Party contemplated by this Agreement except in the case of default and termination of this Agreement pursuant to Section 3.4. The foregoing notwithstanding, neither this Section 15 nor Attachment 1 shall be construed to prevent either Party from seeking and obtaining temporary equitable remedies, including temporary restraining orders.

16. **Notices**

Any notices or other communications required or permitted to be given or delivered under this Agreement shall be in hard-copy writing (unless otherwise specifically provided herein) and shall be sufficiently given if delivered personally or delivered by prepaid overnight express service or certified mail, return receipt requested or by facsimile (followed by a hard copy delivered by U.S. Mail or another method specified herein) to the following (unless otherwise specifically required by this Agreement to be delivered to another representative or point of contact):

If to AT&T:

R. Reed Harrison
Vice President, AT&T
Room 4ED103
One Oak Way
Berkeley Heights, New Jersey 07922
Facsimile number: 908-771-2219

and

R. Steven Davis
Vice President, AT&T
Room 3252J1
295 North Maple Ave.
Basking Ridge, New Jersey 07920
Facsimile number: 908-953-8360

If to GTE:

[...]

and

[...]

Either Party may unilaterally change its designated representative and/or address for the receipt of notices by giving seven (7) days' prior written notice to the other Party in compliance with this Section. Any notice or other communication shall be deemed given when received.

17. **Confidentiality and Proprietary Information**

17.1 For the purposes of this Agreement, "Confidential Information" means confidential or proprietary technical or business information, in written or tangible form, given by the Discloser to the Recipient that is stamped, labeled, or otherwise designated as "Proprietary" or "Confidential" or that contains other words or symbols clearly indicating that the information is intended to be secure from public disclosure. "Confidential Information" also includes information that is intentionally provided or disclosed orally or visually if it is identified as proprietary or confidential when provided or disclosed and is summarized in a writing so marked and delivered within ten (10) days following such disclosure. "Confidential Information" also includes information that is observed or learned by one Party while it is on the premises (including leased collocation space) of the other Party. Notwithstanding the foregoing,

all orders for Local Services, Network Elements or Combinations placed by AT&T pursuant to this Agreement, and information that would constitute Customer Proprietary Network Information of AT&T Customers pursuant to the Act and the rules and regulations of the FCC and Recorded Usage Data as described in Attachment 7, whether disclosed by AT&T to GTE or otherwise acquired by GTE in the course of the performance of this Agreement, shall be deemed Confidential Information of AT&T for all purposes under this Agreement whether or not specifically marked or designated as confidential or proprietary.

- 17.2 For the period set forth in Section 17.6, except as otherwise specified in this Agreement, the Recipient agrees (a) to use it only for the purpose of performing under this Agreement, (b) to hold it in confidence and disclose it to no one other than its employees or agents or consultants having a need to know for the purpose of performing under this Agreement, and (c) to safeguard it from unauthorized use or disclosure with at least the same degree of care with which the Recipient safeguards its own Confidential Information. Any agent or consultant must have executed a written agreement of non-disclosure and non-use comparable in scope to the terms of this Section 17 which agreement shall be enforceable by the Discloser.
- 17.3 The Recipient may make copies of Confidential Information only as reasonably necessary to perform its obligations under this Agreement. All such copies shall be subject to the same restrictions and protections as the original and shall bear the same copyright and proprietary rights notices as are contained on the original.
- 17.4 The Recipient agrees to return to the Discloser all Confidential Information received in tangible form from the Discloser, including any copies made by the Recipient, within thirty (30) days after a written request is delivered to the Recipient, or to destroy or erase all such Confidential Information and certify as to such event, except for Confidential Information that the Recipient reasonably requires to perform its obligations under this Agreement or as otherwise required by applicable law. If either Party loses or makes an unauthorized disclosure of the other Party's Confidential Information, it shall notify such other Party as soon as is reasonably practicable after the loss is discovered and use reasonable efforts to retrieve the lost or wrongfully disclosed information.
- 17.5 The Recipient shall have no obligation to safeguard Confidential Information: (a) which was in the possession of the Recipient free of restriction on use or disclosure prior to its receipt from the Discloser; (b) after it becomes publicly known or available through no breach of this Agreement or other restriction on use or disclosure by the Recipient; (c) after it is rightfully acquired by the Recipient free of restrictions on its use or disclosure; or (d) after it is proven to

be independently developed by personnel of the Recipient to whom the Discloser's Confidential Information had not been previously disclosed. In addition, either Party shall have the right to disclose Confidential Information to any mediator, arbitrator, state or federal regulatory body, the Department of Justice or any court in the conduct of any mediation, arbitration or approval of this Agreement subject to the requirements concerning notice and other measures specified in the last sentence of this Subsection. Additionally, the Recipient may disclose Confidential Information if so required by law, a court of competent jurisdiction, or governmental or administrative agency, so long as the Discloser has been notified of the requirement promptly after the Recipient becomes aware of the requirement, but prior to such disclosure and so long as the Recipient undertakes all lawful measures to avoid disclosing such information until Discloser has had reasonable time to seek a protective order and Discloser complies with any protective order that covers the Confidential Information to be disclosed.

17.6 Each Party's obligations with respect to Confidential Information disclosed prior to expiration or termination of this Agreement shall expire three (3) years from the date of receipt of the initial disclosure, regardless of any termination of this Agreement prior to such expiration date; provided that the duties with respect to Confidential Information that is software, protocols and interfaces shall expire fifteen (15) years from the date of the initial disclosure.

17.7 Except as otherwise expressly provided elsewhere in this Agreement, no license is hereby granted under any patent, trademark, copyright or other Intellectual Property Right, nor is any such license implied, solely by virtue of the disclosure of any Confidential Information.

17.8 Each Party agrees that the Discloser would be irreparably injured by a breach of this Agreement by the Recipient or its representatives and that the Discloser shall be entitled to seek equitable relief, including injunctive relief and specific performance, in the event of any breach of the provisions of this Section 17. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Section 17, but shall be in addition to all other remedies available at law or in equity.

18. **Branding**

18.1 AT&T may, at its option, use the Network Elements, Combinations and Local Services provided in accordance with this Agreement to provide to its customers services branded as AT&T. Except as otherwise provided in this Agreement or specified in a separate writing by AT&T, AT&T shall provide the exclusive interface to AT&T Customers in connection with the marketing or offering of AT&T services. When a GTE technical representative goes to a customer premise on behalf of AT&T, in the event the representative has

contact with the customer, the representative will indicate to the customer that he or she works for GTE but is at the customer premise on behalf of AT&T regarding AT&T service. If the customer is not at the premise at the time that the technical representative is at the premise, GTE agrees to deliver generic material or documents to the customer, and the representative will write AT&T's name on the document or material left for the customer. GTE personnel acting on behalf of AT&T will not discuss, provide, or leave information or material relative to GTE's services and products

18.2 [. . .].

19. **Directory Listings and Directory Distribution**

GTE shall offer the following to AT&T:

19.1 **Directory Listings (White Pages)** - A basic listing for each AT&T Customer shall be included in the GTE white pages directory for such AT&T Customer's specific geographic area at no charge to AT&T or AT&T's Customers. Where an AT&T Customer has two numbers for a line due to the implementation of interim Local Number Portability, the second number shall be considered part of the White pages basic listing. Other listings that are made available to GTE Customers (e.g. additional listings, non-published status, foreign listings, etc.) will be made available to AT&T Customers on the same rates, terms and conditions as available to GTE Customers. AT&T Customer Government listings will be listed in the same manner as GTE Customer Government listings.

19.2 **Directory Listings (Yellow Pages)** GTE will provide AT&T Customers with the same yellow page services on the same terms and conditions as those provided to GTE Customers. GTE will provide each AT&T Customer within the geographical area covered by the yellow pages directory a basic listing in GTE "yellow pages" under the classified heading that most accurately reflects the primary nature of the AT&T Customer's business at no charge to AT&T or AT&T Customers for this listing. GTE will supply AT&T with a list of authorized classified headings and will notify AT&T of any changes to such headings. AT&T agrees to supply GTE, on a regularly scheduled basis and in the format mutually agreed between AT&T and GTE, with a classified heading assignment for each AT&T Customer who wishes to receive this listing. GTE shall provide AT&T with monthly schedules (for a rolling twelve (12) month period) for Yellow Pages publications in the State.

19.3 **Listing Information** - AT&T agrees to supply GTE, on a regularly scheduled basis and in the format mutually agreed between AT&T and GTE, all listing information for AT&T Customers who wish to be listed in the white or yellow pages of the GTE published directory for that subscriber area. Listing

information will consist of names, addresses (including city and ZIP code where provided in that directory) and telephone numbers. GTE shall employ the listing information for the production of GTE-published white and yellow page directories. Listing inclusion in a given directory will be in accordance with directory configuration, scope and schedules established by GTE which are applicable to all GTE entities. GTE shall obtain AT&T's prior written approval for the use of AT&T Customers' listings for any other purpose. GTE will not sell or license, nor allow any third party, the use of AT&T subscriber listing and GTE will not disclose non-listed name or address information for any purpose without the prior written consent of AT&T, which shall not be unreasonably withheld. GTE will charge AT&T a reasonable service bureau extraction fee for all third party translations and AT&T will be free to establish its own fees for direct billing the third parties.

- 19.4 **Directory Distribution** - Initial directories will be provided to AT&T Customers for each AT&T Customer's specific geographic region on the same basis as GTE Customers within the same directory area. More specifically, GTE will not charge AT&T or AT&T Customers for annual distribution of directories. GTE will provide secondary distributions of directories (e.g. a new customer, requests for additional copies) to AT&T Customers at the same price that GTE is charged for secondary distribution by GTE Directories. AT&T shall pay GTE Directories for such secondary distributions based on GTE's agreement that the secondary distribution costs will be excluded from GTE's cost studies and resulting avoided cost discounts and prices for unbundled elements. Timing of such delivery and the determination of which Telephone Directories shall be delivered (by customer address, NPA/NXX or other criteria), and the number of Telephone Directories to be provided per customer, shall be provided under the same terms that GTE delivers Telephone Directories to GTE Customers. AT&T will supply GTE in a timely manner with all required subscriber mailing information, including non-listed and non-published subscriber mailing information, to enable GTE to perform its distribution responsibilities.
- 19.5 **Critical Customer Contact Information** - GTE will list in the information pages of its directories at no charge to AT&T, AT&T's critical customer contact information for business and residential customers regarding emergency services, billing, sales and service information, repair service and AT&T's logo. GTE shall list Competitive Local Exchange Carrier critical customer contact information on an alphabetical basis.
- 19.6 GTE shall also include, in the customer call guide page(s) of each Telephone Directory, up to four full pages of consolidated space for the inclusion of information about AT&T products and services, including addresses and telephone numbers for AT&T customer service. The form and content of such customer information shall be provided by AT&T to GTE and shall be subject

to GTE review and approval, which approval shall not be unreasonably withheld. AT&T agrees to pay a price per page to be determined by GTE Directories, provided that such price shall be nondiscriminatory to GTE and AT&T.

- 19.7 GTE shall, at no charge to AT&T, make available recycling services for Telephone Directories to AT&T Customers under the same terms and conditions that GTE makes such services available to its own local service customers.
- 19.8 Notwithstanding anything to the contrary contained herein, GTE may terminate this Section 19 as to a specific GTE exchange in the event that GTE sells or otherwise transfers the exchange to an entity other than a GTE Affiliate. GTE shall provide AT&T with at least ninety (90) days' prior written notice of such termination, which shall be effective on the date specified in the notice. Notwithstanding termination as to a specific exchange, this Section 19 shall remain in full force and effect in the remaining exchanges.
- 19.9 Notwithstanding the termination of this Section 19, the Parties' obligations with respect to any directories whose annual publication cycle has begun prior to the effective date of termination shall survive such termination. For example, if a Party terminates this Section 19 effective as of June 30, 1997, the Parties' survival obligations shall apply as follows:

Exchange	Beginning of Publication Cycle	Expiration of Obligations
1	January 1, 1997	December 31, 1997
2	June 1, 1997	May 31, 1998
3	Augst 1, 1997	June 30, 1997

a publication cycle begins the day following the listing activity close date for the current year's publication.

- 19.10 Directory Listing criteria shall be specified by GTE. GTE shall provide any changes to its Directory Listing Criteria thirty (30) days in advance of such changes becoming effective. The Directory Listing criteria shall include:
- 19.10.1 Classified heading information;
- 19.10.2 Rules for White Pages and Yellow Pages listings (e.g., eligibility for free Yellow Pages listing, space restrictions, unlisted and unpublished listings, abbreviated listings, foreign listings, and heading requirements);
- 19.10.3 Identification of Enhanced White Pages and Enhanced Yellow Pages listings available;

- 19.10.4 Publication schedules for White Pages and Yellow Pages;
- 19.10.5 Identification of which Telephone Directories are provided to which customers by customer address, NPA/NXX or other criteria;
- 19.10.6 Telephone Directory delivery schedules;
- 19.10.7 Restrictions, if any, on number of Telephone Directories provided at no charge to customer;
- 19.10.8 Processes and terms and conditions for obtaining foreign Telephone Directories from GTE; and
- 19.10.9 Geographic coverage areas of each Telephone (by municipality and NPA/NXX).

20. **Directory Assistance Listing Information**

- 20.1 GTE shall include in its directory assistance database all directory assistance listing information, which consists of name and address ("DA Listing Information") for all AT&T Customers, including those with nonpublished and unlisted numbers, at no charge to AT&T.

GTE shall provide to AT&T, at AT&T's request, for purposes of AT&T providing AT&T-branded directory assistance services to its local customers, within thirty (30) days after the Effective Date, all published GTE DA Listing Information via magnetic tape delivered within twenty-four (24) hours of preparation, at a the rate specified in Attachment 14. Changes to the DA Listing Information shall be updated on a daily basis through the same means used to transmit the initial list. DA Listing Information provided shall indicate whether the customer is a residence or business customer.

- 20.2 Neither Party will release, sell, or license DA Listing Information that includes the other Party's end user information to third parties without the other Party's approval. The other Party shall inform the releasing Party if it desires to have the releasing Party provide the other Party's DA Listing Information to the third party, in which case, the releasing Party shall provide the other Party's DA Listing Information at the same time as the releasing Party provides the releasing Party's DA Listing Information to the third party. The rate to be paid by the releasing Party to the other Party for such sales shall be negotiated on a case-by-case basis.

21. **Busy Line Verification and Busy Line Verification Interrupt**

Prior to the exchange of traffic under this Agreement, each Party shall establish procedures whereby its operator bureau will coordinate with the

operator bureau of the other Party to provide Busy Line Verification ("BLV") and Busy Line Verification Interrupt ("BLVI") services on calls between their respective end users. Each Party shall route BLV and BLVI inquiries over separate inward operator services trunks. Each Party's operator assistance bureau will only verify and/or interrupt the call and will not complete the call of the end-user initiating the BLV or BLVI. Each Party shall charge the other for the BLV and BLVI services on a bill-and-keep basis.

22. **Number Assignment**

22.1 GTE shall allocate Central Office Codes, i.e. NXXs, in a neutral manner at parity with itself in those LATAs where GTE is the number administrator. GTE shall not charge a fee for the allocation of NXXs to AT&T for any costs including, but not limited to, programming expenses incurred by GTE in their role as number administrator; provided, however, that when responsibility for number assignment is transferred to a neutral third party, GTE shall charge a fee for such services to recover costs incurred that is consistent with the applicable rules and regulations for such.

22.2 GTE shall process all AT&T NXX requests in a timely manner as per the ICCF Code Assignment Guidelines and will provide numbers in any NPA/NXX associated with a terminating line within the boundaries of an LSO, in those LATAs where GTE is the number administrator.

22.3 GTE, during the interim period, will maintain its current process of notifying public utility commissions and state regulatory bodies of plans for NPA splits and code relief.

22.4 GTE shall treat as confidential, and solely for use in its role as Code Administrator and for no other purpose, any and all information received from AT&T regarding NPA/NXX forecasts. This information shall be used only for the purposes of code administration, e.g. NPA code relief studies.

22.5 GTE shall participate in the transition of its code administration responsibilities to a neutral third party and will notify AT&T if there are not sufficient numbers to meet the forecasted requirements of AT&T.

22.6 GTE shall provide AT&T with a file, or files, containing a street address/LSO cross reference indicating which LSO serves the cross referenced street address.

23. **Miscellaneous**

23.1 **Delegation or Assignment** - Any assignment by either Party of any right, obligation, or duty, in whole or in part, or of any interest, without the written consent of the other Party shall be void, except that either Party may assign

all of its rights, and delegate its obligations, liabilities and duties under this Agreement, either in whole or in part, to any entity that is, or that was, an Affiliate of that Party without consent, but with written notification, provided that in the case of AT&T, such Affiliate is a certified provider of local dial-tone service in the State to the extent such State requires such certification. The effectiveness of an assignment shall be conditioned upon the assignee's assumption of the rights, obligations, and duties of the assigning Party.

23.2 **Subcontracting** - GTE may subcontract the performance of any obligation under this Agreement without the prior written consent of AT&T, provided that GTE shall remain fully responsible for the performance of this Agreement in accordance with its terms, including any obligations it performs through subcontractors, and GTE shall be solely responsible for payments due its subcontractors. No contract, subcontract or other Agreement entered into by either Party with any third party in connection with the provision of Local Services or Network Elements hereunder shall provide for any indemnity, guarantee or assumption of liability by, or other obligation of, the other Party to this Agreement with respect to such arrangement, except as consented to in writing by the other Party. No subcontractor shall be deemed a third party beneficiary for any purposes under this Agreement.

23.3 [. . .].

23.4 **Binding Effect** - This Agreement shall be binding on and inure to the benefit of the respective successors and permitted assigns of the Parties.

23.5 **Nonexclusive Remedies** - Except as otherwise expressly provided in this Agreement, each of the remedies provided under this Agreement is cumulative and is in addition to any remedies that may be available at law or in equity.

23.6 **No Third-Party Beneficiaries** - Except as specifically set forth in Section 10.4 and 10.5, this Agreement does not provide and shall not be construed to provide third parties with any remedy, claim, liability, reimbursement, cause of action, or other privilege.

23.7 **Referenced Documents** - Whenever any provision of this Agreement refers to a technical reference, technical publication, AT&T Practice, GTE Practice, any publication of telecommunications industry administrative or technical standards, or any other document expressly incorporated into this Agreement, it will be deemed to be a reference to the most recent version or edition (including any amendments, supplements, addenda, or successors) of such document that is in effect at the time of the execution of this Agreement, and will include the most recent version or edition (including any amendments, supplements, addenda, or successors) of each document incorporated by

reference in such a technical reference, technical publication, AT&T Practice, GTE Practice, or publication of industry standards.

- 23.8 **Regulatory Agency Control** - This Agreement shall at all times be subject to changes, modifications, orders, and rulings by the FCC and/or the applicable state utility regulatory commission to the extent the substance of this Agreement is or becomes subject to the jurisdiction of such agency. If this Agreement is subject to advance approval of a regulatory agency, this Agreement shall not become effective until five (5) Business Days after receipt by the Parties of written notice of such approval. "Business Day" shall mean Monday through Friday, except for holidays on which the U. S. Mail is not delivered.
- 23.9 [. . .]
- 23.10 **Publicity and Advertising** - Any news release, public announcement, advertising, or any form of publicity pertaining to this Agreement, or the provision of Local Services, Unbundled Network Elements, Ancillary Functions or Interconnection Services pursuant to it, or association of the Parties with respect to provision of the services described in this Agreement shall be subject to prior written approval of both GTE and AT&T. Neither Party shall publish or use any advertising, sales promotions or other publicity materials that use the other Party's logo, trademarks or service marks without the prior written approval of the other Party.
- 23.11 **Amendments or Waivers** - Except as otherwise provided in this Agreement, no amendment or waiver of any provision of this Agreement, and no consent to any default under this Agreement, shall be effective unless the same is in writing and signed by an officer of the Party against whom such amendment, waiver or consent is claimed. In addition, no course of dealing or failure of a Party strictly to enforce any term, right or condition of this Agreement shall be construed as a waiver of such term, right or condition. By entering into this Agreement, neither Party waives any right granted to it pursuant to the Act.
- 23.12 **Severability** - If any term, condition or provision of this Agreement is held by a governmental body of competent jurisdiction be invalid or unenforceable for any reason, such invalidity or unenforceability shall not invalidate the entire Agreement. The Agreement shall be construed as if it did not contain the invalid or unenforceable provision or provisions, and the rights and obligations of each Party shall be construed and enforced accordingly; [. . .].
- 23.13 **Entire Agreement** - This Agreement, which shall include the Attachments, Appendices and other documents referenced herein, constitutes the entire Agreement between the Parties concerning the subject matter hereof and supersedes any prior agreements, representations, statements, negotiations,

understandings, proposals or undertakings, oral or written, with respect to the subject matter expressly set forth herein.

- 23.14 **Survival of Obligations** - Any liabilities or obligations of a Party for acts or omissions prior to the cancellation or termination of this Agreement; any obligation of a Party under the provisions regarding indemnification, Confidential Information, limitations on liability, and any other provisions of this Agreement which, by their terms, are contemplated to survive (or to be performed after) termination of this Agreement, shall survive cancellation or termination thereof.
- 23.15 [. . .]
- 23.16 **Headings of No Force or Effect** - The headings of Articles and Sections of this Agreement are for convenience of reference only, and shall in no way define, modify or restrict the meaning or interpretation of the terms or provisions of this Agreement.
- 23.17 **Trademarks and Trade Names** - Except as specifically set out in this Agreement, nothing in this Agreement shall grant, suggest, or imply any right, license or authority for one Party to use the name, trademarks, service marks, or trade names of the other Party for any purpose whatsoever.
- 23.18 **Notice of Network and Technology Changes** - GTE shall establish quarterly reviews of network and technologies plans. GTE shall notify AT&T at least six (6) months in advance of changes that would impact AT&T's provision of service.
- 23.19 **Technical References** -
- 23.19.1 The technical references cited throughout this Agreement shall apply unless GTE shall offer, within ninety (90) days following Commission approval of this Agreement, GTE's proposed substitute technical references, for consideration and review by subject matter experts designated, respectively, by AT&T and GTE. Within ten (10) business days following AT&T's receipt of true and complete copies of GTE's proposed substitute technical references, AT&T and GTE subject matter experts shall meet in person or via teleconference to review the substitute reference(s) with a view toward achieving agreement on the suitability of such references for implementation and incorporation into this Agreement. The subject matter experts may agree to implement and incorporate, to modify or supplement, or to replace any such substitute technical reference proposed by GTE. Where they so agree, the resulting substitute technical reference shall be implemented and incorporated forthwith, by formal amendment in writing, into this Agreement. Where they disagree with respect to the suitability or adequacy of any such proposed substitute technical reference, the GTE-proposed substitute technical

reference shall be incorporated into this Agreement at the conclusion of the ten business day period cited above, by formal amendment in writing, subject to AT&T's right to pursue the dispute and the implementation of more suitable technical references through the ADR procedures set forth in Attachment 1 to this Agreement. AT&T may initiate such ADR procedures within sixty (60) days following the incorporation of the challenged technical reference into this Agreement.

23.19.2 The parties recognize the possibility that some equipment vendors may manufacture telecommunications equipment that does not fully incorporate or may deviate from the technical references contained in this Agreement. To the extent that, due to the manner in which individual manufacturers may have chosen to implement industry standards into the design of their product, or due to the differing vintages of these individual facility components and the presence of embedded technologies that pre-date certain technical references, some of the individual facility components deployed with GTE's network may not adhere to the technical references, then, within forty-five (45) days after the Effective Date of this Agreement:

(a) the Parties will develop processes by which GTE will inform AT&T of any such deviations from technical standards for Network Elements or Combinations ordered by AT&T; and

(b) the Parties will develop further processes and procedures designed, upon notice of such deviations from technical standards, to address the treatment of GTE and AT&T customers at parity;

(c) the parties will take such other mutually agreed upon actions as shall be appropriate in the circumstances.

PART I LOCAL SERVICES RESALE

24. **Telecommunications Services Provided for Resale**

Upon request by AT&T in accordance with Attachment 4 and subject to the restrictions contained in Section 25.3 hereunder, GTE shall make available to AT&T at the applicable rate set forth in Attachment 14, any Telecommunications Service that GTE currently offers or may hereafter offer at retail to subscribers that are not telecommunications carriers. Such Telecommunications Services and [...] provided by GTE pursuant to this Section are collectively referred to as "Local Services."

25. **General Terms and Conditions for Resale**

25.1 **Ordering**

25.1.1 [...]

25.1.2 [...]

25.1.3 GTE shall accept requests for a change in the primary interexchange carrier of a local exchange customer of AT&T only from AT&T.

25.1.4 [...]

25.2 [...]

25.3 **Restrictions on Resale**

To the extent consistent with the applicable rules and regulations of the FCC and the Commission, AT&T may resell all GTE Local Services as defined in GTE's tariffs. The following restrictions shall apply to the resale of Local Services, as described in Section 24 of this Agreement by AT&T: [...]

25.4 [Intentionally deleted]

25.4.1

25.4.2 [...].

25.5 [...]

25.6 **Changes in Retail Service**

GTE will notify AT&T of proposed new retail services or modifications to existing retail services forty-five (45) days prior to the expected date of regulatory approval of the new or modified services. If new services or modifications are introduced with less than forty-five (45) days notice to the

regulatory authority, GTE will notify AT&T at the same time it determines to introduce the new or modified service. With respect to changes in prices for existing retail services or related resale rates, GTE will notify AT&T at the same time as GTE begins internal implementation efforts (i.e., at least at the time that GTE's Product Management Committee is notified of the proposed change) or obtains internal approval to make the price change, whichever is sooner.

26. **Requirements for Specific Services**

26.1 [Intentionally deleted]

26.2 CLASS/LASS and Custom Features Requirements
[...]

26.3 This Section intentionally left blank.

26.4
[...]

26.5 **E911/911 Services**

[...] AT&T shall have the right to verify the accuracy of the information regarding AT&T Customers in the ALI database.

26.6
[...]

26.7
[...].

26.8
[...].

27. **Advanced Intelligent Network**

27.1 GTE will provide AT&T access to the GTE Service Creation Environment (SCE) to design, create, test, deploy and provision AIN-based features, equivalent to the access GTE provides to itself, providing that security arrangements can be made. AT&T requests to use the GTE SCE will be subject to request, review and testing procedures to be agreed upon by the parties.

- 27.2 When AT&T utilizes GTE's Local Switching network element and requests GTE to provision such network element with a technically feasible AIN trigger, GTE will provide access to the appropriate AIN Call Related Database for the purpose of invoking either a GTE AIN feature or an AT&T developed AIN feature described in 27.1, above.
- 27.3 When AT&T utilizes its own local switch, GTE will provide access to the appropriate AIN Call Related Database for the purpose of invoking either a GTE AIN feature or an AT&T developed AIN feature described in 27.1, above.
- 27.4 Any mediation to GTE's AIN database will be performed on a competitively neutral, nondiscriminatory basis. Any network management controls found necessary to protect the SCP from an overload condition must be applied on a nondiscriminatory basis for all users of that database, including GTE. GTE and AT&T agree that any load mediation will affect all links to the STP, including GTE's, in a like manner. AT&T will provide the information necessary to ensure that GTE is able to engineer sufficient capacity on the AIN SCP platform.

28.

28.1 [. . .].

28.2

[. . .].

28.3

[. . .]

28.4 **Repair Calls**

[. . .]

In the event an AT&T Customer calls GTE with a request for repairs, GTE shall provide the AT&T Customer with AT&T's repair 800-telephone number. AT&T agrees to provide GTE with AT&T's repair 800-telephone numbers.

In the event a GTE Customer calls AT&T with a request for repairs, AT&T shall provide the GTE Customer with GTE's repair 800-telephone number. GTE agrees to provide AT&T with GTE's repair 800-telephone number.

28.5

[. . .]

28.6

[...]

28.7

28.7.1 [...].

28.7.2 [...].

28.8

[...]

28.9

[...]

28.10

[...]

28.11

[...]

28.12

[...]

29. **Service Support Functions**

29.1

29.1.1 [...]

30.

[...]

PART II: UNBUNDLED NETWORK ELEMENT

31.

[...]

32.

[...]

PART III: ANCILLARY FUNCTIONS

33.

[...]

34.

[...]

35.

[...].

PART IV: INTERCONNECTION PURSUANT TO SECTION 251(C)(2)

36.

[. . .]

37. **Interconnection Points and Methods.**

37.1 [. . .]

37.2 [. . .] AT&T shall designate a minimum of one interconnection point within a LATA. If AT&T desires a single interconnection point within a LATA, AT&T shall ensure that GTE maintains the ability to bill for the services provided. AT&T may interconnect at one tandem in the LATA for exchange of local, mandatory EAS and IntraLATA toll traffic by bringing separate trunk groups to that interconnection point for each tandem in that LATA and then by using dedicated special access transport to extend the trunk group from the interconnection point to the designated tandem.

37.3

[. . .]

38.

[. . .]

39.

[. . .]

40.

[. . .]

41.

41.1

[. . .]

41.2 **Operation and Maintenance**

[. . .] Each party shall also be responsible for engineering and maintaining its network on its side of the interconnection point. If and

when the Parties choose to interconnect at a mid-span meet, the Parties will jointly provision the fiber optic facilities that connect the two networks and shall share the financial and other responsibilities for those facilities.

PART V: PRICING

42.

[...]

43.

43.1

[...]

43.2 ++++++sssss EiD EiDCX'ÿÀ ² 2+Yÿÿ«

[...]

43.2.1 If implementation of an unbundled loop feeder supports shared used of required unbundling facilities, the cost of such facilities shall be allocated and prorated among all users in a non-discriminatory and competitively neutral manner. If such implementation supports only AT&T's use, then AT&T shall pay to GTE the incremental cost of such implementation.

43.2.2 If implementation of an unbundled loop concentrator /mutiplexer element supports shared used of required unbundling facilities, the cost of such facilities shall be allocated and prorated among all users in a non-discriminatory and competitively neutral manner. If implementation supports only AT&T's use, then AT&T shall pay to GTE the incremental cost of such implementation.

43.2.3 AT&T will be responsible for the costs (if any) required to create an interface at the main distribution frame if such interface does not already exist, such as in the case of an Integrated Digital Loop Carrier System.

43.3

[...]

[...].

[...]

AT&T Communications of
the South Central States, Inc.

[...].: _____
[...].

By: _____
Signature

[...].

Name

[...].

Title

[...].

Date