



80000 SERIES
10% P.C.W.



GOVERNOR PETE WILSON

December 31, 1998

Mr. Edward E. Whitacre Jr.
Chairman and CEO SBC, Comm. Incorporated
175 E. Houston, Suite 1300
San Antonio, Texas 78205

Dear Mr. Whitacre:

For decades, Pacific Bell has been an important part of the lives of millions of Californians, providing an essential service as well as an admirable brand of corporate citizenship. I am pleased to note that since SBC's merger with Pacific Bell, that tradition has continued.

Foremost among your many accomplishments has been a remarkable record of job creation, as your union has produced fully double the number of jobs as was expected. This has produced a workforce that has the size, depth and diversity to carry out your vital mission of telecommunications service. You have indeed met the mandates of your merger.

I have also been very impressed by Pacific Bell's consistent focus upon the daily provision of superior customer service, the hallmark of any successful venture in a vital consumer industry. In addition, the competitive nature of the California marketplace has no doubt inspired you to the highest levels of product and service introduction, specifically the most detailed and extensive roll-out of high speed access in the state's history. Finally, your record of charitable giving reflects the finest spirit of the corporate community.

Your company can also point to the outstanding response and exceptional integrity of its network. During the many severe natural disasters that struck California earlier in this decade, Pacific Bell proved itself to be a reliable and resilient element of emergency response and personal service. During the most recent San Francisco power outage, the fact that your systems remained fully functional did not go unnoticed.

Mr. Edward E. Whitacre Jr.
December 31, 1998
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I trust that as you look back upon the hard work that went into creating your new company, as well as the splendid record that you have achieved in making sure that Californians benefit from the great and expanding range of communications services, that you will take special pride.

Please accept my very best wishes for every continued success.

Sincerely,

A handwritten signature in black ink that reads "Pat Wilson". The signature is written in a cursive style with a large, sweeping initial "P" and a long, horizontal flourish at the end.



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Dallas, November 25, 1997

Mr. Dupre
Mr. Ireland -
Ms. Manning -
Mr. Motta -

Your assistance is requested in naming and dedicating subject matter experts ("SME") with decision making authority from your departments for a PacBell collocation team. A joint team is necessary to be certain that PacBell has reasonable collocation criteria when compared to SWBT's collocation policies.

It has become increasingly difficult to locate PacBell SMEs who are familiar with alternatives when space is not available for physical collocation in California and Nevada. We also have implementation and operational issues related to the requirements in the FCC's August 8, 1996, Interconnection Order, and the June 13, 1997, Expanded Interconnection Order that require resolution on an on going basis. Such issues include collocation in controlled environment vaults, huts or cabinets, CLEC use of transmission media other than fiber and physical collocation requests for space of less or more than 100 square feet. An additional dilemma is the inclusion of collocation in the PacBell INER process which requires extremely fast turn around for responses to CLECs asking for anything other than tariffed physical collocation.

It has been difficult to reach, much less enact, a single policy decision over a number of issues. A single, decision making, SME from each organization that can speak to all California and Nevada issues, such as those above, can help us streamline an equitable process for all concerned. These SMEs can meet by phone once every two weeks until a need no longer exists. The purpose of these calls would be to immediately gain technical expertise, CPUC and Nevada Commission views when known and then reach resolution on collocation issues in a short amount of time. This approach should reduce response time to CLECs, minimize CPUC complaints and allow SMEs to spend their time in a more efficient and productive manner.

November 25, 1997

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Please provide the names of individuals who will be responsible for California and Nevada collocation by December 11, 1997. If you are aware of any other organization that should be involved in the California/Nevada Collocation SME Team calls, please forward this letter to them. Ultimately this will result in the resolution, if not the elimination of, complaints and escalation's that seem to be growing each week.

You may direct questions to Russ Stanley, at 214 464-4289, or Carol Burdine, at 214 858-0134. Thank you in advance for your assistance in this matter.

Sandy Kinney

Sandy Kinney

CC: Mr. Carter
Mr. Mueller
Mr. Turner
Mr. Masters
Ms. Meuleman

COLLOCATION CONTINGENCY PLAN

Background: CLECs attempting to request physical collocation in California in central offices where space does not exist for the tariffed 100 square foot arrangement have filed complaints, formal and informal, with the California Public Utility Commission (CPUC). In an attempt to resolve at least some of these complaints outside the CPUC and provide space requested by CLECs, SBC offers the following Contingency Plan for its 7-state jurisdiction.

Contingency Plan:

- 1) **Where technically feasible and floor space and power are available, SBC will provide virtual collocation when space is not available for physical collocation as required by the TCA.**
- 2) **SBC will provide collocation space of less than 100 square feet to a single collocator on an individual case basis (ICB) where space and security arrangements permit. Common area Prorating procedures for these less than 100 square foot arrangements must be included as appropriate because both the existing CPUC tariff and the FCC allow for reimbursement for up to 10 CLECs over a five year period.**
- 3) **SBC will permit collocators to share space with out physical separation from each other through subleasing arrangements provided the original collocated CLEC is willing. SBC will bill only the original CLEC and the original CLEC agrees to charge no more than a prorated share of what it is charged by SBC to subleasing CLECs. The subleasing CLEC must agree to abide by all rules and regulations of any applicable agreement, tariff and SBC or Pacific Technical Publication including, but not limited to, submission of complete equipment lists.**
- 4) **If space and reasonable security arrangements are available, SBC will provide a location separate from any traditional existing collocation arrangements, that permit a number of collocators to share a space that does not allow for physical separation from each other at the CLEC's cost on an ICB basis.**
- 5) **Where available a CLEC may lease available space close to the SBC property and SBC will provide tie cables between the two locations at the CLEC's cost.**
- 6) **Where possible SBC will expedite the removal of equipment that is no longer in use that was intended for future removal. Any charges incurred as a result of expedited removal will be billed to the collocator.**



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MEMORANDUM

August 4, 1998

MR. HARDEN:
MR. IRELAND:
MS. MANNING:
MR. ROBERTSON:
MR. SMITH:

This memo is written to request your support in further refining and streamlining the collocation application process in California and Nevada. The Collocation Product Management Team has proposed that the existing SWB five state application process for virtual and physical collocation be implemented in Pacific and Nevada Bell, thus instituting a consistent seven state policy. Implementing this process will insure timely distribution of collocation applications to all involved work groups thereby enabling us to perform more timely technical evaluations in addition to getting the cost development process underway.

The attached flow charts outline the collocation process flow and have been shared with members of your organization. Tracking of all California and Nevada collocation requests and associated activity will be managed by my California based Competitive Provider Account Team (CPAT).

In addition to your organizations' support of the collocation process, there will be occasions (due to the ever-changing regulatory activity and customer requests) where we will need to modify our existing collocation tariffs and contracts. To ensure these modifications are accurate and complete, it will be necessary from time to time for members of your organization to provide specific input to these documents in a short period of time.

The commitment and teamwork among our organizations is essential to meet our obligations to provide collocation in accordance with our contractual and legal requirements. I would appreciate your sharing the attached with members of your organization. Your continued support is appreciated. Please call me on 214-464-3111 if you have any questions or concerns.

Sandy Keimel

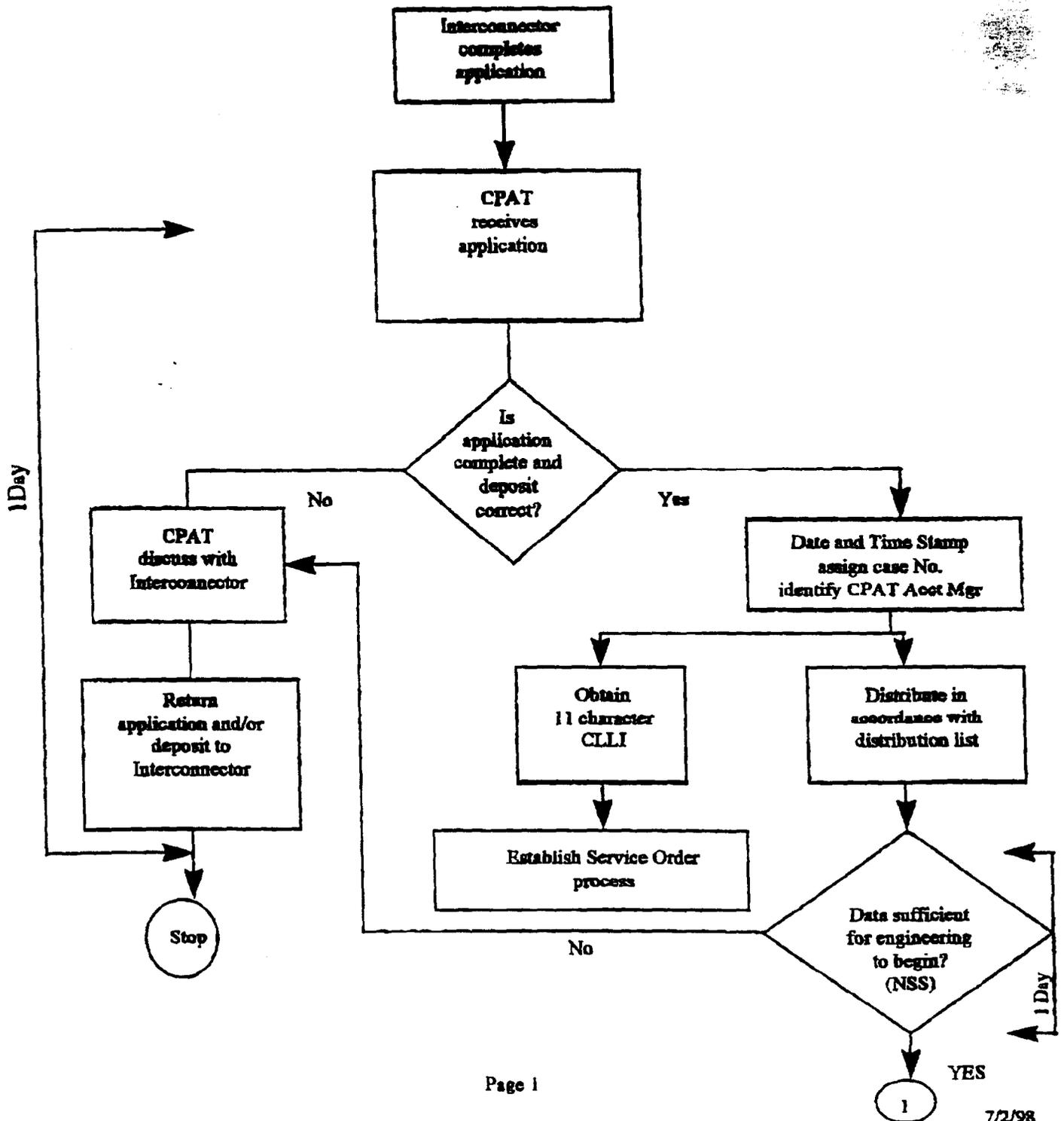
Attachment

CC: Debbie Baker-Oliver
Bill Blase
Stephen Carter
Larry Cooper
Bill Drexel
Jerry Gilmore
Jan Newton
Pat Pascarella
John Stankey
Russ Stanley
Mike Turner

SBC

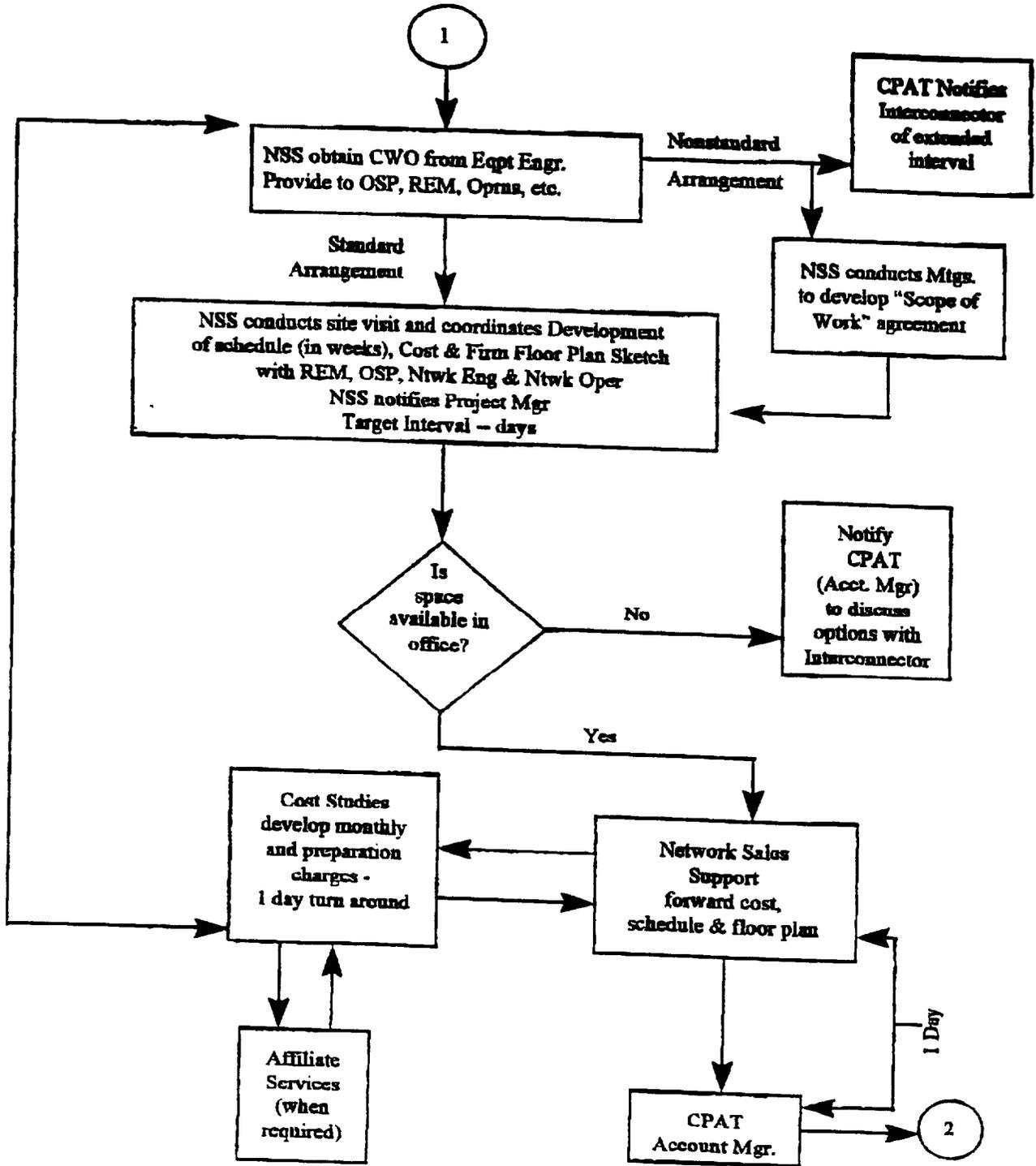
Physical Collocation Application Flow

Application Process



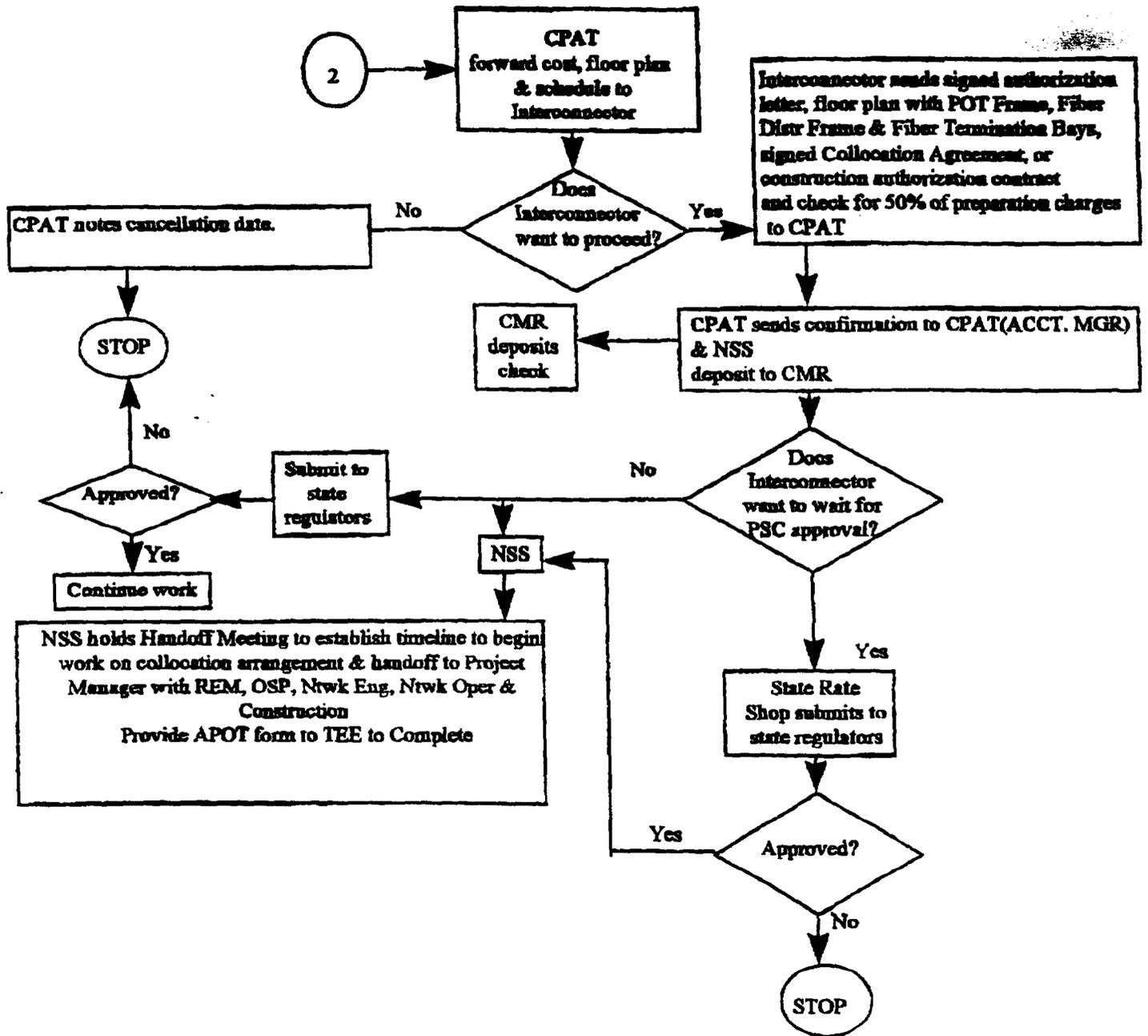
SBC

Physical Collocation Application Flow



SBC

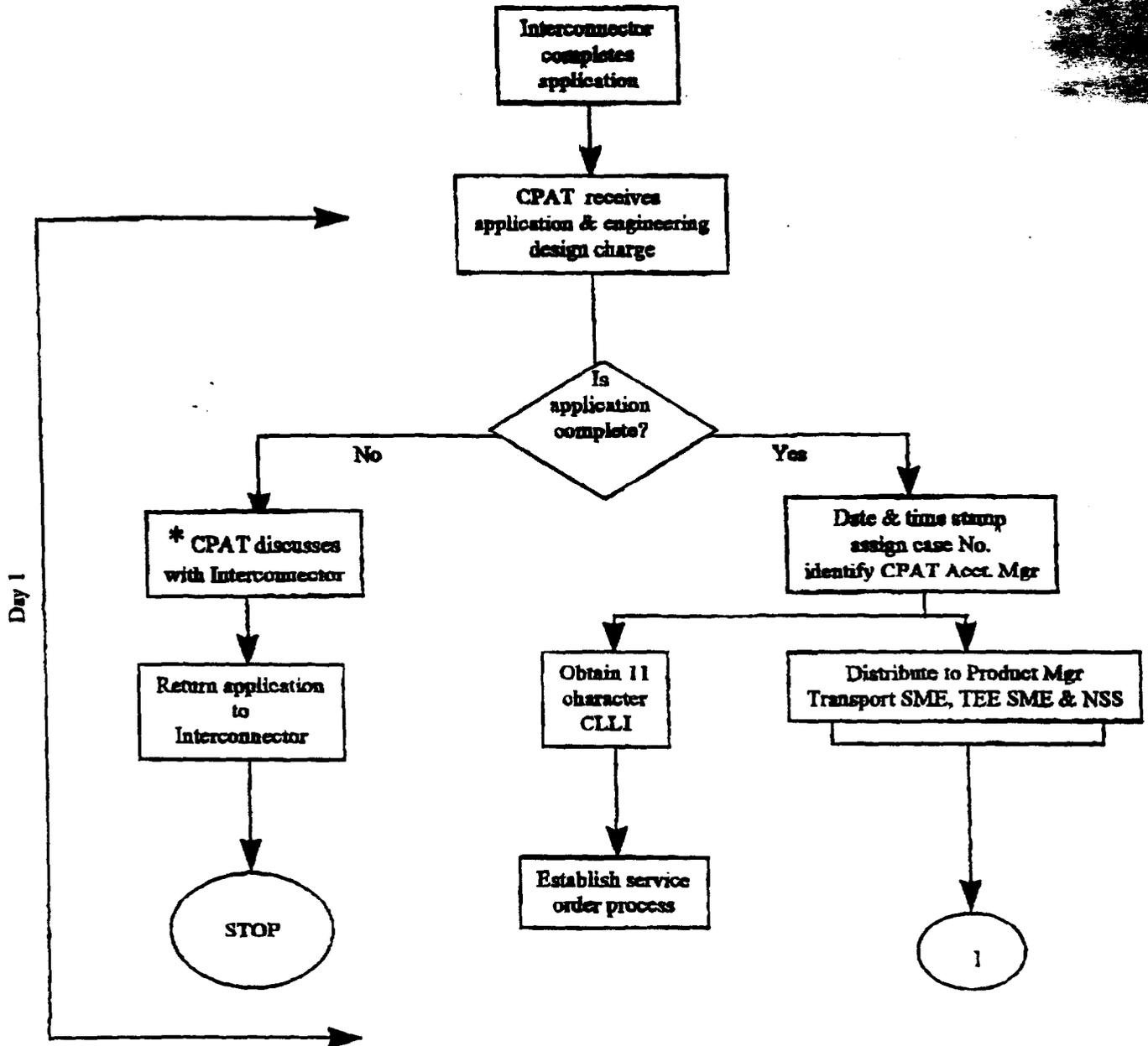
Physical Collocation Application Flow



SBC

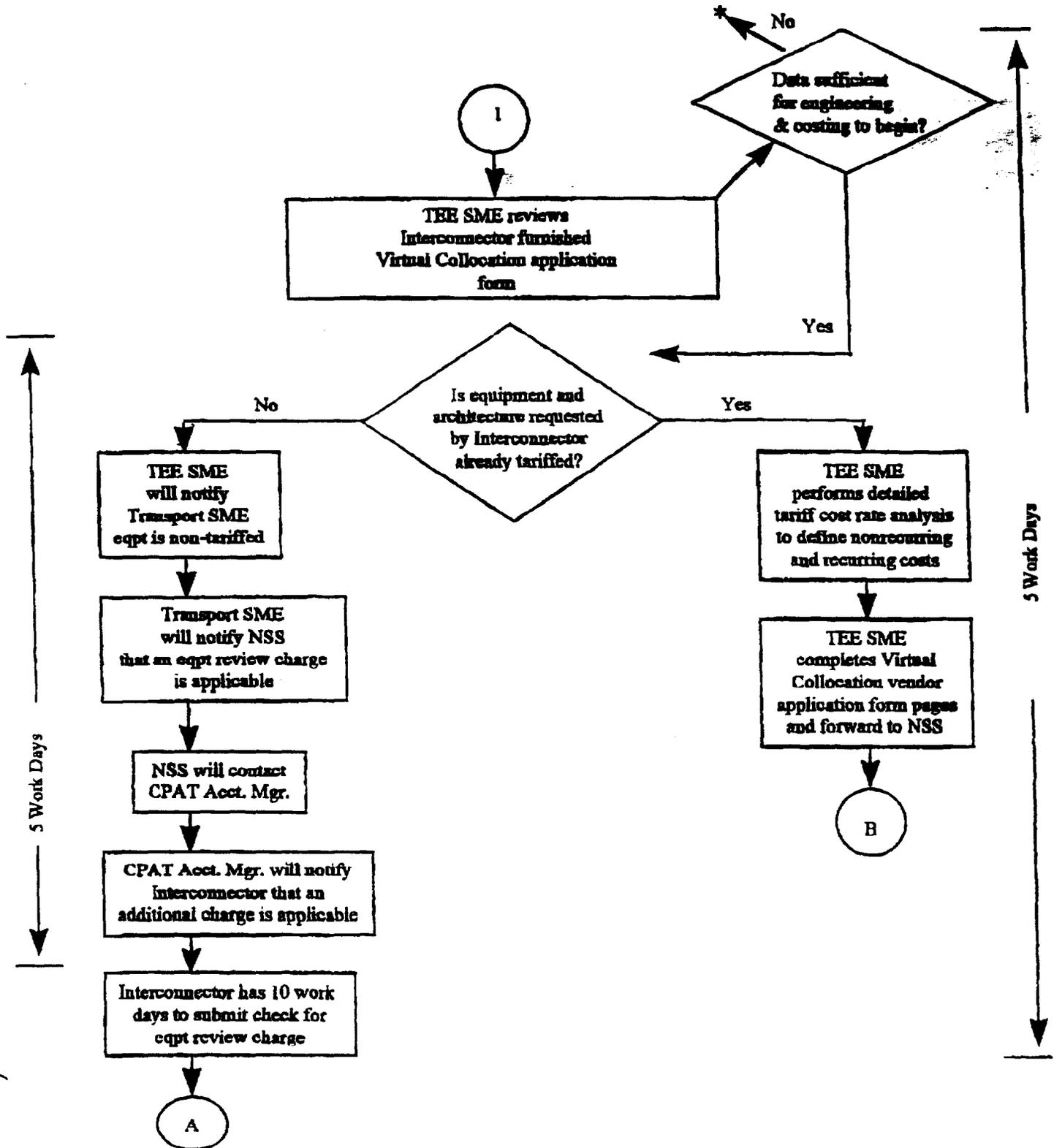
Virtual Collocation Application Flow

Application Process



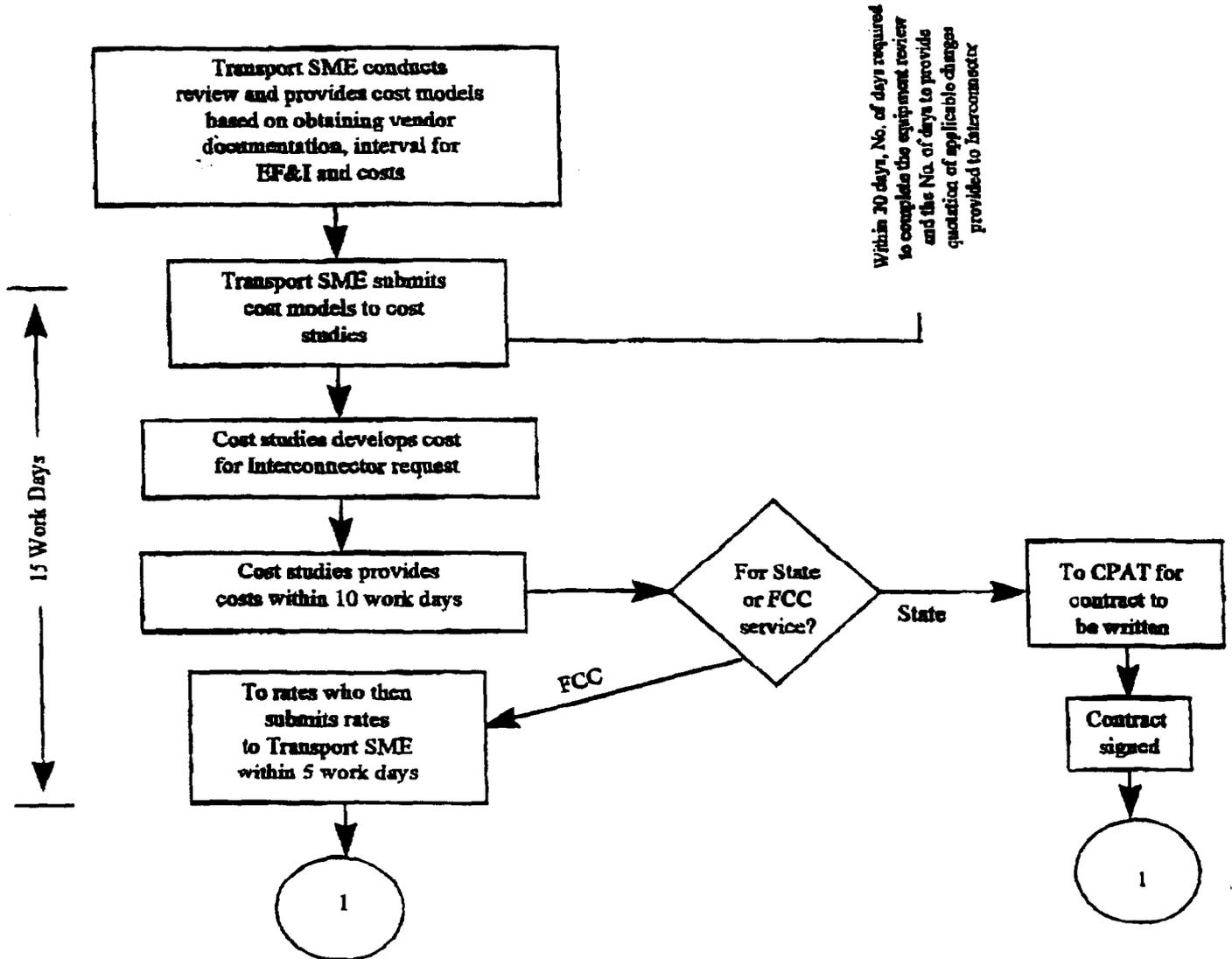
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Virtual Collocation Application Flow



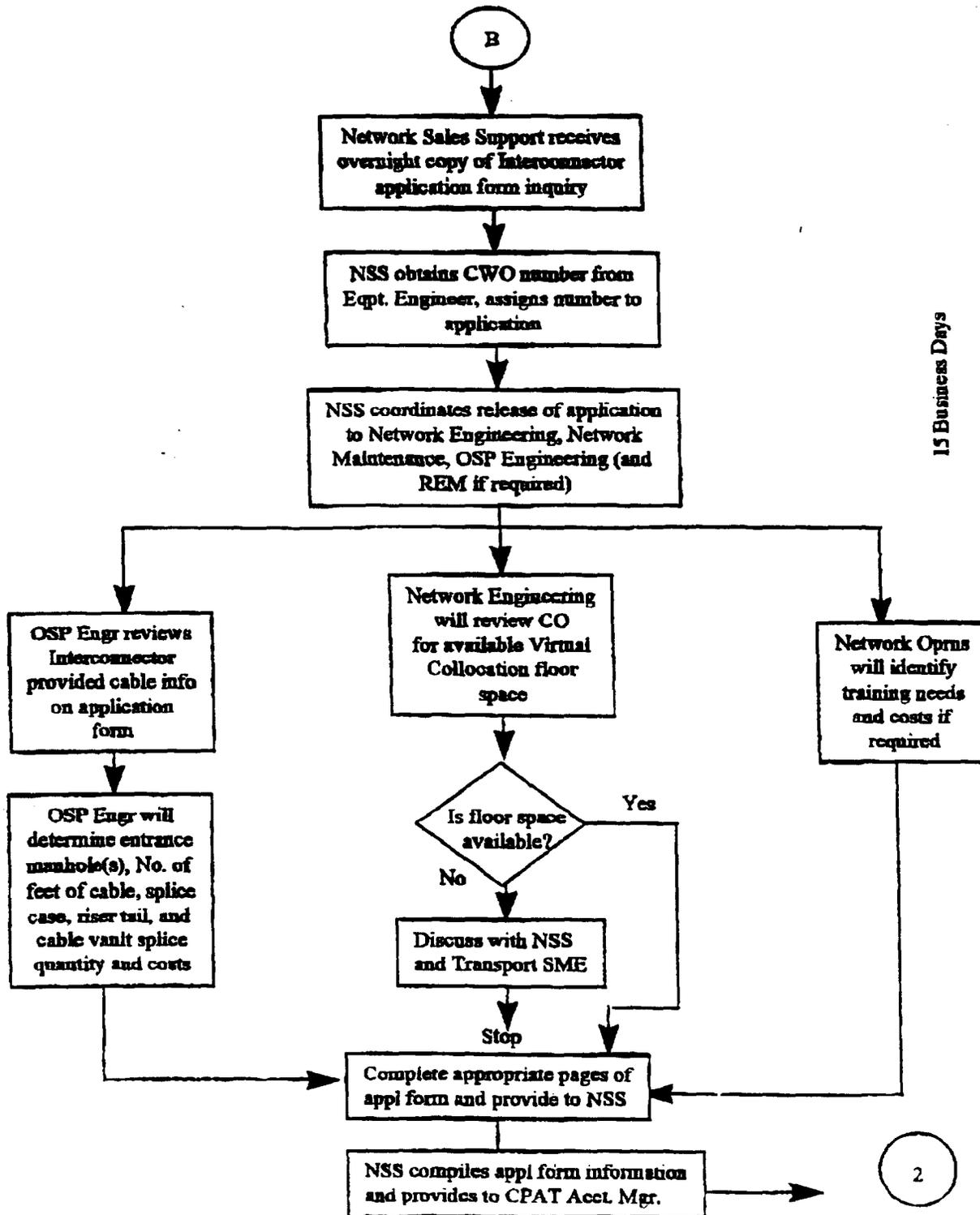
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Virtual Collocation Application Flow



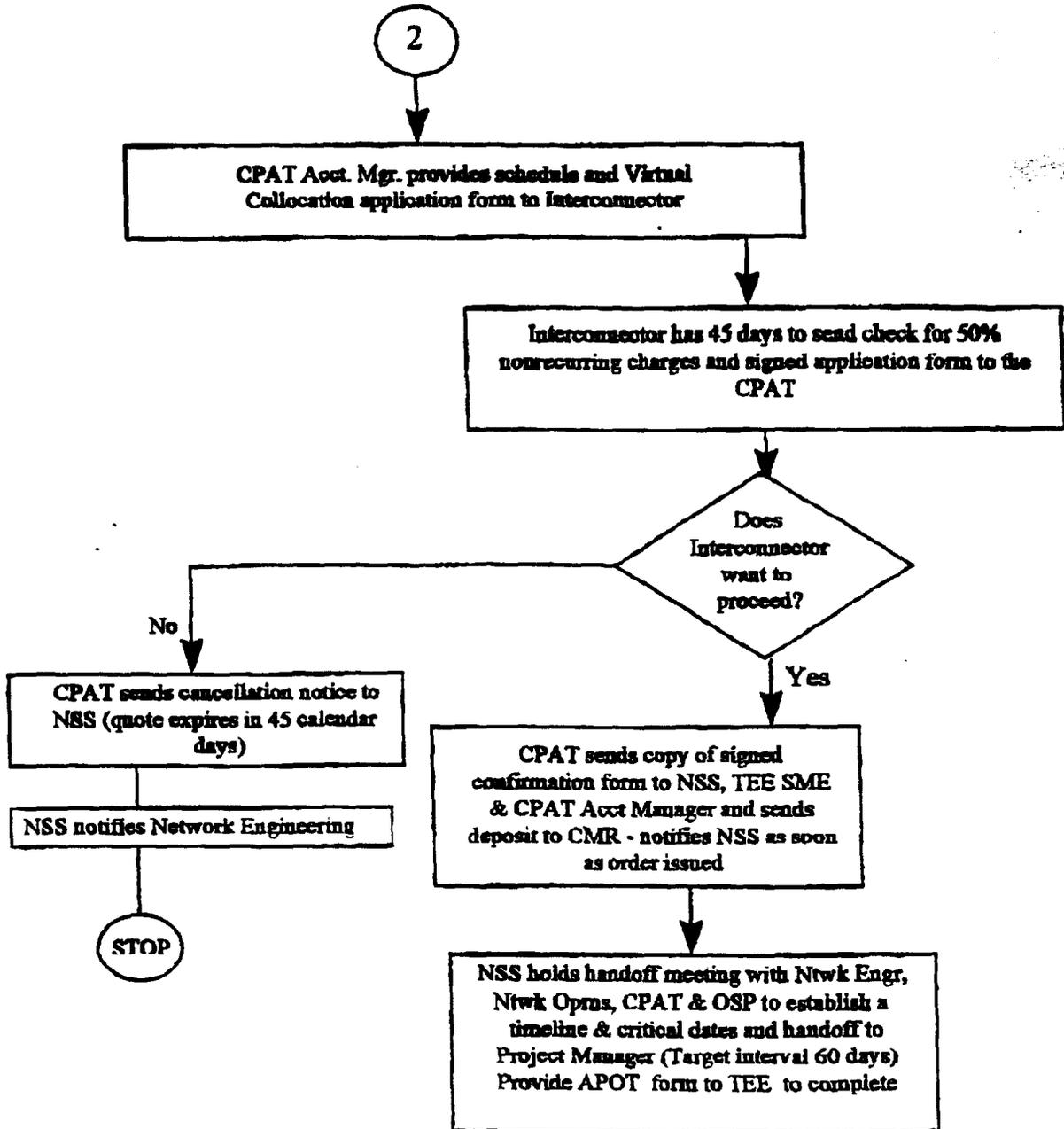
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Virtual Collocation Application Flow



SBC

Virtual Collocation Application Flow



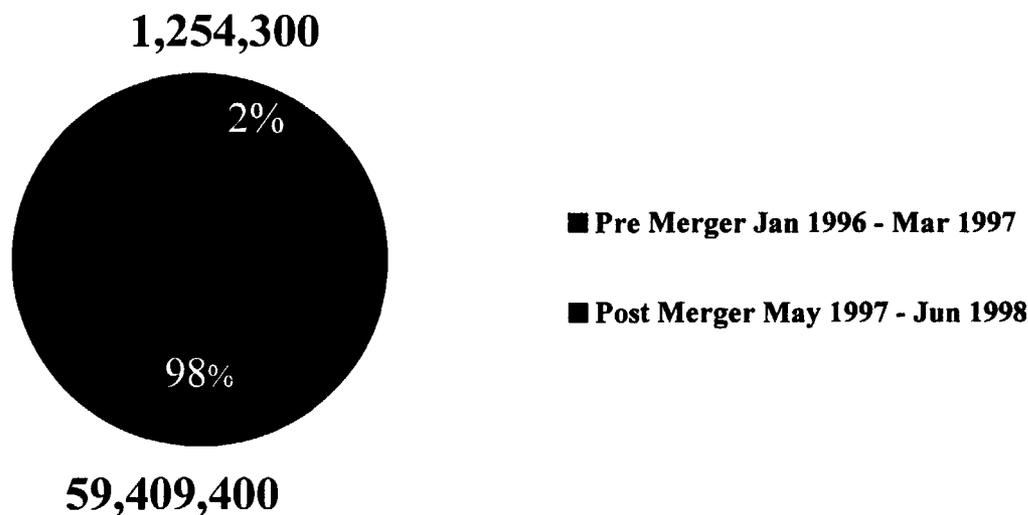
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RECYCLED

A



CLEC Electronic Interface Investment

	Total Pre-Merger Investment (Jan-96 to Mar-97)	Total Post-Merger Investment (Apr-97 to Jun-98)	Subsequent Investment (July-98 to Dec-98)	Total PacBell CLEC Electronic Interface Investment
CLEC Electronic Interfaces (including EDI, Verigate, LEX, RMI, BES Resale and other OSS platforms)	\$1,254,300	\$59,409,400	\$2,437,900	\$63,101,600



B



Resale and Facilities LSCs

Pacific has moved aggressively to meet the demands of the marketplace

California Resale	Dec-96	Feb-98	Oct-98	Dec-98
LSC Service Reps	179	864	730	706
LSC Managers	18	80	60	63
Daily CLEC Order Capacity	590	6,057	5,099	6,005
Order Centers	1	2	2	2



RECYCLED

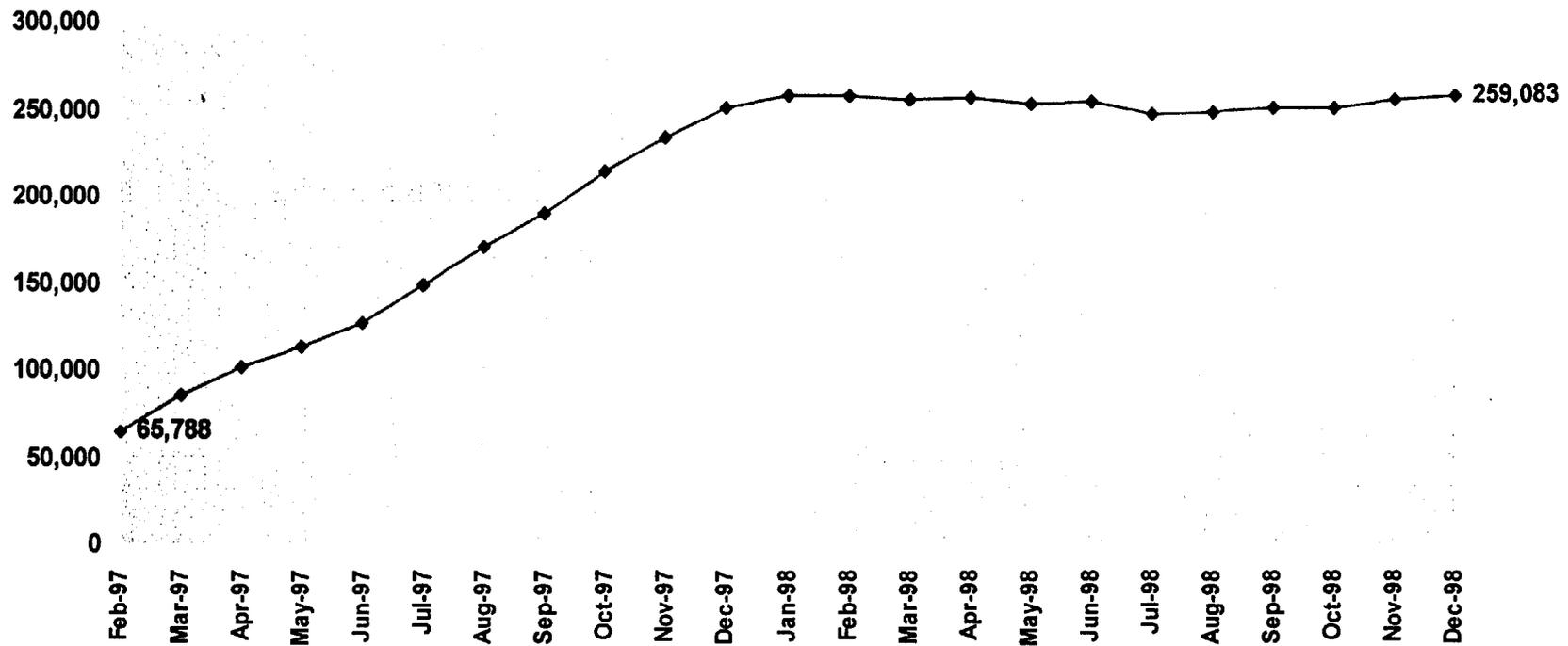
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Resale Lines in Service

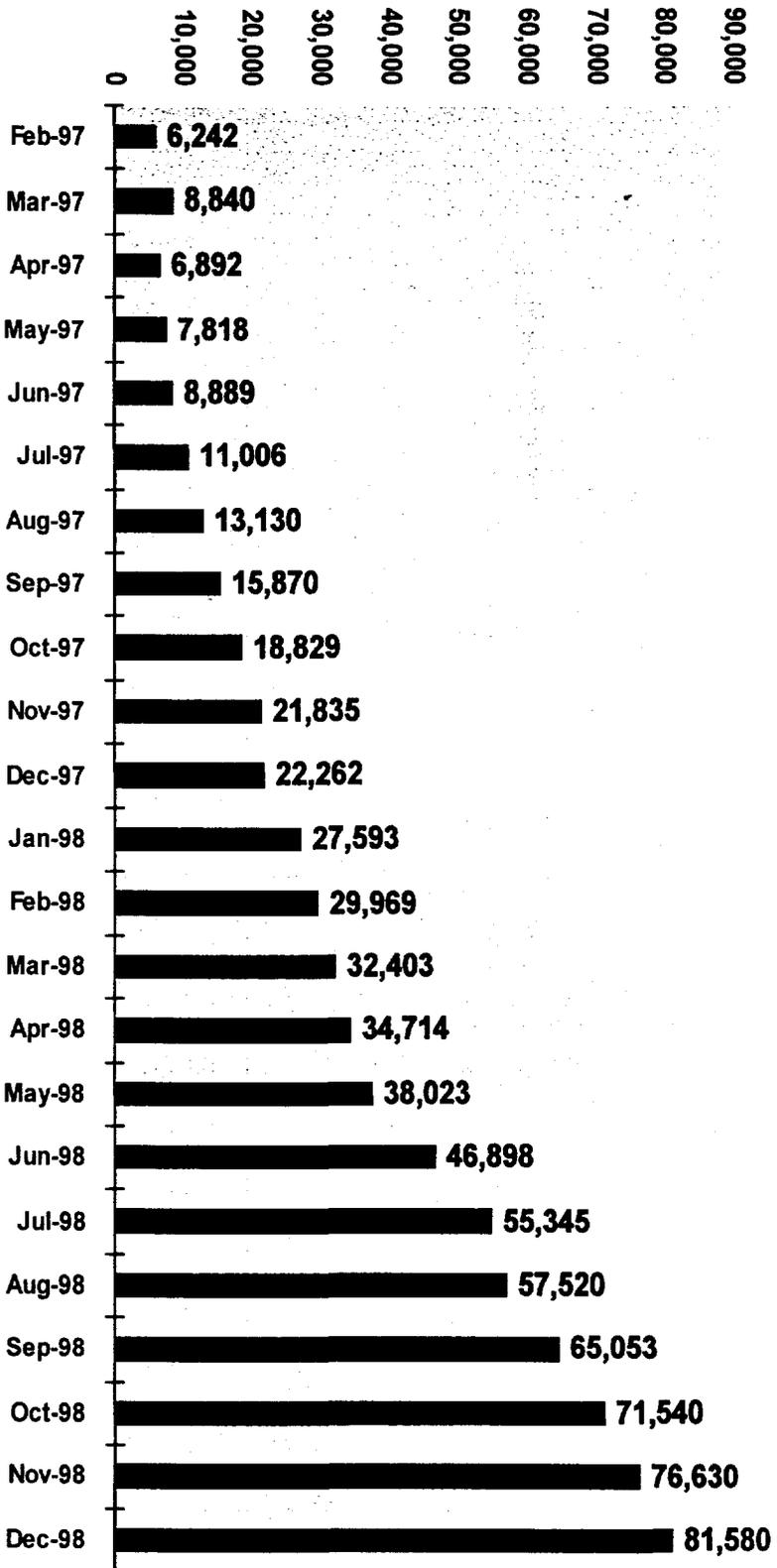
Total resale lines in California have grown almost four fold since February 1997.

Resale Lines in Service



Note: includes COPT, PBX, Centrex and ISDN

Demand for Unbundled Network Elements is large and growing.



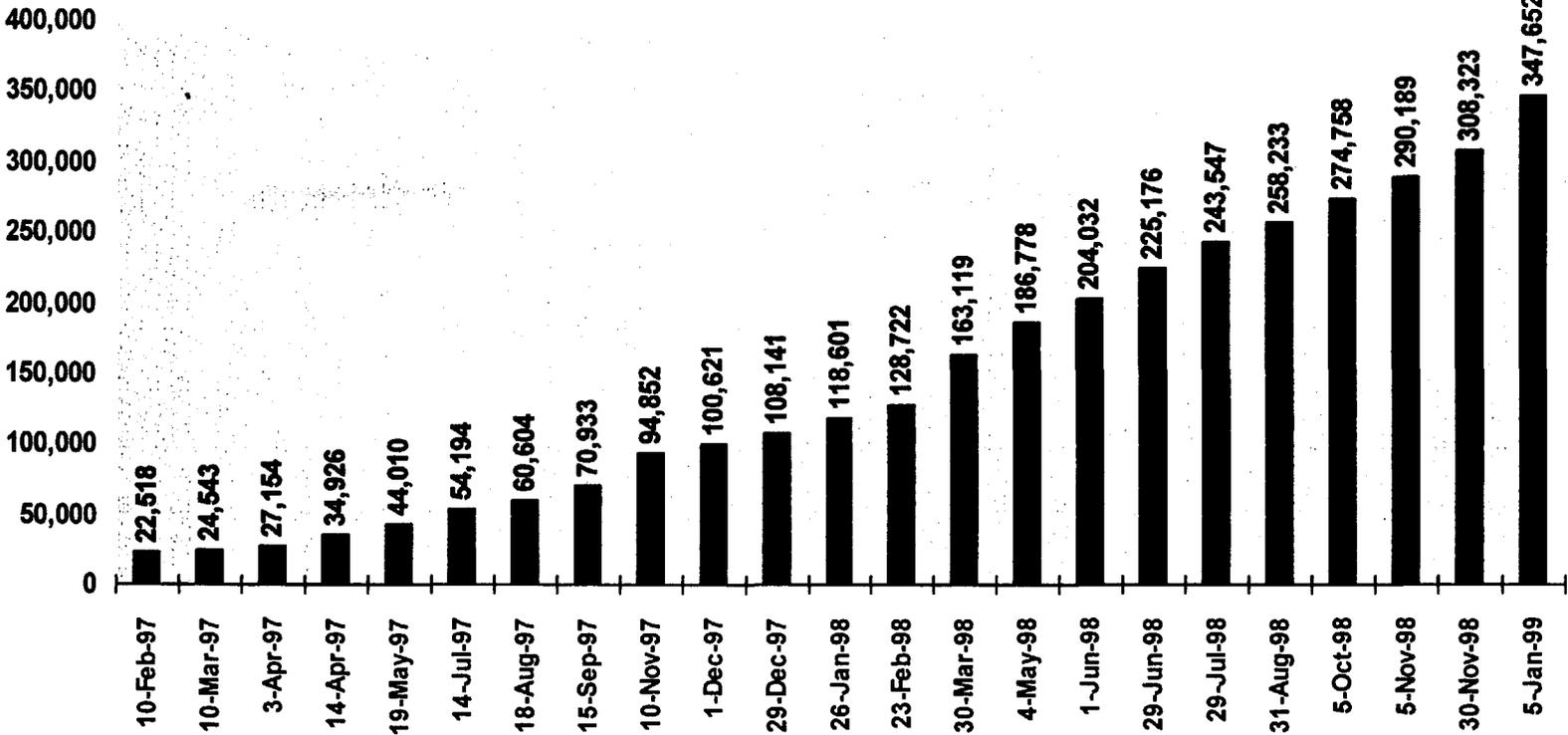
m



Interconnection Products in Service

Growth of interconnection products in service indicates expanding CLEC capacity.

Interconnection Products in Service

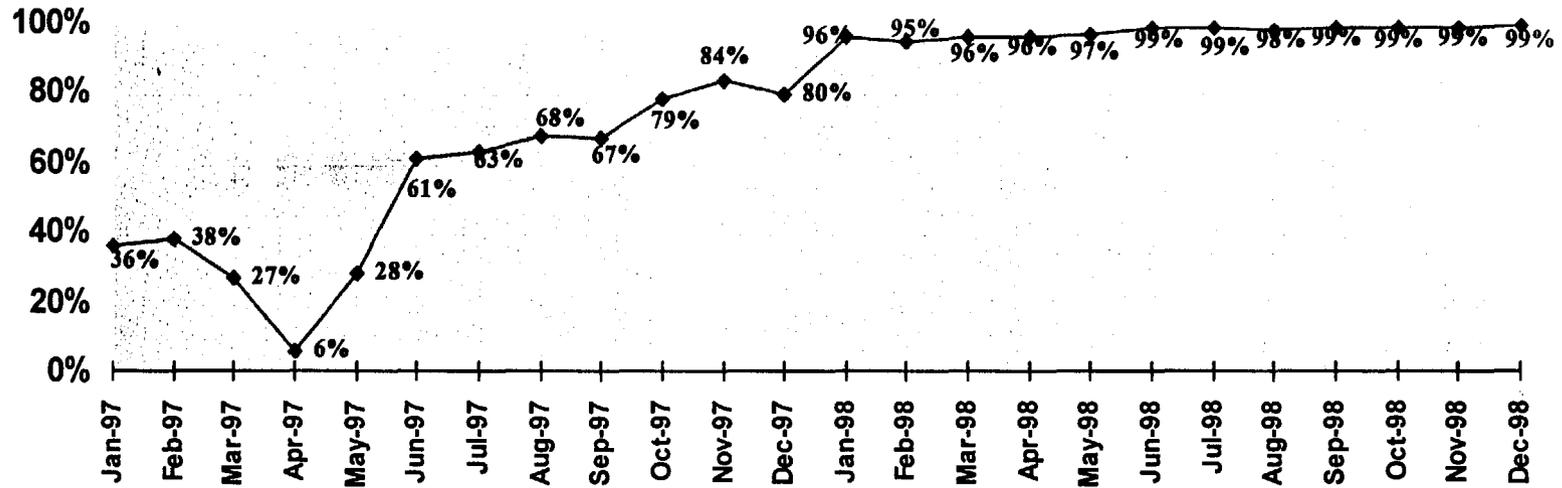


Note: includes E911 and DA/OA trunks

Resale Firm Order Confirmations

Resale Firm Order Confirmation performance has dramatically improved.

Resale Firm Order Confirmations Within 24 Hours





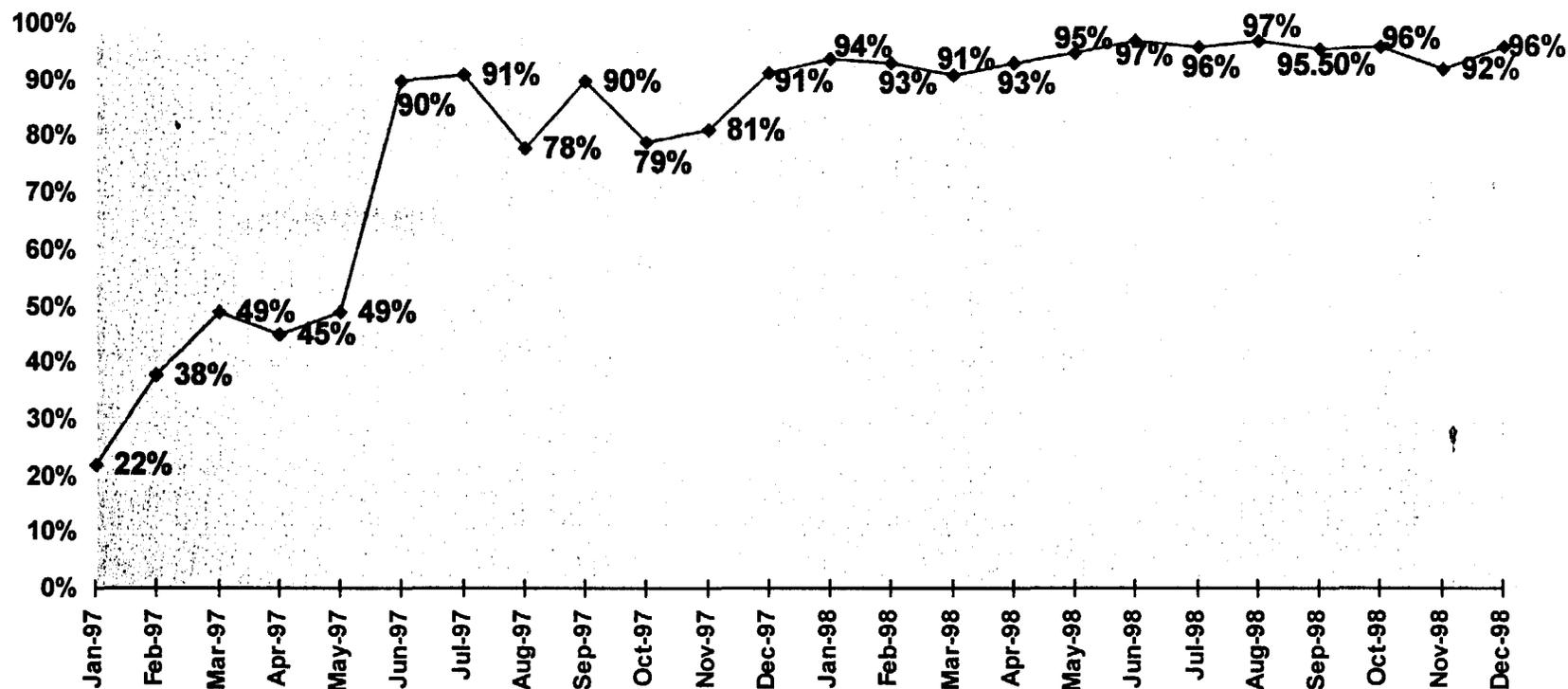
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Resale Completion Notifications

Resale completion notification performance has dramatically improved.

Resale Completion Notifications Sent Within 24 Hours





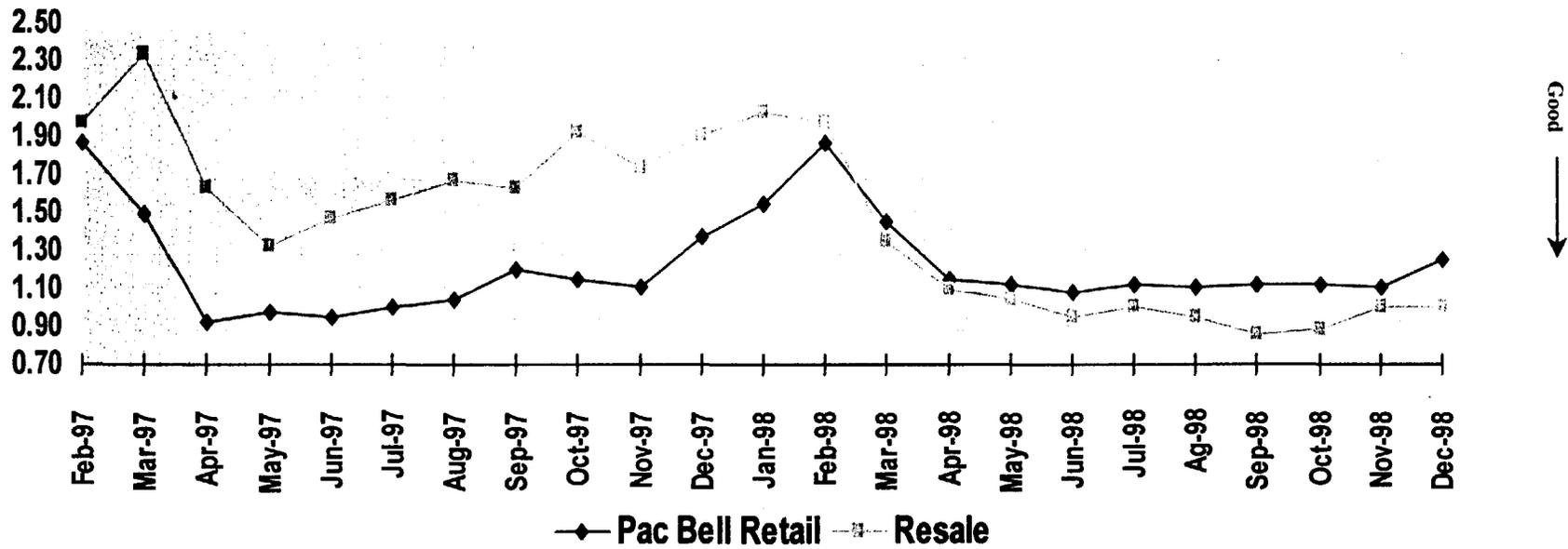
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H

Trouble Report Rate

The trouble report rate has decreased.

Trouble Report Rate (per 100 lines)



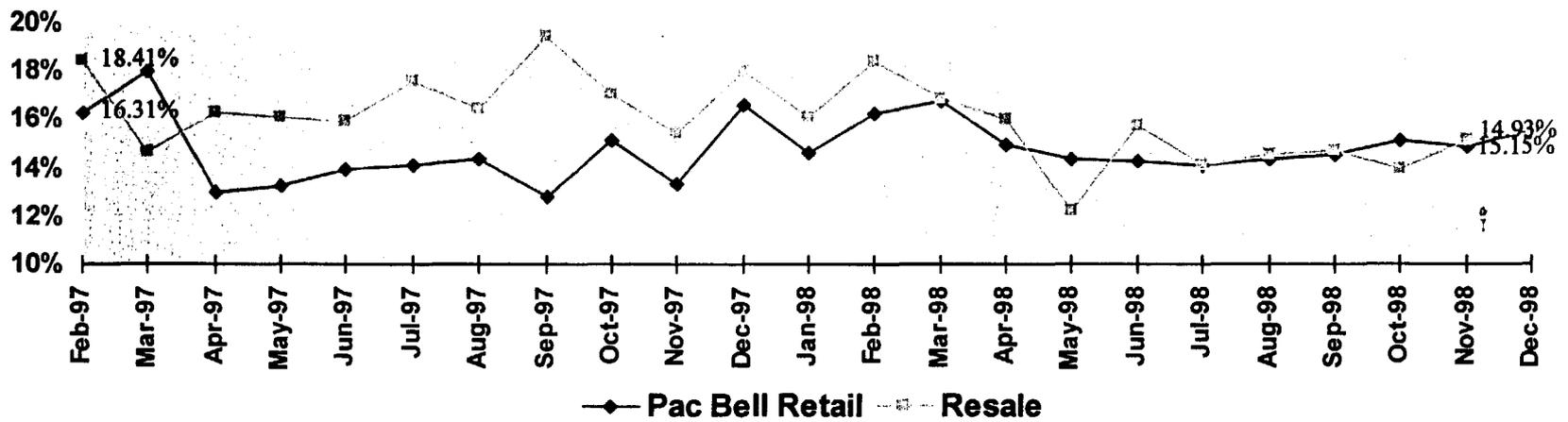


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Repeat Trouble Reports

Repeat reports have trended down.

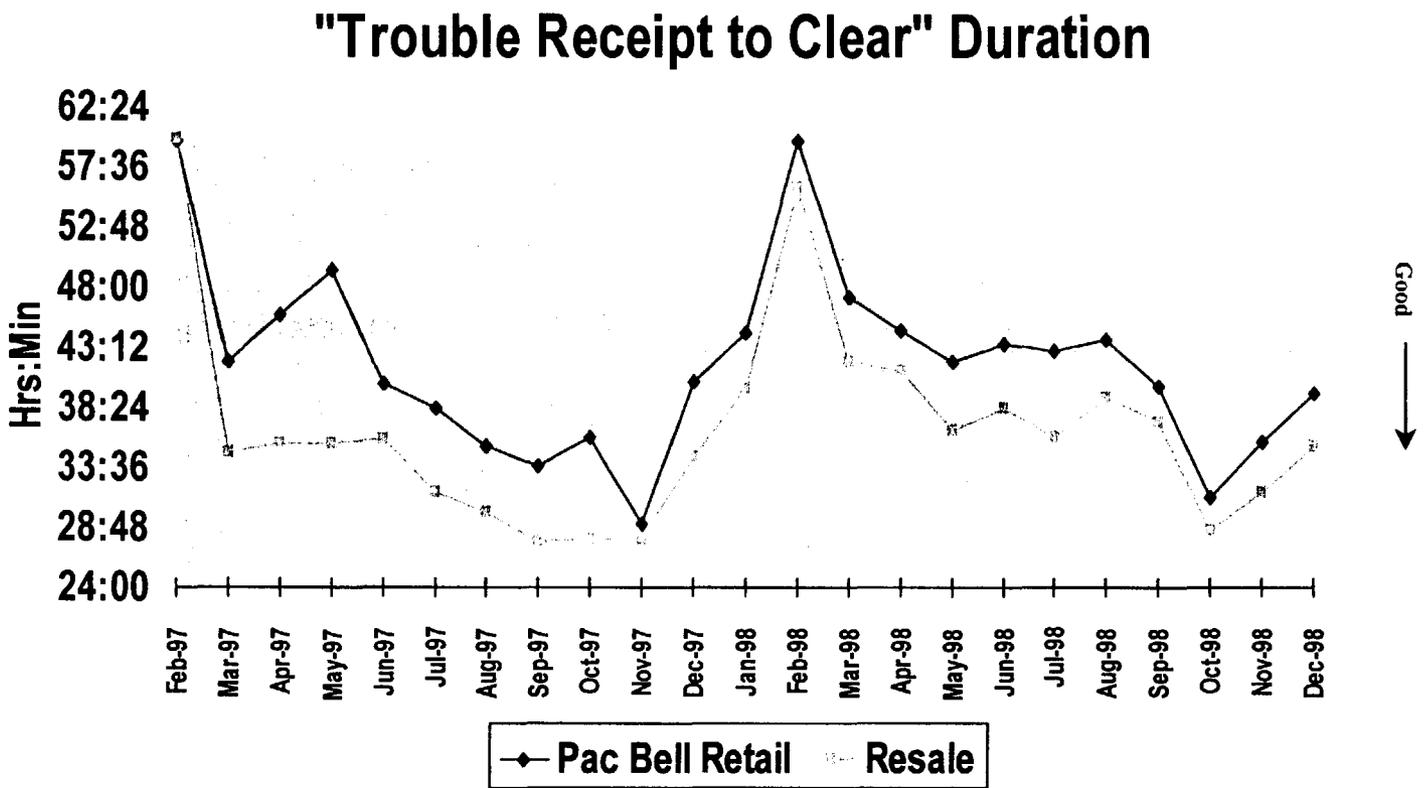
Repeat Trouble Reports (R30)





"Trouble Receipt to Clear" Duration

"Trouble receipt to clear" duration for resale remains below retail.





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K



% Repair Commitments Met

Percent repair commitments met has increased substantially.

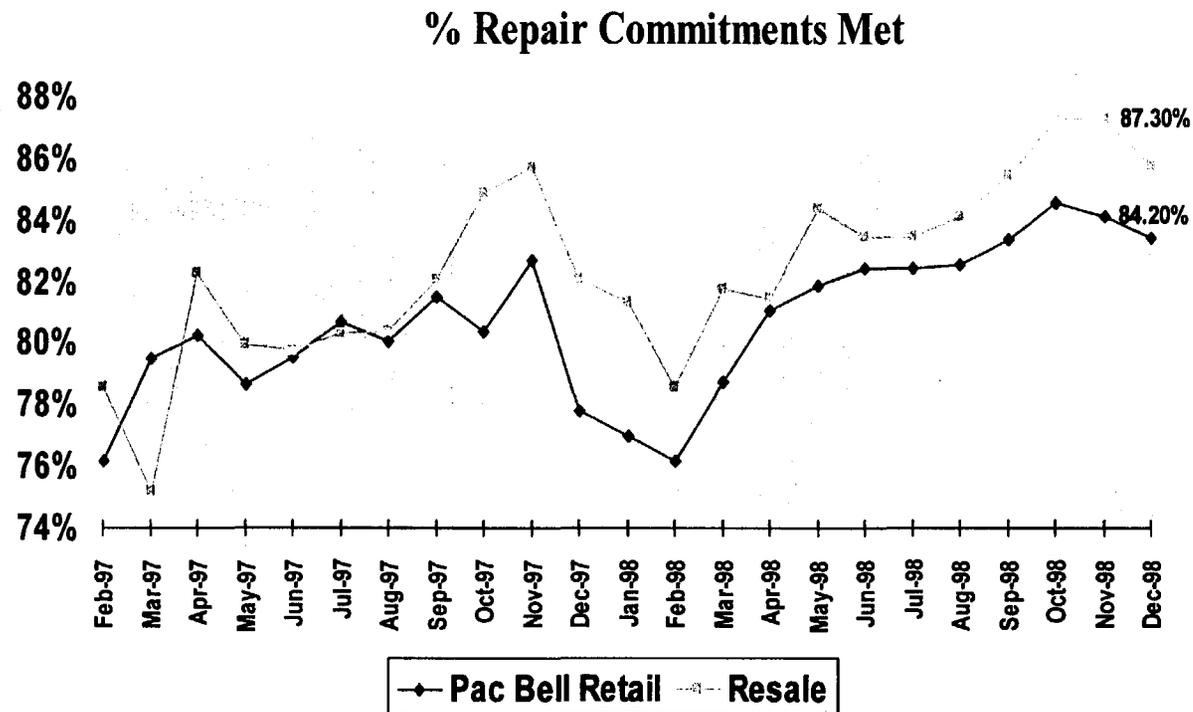
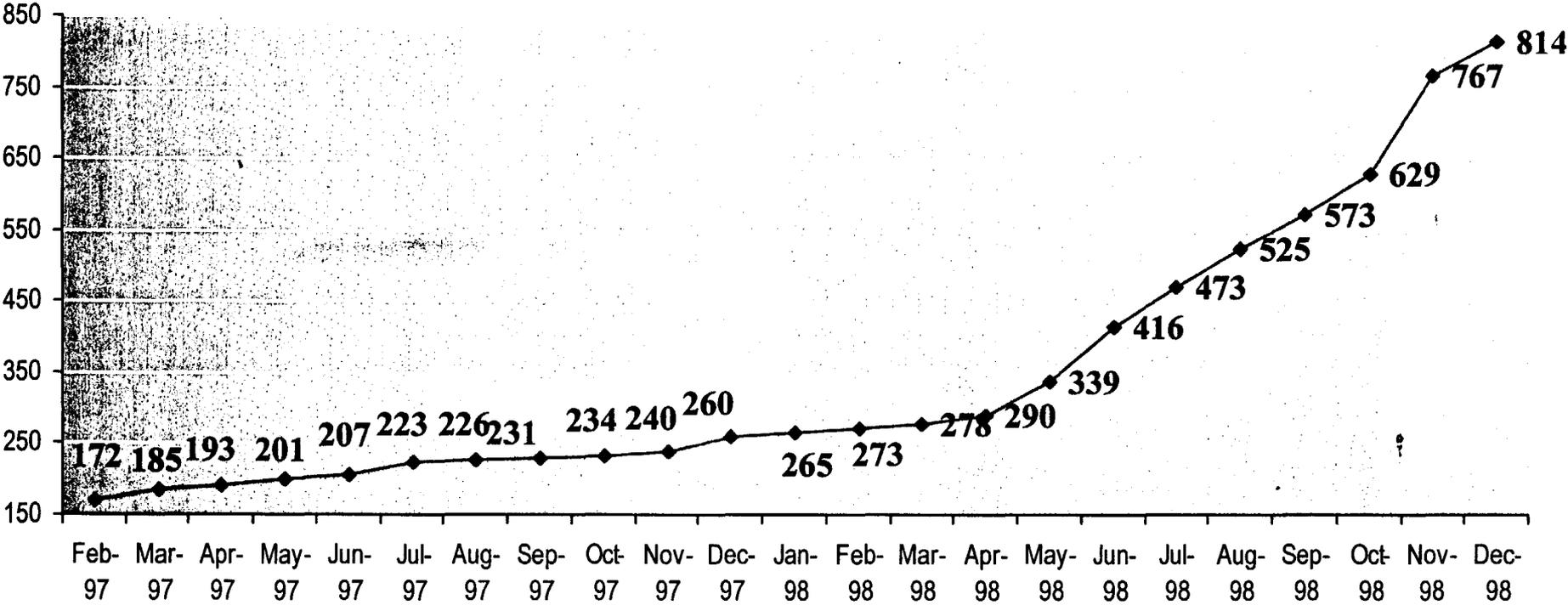


Chart L



California Collocation Cages In Service



As of February 1, 1999, there are an additional 205 cages under construction.