SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is by and between The Utility Reform Network ("TURN"),Pacific Bell Telephone Company d/b/a AT&T California ("AT&T California") and the Center for Accessible Technology ("CforAT") (TURN,AT&T California and CforAT collectively referred to as the "Parties").

WHEREAS, on December 6, 2013, TURN filed a Complaint against AT&T California with the California Public Utilities Commission ("CPUC" or "Commission"), Case No. C.13-12-005 (the "Complaint");

WHEREAS, on January 14, 2014, CforAT moved for party status in Case No. C.13-12-005, and the motion was granted on March 5, 2014;

WHEREAS, the Parties desire to resolve the issues raised in the Complaint to their mutual satisfaction according to the terms set forth below; and

WHEREAS, the Parties believe that this Agreement is a reasonable compromise of their opposing positions in the Complaint proceeding, and agree that the provisions of this Agreement adequately balance the interests of AT&T California, TURN and CforAT, the Parties aver that this Agreement is reasonable in light of the whole record, consistent with law, and in the public interest, the Parties agree jointly to support the provisions of the Agreement set forth below;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, the receipt and sufficiency of which consideration is hereby acknowledged by each Party to the others, the Parties hereby agree that the issues raised in the Complaint and all related causes of action shall be settled and compromised pursuant to the terms of this Agreement set forth below.

1. AT&T California will freeze its rates for Basic Flat Rate local exchange service, Basic Measured Rate local exchange service, LifeLine Flat Rate local exchange service, and LifeLine Measured Rate local exchange service (all services referred to collectively as the "Listed Services") at their current level through December 31, 2015.
2. Beginning January 1, 2016, AT&T California will have the right to raise its rate for each of the Listed Services by no more than a total of $3 over five years (until December 31,

2020). For each separate service, AT&T California agrees not to increase rates by more than $1 in any given year in the five-year period.

3. As of January 1, 2021, the price caps established by this Agreement shall expire, and AT&T California will have the same pricing authority regarding the Listed Services as it had prior to the Effective Date of this Agreement, subject to any intervening decisions or changes of law.

4. No party to this agreement will initiate, or be a party to, a complaint action before the CPUC addressing the reasonableness of AT&T California's rates for the Listed Services any earlier than January 1, 2021. Nothing in this provision limits the right of any party to this agreement to take any position in a Commission Investigation, a Commission Rulemaking, or any other proceeding addressing the telecommunications industry in California as a whole, nor does it limit the right of any party to initiate a proceeding addressing AT&T California's rates for other services or AT&T California's compliance with other matters under the CPUC's jurisdiction not directly concerning rates for the Listed Services. Additionally, nothing in this provision limits the right of any party to initiate a complaint, formally or informally, regarding an individual consumer's bill from AT&T California.

5. The Parties acknowledge that this Agreement is a settlement and compromise of all disputed issues involved in the Complaint, which binds the Parties, their affiliates, subsidiaries, successors, assigns, directors, shareholders, officers, employees, and agents.

6. Each party is aware that it may discover claims or facts in addition to or different from those it now knows or believes to be true with respect to the matters related herein. Nevertheless, it is the intention of the parties, subject to the conditions in paragraph 4, to fully, finally, and forever settle and release all such matters.

7. If a Party fails to perform its respective obligations under this Agreement, any other Party may come before the Commission to pursue a remedy including enforcement. The Parties acknowledge that the Commission may assert jurisdiction to reopen this proceeding to enforce the terms and conditions of this Agreement.

8. The Parties agree that execution of this Agreement does not constitute an admission of liability or any violation of law with respect to any claim raised in or related to the Complaint.

9. Each party hereby waives any right or benefit of the provisions of Section 1542 of the California Civil Code, which reads as follows:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.**

The Parties acknowledge in that connection that they may have sustained damage, loss, cost, or expense that is presently unknown and unsuspected, and that such damage, loss, cost or expense as may have been sustained may give rise to additional damage, loss, cost or expense in the future. Nevertheless, the Parties acknowledge that this Agreement has been negotiated and agreed upon in light of this situation and the Parties expressly waive any and all rights which they may have under Section 1542 of the California Civil Code, or any other state or federal statute or common law principle of similar effect.

10. The Parties hereto acknowledge each has read this Settlement Agreement, that each fully understands its rights, privileges, and duties under this Settlement Agreement, and that each enters this Agreement freely and voluntarily. Each Party further acknowledges that it has had the opportunity to consult with its legal counsel to explain the terms of this Agreement and the consequences of signing it.

11. Each Party to this Agreement represents that the person executing this Agreement has been duly authorized by the Party to execute this Agreement on behalf of that Party and that such execution is made within the scope of their respective agency and/or employment and that no Party to the Agreement assumes any personal liability as a result of this Agreement.

12. The undersigned hereby acknowledge and covenant that they have been duly authorized to execute this Agreement on behalf of their respective principals and that

such execution is made within the course and scope of their respective agency and/or employment.

13. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, with the same effect as if all Parties had signed one and the same document. All such counterparts shall be deemed to be an original and shall together constitute one and the same Agreement. A signature transmitted by facsimile or email shall be regarded as an original signature.

14. The provisions of this Agreement are not severable. If the CPUC or any court of competent jurisdiction rules that any material provision of this Agreement is invalid or unenforceable, or materially modifies any material provision of this Agreement, then the parties must meet in good faith to consider whether they agree to any such changes, which changes must be documented in writing. If the parties cannot agree, then the Agreement shall be deemed rescinded and the Parties returned to the status quo as of the date immediately prior to the Effective Date of this Agreement.

15. It is understood that the consideration recited in this Agreement is the sole and only consideration of this Agreement, and no representations, promises, or inducements have been made by any Party to the Agreement, or any director, officer, employee, or agent thereof, other than as they appear in this instrument.

16. This Agreement constitutes the entire agreement between the Parties and shall not be modified except in writing signed by the Parties.

17. This Agreement is governed by the laws of the State of California.

18. The Effective Date of this Agreement is the last date on which it is signed by any Party to the Agreement.

19. This Agreement is subject to approval by the CPUC. Nothing in this Agreement shall be deemed as an admission or an assessment of the outcome that could have been reached without voluntary negotiations. Further, the Parties agree that the obligations set forth in this Agreement are without any prejudice to positions each Party has taken, or may hereafter take, in any proceeding in another state, or in any future proceeding at the CPUC after the expiration of the term of this Agreement or pursuant to paragraph 4

above. Commission adoption of this Agreement does not constitute approval of, or precedent regarding, any principle or issue in R.05-04-005, the Complaint proceeding (Case No. 13-12-005), or in any other future proceeding.

20. The Parties to the Agreement shall use their best efforts to obtain Commission approval. No Party shall engage in any *ex parte* contact with the CPUC in regard to this Agreement unless such Party states that it is in full support of the Agreement and each and every term thereof. No Party shall seek, directly or indirectly, to have the CPUC modify the terms of this Agreement without the express consent of all other Parties.

21. Upon approval of the Agreement, the parties acknowledge that the provisions of this Agreement will be incorporated into an order approved by the CPUC, and that such order shall be binding on all Parties to the full extent of the CPUC's jurisdiction over such entities.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement on the pages that follow.

Pacific Bell Telephone Company d/b/a AT&T California

By: Ken McNeely
Printed Name: Ken McNeely
Title: President - AT&T California
Date: 6/8/15, 2015

The Utility Reform Network
By: Christine Mailloux
Printed Name: Christine Mailloux
Title: Telecommunication Atty
Date: 6-8, 2015

Center for Accessible Technology
By: _____
Printed Name: MELISSA W KASNITZ
Title: LEGAL COUNSEL
Date: JUNE 9, 2015

(End of Attachment A)