



Public Utility Commission of Texas

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Pat Wood, III
Chairman

Judy Walsh
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Patricia A. Curran
Commissioner

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FCC MAIL ROOM

November 20, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street NW Room 222
Washington, DC 20554

Dear Secretary:

Re: CC - Docket No. 98-184 - GTE Corporation and Bell Atlantic Corporation Seek FCC Consent for a Proposed Transfer of Control and Commission Seeks Comment on Proposed Protective Order Filed by GTE and Bell Atlantic

Enclosed is an original and twelve copies of the Comments of the Public Utility Commission of Texas in the above referenced proceeding.

Thank you for your assistance.

Sincerely,

Pam Whittington
Assistant Director
Office of Policy Development

Enclosure

cc: International Transcription Service
Policy & Planning - Common Carrier Bureau
International Bureau
Jeanine Poltronieri - Wireless Telecommunications Bureau
Commercial Wireless Division

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FCC MAIL ROOM

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

In the Matter of)

GTE Corporation and Bell Atlantic)
Corporation Seek FCC Consent for a)
Proposed Transfer of Control and)
Commission Seeks Comment on Proposed)
Protective Order Filed by GTE and Bell)
Atlantic)

CC Docket No. 98-184

**COMMENTS OF THE
PUBLIC UTILITY COMMISSION OF TEXAS**

**Pat Wood, III, Chairman
Judy Walsh, Commissioner
Patricia A. Curran, Commissioner**

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**COMMENTS OF THE
PUBLIC UTILITY COMMISSION OF TEXAS**

I. Introduction

The Public Utility Commission of Texas (PUCT) submits these comments to the Federal Communications Commission (FCC or Commission) regarding the proposed transfer of control to Bell Atlantic of licenses and authorizations controlled or requested by GTE or its affiliates or subsidiaries. We recognize the difficult decision that the FCC must make with regard to this merger. The Commission must determine whether the proposed horizontal merger will produce benefits in the wireless, wireline, and long distance markets, and will serve the public interest.

The PUCT is committed to opening local telecommunications markets to competition, and the PUCT has an equally strong and continued interest in ensuring high levels of service quality at both the retail and the wholesale level. The GTE Southwest, Incorporated (GTE-SW) service territory in Texas consists of mainly suburban and rural areas. Because of its geography, GTE-SW

has not experienced the same level of competitive challenges as Southwestern Bell Telephone Company's (SWBT's) highly urban service areas. Our comments discuss support for the FCC's Bell Atlantic/NYNEX merger analysis as a template for the analysis of this merger. We also provide information for your consideration regarding GTE-SW's service quality record and competitive issues involving GTE-SW.

II. Recommended Method of Analysis

A. The Bell Atlantic/NYNEX Model

As stated in our comments regarding the SBC/Ameritech merger,¹ we reiterate our belief that the FCC's Bell Atlantic/NYNEX merger order provides a good template for the evaluation of the GTE/Bell Atlantic application.² If the Commission finds the merger in the public interest, it should condition approval in a manner similar to that outlined in Appendix C and D of the Bell Atlantic/NYNEX Order. We also raise the question of whether GTE-SW, as part of the merged entity, would be considered an RBOC and therefore subject to FCC approval or investigation under the federal Telecommunications Act, codified at 47 U.S.C. §271 *et seq.* (FTA).

B. FTA §254(k)

We urge the Commission to ensure that, if the merger is approved, the new entity will abide by FTA §254(k) through strict accounting of regulated and non-regulated and competitive

¹ *SBC Communications, Inc. and Ameritech Corporation Seek FCC Consent for a Proposed Transfer of Control and Commission Seeks Comment on Proposed Protective Order Filed by SBC and Ameritech*, CC Docket No. 98-141, Comments of the Public Utility Commission of Texas at 5 (Sep. 10, 1998).

² *In the Applications of NYNEX Corporation Transferor and Bell Atlantic Corporation Transferee, for Consent to Transfer Control of NYNEX Corporation and Its Subsidiaries*, File No. NSD-L-96-10, Memorandum Opinion and Order, CC 97-286 (rel. Aug. 14, 1997)(Bell Atlantic/NYNEX Order).

and non-competitive services between and among states. We believe that FTA §254(k) is a key competitive safeguard that must not be overlooked in this merger analysis.

III. Improvement of Service Quality

We believe that a commitment by GTE-SW to improve its service quality performance must be a precondition to FCC approval of the merger. GTE-SW has one of the worst customer complaint records of any of the local telephone companies in our jurisdiction. During August, September, and October of 1996, the PUCT's Office of Customer Protection (OCP) conducted a pilot project with GTE-SW designed to reduce the number of complaints received from GTE-SW customers. Despite this effort, in the spring of 1998, GTE-SW ranked fifth out of 61 local telephone companies for the most complaints received in OCP.³

OCP maintains a record of each complaint filed at the PUCT. OCP complaint data for fiscal years 1997 and 1998 show that GTE-SW has not yet improved its complaint record. In 1997, OCP received 900 telephone and written complaints about GTE-SW; in 1998, there were 904.⁴ Further, in fiscal year 1988, almost 50% of the complaints received against GTE-SW involved GTE-SW's network (quality of service, commitment dates not kept, *etc.*) or GTE-SW's customer service.⁵ Generally, billing is the number one complaint recorded in OCP against

³ Information Helps Texans Make Smart Utility Choices, *Public Utility Connection*, Vol. 1 Issue 1, Public Utility Commission of Texas (Spring 1998). The list is based on complaints that have been documented and sent to utilities for resolution. These complaints do not necessarily indicate wrongdoing by the companies because, in many cases, the complaints are not yet resolved. This ranking is adjusted for the companies' number of access lines.

⁴ OCP Complaints Database (Nov. 16, 1998).

⁵ *Id.*

telephone companies. This is not the case for GTE-SW. We are concerned that the merged entity could divert resources away from the types of improvements to GTE-SW's network and customer service operations necessary to decrease the number of customer complaints we receive. P.U.C. Subst. R. 23.61 contains the PUCT's technical service standards for telephone utilities. We will provide additional data gathered through §23.61 on GTE-SW's technical service record during the response period for comments for this merger.

GTE Corporation recently announced plans to sell or trade seven percent of its local telephone lines.⁶ In Texas, GTE is proposing to sell 297,300 lines in 196 communities, most located in West Texas.⁷ Our experience with GTE-SW's "unwanted" exchanges raises additional questions regarding GTE's commitment to service quality. Some of GTE's previous transactions in Texas have resulted in increases in local telephone companies' request for universal service funding. Companies have cited the need to make significant upgrades to central offices, including replacing substandard analogue switches with digital switches.⁸ We are concerned that GTE-SW is avoiding its obligations to bring all its Texas exchanges up to standard. We request that the Commission incorporate a review of GTE's plans to sell unwanted exchanges prior to approval of this merger.

⁶ *GTE Selling 7% of Local Lines, Including Some in West Texas*, Star-Telegram, Couch, Mark P. (Nov. 6, 1998).

⁷ *Id.*

⁸ *Compliance Proceeding for Implementation of the Small and Rural Incumbent Local Exchange Carrier Universal Service Plan*, PUCT Docket No. 18516, Tr. at 193 (Oct. 19, 1998).

IV. Competitive Issues

A. GTE Arbitrations - PUCT Docket No. 16300

On December 12, 1996, the PUCT issued an award approving interim rates for unbundled network elements (UNEs) and services in the AT&T Communications of the Southwest (AT&T) (Docket No. 16300) and MCI Telecommunications Corporation (MCI) (Docket No. 16355) arbitrations with GTE-SW. Since then, the PUCT has consolidated those two dockets and the arbitration dockets of American Communications Services, Inc. *et al.* (Docket No. 16743) and Sprint Communications Company (Sprint) (Docket No. 16476) into Docket No. 16300 to implement permanent rates for GTE-SW's UNEs and review of GTE-SW's collocation tariffs. We anticipate that this proceeding will be completed during the second quarter of 1999.

GTE-SW has appealed the PUCT's decisions in Docket Nos. 16300, 16355, 16743, and 16476.⁹ The appeals are being heard by the federal district court in McAllen, Texas. At issue in the appeals are such fundamentals as TELRIC methodologies and the interim UNE rates developed with that methodology.

B. Competitive Safeguards – PUCT Project No. 18377

In December 1997, the PUCT initiated Project No. 18377 to investigate the existing level of competition in areas served by ten Texas incumbent local exchange carriers (ILECs).¹⁰

⁹ *GTE Southwest Incorporated v. Patrick H. Wood, et al. and AT&T Communications of the Southwest, Inc., et al.*, No. M97-003 (United States District Court, Southern District of Texas, McAllen Division); *GTE Southwest Incorporated v. Patrick H. Wood, et al. and MCI Telecommunications Corp., et al.*, No. M97-078 (United States District Court, Southern District of Texas, McAllen Division); *GTE Southwest Incorporated v. Patrick H. Wood, et al. and Sprint Communications Company, L.P., and American Communications Services, Inc.*, No. M97-115 (United States District Court, Southern District of Texas, McAllen Division); and *GTE Southwest Incorporated v. Patrick H. Wood, et al. and AT&T Communications of the Southwest, Inc., et al.*, No. M97-138 (United States District Court, Southern District of Texas, McAllen Division).

¹⁰ The ten ILECs currently under investigation in PUCT Project No. 18377 are: GTE-SW; Sugar Land Telephone

Project No. 18377 also investigate whether the competitive safeguards set forth in the Public Utility Regulatory Act (PURA), Texas Utilities Code, Chapter 60, and FTA §251 are effectively eliminating barriers to competition in those ILEC service territories. A copy of PURA Chapter 60 is in Attachment A.

Project No. 18377 is ongoing, but we recently requested information from competitive local exchange carriers (CLECs) and the ILECs with which they interconnect.¹¹ GTE-SW provided statistics indicating notable competitive activity and detailing the type of operation support systems (OSS) it is using to provide service to CLECs. Although GTE-SW stated that it has 70 effective interconnection agreements on file at the PUCT, we do not believe that to represent any significant amount of actual competition.

Two CLECs have indicated difficulty with the ease of doing business with GTE-SW. XIT Telecommunications and Technology, Inc.'s (XIT's) interconnection agreement with GTE-SW was approved by the PUCT on November 20, 1997. XIT specifically complained about GTE-SW's OSS and expressed concern about GTE-SW's cut-over processes for loop transmission in an UNE environment. In addition, AT&T stated that it has encountered many obstacles in its efforts to interconnect with GTE-SW and also complained about GTE-SW's OSS.¹² AT&T pointed out however, that it cannot finalize entry decisions in GTE-SW's service

Company; Central Telephone Company of Texas; Century Telephone of Lake Dallas; Century Telephone of Port Aransas, Inc.; Century Telephone of San Marcos, Inc.; Contel of Texas, Inc. (formerly Continental Telephone Company of Texas); Lufkin-Conroe Telephone Exchange, Inc.; United Telephone Company of Texas, Inc.; Texas Alltel; and any affiliates of these companies that hold a certificate of convenience and necessity to provide telephone service within the state. GTE-SW is the largest of the ten ILECs being investigated in Project No. 18377.

¹¹ As part of Project No. 18377, the PUCT issued a set of questions seeking public comment by interested parties regarding compliance with competitive safeguards. Comments were filed on November 13, 1998; ILECs subject to the inquiry are to file reply comments no later than December 11, 1998. We are in the preliminary stages of analyzing the information provided.

¹² *Commission Inquiry Regarding Compliance with Competitive Safeguards by Incumbent Local Exchange Carriers Serving Greater than 31,000 Access Lines and Fewer than 5,000,000 Access Lines*, PUCT Project No. 18377,

areas until the permanent cost-based rates for GTE-SW's UNEs are established.¹³ Attachment B contains copies of GTE-SW's, XIT's, and AT&T's comments. MCI's filing indicated that there were no measurable obstacles encountered with GTE-SW.¹⁴ Sprint stated that although its interconnection agreement with GTE-SW covers network elements, measurement of actual performance would be premature since actual implementation of the agreement has not occurred.¹⁵ There is no significant competition and no convincing evidence that GTE-SW has met the requirements of FTA §251. The crucial issues for opening the local market consistent with FTA §251 include: the combinations of UNEs at cost-based rates, the efficacy of a fully functioning OSS, and the adoption of performance measures and a penalty/enforcement mechanism.

C. GTE-SW as a CLEC

On October 20, 1997, the PUCT issued an order granting GTE Communications Corporation's (GTE-CC's) certificate of operating authority (COA) in territories currently served with local telephone service by SWBT, Sprint Communications Company L.P./United Telephone Company and Central Telephone Company.¹⁶ We note, however, that GTE-CC,

Comments of AT&T Communications of the Southwest, Inc., Exhibit A (Nov. 13, 1998).

¹³ *Id.* at 2.

¹⁴ *Commission Inquiry Regarding Compliance with Competitive Safeguards by Incumbent Local Exchange Carriers Serving Greater than 31,000 Access Lines and Fewer than 5,000,000 Access Lines*, PUCT Project No. 18377, Comments of MCI Telecommunications Corporation (Nov. 10, 1998).

¹⁵ *Commission Inquiry Regarding Compliance with Competitive Safeguards by Incumbent Local Exchange Carriers Serving Greater than 31,000 Access Lines and Fewer than 5,000,000 Access Lines*, PUCT Project No. 18377, Comments of Sprint Communications Company L.P. at 1 (Nov. 13, 1998).

¹⁶ *Application of GTE Communications Corporation for a Certificate of Operating Authority in SWBT, Sprint/United, and Centel Service Territories (Re: Docket No. 16495)*, PUCT Docket No. 18146, Order (Oct. 20, 1998).

unlike many other CLECs, has not been an active participant in the PUCT's FTA §271 collaborative process.¹⁷

V. Conclusion

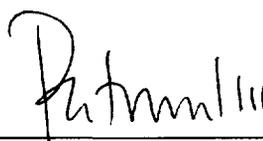
We urge the Commission to use the tools it has to ensure that this merger is in the public interest and require GTE to implement a satisfactory OSS and improve its service quality record. In Texas, CLECs have concentrated their activity in SWBT's urban areas. We do not construe the limited amount of data regarding GTE-SW's competitive behavior to mean that GTE-SW's markets are fully open to competition. Whether this merger delivers benefits and is in the public interest is for the Commission to decide, but we advocate preconditioning approval of the merger on affirmative proof that GTE-SW's local markets are irrevocably open to competition. On a national level, we believe that the GTE/Bell Atlantic merger application should receive the same level of scrutiny afforded the SBC/Ameritech merger application.

¹⁷ On May 21, 1998, the PUCT determined that it could not yet support SWBT's entry into Texas' interLATA market. The PUCT directed its staff to establish a collaborative process to address all outstanding issues preventing SWBT from obtaining an affirmative recommendation from the PUCT regarding its §271 application. The PUCT staff, SWBT, and many interested parties are in the midst of the collaborative process designed to address all issues that must be resolved to irreversibly open SWBT's local market to competition.

Respectfully submitted,

Public Utility Commission of Texas
1701 N. Congress Ave.
P.O. Box 13326
Austin, Texas 78711-3326

November 20, 1998



Pat Wood, III, Chairman



Judy Walsh, Commissioner

ATTACHMENT A

PURA Chapter 60

PUBLIC UTILITY REGULATORY ACT

**Title II, Texas Utilities Code,
and Selected Statutes**

**including amendments to the Public Utility Regulatory Act of 1995,
TEX. REV. CIV. STAT., art. 1446c-0,
by the 75th Texas Legislature, Regular Session.**

**PUBLIC UTILITY COMMISSION
OF TEXAS**

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Sec. 59.080. INTERCONNECTION OF NETWORK SERVICES. The private network services provided under this subchapter may be interconnected with other similar networks for distance learning, telemedicine, and information-sharing purposes.

(V.A.C.S. Art. 1446c-0, Sec. 3.403(c)(13).)

Sec. 59.081. SHARING OR RESALE OF NETWORK SERVICES.

- (a) A private network service may be used and shared among the entities described by Section 59.072(a) but may not be otherwise shared or resold to other customers.
- (b) A service provided under this subchapter may not be required to be resold to other customers at a rate provided by this subchapter.
- (c) This section does not prohibit an otherwise permitted resale of another service that an electing company may offer through the use of the same facilities used to provide a private network service offered under this subchapter.

(V.A.C.S. Art. 1446c-0, Sec. 3.403(c)(14).)

Sec. 59.082. IMPLEMENTATION COSTS; INCREASE IN RATES AND UNIVERSAL SERVICE FUNDS.

The commission may not consider the cost of implementing this subchapter in determining whether an electing company is entitled to:

- (1) a rate increase under this chapter; or
- (2) increased universal service funds under Subchapter B, Chapter 56.

(V.A.C.S. Art. 1446c-0, Sec. 3.403(e) (part).)

CHAPTER 60. COMPETITIVE SAFEGUARDS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 60.001. FAIR COMPETITION.

To the extent necessary to ensure that competition in telecommunications is fair to each participant and to accelerate the improvement of telecommunications in this state, the commission shall ensure that the rates and rules of an incumbent local exchange company:

- (1) are not unreasonably preferential, prejudicial, or discriminatory; and
- (2) are applied equitably and consistently.

(V.A.C.S. Art. 1446c-0, Sec. 3.451(a).)

Sec. 60.002. EXCLUSIVE JURISDICTION; ENFORCEMENT.

- (a) The commission has exclusive jurisdiction to implement competitive safeguards.
- (b) Section 58.025 does not prevent the commission from enforcing this chapter.

(V.A.C.S. Art. 1446c-0, Secs. 3.451(b), (c).)

Sec. 60.003. COMMISSION AUTHORITY.

- (a) The commission may:
 - (1) establish procedures with respect to a policy stated in this subchapter or Subchapters B-H; and
 - (2) resolve a dispute that arises under a policy described by Subdivision (1).
- (b) The commission shall adopt procedures for a proceeding under Subchapters B and C. A procedure may:
 - (1) limit discovery; and
 - (2) for purposes of cross-examination align any party, other than the office, with another party that has a similar position.
- (c) In adopting a procedure under this section and in resolving a dispute, the commission shall consider the action's effect on:
 - (1) consumers;
 - (2) competitors; and
 - (3) the incumbent local exchange company.
- (d) The commission, by order or rule, may not implement a requirement that is contrary to a federal law or rule.

(V.A.C.S. Art. 1446c-0, Sec. 3.460.)

Sec. 60.004. APPLICABILITY TO CERTAIN SMALLER INCUMBENT LOCAL EXCHANGE COMPANIES; RULES.

- (a) Subchapters B, C, and H may be applied to an incumbent local exchange company that serves fewer than 31,000 access lines only on a bona fide request from a certificated telecommunications utility.
- (b) In applying the rules adopted under Subchapters B, C, and H to a company described by Subsection (a), the commission may modify the rules in the public interest.
- (c) This section takes effect September 1, 1998.

(V.A.C.S. Art. 1446c-0, Sec. 3.461 (part).)

Sec. 60.0041. APPLICABILITY TO CERTAIN SMALLER INCUMBENT LOCAL EXCHANGE COMPANIES.

- (a) Subchapters B, C, E, G, and H do not apply to an incumbent local exchange company that serves fewer than 31,000 access lines.
- (b) This section expires September 1, 1998.

(V.A.C.S. Art. 1446c-0, Sec. 3.461 (part).)

Sec. 60.005. APPLICABILITY TO CERTAIN LARGER INCUMBENT LOCAL EXCHANGE COMPANIES; RULES.

- (a) Subchapters B, D, and F may be applied to an incumbent local exchange company that, as of September 1, 1995, has 31,000 or more access lines in this state but fewer than one million access lines in this state only on a bona fide request from a holder of a certificate of operating authority or a service provider certificate of operating authority.
- (b) In applying the rules adopted under Subchapters B, D, and F to a company described by Subsection (a), the commission may modify the rules in the public interest.

(V.A.C.S. Art. 1446c-0, Sec. 3.462.)

Sec. 60.006. BULLETIN BOARD SYSTEMS UNAFFECTED.

This subtitle does not:

- (1) require the commission to change the rate treatment established by the commission in Docket No. 8387 for a bulletin board system in a residence;
- (2) regulate or tax a bulletin board system or Internet service provider that provides only enhanced or information services and that does not provide a telecommunications service; or

- (3) require a change in a rate charged to an entity described by Subdivision (2) under a tariff in effect on September 1, 1995.

(V.A.C.S. Art. 1446c-0, Sec. 3.459(c).)

SUBCHAPTER B. UNBUNDLING

Sec. 60.021. MINIMUM UNBUNDLING REQUIREMENT. At a minimum, an incumbent local exchange company shall unbundle its network to the extent the Federal Communications Commission orders.

(V.A.C.S. Art. 1446c-0, Sec. 3.452(a).)

Sec. 60.022. COMMISSION UNBUNDLING ORDERS.

- (a) The commission may adopt an order relating to the issue of unbundling of local exchange company services in addition to the unbundling required by Section 60.021.
- (b) Before ordering further unbundling, the commission must consider the public interest and competitive merits of further unbundling.
- (c) On the request of a party, the commission shall proceed by evidentiary hearing. If a request for a hearing is not made, the commission may proceed by rulemaking.

(V.A.C.S. Art. 1446c-0, Secs. 3.452(b), (c).)

Sec. 60.023. ASSIGNMENT OF UNBUNDLED COMPONENT TO CATEGORY OF SERVICE. The commission may assign an unbundled component to the appropriate category of services under Chapter 58 according to the purposes and intents of the categories.

(V.A.C.S. Art. 1446c-0, Sec. 3.452(d).)

SUBCHAPTER C. RESALE

Sec. 60.041. LOOP RESALE TARIFF.

- (a) An incumbent local exchange company that on September 1, 1995, serves one million or more access lines or that on or before September 1, 1995, elects regulation under Chapter 58 shall file a usage sensitive loop resale tariff.
- (b) An incumbent local exchange company shall file a usage sensitive loop resale tariff not later than the 60th day after the date a certificate of operating authority or a service provider certificate of operating authority is granted under Chapter 54 if the company:

- (1) serves fewer than one million access lines; and
 - (2) is not an electing company under Chapter 58.
- (c) The commission shall conduct an appropriate proceeding to determine the rates and terms of the resale tariff not later than the 180th day after the date the tariff is filed.
- (d) The commission may not approve a usage sensitive rate unless the rate recovers:
- (1) the total long run incremental cost of the loop on an unseparated basis; and
 - (2) an appropriate contribution to joint and common costs.
- (e) Except as provided by Section 60.044, a person may not purchase from the resale tariff unless the person is the holder of:
- (1) a certificate of convenience and necessity;
 - (2) a certificate of operating authority; or
 - (3) a service provider certificate of operating authority.
- (f) In this section, "loop resale" means the purchase of the local distribution channel or loop facility from the incumbent local exchange company to resell to end user customers.

(V.A.C.S. Art. 1446c-0, Secs. 3.453(a), (b), (c).)

Sec. 60.042. PROHIBITED RESALE OR SHARING.

A provider of telecommunications service may not impose a restriction on the resale or sharing of a service:

- (1) for which the provider is not a dominant provider; or
- (2) entitled to regulatory treatment as a competitive service under Subchapter E, Chapter 58, if the provider is a company electing regulation under Chapter 58.

(V.A.C.S. Art. 1446c-0, Sec. 3.453(d).)

Sec. 60.043. RESALE OBLIGATION.

A holder of a certificate of operating authority or a service provider certificate of operating authority shall permit a local exchange company to resell the holder's loop facilities at the holder's regularly published rates if the local exchange company:

- (1) does not have loop facilities; and
- (2) has a request for service.

(V.A.C.S. Art. 1446c-0, Sec. 3.453(e).)

Sec. 60.044. ELIMINATION OF RESALE PROHIBITIONS.

- (a) Except as provided by Subsections (c) and (d), the commission shall eliminate all resale prohibitions in the tariffs of an electing company on the:
 - (1) completion of the commission's costing and pricing rulemaking;
 - (2) completion of rate rebalancing of the incumbent local exchange company rates under Subchapter F; and
 - (3) removal of all prohibitions on an incumbent local exchange company's provision of interLATA services.
- (b) Except as provided by Subsections (c) and (d), the commission shall eliminate all resale prohibitions in the tariffs of an electing company that has one million access lines or more on removal of all prohibitions on the company's provision of interLATA service.
- (c) After the resale prohibitions are eliminated under this section:
 - (1) the commission shall continue to prohibit the resale of local exchange or directory assistance flat rate services as a substitute for usage sensitive services; and
 - (2) residence service may not be resold to a business customer.
- (d) A service or function may be offered for resale only to the same class of customer to which the incumbent local exchange company sells the service if the commission finds that:
 - (1) as a result of the costing and pricing proceeding the rate for the service or function will be less than the cost of providing the service or function; and
 - (2) the difference in rate and cost will not be recovered from the universal service fund.

(V.A.C.S. Art. 1446c-0, Sec. 3.453(f).)

Sec. 60.045. RESALE OR SHARING ARRANGEMENTS UNAFFECTED.

This subchapter does not change a resale or sharing arrangement permitted in an incumbent local exchange company tariff that:

- (1) does not have loop facilities; and
- (2) has a request for service.

(V.A.C.S. Art. 1446c-0, Sec. 3.453(e).)

Sec. 60.044. ELIMINATION OF RESALE PROHIBITIONS.

- (a) Except as provided by Subsections (c) and (d), the commission shall eliminate all resale prohibitions in the tariffs of an electing company on the:
 - (1) completion of the commission's costing and pricing rulemaking;
 - (2) completion of rate rebalancing of the incumbent local exchange company rates under Subchapter F; and
 - (3) removal of all prohibitions on an incumbent local exchange company's provision of interLATA services.
- (b) Except as provided by Subsections (c) and (d), the commission shall eliminate all resale prohibitions in the tariffs of an electing company that has one million access lines or more on removal of all prohibitions on the company's provision of interLATA service.
- (c) After the resale prohibitions are eliminated under this section:
 - (1) the commission shall continue to prohibit the resale of local exchange or directory assistance flat rate services as a substitute for usage sensitive services; and
 - (2) residence service may not be resold to a business customer.
- (d) A service or function may be offered for resale only to the same class of customer to which the incumbent local exchange company sells the service if the commission finds that:
 - (1) as a result of the costing and pricing proceeding the rate for the service or function will be less than the cost of providing the service or function; and
 - (2) the difference in rate and cost will not be recovered from the universal service fund.

(V.A.C.S. Art. 1446c-0, Sec. 3.453(f).)

Sec. 60.045. RESALE OR SHARING ARRANGEMENTS UNAFFECTED.

This subchapter does not change a resale or sharing arrangement permitted in an incumbent local exchange company tariff that:

- (1) existed on September 1, 1995; or
- (2) was filed on or before May 1, 1995, by an incumbent local exchange company that serves more than five million access lines in this state.

(V.A.C.S. Art. 1446c-0, Sec. 3.453(g).)

SUBCHAPTER D. IMPUTATION

Sec. 60.061. RULES.

- (a) The commission shall adopt rules governing imputation of the price of a service.
- (b) Imputation is a regulatory policy the commission shall apply to prevent an incumbent local exchange company from selling a service or function to another telecommunications utility at a price that is higher than the rate the incumbent local exchange company implicitly includes in services it provides to the company's retail customers.
- (c) The commission may require imputation only of the price of a service that is:
 - (1) not generally available from a source other than the incumbent local exchange company; and
 - (2) necessary for the competitor to provide a competing service.
- (d) The commission may require imputation only on a service-by-service basis and may not require imputation on a rate-element-by-element basis.
- (e) For a service for which the commission may require imputation under Subsection (c) and that is provided under a customer specific contract, the commission:
 - (1) may require imputation only on a service-by-service basis within the contract; and
 - (2) may not require imputation on a rate-element-by-element basis.

(V.A.C.S. Art. 1446c-0, Secs. 3.454(a), (b), (c), (f), (g).)

Sec. 60.062. EXCEPTION FOR CAPPED PRICE. The commission may not require imputation of the price to a local exchange telephone service while the price is capped under Chapter 58 or 59.

(V.A.C.S. Art. 1446c-0, Sec. 3.454(d).)

Sec. 60.063. IMPUTATION FOR SWITCHED ACCESS. The commission shall impute the price of switched access service to the price of each service for which switched access service is a component until switched access service is competitively available.

(V.A.C.S. Art. 1446c-0, Sec. 3.454(e).)

Sec. 60.064. RECOVERY OF COST OF PROVIDING SERVICE.

- (a) An incumbent local exchange company shall demonstrate that the price it charges for retail service recovers the cost of providing the service.
- (b) For purposes of this section, the cost of providing the service is the sum of:
 - (1) each specifically tariffed premium rate for each noncompetitive service or service function, or each element of a noncompetitive service or service function, or the functional equivalent, that is used to provide the service;
 - (2) the total service long run incremental cost of the competitive services or service functions that are used;
 - (3) each cost, not reflected in Subdivision (1) or (2), that is specifically associated with providing the service or group of services; and
 - (4) each cost or surcharge associated with an explicit subsidy applied to all providers of the service to promote universal service.

(V.A.C.S. Art. 1446c-0, Sec. 3.454(h).)

Sec. 60.065. WAIVERS.

If the commission determines that a waiver is in the public interest, the commission may waive an imputation requirement for a public interest service such as:

- (1) 9-1-1 service; or
- (2) dual party relay service.

(V.A.C.S. Art. 1446c-0, Sec. 3.454(i).)

SUBCHAPTER E. TELECOMMUNICATIONS NUMBER PORTABILITY

Sec. 60.081. DEFINITION. In this subchapter, "telecommunications number portability" means the ability of a telecommunications services user who is changing from one telecommunications service provider to another provider to retain a telephone number, to the extent technically feasible, without impairing the quality, reliability, or convenience of service.

(V.A.C.S. Art. 1446c-0, Sec. 3.455(b).)

Sec. 60.082. PORTABILITY GUIDELINES.

- (a) Because a uniform national number plan is valuable and necessary to this state, the commission by rule shall adopt guidelines governing telecommunications number portability and the assignment of telephone numbers in a competitively neutral manner.
- (b) The rules may not be inconsistent with the rules and regulations of the Federal Communications Commission regarding telecommunications number portability.

(V.A.C.S. Art. 1446c-0, Sec. 3.455(a).)

Sec. 60.083. INTERIM RETENTION OF CONSUMER NUMBERS. As an interim measure, the commission shall adopt reasonable mechanisms, including, at minimum, the use of call forwarding and direct inward dialing, to allow consumers to retain their telephone numbers.

(V.A.C.S. Art. 1446c-0, Sec. 3.455(c) (part).)

Sec. 60.084. RATES FOR INTERIM PORTABILITY MEASURES.

- (a) An incumbent local exchange company with one million or more access lines shall file tariffs, and the commission shall determine reasonable rates to be charged by the company for:
 - (1) call forwarding;
 - (2) direct inward dialing; and
 - (3) any other mechanism the commission determines should be used as an interim telecommunications number portability measure by a new entrant.
- (b) An incumbent local exchange company with fewer than one million access lines that serves an area in which a certificate of operating authority or a service provider certificate of operating authority has been granted shall, not later than the 60th day after the date of a bona fide request, file tariffs in accordance with Subsection (a).

- (c) Not later than the 60th day after the date a company files tariffs under Subsection (b), the commission shall determine reasonable rates in accordance with Subsection (a).

(V.A.C.S. Art. 1446c-0, Sec. 3.455(c) (part).)

SUBCHAPTER F. PRICING

Sec. 60.101. PRICING RULE.

- (a) The commission shall adopt a pricing rule.
- (b) In adopting the pricing rule, the commission shall:
- (1) ensure that each price for a monopoly service remains affordable;
 - (2) ensure that each price for competitive service is not:
 - (A) unreasonably preferential, prejudicial, or discriminatory;
 - (B) directly or indirectly subsidized by a noncompetitive service; or
 - (C) predatory or anticompetitive; and
 - (3) require that each service recover the appropriate costs, including joint and common costs, of each facility and function used to provide the service.

(V.A.C.S. Art. 1446c-0, Secs. 3.457(a)(1) (part), (b).)

Sec. 60.102. ADOPTION OF COST STUDIES BY CERTAIN COMPANIES. The commission shall allow an incumbent local exchange company that is not a Tier 1 local exchange company on September 1, 1995, to adopt, at that company's option, the cost studies approved by the commission for a Tier 1 local exchange company.

(V.A.C.S. Art. 1446c-0, Sec. 3.457(c).)

SUBCHAPTER G. INTERCONNECTION

Sec. 60.121. DEFINITION. In this subchapter, "interconnection" means, for calls that originate and terminate in this state, the termination of local intraexchange traffic of another local exchange company or holder of a service provider certificate of operating authority within the local calling area of the terminating local exchange company or certificate holder.

(V.A.C.S. Art. 1446c-0, Sec. 3.458(a) (part).)

Sec. 60.122. EXCLUSIVE JURISDICTION. The commission has exclusive jurisdiction to determine rates and terms for interconnection for a holder of a certificate of convenience and necessity, a certificate of operating authority, or a service provider certificate of operating authority.

(V.A.C.S. Art. 1446c-0, Sec. 3.458(h).)

Sec. 60.123. INAPPLICABILITY OF SUBCHAPTER. This subchapter does not apply to a rate for the existing termination of cellular or interexchange traffic.

(V.A.C.S. Art. 1446c-0, Sec. 3.458(a) (part).)

Sec. 60.124. INTEROPERABLE NETWORKS REQUIRED.

- (a) The commission shall require each telecommunications provider to maintain interoperable networks.
- (b) The commission may:
 - (1) adopt rules, including generic rules that are responsive to changes in federal law or a development in the local exchange market; and
 - (2) set policies governing interconnection arrangements.

(V.A.C.S. Art. 1446c-0, Secs. 3.458(b) (part), (f).)

Sec. 60.125. DETERMINATION OF INTERCONNECTION RATES.

- (a) Telecommunications providers shall negotiate network interconnectivity, charges, and terms.
- (b) If interconnectivity, charges, and terms are successfully negotiated, the commission shall approve the interconnection rates.
- (c) If telecommunications providers do not enter into a mutually agreed compensation rate under this section, each provider shall reciprocally terminate the other provider's traffic at no charge for the first nine months after the date the first call is terminated between the providers.
- (d) During the nine-month period prescribed by Subsection (c), the commission shall complete a proceeding to establish reciprocal interconnection rates and terms. The commission shall establish reciprocal interconnection rates and terms based solely on the commission proceeding.
- (e) In establishing the initial interconnection rate, the commission may not require cost studies from the new entrant.

- (f) On or after the third anniversary of the date the first call is terminated between the providers, the commission, on receipt of a complaint, may require cost studies by a new entrant to establish interconnection rates.

(V.A.C.S. Art. 1446c-0, Secs. 3.458(b) (part), (c), (d).)

Sec. 60.126. INTERCONNECTIVITY NEGOTIATIONS; DISPUTE RESOLUTION. The commission may resolve a dispute filed by a party to a negotiation under Section 60.125(a).

(V.A.C.S. Art. 1446c-0, Sec. 3.458(b) (part).)

Sec. 60.127. ADOPTION OF APPROVED INTERCONNECTION RATES.

- (a) An incumbent local exchange company may adopt the interconnection rates the commission approves for a larger incumbent local exchange company without additional cost justification.
- (b) If an incumbent local exchange company does not adopt the interconnection rates of a larger company or negotiates under Section 60.125(a), the company is governed by Sections 60.125(c)-(f).
- (c) If the incumbent local exchange company adopts the interconnection rates of another incumbent local exchange company, the new entrant may adopt those rates as the new entrant's interconnection rates.
- (d) If the incumbent local exchange company elects to file its own tariff, the new entrant must also file its own interconnection tariff.

(V.A.C.S. Art. 1446c-0, Sec. 3.458(e).)

Sec. 60.128. USE OF RATES RESTRICTED. The commission may not use interconnection rates under this subchapter as a basis to alter interconnection rates for other services.

(V.A.C.S. Art. 1446c-0, Sec. 3.458(g).)

SUBCHAPTER H. EXPANDED INTERCONNECTION

Sec. 60.141. EXPANDED INTERCONNECTION RULES.

The commission shall adopt rules for expanded interconnection that:

- (1) are consistent with the rules and regulations of the Federal Communications Commission relating to expanded interconnection;
- (2) treat intrastate private line services as special access service; and

- (3) provide that if an incumbent local exchange company is required to provide expanded interconnection to another local exchange company, the second local exchange company shall in a similar manner provide expanded interconnection to the first company.

(V.A.C.S. Art. 1446c-0, Sec. 3.456(a).)

SUBCHAPTER I. LOCAL EXCHANGE COMPANY REQUIREMENTS

Sec. 60.161. INCUMBENT LOCAL EXCHANGE COMPANY REQUIREMENTS.

An incumbent local exchange company may not unreasonably:

- (1) discriminate against another provider by refusing access to the local exchange;
- (2) refuse or delay an interconnection to another provider;
- (3) degrade the quality of access the company provides to another provider;
- (4) impair the speed, quality, or efficiency of a line used by another provider;
- (5) fail to fully disclose in a timely manner on request all available information necessary to design equipment that will meet the specifications of the local exchange network; or
- (6) refuse or delay access by a person to another provider.

(V.A.C.S. Art. 1446c-0, Sec. 3.459(a).)

Sec. 60.162. EXPANDED INTERCONNECTION. This subchapter does not require an incumbent local exchange company to provide expanded interconnection as that term is defined by the Federal Communications Commission.

(V.A.C.S. Art. 1446c-0, Sec. 3.459(b).)

Sec. 60.163. INFRASTRUCTURE SHARING.

- (a) The commission shall adopt rules that require a local exchange company to share public switched network infrastructure and technology with a requesting local exchange company that lacks economies of scale or scope, to enable the requesting company to provide telecommunications services in each geographic area for which the requesting company is designated as the sole carrier of last resort.
- (b) The rules governing the sharing:
 - (1) may not require a local exchange company to make a decision that is uneconomic or adverse to the public;

SUBCHAPTER B. PROVISION OF INFORMATION TECHNOLOGY SERVICES

Sec. 61.021. PROVISION OF CERTAIN SERVICES OR PRODUCTS PROHIBITED.

(a) A local exchange company that serves more than five million access lines in this state may not provide the following customized business services or products to a customer who has 50 or more access lines in this state:

- (1) management consulting, except for consulting related exclusively to telecommunications;
- (2) information technology process or systems development;
- (3) information technology process or systems integration; or
- (4) information technology process or systems management.

(b) This section does not apply to a service or product provided on September 1, 1995.

(V.A.C.S. Art. 1446c-0, Sec. 3.582(a).)

Sec. 61.022. PERMISSIBLE SERVICES AND PRODUCTS.

Section 61.021 does not prohibit:

- (1) an affiliate of the local exchange company from providing a service or product described by that section in accordance with this subchapter and Subchapter C; or
- (2) a local exchange company from:
 - (A) providing a service or product described by Section 61.021 to an affiliate if:
 - (i) the company is not providing a service or product described by that section to a nonaffiliated third party; and
 - (ii) there is not an affiliate of the company engaged in providing a service or product described by that section to a nonaffiliated third party;
 - (B) providing mass market and consumer market products and services directly to a customer that:
 - (i) has fewer than 50 access lines in this state; and
 - (ii) uses or relies on the use of information services, information systems, or information technology or processes;

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 - (3) information technology process or systems integration; or
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(V.A.C.S. Art. 1446c-0, Sec. 3.582(a).)

Sec. 61.022. PERMISSIBLE SERVICES AND PRODUCTS.

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- (1) an affiliate of the local exchange company from providing a service or product described by that section in accordance with this subchapter and Subchapter C; or
- (2) a local exchange company from:
 - (A) providing a service or product described by Section 61.021 to an affiliate if:
 - (i) the company is not providing a service or product described by that section to a nonaffiliated third party; and
 - (ii) there is not an affiliate of the company engaged in providing a service or product described by that section to a nonaffiliated third party;
 - (B) providing mass market and consumer market products and services directly to a customer that:
 - (i) has fewer than 50 access lines in this state; and
 - (ii) uses or relies on the use of information services, information systems, or information technology or processes;

ATTACHMENT B

Project No. 18377
Comments of
GTE Southwest Incorporated;
XIT Telecommunications and Technology, Inc.;
and
AT&T of the Southwest, Inc.

COMMISSION INQUIRY REGARDING	§	PUBLIC UTILITY
COMPLIANCE WITH COMPETITIVE	§	COMMISSION
SAFEGUARDS BY INCUMBENT LOCAL	§	OF TEXAS
EXCHANGE CARRIERS	§	

COMMENTS OF GTE SOUTHWEST INCORPORATED

GTE Southwest Incorporated ("GTESW") files this response to the request for comments -- -- regarding compliance with competitive safeguards by incumbent local exchange carriers. Only Question No. 2 of the inquiry applies to GTESW. The remainder of the requests are not listed in this response.

QUESTION NO. 2

IF YOU ARE A ILEC SUBJECT TO THE INQUIRY, HAVE YOU PROVIDED THE ABOVE SERVICES 1(A)-(N) WHEN REQUESTED, AND IF YOU CLAIM THE RURAL CARRIER EXEMPTION, HAVE YOU RECEIVED A BONA FIDE REQUEST? PLEASE IDENTIFY SPECIFIC FACTS AND CIRCUMSTANCES WHEN POSSIBLE.

- a. INTERCONNECTION;
- b. COLLOCATION;
- c. ACCESS TO NETWORK ELEMENTS, INCLUDING OPERATION SUPPORT SYSTEMS (OSS);
- d. ACCESS TO POLES, DUCTS, CONDUITS, AND RIGHTS-OF-WAY OWNED OR CONTROLLED BY THE ILEC;
- e. LOCAL LOOP TRANSMISSION FROM THE CENTRAL OFFICE TO THE CUSTOMER'S PREMISES UNBUNDLED FROM LOCAL SWITCHING OR OTHER SERVICE;
- f. LOCAL TRANSPORT FROM THE TRUNK SIDE OF A WIRELINE LOCAL EXCHANGE CARRIER SWITCH UNBUNDLED FROM SWITCHING OR OTHER SERVICES;
- g. LOCAL SWITCHING UNBUNDLED FROM TRANSPORT, LOCAL LOOP TRANSMISSION, OR OTHER SERVICES;

- h. ACCESS TO 911 AND E911 SERVICES, DIRECTORY ASSISTANCE SERVICES TO ALLOW THE OTHER CARRIER'S CUSTOMERS TO OBTAIN TELEPHONE NUMBERS, AND OPERATOR CALL COMPLETION SERVICES;
- i. WHITE PAGE DIRECTORY LISTINGS FOR CUSTOMERS OF THE OTHER CARRIER'S TELEPHONE EXCHANGE SERVICE;
- j. ACCESS TO DATABASES AND ASSOCIATED SIGNALING NECESSARY FOR CALL ROUTING AND COMPLETION;
- k. INTERIM OR PERMANENT NUMBER PORTABILITY, AS REQUIRED;
- l. ACCESS TO SUCH SERVICES OR INFORMATION AS ARE NECESSARY TO ALLOW THE REQUESTING CARRIER TO IMPLEMENT LOCAL DIALING PARITY;
- m. RECIPROCAL COMPENSATION ARRANGEMENTS;
- n. TELECOMMUNICATIONS SERVICES AVAILABLE FOR RESALE.

RESPONSE:

- a. Provided interconnection with competitors. – GTESW has 70 effective interconnection agreements on file with the PUC. Thirty-three agreements are comprehensive, containing resale, unbundling, and interconnection provisions. Two agreements are Interconnection and Unbundling only. Three CLEC contracts are for interconnection only. Nineteen contracts are for resale only. The remaining thirteen contracts are with wireless providers for interconnection.
- b. Provided nondiscriminatory access to collocation. – GTESW has entered into twenty-three (23) interconnection agreements that provide for nondiscriminatory collocation.
- c. Provided nondiscriminatory access to network elements, including operations support systems. – There are currently has 61 active CLECs operating throughout GTESW's local serving territory in Texas. These CLECs are providing local service by using R1/B1 resale products, interconnection, unbundled loops and remote call forwarding as a means to port telephone numbers to their own switches. GTESW supports these CLECs using Operation Support Systems (OSS). Below is a current and future look at GTE's OSS platform.

Pre-Ordering

GTE currently has a tool available to CLECs called Secure Integrated Gateway System (SIGS). SIGS was implemented January 1, 1997, in compliance with a prior FCC order. SIGS provides telephone number assignment, due date, services available by central office, service address validation and Primary Interexchange Carriers (PIC) by central office.

GTE is providing CLECs with three means of accessing SIGS; two are based on electronic interfaces, and the third is based on facsimile or mail. The first electronic option is a form-based WEB interface relying on a Graphical User Interface (GUI) that can provide dial-up, dedicated, or Internet (implemented September 1998) access between the CLEC and GTE support Systems. The second electronic interface supports HyperText Transfer Protocol (HTTP) data streams and is based on web standards. These options provide the CLECs with the capability to query in real-time all information needed to process the pre-order request, as well as receive back from GTE any responses, error messages, or selection information necessary to complete the request.

Additionally, GTE is working with a CLEC in Texas to develop an Application Program Interface (API) to API interface solution.

GTE is also developing a proprietary solution for Customer Service Record (CSR) requests. This interface will provide end-user information using a GUI over the Internet. Currently there are no industry standards for this function.

GTE is also working closely with the Ordering and Billing Forum (OBF) to develop an industry standard for providing pre-ordering information. To date there is no industry standard, and implementation of a non-industry standard interface would require a large expenditure. Once an industry standard exists, the non-industry standard interface would

have to be replaced and the cost associated with development and implementation would be lost and non recoverable. GTE is eager to implement a standard interface for pre-ordering.

Ordering

GTE currently supports several methods for transmitting Local Service Requests (LSRs) from CLECs to GTENS. One method allows CLECs to send LSRs using the Network Data Mover (NDM). This is a standard transport method used in network access business. It allows data to move from one location to another in batch format (regular intervals). GTE does not limit the size of files; therefore CLECs using NDM may transmit large volumes of LSRs. GTE intends to provide the CLEC community with the option of transferring to the new ATIS standard LSOG2/EDI8 by the end of 4Q98. This type of transport is focused on the large CLECs.

GTE is also now offering a WEB GUI application via the Internet. This interface allows the CLECs to use the Internet as a means of sending and receiving information. CLECs can submit orders, supplements, and query the status of orders via the Internet. This type of interface is targeted toward medium to small CLECs.

In addition, GTE has developed Common Gateway Interface (CGI) scripts for LSR ordering. This interface is a script file based on LSOG1. It will allow customers to either type in the information or position their existing system to create the script file. Once the file is created it can be transmitted via Internet mail. This type of interface is targeted toward medium to small CLECs.

CLECs may also send order requests via facsimile or mail. This mode of CLEC ordering is mainly utilized by smaller CLECs.

Repair

Currently, trouble reporting is supported by SIGS. CLECs can use the SIGS gateway to electronically send all information needed to process a trouble ticket request and receive back from GTE any responses, error messages, or selection information necessary to complete the request. CLECs can create, update, view or delete a trouble report. CLECs can initiate a test on demand for a telephone number and will receive trouble ticket status and clearing information.

The SIGS gateway provides electronic interface into GTE's Trouble Administration System (TAS). This interface can be accessed through Netscape 3.0, a WEB GUI via the Internet or an Application Programming Interface (API) from the CLECs' existing systems. Once the request is entered, it is processed through the TAS, and GTE employees are dispatched as necessary via the Automated Work Administration System (AWAS). Trouble Tickets are closed via email.

CLECs may also receive repair information from GTE's CARE centers via an 800 toll-free access.

In the future, GTE will be enhancing SIGS based on feedback from CLECs. Enhancements to GTE's Access Customer Gateway (ACG) are also in the planning stages. This gateway is based on Electronic Bonding (EB) principles and is used by the Interexchange Carriers for trouble-handling on access circuits. The enhancements planned will expand capability to local services. This interface is expensive to develop and maintain and will benefit only large CLECs capable of making the investment.

- d. **Provided nondiscriminatory access to poles, ducts, conduits, and rights-of-way owned or controlled by the ILEC. – GTESW has entered into thirty-five (35) agreements that state that**

each party shall afford to the other access to the poles, ducts, conduits and right-of-way it owns or controls on terms, conditions and prices comparable to those offered to any other entity pursuant to each parties' tariffs and/or standard agreements.

- e. Provided local loop transmission from the central office to the customer's premises unbundled from local switching or other service. – GTESW has entered into thirty-five agreements for the offering of unbundled network elements on rates, terms and conditions that are just, reasonable, and non-discriminatory.
- f. Provided local transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services. —GTESW has entered into thirty-five agreements requiring local transport to be unbundled from switching and other services. Local switching is the Network Element that provides the functionality required to connect the appropriate lines or trunks wired to the Main Distributing Frame or Digital Cross Connect panel to a desired line or trunk. When applicable, GTESW routes calls to the appropriate trunk or lines for call origination or termination.
- g. Provided local switching unbundled from transport, local loop transmission, or other services. - GTESW has entered into thirty-five agreements that require it to provide unbundled access to all facilities, functions, features and capabilities of its local switches to the extent technically feasible. Pricing is established in the contract for the unbundled local switching.
- h. Provided nondiscriminatory access to 911 and E911 services, directory assistance services to allow the other carrier's customers to obtain telephone numbers, and operator call completion service. – **911/E911 – GTESW has entered into seventy agreements which address access to 911/E911. The agreements require that the parties provide access to**

911/E911 in a manner that is transparent to the end user. The parties are required to work together to provide the same grade of service as that which GTESW provides to its own end users.

Directory Assistance – All agreements contain language that requires GTESW to include in its directory database all directory assistance listing information of the CLEC customers through the interconnection or separate agreement.

Operator Services – All agreements provide for the routing of local Operator Services calls dialed by the CLEC customer directly to the CLEC Operator Services platform or GTESW operator service platform as specified by the CLEC through the interconnection or separate agreement.

- i. Provided white page directory listings for customers of the other carrier's telephone exchange service. – GTESW has executed sixty-seven agreements that require that the CLEC's end user's primary listings be included in the appropriate GTE white pages directory as well as GTE's directory assistance database.
- j. Provided nondiscriminatory access to databases and associated signaling necessary for call routing and completion. – GTESW is a party to seventy agreements providing for nondiscriminatory access to databases and associated signaling for call routing and completion. Where SS7 is available, the parties will provide CCS to each other in conjunction with all trunk groups supporting local, transit, and toll traffic. The parties will cooperate on the exchange of Transactional Capabilities Application Part ("TCAP") messages to facilitate full inter-operability of CCS-based features between their respective networks, including all CLASS features and functions. All CCS signaling parameters will

be provided. The parties will follow all OBF adopted standards pertaining to TNS and CIC/OZZ codes.

- k. Provided interim or permanent number portability, as required. – GTE SW has entered into fifty-seven agreements providing that each party shall provide the other party with number portability for the purpose of allowing end user customers to change service-providing parties without changing their telephone numbers. The methods of number portability are contained in the contracts.
- l. Provided nondiscriminatory access to such services or information as are necessary to allow the requesting carrier to implement local dialing parity. – GTE SW has executed twenty-three agreements which require it to provide the same dialing parity to the CLEC customers as similarly-situated GTE SW customers, such that, for all types, a CLEC customer is not required to dial any greater number of digits than a similarly-situated GTE SW customer. In order to accomplish this, nondiscriminatory access to services and information is provided.
- m. Made any necessary reciprocal compensation arrangements. – Fifty-one interconnection agreements provide for reciprocal compensation arrangement between the CLEC and GTE SW for local traffic, toll, and switched access services. The agreements require that the parties compensate each other for transport and termination of such traffic at rates provided in the agreement and/or the appropriate switched access tariff. The parties perform traffic studies to measure local traffic between them and will use such measure to determine the balance of traffic between them and compensation due, if any.
- n. Made telecommunications services available for resale. – Of the seventy total effective agreements in Texas, fifty-two provide for the resale of services. The agreements require GTE SW to make available to the CLEC for resale any telecommunications service that

GTE SW currently offers, or may offer in the future on a retail basis to subscribers that are not telecommunications carriers. Resale is unrestricted except as provided in the contract to comply with all applicable rules and regulations. The Texas resale tariff provides a 5% discount. Forty-one CLECs are purchasing products and services from this resale tariff.

Respectfully submitted,

GTE SOUTHWEST INCORPORATED

By: 

ALAN R. STRUBLE
(Bar No. 00785070)
GTE SERVICE CORPORATION
816 Congress, Suite 1500
Austin, TX 78701
512-370-4233
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ITS ATTORNEY

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Comments of GTE Southwest Incorporated has been hand-delivered to the General Counsel, this 13th day of November, 1998.

Emma R. Cizarian



Cathey, Hutton & Associates, Inc.
Telecommunications Management Consulting

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November 13, 1998

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PUBLIC UTILITY COMMISSION
General Counsel By _____

Mr. James R. Galloway
Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
Austin, Texas 78701

RE: Project 18377- XIT Telecommunication and Technology, Inc.'s response to Commission Inquiry Regarding Compliance with Competitive Safeguards by Incumbent Local Exchange Carriers

Dear Mr. Galloway:

Attached for filing are the original and twenty-two (22) copies of XIT Telecommunication and Technology, Inc.'s (XTT) response to the Commission's October 14, 1998 Request for Comments in Commission Inquiry Regarding Compliance with Competitive Safeguards by Incumbent Local Exchange Carriers.

XTT appreciates the opportunity to comment on these important issues in this proceeding. By way of background, XTT is currently providing service in the GTE Southwest, Inc. ("GTE") exchanges of Dalhart and Stratford under COA certificate number 50010, issued by the Commission on April 23, 1997 in Docket 16508. The Commission approved XTT's interconnection agreement with GTE on November 20, 1997, in Docket No. 17883.

If you have any questions concerning this filing, or require additional information, please contact me at (512) 343-2544.

Sincerely,

Christina Morris

Christina Morris
Authorized Representative

CMM/RM/pjp
Attachment

cc: Mr. Jimmy R. White, XIT Telecommunication and Technology, Inc.
Ms. Orlesia Duren, General Counsel, Public Utility Commission of Texas

2711 LBJ Freeway
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1. If you are a competitive local exchange company (CLEC) have you requested any of the following from the ILECs subject to the inquiry? If the ILEC is a rural carrier, please state whether you have made a bona fide request. Please comment on any obstacles you encountered, identifying specific facts and circumstances when possible.

- a) interconnection;

There were no obstacles encountered in establishing the interconnection arrangements in the GTE Southwest, Inc. ("GTE") exchanges of Dalhart and Stratford.

- b) collocation;

There were no obstacles encountered in accessing unbundled loops. Because there are comparatively few access lines in Dalhart and Stratford, GTE made a simple copper connection to a protector mounted on the GTE main distribution frame. So, although there was adequate space in the two central offices to require collocation. GTE allowed XTT to avoid the higher costs of collocation, which would have involved installation of a separate intermediary frame.

However, GTE has informed XTT that it will no longer allow such simple connections to access unbundled loops, even though it is obviously technically feasible. Consequently, should XTT expand into another GTE exchange, GTE will force XTT to pay for installation of an intermediary frame and associated cabling, power and other expenses. In summary, XTT did not experience any obstacles with its initial collocation requests, but is concerned there may be significant problems in the future based on GTE's stated change in policy. It is XTT's position that where simple, cost effective arrangements can be made to access unbundled loops, particularly in rural areas, CLECs should not be forced into unnecessary engineering requirements.

- c) access to network elements, including operation support systems (OSS);

XTT has experienced significant difficulties in processing Local Service Requests (LSRs). While some of the problems initially were caused by XTT training issues, the vast majority of problems were related to: 1) GTE data entry errors; and/or 2) GTE not issuing Firm Order Confirmations (FOCs) and then working the orders and disconnecting customers.

XTT has documented virtually every service problem experienced with GTE since turning up service in January 1998. Throughout the first and second quarters, more than 90% of the more than 1,000 LSRs submitted encountered a GTE-caused problem. The significant problems with back-office processing meant that XTT was able to process only 5-7 orders per week on average because of the time involved with correcting GTE LSR, field or interim number portability (INP) problems. These

compounding problems prevented XTT from issuing new LSRs. At one point in time, XTT had more than 1,200 held orders for service.

In addition, GTE has extensive CLEC billing problems. GTE continues to send inaccurate bills, even though they admit the bills are wrong. They continue to place the responsibility for payment and reconciliation with XTT without making attempts to resolve the root billing problems. It is XTT's view that GTE's policy of knowingly rendering inaccurate bills with excessive charges borders on the equivalent of "cramming."

- d) access to poles, ducts, conduits, and rights-of-way owned or controlled by the ILEC;

Not applicable.

- e) local loop transmission from the central office to the customer's premises unbundled from local switching or other service;

XTT has experienced a pattern of problems with GTE's system automatically closing out orders when service is not yet functioning. In addition, there have been some issues with local personnel signing off on orders as completed, when the service is not functioning. GTE is currently reviewing all local work orders and coordinating directly with XTT to pinpoint problems. GTE's field personnel have not been receiving CLEC work orders in a timely manner due to breakdowns in GTE's internal process. This causes difficulties in meeting the FOC due dates when field work is required. GTE and XTT have been holding regular conference calls for more than six months in an attempt to resolve this and other issues.

XTT also has concerns with GTE's policy, which is not covered in the XTT/GTE Interconnection Agreement, that coordinated hot cuts may only be used for customers with more than 20 lines. It is XTT's opinion that such a policy should not apply in rural areas, where the fire department, police and even regional hospitals may not meet the threshold number of lines.

- f) local transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services;

Not applicable.

- g) local switching unbundled from transport, local loop transmission, or other services;

Not applicable.

- h) access to 911 and E911 services, directory assistance services to allow the other carrier's customers to obtain telephone numbers, and operator call completion services;

XTT has not experienced any obstacles.

- i) white page directory listings for customers of the other carrier's telephone exchange service;

XTT experienced significant difficulties with listings because GTE did not provide any training materials or forms regarding back-office paperwork associated with directory listings. At one point during the second quarter, XTT had more than 500 listings that were not entered into the GTE white pages database. XTT personnel spent more than two weeks of dedicated time cleaning up this paperwork backlog. Extensive manual review by both XTT and GTE became necessary. GTE worked diligently to correct the database inaccuracies in time for inclusion in the next directory. Both Parties have subsequently worked through all training issues involving white page listings.

- j) access to databases and associated signaling necessary for call routing and completion;

Not applicable.

- k) interim or permanent number portability, as required;

Thirty-nine (39) percent of all interim number portability (INP) orders experienced a GTE-related problem, most involving a condition that resulted in the customer being without service. XTT has experienced problems with number portability in three general categories:

- 1) porting of numbers by GTE prior to the requested due date;
- 2) cancellation of ported numbers and immediate reassignment of the ported number to another GTE customer when no action was taken by XTT; and
- 3) numbers that had been successfully ported being subsequently dropped in error.

XTT and GTE have been holding bi-monthly conference calls to address porting issues. As a result of the discussions, GTE discovered numerous process breakdowns that are now in various stages of being corrected. XTT has experienced a significant reduction in the number of problems related to ported numbers in the past few weeks.

- l) access to such services or information as are necessary to allow the requesting carrier to implement local dialing parity;

Not applicable.

m) reciprocal compensation arrangements;

Not applicable.

n) telecommunications services available for resale.

Not applicable.

2. If you are an ILEC subject to the inquiry, have you provided the above services 1(a)-(n) when requested, and if you claim the rural carrier exemption, have you received a bona fide request? Please identify specific facts and circumstances when possible.

Not applicable.

3. Please state how long it takes the ILEC(s) subject to this inquiry to respond to your service requests. Your responses should be placed in the following table. **Include the number of transactions involved with your estimate.**

Time Period	Number of days to switch a residential customer served via resale	Number of days to switch a residential or business customer served via unbundled network elements	Number of days to provision an unbundled loop	Number of days to comply with a maintenance request.
Third quarter of 1997	N/A	N/A	N/A	N/A
Fourth quarter of 1997	N/A	N/A	N/A	N/A
First quarter of 1998	N/A	Six days 21 transactions	Six days* 21 transactions	One day minimal transactions
2nd quarter of 1998	N/A	Six days 64 transactions	Six days* 64 transactions	One day minimal transactions

*See responses to questions 1c) and e) above for details.

4. Please complete the following table with reference to the geographic areas served by the ILECs subject to this inquiry. Please submit a separate chart for each geographic area served by the ILECs subject to this inquiry. Your answers may be classified as confidential. Commission staff will aggregate the responses and may make the aggregate table public.

The first of the month	Number of residential customers served via resale	Number of residential customers served via unbundled network elements	Number of residential customers served via facilities owned by the CLEC or leased from an entity other than ILEC subject to the inquiry	Number of business customers served via resale	Number of business customers served via unbundled network elements	Number of business customers served via facilities owned by the CLEC or leased from an entity other than ILEC subject to the inquiry
Nov. 1997	N/A	N/A	N/A	N/A	N/A	N/A
Dec. 1997	N/A	N/A	N/A	N/A	N/A	N/A
Jan. 1998	N/A	0	60	N/A	0	24
Feb. 1998	N/A	0	152	N/A	0	27
Mar. 1998	N/A	34	188	N/A	16	40
April 1998	N/A	50	238	N/A	30	81
May 1998	N/A	71	298	N/A	42	127

5. To the extent your company is not providing the service described in Question 4, please indicate what plans your company has to provide such service within twelve months. Please make answers specific to the geographic area served by one or more ILECs subject to this inquiry. Your answers may be classified as confidential.

Not applicable.

6. Since the last inquiry, have the ILECs subject to the inquiry taken any actions that facilitated competition in their service areas? Please identify such actions.

XTT was not providing service during the time of the Commission's initial inquiry. Although it has taken months of effort by both Parties, GTE has worked diligently to improve admitted personnel, process and system deficiencies.

7. Since the last inquiry, have the ILECs subject to the inquiry taken any actions that deterred competition or erected barriers to entry in their service areas in a manner that may violate PURA or the FTA? Please identify any such actions.

XTT has not been able to identify that the specific problems being experienced are direct violations of PURA or FTA.

8. What additional actions should the commission take to ensure a speedy transition to a competitive marketplace in the areas served by the ILECs subject to this inquiry?

XTT has repeatedly asked GTE to provide information on how the service GTE provides to XTT compares to the service GTE provides to other CLECs. GTE will only agree to provide aggregate data on how it is serving all CLECs in Texas in comparison to the service it provides its own end users. XTT suspects that other larger CLECs in more urban areas are being provided significantly better quality of service. Are all CLECs served by GTE in Texas experiencing 90% GTE error rates on their LSRs? Without CLEC service standards that look at individual CLECs, GTE can appear to have a favorable CLEC service record **in total** by providing good service in metropolitan areas. Because XTT's quantities are comparatively small, GTE could virtually grind service to a stop in rural communities and it would never show up in aggregated CLEC service standards.

The issue of service standards even remains unresolved in the interconnection agreement negotiated by GTE and XTT. The Parties have been unable to reach agreement and, short of a costly arbitration process, no solution is in sight. It is XTT's position that the Commission should require GTE to provide service standard information on an exchange level basis for both its ILEC and CLEC services. This is the only way to ensure that non-discriminatory action is not taking place in the rural communities.

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INQUIRY OF THE PUBLIC UTILITY § PUBLIC UTILITY COMMISSION
COMMISSION OF TEXAS REGARDING §
COMPLIANCE WITH COMPETITIVE § OF TEXAS
SAFEGUARDS BY ILECS §

COMMENTS OF AT&T COMMUNICATIONS OF THE SOUTHWEST, INC.

The following responses to the Commission Staff's request for comments published in the October 23, 1998 Texas Register are submitted on behalf of AT&T Communications of the Southwest, Inc., and TCG, Inc., an AT&T Company (collectively referred to as AT&T).

AT&T submitted its initial response to Staff's questions in this Project on January 30, 1998 (attached as Exhibit A). This response remains accurate except in the following material respects.

The January 30 response indicates that AT&T was in the process of obtaining terminating compensation arrangements with several of the smaller ILECs. AT&T has executed terminating compensation agreements with all of the smaller ILECs.

Additionally, since January 1998, AT&T has continued to participate in the ongoing GTE cost proceedings in Commission Docket No. 16300. Under the present schedule in that docket, the cost-based prices for GTE's unbundled network elements and interconnection with GTE will not be established until at least the 2nd quarter of 1999. In response to Question No. 5, decisions as to entry in the area served by GTE cannot be finalized until the outcome of this docket is known and the applicable permanent prices are established.

Respectfully submitted,

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ATTORNEY FOR AT&T
COMMUNICATIONS OF THE
SOUTHWEST, INC.

Dated: November 13, 1998

AT&T
1/30/98

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cc: Liz Jones, Assistant General Counsel
Donna Nelson, Deputy General Counsel

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INITIAL COMMENTS OF
AT&T COMMUNICATIONS OF THE SOUTHWEST, INC.

COMES NOW, AT&T Communications of the Southwest, Inc. (AT&T) and files these Initial Comments in response to the questions the Public Utility Commission of Texas (Commission) presented in the Commission's December 22, 1997 Notice in this proceeding. See 23 Tex. Reg. 277 (Jan. 2, 1998). AT&T appreciates the opportunity to provide these comments and looks forward to participating in future proceedings addressing local exchange carriers' compliance with the competitive safeguards set forth in the Public Utility Regulatory Act (PURA), Texas Utilities Code, Chapter 60, as well as the federal Telecommunications Act of 1996, codified at 47 United States Code §§ 151 et seq. AT&T believes that it is important for the Commission to evaluate these issues and hopes that the information obtained will enable the Commission to take steps to further encourage the development of a competitive telecommunications market in Texas.

In preparing the following comments, AT&T has responded to the questions in the order presented and included the text of each question before the response.

1. **Should the inquiry be conducted against each ILEC as a contested case proceeding or a less formal commission inquiry to gather information?**

AT&T recommends that the inquiry against each incumbent local exchange carrier (ILEC) begin as an informal proceeding, with a determination made later regarding whether a contested case proceeding would be beneficial.

For example, the Commission first could issue requests for information to obtain basic information from the ILEC at issue. Based on the ILEC's responses, the Commission could issue follow-up questions. At the same time, the Commission could allow interested parties (such as competitive local exchange carriers (CLECs)) to provide information in response to the questions presented to an ILEC. The information the Commission receives from the ILEC and any CLECs in response to the requests for information could be used as a basis for determining whether further proceedings, such as an evidentiary proceeding, are warranted.

- 2. Should the commission permit other interested parties to participate in the inquiry or in subsequent related proceedings involving each of the ILECs? If so, to what extent?**

AT&T believes that all steps in the inquiry process, including any evidentiary hearing, should be open to all interested parties. As noted above, this could include allowing interested parties the opportunity to provide information in response to the questions asked of an ILEC.

- 3. Have the ILECs subject to the inquiry done any of the following as of January 1, 1998? Please comment on their performance in these areas, identifying specific facts and circumstances when possible.**

3(a). Provided interconnection with competitors.

Of the ILECs subject to this inquiry, AT&T has signed an Interconnection Agreement only with GTE of the Southwest (GTE). AT&T has negotiated mutual compensation agreements to support AT&T Digital Link with Lufkin-Conroe and Sugarland and has pending mutual compensation agreements with Century of Dallas, and United.

3(b). Provided nondiscriminatory access to network elements, including operational support systems (OSS).

As noted above, AT&T has a signed Interconnection Agreement with GTE that specifies the terms and conditions by which AT&T may access unbundled network elements and combinations of elements, including OSS. Because numerous issues remain unresolved and the arbitration proceeding to determine permanent rates is incomplete, interconnection has not occurred, and nondiscriminatory access to network elements, including OSS, has not taken place.

With regard to other ILECs subject to this inquiry, AT&T has sought only agreements which cover terminating transit traffic and mutual compensation and has not proceeded with end-to-end Interconnection Agreements.

AT&T has encountered many obstacles in its efforts to interconnect with GTE – obstacles that must be overcome in order to enter the local service market in GTE's service area. At this time, and pending the outcome of the AT&T/GTE cost proceeding, the only potentially economic method of entering the local service market to provide Plain Old Telephone Service (POTS) in GTE's service area is through unbundled network elements (UNEs).

The Interconnection Agreement between AT&T and GTE also outlines specific processes for providing Electronic Interfaces between the two companies. These processes address Pre-Order requirements, Ordering, Repair, and Billing. The language specifies real time Electronic Interfaces for sending and receiving information on demand for Pre-Ordering, for Ordering and

Provisioning, and related mechanized tools (e.g., access to Street Address Guide (SAG) and Telephone Number Assignment databases), and for scheduling service delivery. The contract requires GTE to provide an Electronic Interface for sending and receiving information on agreed, pre-defined schedules for various reports and billing requirements. The contract specifies that these obligations shall be provided no later than 6 months after the Effective Date of the Agreement, and that GTE will establish the national gateway standards to be used by AT&T to connect to GTE's various Operations Support Systems.

GTE continues to delay in meeting key implementation deliverables. For example, no flow-through capability has been provided to AT&T to date, although GTE had promised to deliver flow-through capability (for simple resale) by the beginning of the first quarter of 1998. (GTE previously had communicated to both the Commission and AT&T that flow-through capability would be delivered in the third quarter of 1997, and there is still no commitment for UNE.) GTE continues to build interim Ordering and Billing Forum (OBF) Electronic Data Interface (EDI) specifications. AT&T believes that GTE should provide a more detailed plan for Texas and timeframes for exact testing. Ironically, GTE stated in the November 1997 GTE Electronic Interface Status Report that GTE would continue to work toward EDI Local Service Request (LSR) ordering for resale and UNEs (both individual elements and combinations as specified in the Interconnection Agreement.) Yet, GTE refuses to discuss UNE OSS specifications in actual implementation negotiations, and, in the December 1997 GTE Electronic Interface Status Report, GTE withdrew language that had

previously supported UNE combination ordering and provisioning. AT&T believes that AT&T has an Interconnection Agreement with GTE that clearly provides for UNE combination ordering and provisioning. However, it appears that GTE interprets the contract differently, and, therefore, there is no way to determine when UNE ordering and provision standards will be available.

Where limited progress has been made, many of the processes have been slow in development, or involve manual feeds that would not sustain high volume ordering. Furthermore, with regard to ordering, GTE has failed to comment on the Network Data Mover (NDM) ordering feed in their previous Electronic Interface Status Reports. AT&T continues to have concerns regarding GTE's abilities to deliver on this feed capability. The NDM is supposed to feed electronically a LSR to GTE for ordering purposes. At this time, GTE would print the record and pass a paper copy of the LSR to a Customer Contact Representative. The GTE Customer Contact Representative would manually re-enter the LSR into the GTE legacy ordering systems. This is a very cumbersome process which needs to be mechanized before AT&T can move forward with implementation plans. AT&T understands that GTE has committed to upgrade its ordering systems. However, AT&T is concerned about the substance of this upgrade because it still will not provide for any flow-through capability. Rather, it will simply allow for a few mechanized edits for quicker error notification. In addition, it will allow a representative to avoid printing an LSR and re-keying the LSR by providing a split-screen of the LSR and allowing the representative to re-key the LSR into the legacy ordering systems. Thus, this

still will not provide any flow-through capability. It is evident that electronic interface development by GTE is slow and, at the present time, will only further delay market readiness in Texas. Furthermore, there are other manual processes in place that should be automated prior to market entry.

AT&T has some serious concerns about SIGS (GTE's pre-order system) and GTE's claims about SIGS. GTE has placed excessive requirements on SIGS and provided it with limited functionality which makes it unattractive to implement. Specifically, SIGS is a GTE proprietary solution which is Platform dependent and only works on a PC running Windows 95 or NT. SIGS also is browser dependent and only works with Netscape Navigator 3.0+ versions. SIGS lacks in functionality and can only be used for simple pre-order functions. For example, it cannot handle vanity numbers. Furthermore, it prevents viewing Customer Service Records (CSR). AT&T believes SIGS is a weak alternative to the existing pre-order process. If GTE is going to continue to claim that SIGS is GTE's answer for interim electronic access to pre-order functions, GTE should provide access to the CSR and remove the excessive restrictions on implementation.

It is AT&T's belief that GTE should consider offering new entrants a Direct Entry system until formal Electronic Data Interfaces (EDI) can be developed, tested, undergo market trials, and implemented in Texas. GTE should provide an encore Direct Entry system that would provide Texas competitors direct access into the ordering and provisioning systems maintained by GTE for provisioning of their own customer orders. Direct Entry, not unlike the EASE systems

implemented by Southwestern Bell Telephone Company, would be a step in the right direction and facilitate quicker entry and competition in GTE market areas. At present, GTE has been in the long distance market for almost two years, and, to date, there is virtually no competition in GTE's service areas, especially in the consumer market.

3(c). Provided nondiscriminatory access to poles, ducts, conduits and rights of way owned or controlled by the ILEC.

With GTE, AT&T solidified through the Interconnection Agreement the terms and conditions and general duties for maintaining Poles, Conduits and Rights of Way. As such, GTE must provide AT&T equal and nondiscriminatory access to pole space, ducts, inner ducts, conduit, and rights of way, including ancillary pathways. GTE must provide access to AT&T on terms and conditions as favorably as those provided by GTE to itself or any other party.

Because numerous issues remain unresolved and the arbitration proceeding to determine permanent rates is incomplete, interconnection has not occurred and therefore, nondiscriminatory access to poles, ducts, conduits and rights of way owned or controlled an ILEC has not occurred.

No arrangements with other ILECs subject to this inquiry have been developed.

3(d). Provided local loop transmission from the central office to the customer's premises unbundled from local switching or other service.

As reflected in AT&T's Interconnection Agreement with GTE, GTE will provide the basic loop to AT&T at parity with that provided to GTE's own

customers and will comply with the specifications outlined between the parties. When placing an order for unbundled Loop and Sub-loop elements, AT&T must notify GTE of any special requirements. However, GTE has indicated that special conditioning to provide AT&T's requirements will be provided on a case by case basis, and if technically feasible. AT&T has agreed to bear the cost of any such special conditioning. The types of loops which may require such conditioning as outlined by GTE include 2W/4W PABX Trunks, 2W/4W voice grade private line and foreign exchange lines and 4W digital. Additionally, AT&T has maintained its position in all negotiations with GTE that all features, functions, and attributes, including installation and maintenance intervals, that apply to the bundled services will apply to the unbundled loop.

Because numerous issues remain unresolved and the arbitration proceeding to determine permanent rates is incomplete, interconnection has not occurred, and, therefore, local loop transmission from the central office to the customer's premises unbundled from local switching or other service has not occurred.

No arrangements with other ILECs subject to this inquiry have been developed.

3(e). Provided local transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services.

AT&T and GTE have agreed upon two types of transport: Common Transport and Dedicated Transport. These agreements are included in the Interconnection Agreement between AT&T and GTE. However, numerous

issues remain unresolved and the arbitration proceeding to determine permanent rates is incomplete. Therefore, interconnection has not occurred, and, thus, neither has the provisioning of local transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services.

No arrangements with other ILECs subject to this inquiry have been developed.

3(f). Provided local switching unbundled from transport, local loop transmission, or other services.

Through the AT&T and GTE Interconnection Agreement, local switching and the associated functionality is clearly defined. However, because numerous issues remain unresolved and the arbitration proceeding to determine permanent rates is incomplete, interconnection has not occurred and, therefore, neither has the provisioning of local switching unbundled from transport, local loop transmission, or other services.

No arrangements with other ILECs subject to this inquiry have been developed.

3(g). Provided nondiscriminatory access to 911 and E911 services, directory assistance services to allow the other carrier's customers to obtain telephone numbers and operator call completion services.

The Interconnection Agreement with GTE provides access to 911 services. As set forth in the Interconnection Agreement, GTE will, unless AT&T requests otherwise, and where technically feasible, provide the functionality and features required to modify the AT&T customer's line at GTE's local switch to

route all calls to the AT&T Network for local Directory Assistance and the AT&T Platform for Operator Services.

No arrangements with other ILECs subject to this inquiry have been developed.

3(h). Provided white page directory listings for customer of the other carrier's telephone exchange service.

Pursuant to the Interconnection Agreement between AT&T and GTE, GTE will offer the following to AT&T: a basic listing for each AT&T Customer to 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). However, Directory Assistance Listing information provided to AT&T by GTE may only be used by AT&T for the purposes of providing Directory Assistance services.

No arrangements with other ILECs subject to this inquiry have been developed.

3(i). Provided nondiscriminatory access to databases and associated signaling necessary for call routing and completion.

Pursuant to the AT&T and GTE Interconnection Agreement, GTE will make various databases available to AT&T. Database functionality has not been tested at this time and nondiscriminatory access to databases and associated signaling necessary for call routing and completion have not been provisioned.

No arrangements with other ILECs subject to this inquiry have been developed.

3(j). Provided interim or permanent number portability, as required.

GTE has agreed through negotiations to provide, to the extent technically feasible, interim number portability (INP). GTE has agreed to provide AT&T INP with minimum impairment of functionality, quality, reliability and convenience to subscribers. GTE will provide INP to AT&T by using Remote Call Forwarding (RCF), Direct Inward Dialing (DID), Route Indexing (RI), or, in instances where a customer requesting the service utilizes, or has paid to reserve at least eighty percent (80%) of the numbers within an NXX, the Local Exchange Routing Guide (LERG) with respect to such NXX assignments. AT&T must request which method to use when ordering, and GTE will comply if technically feasible. If DID or RI is ordered but is not immediately available, AT&T may choose another available INP method until the requested service is available, giving GTE a 90 day need notice.

AT&T and GTE have agreed that AT&T may identify additional or revised methods of INP. All such additional methods of INP shall be subject to the Bona Fide Request Process outlined in the AT&T and GTE Interconnection Agreement.

Because numerous issues remain unresolved and the arbitration proceeding to determine permanent rates is incomplete, interconnection has not occurred and, therefore, neither has provisioning of interim or permanent number portability.

No arrangements with other ILECs subject to this inquiry have been developed.

3(k). Provided nondiscriminatory access to such services or information as are necessary to allow the requesting carrier to implement local dialing parity.

Pursuant to the AT&T and GTE Interconnection Agreement, GTE will provide the same dialing parity to AT&T customers as similarly situated GTE customers, such that, for call all types, an AT&T customer is not required to dial any greater number of digits than a similarly situated GTE customer. However, with respect to intraLATA dialing, GTE shall provide dialing parity to AT&T customers in Texas in accordance with the state rules that govern.

Because numerous issues remain unresolved and the arbitration proceeding to determine permanent rates is incomplete, interconnection has not occurred and, therefore, neither has provisioning of nondiscriminatory access to such services or information as a necessary to allow the requesting carrier to implement local dialing parity.

No arrangements with other ILECs subject to this inquiry have been developed.

3(l). Made any necessary reciprocal compensation arrangements.

As noted above in response to question 3(a), AT&T has negotiated compensation arrangements with selected ILECs subject to this inquiry to support terminating traffic.

With regard to GTE, reciprocal compensation for various call termination arrangements is outlined in great detail in the AT&T and GTE Interconnection Agreement.

3(m). Made telecommunications services available for resale.

With regard to GTE, terms and conditions for resale are detailed in the Interconnection Agreement between GTE and AT&T.

No arrangements with other ILECs subject to this inquiry have been developed regarding local services resale.

4. Have the ILECs subject to the inquiry taken any actions that facilitated competition in their service areas? Please identify any such actions.

Of the ILECs subject to this inquiry, to date AT&T has requested a full interconnection agreement with only with GTE. Based on the details described above, AT&T is not able to state that GTE has taken significant actions to facilitate local competition in Texas.

5. Have the ILECs subject to the inquiry taken actions that deterred competition or erected barriers to entry in their service areas in a manner that may violate PURA or the Federal Act. Please identify any such actions.

Please see the comments provided in response to question 3(b).

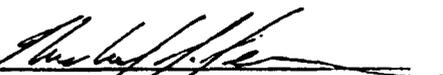
6. What additional actions should the commission take to ensure a speedy transition to a competitive marketplace in the area serviced by the ILEC subject to this inquiry?

The Commission should monitor activities of the ILECs subject to this inquiry not only with respect to compliance with regulations regarding interconnection, but also with respect to end user marketing and pricing activities which may result in reduced competition. The Commission previously has recognized in the case of GTE that incumbent LECs are in a position to leverage their continued position as monopoly providers of essential services to the

disadvantage of new entrants in the retail environment. While price reductions are a desirable outcome as competition enters formerly monopoly markets, the Commission should insure that an incumbent's pricing strategy is in fact a valid response to competition and not an attempt to forestall its development.

Respectfully submitted,

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Dated: January 30, 1998