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*NEWS RELEASE*

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**PRIVATIZATION OF CALIFORNIA'S TELECOMMUNICATIONS SYSTEM NEARS COMPLETION**

Department of General Services (DGS) Director Peter G. Stamison announced today that DGS expects to receive by May 1, 1998, the final proposals from the three companies who remain in competition for the state's telecommunications business.

AT&T Solutions, GTE, and Pacific Bell/MCI are competing to become the single prime vendor to provide local switching, long distance, voice mail, and data transmission services to state agencies. CALNET, the current state network, provides more than 300,000 dial tones to state office buildings, prisons, and hospitals throughout the state.

The effort to privatize the state's telecommunications system is the result of Governor Wilson's competitive government initiative. Outsourcing CALNET is one of the primary recommendations contained in a report by the Governor's Task Force on Government Technology Policy and Procurement.

The telecommunications contract is being awarded under new "alternative procurement" process legislation signed last fall that allows and encourages potential business partners to dialogue with the state during the process.

"The process is working, and we will have a contract award in June," said DGS Director Peter G. Stamison. "This is a very complex procurement, and we want to ensure not only that the solutions and contract language are addressed properly, but that the private sector has every opportunity to give state government the best possible technological, operational, and economical proposal."