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1 if we're going to make a finding that this was
2 inappropriate behavior, I think, that -- that
3 interfered with someone else's ability to move
4 forward on implementation, I think that's --
5 that's a fair thing. And I do believe that
6 knowing what I know about accounting firms,
7 when somebody acts in 60 minutes, that's rare
8 and unusual. So I do think that it probably
9 does speak for itself in terms of --
10 CHAIRMAN WOOD: Res ipsa
11 loquitur.
12 COMM. WALSH: -- AT&T having
13 proved their point.
14 CHAIRMAN WOOD: In that
15 regard, then, I think the answer to your
16 question would be yes on all accounts, both
17 sides.
18 We have a final item under these
19 conjoined dockets today relating to a number
20 of questions -- well, actually, just a few
21 questions that we asked if anybody had
22 relating to pricing under the AT&T mega-arb
23 agreement.
24 MR. SIEGEL: That's correct,
25 Mr. Chairman. For the record, Howard Siegel.

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1 We invited questions relating to
2 clarifications or real world application. We
3 received questions from AT&T and Intermedia.
4 We also asked a question concerning the
5 central office access charge. We received a
6 pleading from AT&T on that, and we've also
7 received pleadings from Southwestern Bell
8 responding to each of the three pleadings that
9 I mentioned.
10 CHAIRMAN WOOD: Okay. And as
11 to the AT&T pricing issue, why don't we take
12 those three questions up first?
13 MR. SIEGEL: One thing
14 that -- that we would suggest is on some of
15 the direct pricing ones that are more
16 questions directed to the commission,
17 Mr. Parish is going to respond to them. On
18 other questions, what we thought is that we
19 would actually move off to the side, and to
20 the extent that you want the subject matter
21 experts from Southwestern Bell and other
22 parties to come up to the table so that they
23 will be able to do that.
24 CHAIRMAN WOOD: All right.
25 MR. PARISH: Nelson Parish,

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1 OPD, for the record. AT&T had three
2 questions. And I guess I'm just going to read
3 the question and then just read the
4 clarification of the question.
5 The first question was: Should
6 the CLEC utilizing EASE be penalized by the
7 limitations of the EASE system which require
8 the CLEC to send individual orders for each
9 line on the customer account? For example,
10 one customer with three lines equals three
11 converging -- conversion charges on -- on that
12 one account.
13 Basically, in response to that and
14 as a clarification, if Southwestern can -- if
15 Southwestern Bell can process more than one
16 line per order for its own purposes, then the
17 CLEC should be charged on a per-order basis
18 rather than on a per-line basis for the same
19 types of orders.
20 CHAIRMAN WOOD: And do we
21 know from any of the Bell experts if that, in
22 fact, can happen?
23 MR. SPARKS: That can happen.
24 CHAIRMAN WOOD: That a
25 multiple order can happen and multiple lines

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1 can be ordered with EASE at the same time?
2 MR. SPARKS: Yes, in certain
3 circumstances, with stacked -- I'm Nathan
4 Sparks with Southwestern Bell. As we've
5 provided in our pleading, yes, in conditions
6 where residential lines are stacked in an
7 account, one service order can transition or
8 convert those accounts.
9 CHAIRMAN WOOD: Okay. Well,
10 then, that would be -- in that case, then, I
11 guess the question would be that if it's one
12 order, then it's one ordering charge, as
13 opposed to three lines is three ordering
14 charges.
15 MR. SPARKS: Right.
16 MR. SIEGEL: And just to
17 clarify for Mr. Sparks, the -- the question
18 AT&T raised about three lines, three
19 conversion charges, does that occur regardless
20 of whether or not the lines are stacked, or is
21 that only if they're not stacked? I'm just
22 trying to...
23 MR. SPARKS: There are other
24 instances where we have disassociated lines,
25 system bill lines where there would be



NO. DV98-04627-K

AT&T CORP. and	§	IN THE DISTRICT COURT OF
AT&T COMMUNICATIONS OF THE	§	
SOUTHWEST, INC.,	§	
	§	
Plaintiffs,	§	
	§	
v.	§	DALLAS COUNTY, TEXAS
	§	
SOUTHWESTERN BELL TELEPHONE	§	
COMPANY and	§	
SBC COMMUNICATIONS, INC.,	§	
	§	
Defendants.	§	192 nd JUDICIAL DISTRICT

PLAINTIFFS' FIRST AMENDED PETITION

AT&T Corp. and AT&T Communications of the Southwest, Inc. (collectively, "AT&T"), Plaintiffs in the above-styled and numbered cause, file this First Amended Petition complaining of Southwestern Bell Telephone Company and SBC Communications, Inc., and would respectfully show the Court the following:

I. Parties

1. Plaintiff AT&T Corp. ("AT&T Corp.") is a corporation organized and existing under the laws of the State of New York, with its principal place of business located in New Jersey.

2. Plaintiff AT&T Communications of the Southwest, Inc. ("AT&T Com") is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business in Austin, Texas.

3. Defendant Southwestern Bell Telephone Company ("SWBT") is a corporation organized and existing under the laws of the State of Missouri. SWBT has appeared herein and may be served through its attorney of record, Robert E. Davis.

4. Defendant SBC Communications, Inc. ("SBC") is a corporation organized and existing under the laws of the State of Delaware. SBC has appeared herein and may be served through its attorney of record, James E. Coleman, Jr.

II. Jurisdiction and Venue

5. The amount in controversy exceeds the minimum jurisdictional limits of this court.

6. Venue is proper in Dallas County, Texas pursuant to the general venue statute, Tex. Civ. Prac. & Rem. Code § 15.002, because Defendant SWBT is a corporation with its principal office in this State located at One Bell Plaza, Dallas, Dallas County, Texas.

7. Pursuant to Tex. Civ. Prac. & Rem. Code § 15.005, this Court has venue as to both Defendants because the claims against Defendants SWBT and SBC arose out of the same transaction, occurrence, or series of transactions and occurrences.

III. Factual Background

8. AT&T brings this action because SBC and SWBT, acting through SBC's Chairman, Ed Whitacre, and others, have willfully and maliciously interfered with actual and prospective contracts of AT&T, in an effort to maintain SWBT's monopoly over Texas local telephone service markets, and to prevent AT&T from entering those markets. Over the past few years, both the Texas Legislature and the United States Congress have enacted extensive reform legislation designed to open local telephone service markets and end the monopoly on local service enjoyed by incumbent local exchange carriers ("LECs") such as SWBT. Among other reforms, the Federal Telecommunications Act of 1996 (the "FTA") contained provisions designed to remove barriers to entry in the local telephone service market and foster competition in that market. In part, the FTA now requires incumbent LECs to permit new market entrants

(such as AT&T) to purchase services and network functionalities for resale, thus avoiding costly construction of duplicate facilities, and resulting in greater competition and cost savings to consumers.

9. On or about June 5, 1997, the Texas Public Utility Commission (the "PUC") issued an order to grant AT&T a Certificate of Operating Authority ("COA") to operate as a provider of local exchange service in the State of Texas. The PUC's order was the culmination of an extensive review process, in which the PUC examined AT&T's financial, technical, and other qualifications as a potential local service provider. The grant of a COA was the first legal step in AT&T's entry into the local telephone service market. In order to actually offer local service to its customers, it would be necessary to design the technical means of connecting to and communicating with SWBT's already existing telecommunications network.

10. SWBT is the exclusive owner of facilities and the exclusive provider of facilities-based local service throughout the great majority of its Texas service area. The FTA requires SWBT, among other duties, to connect its network with the networks of competitive providers so that the customers of each provider can continue to place and receive telephone calls to and from the customers served by the other provider. Because of SWBT's exclusive ownership of the existing ubiquitous local network in its service area, the FTA also required SWBT to permit competitive providers such as AT&T to purchase access to individual components of SWBT's existing network to utilize in providing service to the competitive providers' own customers. Each of these activities requires that the systems of SWBT and of the competitive provider be able to interface with each other on an efficient, effective, electronic basis for activities such as the ordering, maintenance, and billing of telecommunications services. The systems that perform

these and other functions necessary to serve a customer are referred to as operations support systems ("OSS").

11. AT&T hired the telecommunications consulting group of the nationally-recognized accounting firm Ernst & Young ("E&Y") as the Systems Integrator to assist AT&T in analyzing the development work necessary to interface with SWBT's OSS and network in order to offer local service, to calculate the costs of implementing such work, and to design and implement a systems platform that would enable AT&T to offer local telephone service to customers. Ernst & Young employs approximately 25,000 professionals in three divisions: accounting, tax, and consulting. The consulting division has four global consultant centers: North America, Asia Pacific, Europe, and Latin America. The audit and tax practices are similarly organized.

12. Prior to performing services for AT&T, E&Y followed its standard internal procedures for accepting new engagements. E&Y had previously performed services for AT&T and AT&T Wireless, as well as a number of other competitors of SBC. After its initial review, E&Y personnel prepared a proposal for the AT&T project.

13. Before selecting E&Y as the Systems Integrator, AT&T personnel attended E&Y presentations at which E&Y's qualifications and expertise in integrating telecommunications systems were discussed at length. At the recommendation of AT&T's primary systems vendor, Scopus, AT&T determined that E&Y's telecommunications consulting group had the breadth and depth of systems expertise necessary to quickly and successfully integrate systems software and hardware to connect the AT&T and SWBT systems.

14. After extensive consultations with AT&T, E&Y began the first step in a multi-phase project, scheduled to be completed by approximately January 1, 1999, in which E&Y

would design and implement a system which would enable AT&T to provide local service. At E&Y's request, AT&T executed an initial Letter of Understanding ("LOU") in February 1998, which outlined initial terms of the first phase of the agreement. The LOU stressed the complexity of the project and the necessity for speed of completion. It stated, for example, that "These are aggressive objectives that require extensive planning, focus, scope control and significant resources. Moreover, these objectives emphasize speed of execution and dictate a rapid start-up." The initial phase of the project would provide the detailed requirements necessary to complete the implementation plan, and would include, among other things, identification of work flows, process descriptions, functional specifications, including product enhancements and customizations, and would establish a program management approach for the entire project. E&Y assembled a team of more than twenty highly qualified, experienced technological personnel from E&Y locations throughout the country, to design and implement the AT&T system for connecting with SWBT's network, in order to enable AT&T to enter the local telephone service market as a competitor of SWBT.

15. E&Y anticipated that it would undertake successive portions of the project through project completion in 1999, and AT&T itself had no intention of selecting a new vendor to replace E&Y in those subsequent stages. E&Y and AT&T anticipated handling the drafting of formal written contracts to memorialize their agreements for the successive stages on a stage-by-stage basis.

16. In early March of 1998, an amended LOU for the first phase of the project was prepared by E&Y and executed by AT&T and E&Y. The amended LOU redefined the project phases, identified in detail the staffing for the initial portion of the first project phase, and set a fee of \$2.1 million, inclusive of ordinary out-of-pocket expenses, for the initial portion of the

first project phase. Pursuant to the terms of the amended LOU, the project would be divided into two phases, each consisting of two major activities: (1) analysis and requirements definition, and (2) design and implementation. In February and March of 1998, E&Y and AT&T worked together extensively on the initial portion of the first project phase.

17. On March 30, 1998, AT&T filed a letter with the PUC, discussing the implementation schedule for certain technical aspects of AT&T's entry into the local telephone service market. The letter ("Exhibit A"), to Howard Siegel, Chief Attorney in the Office of Policy Development, identified E&Y as the external systems developer assisting AT&T with the systems development necessary to connect to SWBT's network. A copy of that letter was served on SWBT.

18. The very next day, March 31, 1998, SBC's Chairman and CEO, Ed Whitacre, acting on behalf of SBC and SWBT, made a rare and unusual telephone call to Phil Laskawy, the Chairman and CEO of E&Y. Mr. Whitacre advised Mr. Laskawy that he (Mr. Whitacre) had just been reading a Texas Public Utility Commission document that indicated E&Y was doing some work for AT&T. The document Mr. Whitacre referred to was obviously none other than AT&T's letter to Mr. Siegel, discussing AT&T's plans to offer local telephone service in Texas, and E&Y's assistance with that project. Mr. Whitacre inquired of Mr. Laskawy about the nature of the work E&Y was doing for AT&T. Within an hour, Mr. Laskawy decided to terminate E&Y's services to AT&T, and informed Mr. Whitacre of his decision. Mr. Laskawy was advised by the head of E&Y's telecommunications consulting group that it would be extremely difficult for AT&T to replace E&Y with another systems integrator. However, Mr. Laskawy remained firm in his decision that E&Y should discontinue providing service to AT&T. Instead of notifying AT&T of his decision, Mr. Laskawy called Mr. Whitacre to inform him of the

decision to terminate the E&Y work for AT&T. Mr. Whitacre ended the brief conversation by thanking Mr. Laskawy. Later, Mr. Laskawy described his feeling at that time that E&Y was "like a little bug between two gorillas"; clearly a feeling that was not conveyed by anything AT&T said or did, because Mr. Laskawy had not spoken with AT&T or anyone directly involved with the E&Y consulting project for AT&T.

19. AT&T was advised later on March 31 that E&Y was withdrawing from its work to assist AT&T with the local telephone service project. E&Y representatives stated to AT&T that they would assist in the prompt transition of the project to another consulting group, but E&Y would *not* complete the multimillion dollar project to facilitate AT&T's entry into SWBT's local telephone service market. AT&T was also told that E&Y's decision to withdraw was immediate and irrevocable, and that the decision was made by E&Y's Chairman, Mr. Laskawy, as a result of the telephone conversation with Mr. Whitacre. AT&T was told that SBC, through Mr. Whitacre, had expressed its concern to E&Y that E&Y was helping AT&T get into the local market.

20. On or about April 14, 1998, approximately two weeks after the telephone call from Mr. Whitacre to Mr. Laskawy, and after negative publicity about that call and E&Y's resulting withdrawal from the AT&T project, SBC sent a letter to Louis Brill, the partner in charge of E&Y's San Antonio office. Although Mr. Brill was not directly involved in the AT&T project, he was advised in the letter that SBC had "no objection" to E&Y's continuing with the AT&T project. The substance of this letter was never conveyed to the E&Y project manager for the AT&T project, and clearly was only window dressing by SBC/SWBT in the fall of bad publicity.

21. Nevertheless, the next day, on April 15, 1998, in a previously scheduled, unrelated meeting with Mr. Whitacre, Mr. Laskawy mentioned the AT&T issue and apologized to Mr. Whitacre for E&Y's having accepted the AT&T project. Mr. Whitacre accepted the apology by replying, "These things happen."

IV. Count One: Tortious Interference with Contract

22. Plaintiffs reallege and incorporate by reference the allegations contained in Paragraphs 1 through 21 as if fully set forth herein.

23. SWBT and SBC had knowledge of the agreements, including the LOU, discussed above, between AT&T and E&Y. Willfully and intentionally, and to achieve the improper purpose of harming AT&T, Defendants induced E&Y to breach and violate the provisions of E&Y's agreements with AT&T, including but not limited to inducing E&Y to fail to complete fully the agreements and terms of the amended LOU, in order to prevent and/or delay AT&T's entry into the local telephone service market. In addition, Defendants' actions made performance of E&Y's agreements with AT&T more burdensome, more difficult, impossible, or of lesser value to AT&T. As a proximate result of Defendants' wrongful conduct, Plaintiffs were forced to locate another systems integrator to assist in AT&T's entry into the local telephone service market, further delaying AT&T's entry into such market. As a proximate result of E&Y's withdrawal from the AT&T project, continuing progress on the project was made more burdensome and difficult and of less value, and progress was impaired while AT&T solicited requests from potential replacement systems integrators, considered the various potential replacements, selected a replacement systems integrator, undertook the necessary education of the replacement vendor as to AT&T's goals and requirements and the specific details of the prematurely interrupted project, and oversaw completion of various discrete activities which

remained unfinished at the time of E&Y's departure. The delays relating to replacement of E&Y have necessarily led, and will continue to lead, to a number of other categories of damages that have yet to be fully catalogued or quantified, including loss of a competitive advantage stemming from the now-likely delay of AT&T's entry into the Texas local telecommunications market. Accordingly, Plaintiffs have suffered direct and consequential damages, both from the additional costs to locate and educate a second technical consultant, and those damages resulting from the further delay of entry into the local telephone service market.

V. Count Two: Tortious Interference with Prospective Contract

24. Plaintiffs reallege and incorporate by reference the allegations contained in Paragraphs 1 through 23 as if fully set forth herein.

25. Further, Defendants had knowledge of prospective contracts and the business relations between AT&T and E&Y. Willfully and intentionally, and solely to achieve the improper purpose of harming AT&T, Defendants induced E&Y not to enter into such contracts in order to prevent and/or delay AT&T's entry into the local telephone service market. Plaintiffs would show that there was a reasonable probability that, absent the Defendants' interference, AT&T would have entered into subsequent written agreements with E&Y for subsequent phases of the project. AT&T and E&Y had already commenced a verbal and written dialog concerning the details of subsequent phase written contracts at the time of Defendants' tortious conduct. Defendants' acts in persuading E&Y not to enter into further contracts with AT&T and in interfering with business relations between E&Y and AT&T were malicious, as Defendants' motive was solely to deprive Plaintiffs of the benefits of the prospective contracts and business relations and to undermine their future business opportunities. As a proximate result of Defendants' wrongful conduct, Plaintiffs were forced to locate another systems integrator to

assist in AT&T's entry into the local telephone service market, further delaying AT&T's entry into such market. As a proximate result of Defendants' conduct, E&Y failed to enter into subsequent written contracts relating to the AT&T project, continuing progress on the project was made more burdensome and difficult and of less value, and progress was impaired while AT&T solicited requests from potential replacement systems integrators, considered the various potential replacements, selected a replacement systems integrator, undertook the necessary education of the replacement vendor as to AT&T's goals and requirements and the specific details of the prematurely interrupted project, and oversaw completion of various discrete activities which remained unfinished at the time of E&Y's departure. The delays relating to replacement of E&Y have necessarily led, and will continue to lead, to a number of other categories of damages that have yet to be fully catalogued or quantified, including loss of a competitive advantage stemming from the now-likely delay of AT&T's entry into the Texas local telecommunications market. Accordingly, Plaintiffs have suffered direct and consequential damages, both from the additional costs to locate and educate a second technical consultant, and those damages resulting from the further delay of entry into the local telephone service market.

VI. Count Three: Unfair Competition

26. Plaintiffs reallege and incorporate by reference the allegations contained in paragraphs 1 through 25 as fully set forth therein.

27. Defendants' actions are further actionable, inasmuch as they constitute common law unfair competition. As set forth above, Defendants' actions have proximately caused several categories of injury to Plaintiffs. Defendants' actions did not amount to fair competition, but were instead unfair, and contravened accepted principles of business ethics and integrity and honest business practice as they amounted to a concerted wrongful scheme to prevent AT&T's

services from being used in competition with the Defendants' services. The actions of SBC and SWBT violated definite legal rights of AT&T, for, as set forth above, they amount to tortious interference with contract and tortious interference with prospective contract.

28. Defendants' acts as described above are unfair practices that substantially interfered with and were intended to interfere with Plaintiffs' ability to compete with Defendants on the merits of their respective products and services, specifically by delaying or preventing Plaintiffs' entry into the local telecommunications services market in competition with Defendants' services. In addition, Defendants' acts as described above substantially conflict with definite legal rights of Plaintiffs and with accepted principles of public policy recognized by the FTA, accepted principles of business ethics, professional integrity, honest business practice, and common law doctrines, including tortious interference with contract and prospective contract.

29. As a proximate result of Defendants' wrongful conduct in furtherance of their improper purpose to unfairly stifle competition, Plaintiffs suffered direct and consequential damages as discussed above, including the additional costs to locate and educate a second technical consultant, and substantial damages resulting from the further delay of entry into the local telecommunications service market.

VII. Exemplary Damages

30. Plaintiffs reallege and incorporate by reference the allegations contained in Paragraphs 1 through 29 as if fully set forth herein.

31. Plaintiffs would further show that the actions of Defendants were motivated by actual malice, were intentional and willful, and were calculated to make the performance of the LOU, agreements and prospective business relations more burdensome or difficult and of less

value to AT&T, and to block or delay AT&T's entry into the local service market to the detriment of AT&T. Accordingly, Plaintiffs seek exemplary damages to the maximum extent permitted by law, in addition to actual damages.

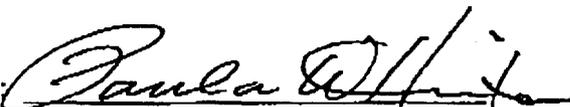
PRAYER FOR RELIEF

WHEREFORE, Plaintiffs AT&T Corp. and AT&T Communications of the Southwest, Inc. pray that Defendants Southwestern Bell Telephone Company and SBC Communications, Inc. be cited to appear and answer herein and that upon final trial Plaintiffs have judgment against Defendants for:

1. Actual and exemplary damages to be determined by the trier of fact;
2. Costs and attorneys' fees in an amount to be determined by the Court;
3. Prejudgment and post-judgment interest; and
4. Such other and further relief, at law or in equity, to which Plaintiffs may show themselves justly entitled.

Respectfully submitted,

AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.

By: 

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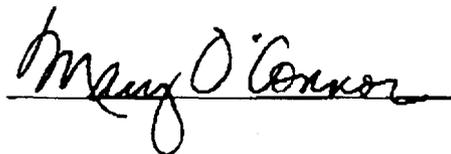
ATTORNEYS FOR PLAINTIFFS
AT&T CORP. AND
AT&T COMMUNICATIONS OF
THE SOUTHWEST, INC.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 3rd day of August, 1998, a true and correct copy of Plaintiffs' First Amended Petition was sent by hand delivery, to:

James E. Coleman, Jr.
Jeffrey S. Levinger
Carrington, Coleman, Sloman & Blumenthal, L.L.P.
200 Crescent Court, Suite 1500
Dallas, Texas 75201

Robert E. Davis
Hughes & Luce, L.L.P.
1717 Main Street, Suite 2800
Dallas, Texas 75201



AT&T
3/30/98

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RELATING TO THE § PUBLIC UTILITY COMMISSION
IMPLEMENTATION OF SWBT'S §
INTERCONNECTION § OF TEXAS
AGREEMENTS WITH §
AT&T AND MCI §

AT&T COMMUNICATIONS OF THE SOUTHWEST, INC.'S
EDI IMPLEMENTATION SCHEDULE

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List of Files:
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g:\arb97\19000\edist2.doc

Original + 22

cc: Pat Wood, Chairman
Judy Walsh, Commissioner
Patricia Curran, Commissioner



Mark Witcher
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March 30, 1998

Mr. Howard Siegel
Chief Attorney
Office of Policy Development
1701 N. Congress Avenue
Austin, Texas 78711-3326

Re: Docket No. 19000

Dear Howard:

As promised on the March 23 implementation schedule conference call, this document is provided as AT&T's assessment of the ability to meet the EDI schedule adopted in the Commission's March 17 order.

As an initial matter, AT&T is actively working to develop the process by which it will provide the level of specificity required by the Commission for UNE ordering and provisioning. AT&T did not originally propose or anticipate providing the UNE specificity information required by SWBT with an interim EASE ordering/provisioning platform (nor does AT&T believe the information SWBT is requiring is necessary when the loop and port are ordered in combination to provide POTS service). In complying with the Commission's order to provide such, AT&T's view is that customer orders for UNE should be processed once and only once and that future conversions will not be required to re-establish the customers as UNE customers once EDI capability is implemented. As a result, AT&T would not expect to pay two non-recurring charges for processing one UNE customer's transition to AT&T. However, we have been advised by SWBT that double assessment is exactly what it intends.

AT&T is confident that the schedule adopted by the Commission for the completion of UNE ordering capability using the EASE system can and should be met if both parties work cooperatively through the testing process and diligently work to resolve any problems identified during testing. AT&T does not intend to appeal the Commission's requirement of ordering with specificity and is working toward UNE entry in compliance with the specificity requirement.

Mr. Howard Siegel
Page Two
March 30, 1998

With respect to EDI, AT&T has requested that Ernst and Young, the external systems developers charged by AT&T with the systems development necessary to achieve the EDI capability discussed in the work sessions, review the ordered schedule and indicate the extent to which the ordered dates are feasible given the work required. AT&T also requested that, if any of the ordered dates are not feasible given the required work activities, Ernst and Young identify the time frames reasonably needed to accomplish the tasks outlined in the schedule in a manner which is aggressive, but which does not present AT&T or the Commission with unrealistic expectations.

AT&T will continue to work diligently, in good faith and to the best of its ability toward complying with the Commission's desires and directives. However, AT&T does not believe it is in the interest of the public, the Commission or AT&T that AT&T offer a commitment to meet a schedule which its own systems developers have determined it will not be able to meet.

The schedule provided by Ernst and Young is reflected in two attached documents. The first is a project schedule identifying the specific activities to be undertaken on a granular basis. The second document compares the dates in the affected parts of item 10 of the implementation schedule with the relevant dates in the Ernst and Young schedule and provides an explanation of the basis for the dates developed by Ernst and Young. The attached schedule demonstrates that AT&T is willing to work toward an accelerated schedule that will result in commercial operation of EDI in February 1999, with testing beginning in December 1998. Although this represents a two-month market entry improvement over AT&T's initial schedule, there is a significant amount of risk associated with accelerating this schedule. Meeting these timelines is fully dependent on a clear set of requirements being finalized between AT&T and SWBT. As we discussed last Monday, the change control process is still under negotiation, AT&T continues to receive ad hoc modifications to the EDI requirements and a new set of requirements were received by AT&T on March 23 representing the latest adoption of OBF guidelines. A more detailed explanation of the underlying requirements and specific activities/milestones is reflected in the attached documents.

Mr. Howard Siegel
Page Three
March 30, 1998

AT&T clearly recognizes that the Commission has not previously accepted AT&T's position that EDI capability realistically cannot be completed until the early 1999 time frame. At the same time, AT&T notes that the proposal of SWBT to delay completion of the systems necessary for mechanized billing and the availability of terminating access records and originating 800 access records until March/April 1999 has been retained without any acceleration in the implementation schedule. As a result, the full extent of UNE capabilities will not, in fact, be available until March 1999 because of the development timeframes SWBT requested. In the high volume, residential/small business consumer environment in question, the availability of mechanized billing systems is every bit as imperative to AT&T's entry opportunity as EDI development. It is important that the disparity in the time frames for these systems development activities be synched up.

AT&T requests that this matter be scheduled for consideration on the April 9 call.

Sincerely,


Mark Witcher
General Attorney

cc: Pat Wood, Chairman
Judy Walsh, Commissioner
Patricia Curran, Commissioner

Task Id	Task Name	Duration (Days)	Start Date	Finish Date	Predecessor Tasks
1	AT&T EDI Local Plan			2/22/99	
2	Complete Proof of Concept - Milestone		4/20/98	4/20/98	
3	EDI Infrastructure Planning & Deployment	40	4/20/98	6/15/98	2
4	Finalize EDI System Software Functional Requirements	4	4/20/98	4/23/98	
5	EDI Implementation Approach Decision	0	4/23/98	4/23/98	4
6	Evaluate EDI Infrastructure Shortlist	3	5/11/98	5/13/98	5
7	EDI System Software Selection	2	5/14/98	5/15/98	6
8	Finalize Licensing for Software	2	5/18/98	5/19/98	7
9	Configure/Install EDI Environment Platform	18	5/20/98	6/15/98	8
10	Requirements	35	4/20/98	6/8/98	2
11	EDI Business Rule & Mapping Gap Resolution with SWBT	35	4/20/98	6/8/98	
12	Order Management EDI Functional & Data Requirements	35	4/20/98	6/8/98	
13	Sales Execution EDI Functional & Data Requirements	15	4/20/98	5/8/98	
14	Customer Care EDI Functional & Data Requirements	15	4/20/98	5/8/98	
16	Design	20	6/9/98	7/7/98	10
16	Order Management EDI Design	20	6/9/98	7/7/98	12
17	Sales Execution EDI Design	10	6/9/98	6/22/98	13
18	Customer Care EDI Design	10	6/9/98	6/22/98	14
19	Comprehensive Test Strategy Design	20	6/9/98	7/7/98	11,12,13,14
20	Development	45	7/8/98	9/9/98	15
21	EDI Interface Development (extract/load to OMS)	40	7/8/98	9/1/98	18
22	Order Management Development (EDI exception handling, reporting, etc)	40	7/8/98	9/1/98	
23	Sales Execution	20	7/8/98	8/4/98	
24	Customer Care	20	7/8/98	8/4/98	
25	Develop Test Scenarios and Cases	20	7/8/98	8/4/98	19
26	Translator flat file mapping and communicants scheduling configuration	25	7/8/98	8/11/98	18
27	Configure communications gateway	9	8/12/98	8/24/98	25
28	EDI Operational Procedures (including trading partner EDI SLA)	20	8/12/98	9/9/98	25
29	Staging Preparation	50	9/10/98	11/18/98	
30	Internal System Test Preparation	10	9/10/98	9/23/98	20
31	Internal System Testing	15	9/24/98	10/14/98	30
32	Internal UAT Test Preparation	10	10/16/98	10/28/98	31
33	Internal User Acceptance Testing	15	10/29/98	11/18/98	32,27
34	Develop SRT Test Messages	20	9/10/98	10/7/98	20
36	SRT Deployment	57	11/19/98	2/22/99	33,34
36	SRT Preparation	5	11/19/98	11/26/98	
37	EDI SRT	40	11/30/98	2/4/99	35
38	Implementation start date (Go live)	1	2/5/99	2/5/99	37
39	Live Commercial	1	2/22/99	2/22/99	38

AT&T EDI Implementation Issues

#	Activity	Commission : AT&T (completion dates)	Explanation of Date Change
1	AT&T determination of requirements	a) 4/1 : 6/8 b) 4/15 : 6/8	<p>a) AT&T and SWBT have completed the gap analysis associated with the LSOR 2 UNE requirements. AT&T is currently simulating orders and sending them to SWBT to ensure that AT&T has accurately understood SWBT's LSOR2 and EDI release 6, transaction set 3040 requirements for development purposes. AT&T intends to complete this process by the Commission allotted timeframe of 4/15. AT&T and SWBT have not reached an agreement on a change control process for requirements beyond SWBT's LSOR 2 but are working cooperatively to do so. While this activity remains outstanding with a meeting scheduled for April 6 to further work the issues, SWBT provided to AT&T on March 23 a list of issues they intend to implement in EDI Release 8, Transaction Set 3072. AT&T will work diligently to provide its comments to SWBT regarding concerns with the requirements within 2 weeks from receipt and expects that SWBT will provide its final requirements 2 weeks thereafter based on input it receives from the CLEC community at large. With these additional requirements and timeframes, AT&T is estimating 6/8 as the completion date for EDI requirements from a development perspective.</p> <p>b) Requirements definition effort to clarify AT&T/SWBT Business rule and EDI transaction mapping matrix ends 6/8.</p> <p style="text-align: center;"><i>(refer to task 10 in the workplan)</i></p>
2	EDI - Determine systems development time required	5/1 : 7/7	<p>The design effort is based on the completion of the LSOR EDI data mapping clarification on 6/8. The design phase begins 6/9 and ends on 7/7.</p> <p style="text-align: center;"><i>(refer to task 15 in the workplan)</i></p>

#	Activity	Commission : AT&T (completion dates)	Explanation of Date Change
3	EDI - AT&T to code and develop to system requirements	a) 7/1 : 9/9 b) 9/1 : 11/18	a) The coding and development effort begins on 7/8 and ends 9/9. AT&T is complying with the Commission's request for a 60 day development timeframe as opposed to its originally requested 120 day timeframe. b) The testing (staging preparation) begins on 9/10 and ends 11/18. <i>(refer to task 20 and 29 in the workplan)</i>
4	AT&T/SWBT comprehensive testing	d) 4/6/98 : 7/7/98 e) 4/13/98 : 8/24/98 f) 7/12/98 : 2/4/99 g) 10/1/98 : 2/5/99 h) 10/15/98 : 2/22/99	d) UNB Trial Proc. Planning beginning 6/9 ending 7/7 (refer to task 19 in the workplan). e) Connectivity confirmed 8/24 (refer to task 27 in the workplan) f) Testing period for 40 days beginning 11/30/98 ending 2/4/99 (refer to task 37 in the workplan) g) Implementation start date 2/5/99 (refer to task 38 in the workplan) h) Live commercial date 2/22/99 (refer to task 39 in the workplan)



