

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion into the Deaveraging of Unbundled Network Element Rates within at Least Three Geographic Regions of the State of California Pursuant to Federal Communications Commission Rule 47 C.F.R. § 51.507(f).

Investigation 00-03-002
(Filed March 2, 2000)

**ORDER ADOPTING GEOGRAPHICALLY DEAVERAGED
UNBUNDLED NETWORK ELEMENT RATES FOR
PACIFIC BELL TELEPHONE COMPANY**

1. Summary

We grant the joint motion for adoption of a Settlement Agreement (Agreement). As a result, on an interim basis we authorize loop unbundled network element (UNE) rates for three zones in the service area of Pacific Bell Telephone Company (Pacific).

2. Background

This investigation was instituted to produce deaveraged loop UNE rates within at least three geographic regions in the state. We noted on initiating this matter that much of the groundwork had been laid in earlier proceedings. We specifically asked parties to fully evaluate and address the joint proposal for geographic deaveraging made in the June 4, 1999 opening comments of AT&T

Communications of California, Inc. (AT&T) and MCI WorldCom (WorldCom) on the UNE pricing proposed decision.¹ We also invited parties to present other proposals. We stated, however, that we would not give further consideration to two geographic deaveraging proposals already considered and rejected.² Further, we indicated our expectation that an evidentiary hearing would be necessary.

2.1. Prehearing Conference, Scoping Memo, and Need for Hearing

Prehearing conferences were held on May 9 and 26, 2000. The Scoping Memo and Ruling of the Assigned Commissioner was filed and served on May 31, 2000. The Scoping Memo adopted several agreements of parties, including that no evidentiary hearing would be required,³ and identified four disputed issues:

1. The number and description of geographic regions into which UNE loop rates will be deaveraged.
2. The deaveraged UNE loop rates within each region.

¹ The proposed decision was in the open access and network architecture development (OANAD) proceeding (Rulemaking (R.) 93-04-003, and Investigation (I.) 93-04-002), and resulted in Decision (D.) 99-11-050.

² Those approaches are: (1) the revenue zone approach, and (2) zones based on any version of the Hatfield Model.

³ This agreement was stated in parties' May 18, 2000 Joint Case Management Statement. Parties to the Joint Case Management Statement are Pacific, AT&T, WorldCom, GTE California Incorporated (now Verizon California Incorporated), The Citizens Communications Companies, Office of Ratepayer Advocates (ORA), The Utility Reform Network, NEXTLINK California, Inc., and RCN Telecom Services of California, Inc.

3. How withdrawals from the Universal Service fund (California High Cost Fund-B, or CHCF-B) will be managed when competitive local exchange carriers (CLCs or CLECs) purchase deaveraged UNE loops in high cost regions within Pacific's service area.
4. Whether or not the proposals made herein satisfy federal requirements for geographic deaveraging.

On September 7, 2000, we issued D.00-09-010. We there reconsidered our prior determination that an evidentiary hearing would be necessary, and found that no hearing was needed.

2.2. June 7, 2000 Proposals

Consistent with the adopted schedule, proposals were filed and served on June 7, 2000 by Pacific, and jointly by AT&T and WorldCom. Pacific proposed deaveraged loop UNE prices in three zones for six services. Pacific further proposed that Rule 6.G.1.B of the Commission's Universal Service Rules (D.96-10-066, Appendix B, page 12) govern distribution of CHCF-B Universal Service funds to CLCs offering service by unbundled loops.

AT&T/WorldCom proposed four zones for the same six services. AT&T/WorldCom agreed with Pacific on prices for Zones 2 and 3, but recommended that Zone 1 be divided into Zones 1A and 1B, with Zone 1A prices slightly below, and Zone 1B prices slightly above, the Zone 1 prices recommended by Pacific.

2.3. Interconnection Agreement between Pacific and AT&T

On August 3, 2000, the Commission approved an arbitrated interconnection agreement (ICA) between Pacific and AT&T. (D.00-08-011, Application (A.) 00-01-022.) The ICA provided deaveraged UNE rates within three geographic regions. Pacific's deaveraged UNE rates also became available

to any other telecommunications carrier upon the same terms and conditions, pursuant to Section 252(i) of the Telecommunications Act of 1996 (47 U.S.C. 252(i)).

2.4. Settlement Agreement

The adopted schedule provided for the filing and service of opening comments on proposals by July 14, 2000, with reply comments filed and served by July 28, 2000. The comment cycle, however, was twice delayed at the request of Pacific, AT&T and WorldCom, thereby allowing parties to discuss settlement.

On August 3, 2000, parties convened a settlement conference pursuant to Rule 51.1 of the Commission's Rules of Practice and Procedure. On August 10, 2000, Pacific, AT&T and WorldCom filed and served a joint motion for Commission adoption of an Agreement executed by Pacific, AT&T, and WorldCom. The Agreement is contained in Appendix A.

In summary, settling parties agree to three zones with prices at the same levels initially proposed by Pacific. The prices are nearly the same as those adopted in D.00-08-011. Further, the Agreement includes a procedure for withdrawals from the CHCF-B fund when CLCs serve end-users via loop UNEs, along with a process for making CHCF-B claims. The settlement provides that it is for an interim period commencing with Commission adoption of the Agreement, and continuing until superceded by Commission action in a proceeding to review unbundling issues and UNEs, as provided in D.99-11-050.

Settling parties assert that the Agreement meets all Commission tests for adoption of a settlement.⁴

2.5. ORA Comments on Agreement

On September 11, 2000, ORA filed comments on the Agreement. ORA states that the Agreement is reasonable, consistent with law, and is arguably in the public interest. ORA expresses concerns, however, and recommends several remedies.

First, ORA is concerned that the Agreement perpetuates a flawed subsidy program in need of immediate review. ORA asserts that adoption of the proposed CHCF-B withdrawal mechanism without safeguards for ratepayers would not be in the public interest. ORA recommends that CHCF-B subsidies paid to CLCs using loop UNEs be tracked in memorandum accounts subject to refund, while the matter is studied and reforms implemented.

Second, ORA asserts that the average Zone 1 loop cost is significantly lower than the rate in the Agreement. As a result, ORA concludes that adoption of the Agreement could promote uneconomic entry and investment by CLCs. ORA states that three zones are acceptable in the interim as long as the Commission moves expeditiously to establish permanent rates, with those rates perhaps based on four or more zones.

Finally, ORA is concerned with the proposed process for making CHCF-B claims. For example, according to ORA, there may be a potential problem with CLCs and Pacific not always being able to ensure that only one

⁴ Rule 51.1(e) of the Commission's Rules of Practice and Procedure provides that settlements must be reasonable in light of the whole record, consistent with law, and in the public interest.

primary line per household qualifies for CHCF-B support. ORA concludes that it would be prudent for the Commission to require Pacific and CLCs to analyze this issue, and report their findings within one year.

2.6. Replies to ORA Comments on Settlement Agreement

On September 26, 2000, Pacific filed a timely reply in opposition to ORA's comments. Pacific asserts that ORA's concerns relate to the Commission's Universal Service fund, not geographic deaveraging. Further, Pacific believes that ORA's concerns do not reveal flaws in CHCF-B operation.

AT&T/WorldCom also filed a timely reply in opposition to ORA's comments. AT&T/WorldCom assert that ORA's proposal to track payments from the CHCF-B to CLCs, with payments subject to refund, would defeat any immediate prospect for broad-based competition for residential local exchange service using loop UNEs. AT&T/WorldCom claim that ORA's conjecture regarding possible imperfections in the calculation of the existing CHCF-B amounts should be addressed, if at all, in the triennial review of the Universal Service fund, not here. Further, AT&T/WorldCom oppose ORA's recommendation that the Commission set an early schedule to determine permanent geographically deaveraged unbundled loop prices. Rather, this should be done during the review of all UNE prices, now set to begin three years after D.99-11-050, or about November 2002, according to AT&T/WorldCom. AT&T/WorldCom also oppose ORA's proposal to review administration and operation of the CHCF-B. If the process needs review, AT&T/WorldCom say it should be undertaken during the triennial review of the Universal Service fund. Finally, AT&T/WorldCom oppose a special study on primary line status per household.

2.7. Comments and Reply Comments on June 7, 2000 Proposals

The suspension of comments and reply comments on the June 7, 2000 proposals was lifted by Ruling dated November 7, 2000. This was done so that the Commission would have a full record upon which to reach its decision, given ORA's concerns with the Agreement.

Timely comments were filed on December 5, 2000 by Pacific, and AT&T/WorldCom. The comments provide additional specific information, with parties recommending adoption of the Agreement without modification.

Timely reply comments were filed by Pacific on December 20, 2000 in further support of the Agreement. Timely reply comments were also filed by ORA. ORA concludes that it does not oppose an interim three-zone approach for deaveraging, but that the Commission should resolve universal service funding issues to permit further deaveraging and greater competitive options.

3. Discussion

Settling parties propose three zones. ORA concludes that it does not oppose an interim three-zone approach for deaveraging. No party seeks anything other than three zones at this time in this proceeding. D.00-08-011 adopts three zones. We find a three-zone approach reasonable.

ORA asserts that we must resolve universal funding issues to permit further deaveraging and greater competitive options. Even if true, we are not persuaded to do so here. The record in this proceeding does not support sweeping changes, and we do not believe that this is the time and place to develop a record to undertake such effort, even if it is eventually necessary. Rather, we will consider doing so in proceedings that specifically review UNE prices, and address the CHCF-B.

Moreover, we are not persuaded to establish memorandum accounts with rates subject to later adjustment. Rather, settling parties propose rates that are consistent with rates based on costs and prices adopted in D.99-11-050, and consensus block group zones established for administration of the Universal Service fund in D.96-10-066.⁵ These rates and zones are reasonable on an interim basis. Rates and zones will be addressed further, as necessary, in proceedings that address UNE prices (e.g., A.01-02-024/A.01-02-035), universal service, the CHCF-B, Pacific's Section 271 matter (Rulemaking (R.) 93-04-003/Investigation (I.) 93-04-002/R.95-04-043/I.95.04-044),⁶ and other proceedings as appropriate. Adoption of a settlement becomes an order of the Commission. (D.88-12-083, 30 CPUC2d 189, 225.) To find a settlement in the public interest, the Commission must know the ramifications of the settlement, to the extent feasible, at the time we make that finding. (*Id.*) To the extent that our interpretation differs from that of any proponent, or all proponents, it is our interpretation that is definitive. (*Id.*) For this reason, we specifically comment on four parts of the Agreement.

First, the Agreement states:

"The parties agree that the three-zone pricing structure for loop UNEs brings Pacific's territory into compliance with the FCC [Federal Communications Commission] rules on geographic deaveraging, as set forth in 47 CFR Sec. 51.507(f), and that the geographically deaveraged pricing structure for loops is satisfactory for purposes of Pacific's 271 application." (Agreement, Section V.A.)

⁵ Settling parties use the term "census block group zones." Rates are based on census block groups and wire centers, not zones. Nonetheless, we use settling parties' term since rates must correlate to zones.

⁶ Section 271 of the Telecommunications Act of 1996 (Act) provides the terms and conditions under which a Bell Operating Company may provide in-region interLATA services.

We acknowledge parties' agreement on these points. We find that the Agreement is based on geographic cost differences, and complies with FCC rules on geographic deaveraging as set forth in 47 C.F.R. Sec. 51.507(f).⁷

We accept that settling parties believe and agree that the Agreement is satisfactory for purposes of Pacific's Section 271 application. Parties' belief and agreement, however, cannot, and does not, bind the Commission. Rather, the

⁷ Section 51.507(f) states in relevant part: "State commissions shall establish different rates for elements in at least three defined geographic areas within the state to reflect geographic cost differences."

Commission will determine in an appropriate future proceeding whether or not this and other factors individually and collectively satisfy tests for any authority Pacific seeks under Section 271 of the Act.

Second, the Agreement does not state the periodicity of zone prices. (Agreement, Attachment B.) We understand that the prices are to be assessed monthly. Our adoption of the Agreement is based on that interpretation.

Third, the Agreement includes a calculation of fund withdrawals in specific scenarios where CLC prices may diverge from Pacific's single flat residential (1FR) rate. It states:

“Where the CLEC’s basic exchange service price is equal to or less than Pacific’s price plus EUCL [end user common line charge], the subsidy payable to the CLEC shall be the amount payable to Pacific for such customer. Where the CLEC’s basic exchange price exceeds Pacific’s price plus EUCL, then the subsidy payable to the CLEC shall be the subsidy amount for the CBG [consensus block group], less all revenues received by the CLEC for the basic exchange service.” (Agreement, Section III.A.)

Settling parties state that they think the settlement does not conflict with D.96-10-066, and that they would seek modification of D.96-10-066 if the Commission concludes otherwise. We appreciate settling parties’ earnest effort to resolve the problem of how CLEC purchases of deaveraged UNE loops in Pacific’s high cost regions might be subsidized by withdrawals from the Universal Service high cost fund. However, notwithstanding settling parties’ agreement, calibrating a CLEC’s CHCF-B reimbursement to Pacific’s reimbursement is not consistent with the Commission’s intent in D.96-10-066.

Rule 6.C.2.(d) of Appendix B of D.96-10-066 provides that “the COLR’s [carrier of last resort] draw from the CHCF-B will be offset by the COLR’s revenue per subsidized line from the CCLC and the federal Universal Service

fund.” Our current policy, as expressed in Rule 6.C.2(d) in Appendix B of D.96-10-066, requires that each CLEC’s draw from the CHCF-B is offset by the COLR’s revenue per subsidized line from the CCLC and the federal Universal Service Fund. As we have stated, we are not prepared to adopt sweeping changes in Commission policy or practices in this proceeding. We adopt the Agreement based on the understanding that subsidy calculations will be consistent with applicable provisions in D.96-10-066. Additionally, we understand the settlement agreement’s reference to the “subsidy amount for the CBG” in section III.A. to mean the “per line cost estimate for the CBG as determined by the Cost Proxy Model.”

In this way, the Agreement allows CLCs providing basic local exchange service using UNE loops nondiscriminatory access to the Universal Service fund applicable to Pacific’s territory. Moreover, it does not limit pricing flexibility for CLCs (or Pacific), and, at the same time, does not change the level of funding necessary to support universal service.

Finally, the Agreement provides that:

“The parties and the Commission staff agree to meet and cooperate in an effort to agree to the least cost, most efficient yet accurate process to ensure that all local exchange carriers are able to make valid claims against the CHCF-B fund applicable to Pacific’s service territory in a manner that is the same as or substantially similar to the process utilized by Pacific.” (Agreement, Section IV.A.)

Commission staff is not a party to the Agreement. Parties to the Agreement can neither bind staff, nor make a commitment regarding the use of Commission resources. Nonetheless, there is no claim or evidence that Commission staff will not reasonably and responsibly fulfill its role and duty in administration of the CHCF-B, and we are confident they will do so.

For example, we acknowledge that settling parties' proposed census block group zones do not share the same boundaries as wire centers, which serve as the foundation for UNE rates. We will leave it to the staff, which reviews and processes CHCF-B claims, and petitioning CLCs to resolve these boundary discontinuities in the implementation of this order.

The Commission will not approve a settlement unless it is reasonable in light of the whole record, consistent with law, and in the public interest. (Rule 51.1(e).) With the understandings stated above, the proposed settlement meets those tests.

For example, the record includes the proposals made on June 7, 2000 by Pacific and AT&T/WorldCom. The proposed settlement is reasonable in light of those proposals, and the whole record.

The proposed settlement is consistent with law, including the Act, and FCC rules. No party asserts otherwise, and we are not aware of any inconsistency.

The proposed settlement is in the public interest. It reasonably resolves all issues identified in the Scoping Memo, and reasonably promotes additional opportunities for competition. Further, it resolves issues regarding access to Universal Service funds.

4. Comments on Draft Decision

On _____, the draft decision of Administrative Law Judge Mattson on this matter was mailed to parties in accordance with Section 311(g)(1) of the Public Utilities Code and Rule 77.7 of the Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____.

Findings of Fact

1. On August 10, 2000, Pacific, AT&T and WorldCom filed and served a joint motion for Commission adoption of an Agreement.
2. The Agreement establishes deaveraged loop UNE rates in three zones for six services at prices that are equal to those initially proposed by Pacific on June 7, 2000, and that are nearly the same as adopted in D.00-08-011.
3. The Agreement establishes a procedure for draws from the CHCF-B fund when CLCs serve end-users via loop UNEs, along with a process for making CHCF-B claims.
4. The Agreement is effective for an interim period, until superceded by Commission action in a proceeding to review unbundling issues and UNEs, as provided in D.99-11-050.
5. ORA does not oppose interim adoption of three zones.
6. No party seeks more than three zones in this proceeding.
7. Settling parties propose rates that are consistent with rates based on costs and prices adopted in D.99-11-050, and consensus block group zones established for administration of the Universal Service fund in D.96-10-066.
8. The Agreement is consistent with the June 7, 2000 proposals, and the whole record.
9. No party asserts that the Agreement is not consistent with law.
10. The Agreement resolves all issues identified for this proceeding, provides further opportunity for competition, and resolves access to universal service funds.

Conclusions of Law

1. Settling parties cannot bind the Commission or its staff absent Commission or staff concurrence.

2. With the understandings stated herein, the Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.
3. The joint motion should be granted.
4. This decision should be effective immediately to promote competition and the public interest without delay.

O R D E R

IT IS ORDERED that:

1. The August 10, 2000 joint motion of Pacific Bell Telephone Company, AT&T Communications of California, Inc., and MCI WorldCom for Commission adoption of a Settlement Agreement (Agreement) is granted, including the interpretations of the Agreement stated in the body of the order. The Agreement is contained in Appendix A.
2. This proceeding is closed.

This order is effective today.

Dated _____, 2001 at San Francisco, California.

APPENDIX A

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion into the Deaveraging Of Unbundled Network Element Rates within at Least Three Geographic Regions of the State of California Pursuant to Federal Communications Commission Rule 47 C.F.R. §51.507(f).

Investigation 00-03-002

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("Agreement") is entered into this 10TH day of August, 2000, by and between the undersigned parties.

For consideration received, the parties agree as follows:

I. INTERIM AGREEMENT.

This Agreement shall be for an interim period commencing with the Commission's adoption of this Agreement and continuing until superseded by Commission action in the review proceeding for unbundling issues established in D.99-11-050 of the OANAD proceeding. None of the terms, prices or conditions contained in this Agreement shall constitute an admission, waiver or estoppel or otherwise preclude parties from making any arguments they seek to make in the OANAD review proceeding.

II. DEAVERAGED LOOP UNE PRICES.

A. Three Zones. On an interim basis, there shall be three geographic zones in Pacific's serving territory. Each of Pacific's wire centers will be assigned to one of the three zones. The assignment of wire centers to zones is detailed in Attachment A hereto and made a part hereof.

B. Zone Prices. On an interim basis, the prices for loop UNES shall be as set forth in Attachment B hereto and made a part hereof.

III. WITHDRAWALS FROM THE CHCF-B WHEN CLECS SERVE END-USERS USING LOOP UNES.

A. Once the price of the loop UNE is based upon the deaveraged costs agreed to herein, then the carrier who sells basic exchange service to the end-user residential customer shall receive the subsidy if that carrier is a designated COLR authorized to claim the subsidy pursuant to D.96-10-066, Appendix B, Rule 6.D. Where the CLEC's basic exchange service price is equal to or less than Pacific's price plus EUCL, the subsidy payable to the CLEC shall be the amount payable to Pacific for such customer. Where the CLEC's basic exchange price exceeds Pacific's price plus EUCL, then the subsidy payable to the CLEC shall be the subsidy amount for the CBG, less all revenues received by the CLEC for the basic exchange service.

B. Where Pacific voluntarily lowers its price for basic exchange service, neither it nor the CLECs will be entitled to an increased draw from the fund to offset the amount of such price decrease.

C. It is the parties' opinion that the foregoing calculation of the subsidy is not inconsistent with Universal Service Rule 6.G.1.b (D.96-10-066, Appdx. B, p. 12) governing the subsidy calculation for resellers. However, if the Commission determines that adoption of this Agreement requires modification of said Rule, then the parties shall jointly seek such modification. Nothing in this Agreement shall affect the obligation of any carrier to meet all of the eligibility and other requirements for CHCF-B funding set forth in the Commission's Adopted Rules, at Appendix B to D.96-10-066.

IV. PROCESS FOR MAKING CHCF-B CLAIMS

A. The parties understand that it is currently Pacific's practice to utilize a geodetic database provided by a commercial firm to determine the census block group ("CBG") in which a customer's address is located in order to validate its claims against the CHCF-B. The parties understand that there is a fee for the use of this database. The parties and the Commission staff agree to meet and cooperate in an effort to agree to the least cost, most efficient yet accurate process to ensure that all local exchange carriers are able to make valid claims against the CHCF-B fund applicable to Pacific's service territory in a manner that is the same as or substantially similar to the process utilized by Pacific.

V. COMPLIANCE WITH FCC RULES.

A. The parties agree that the three-zone pricing structure for loop UNEs brings Pacific's territory into compliance with the FCC rules on geographic deaveraging, as set forth at 47 CFR Sec. 51.507(f), and that the geographically

deaveraged pricing structure for loops is satisfactory for purposes of Pacific's 271 application.

B. With respect to the sub-loop unbundling UNE which became effective on May 17, 2000, Pacific, upon a carrier's request, shall make such UNE available to the requesting carrier at deaveraged prices based upon the same three zones adopted herein for loop UNEs. The requesting carrier may elect to purchase under the deaveraged pricing structure or continue to pay any existing prices for sub-loop unbundling contained in its interconnection agreement with Pacific. Deaveraged prices for sub-loops shall be interim pending the Commission's establishment of permanent prices in a generic proceeding, and shall be trued-up with the final prices ordered in such proceeding.

VI. APPLICABILITY OF THIS PROCEEDING ON ILECS OTHER THAN PACIFIC.

The terms of this Agreement apply only to Pacific Bell and Pacific's serving territory. Neither this Agreement nor any portion hereof applies to any other incumbent LEC providing service in California, regardless of whether such ILEC is a party to this proceeding.

VII. GENERAL PROVISIONS.

A. This Settlement Agreement is subject to approval by the CPUC. The Parties shall file a joint motion seeking approval of this Settlement Agreement.

B. The Parties have noticed and convened a settlement conference, in accordance with Rule 51.1(b)-(c) of the CPUC's Rules of Practice and Procedure.

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

D. The Parties each agree, without further consideration, to execute and/or cause to be executed, any other documents, and to take any other action as may be necessary, to effectively consummate the subject matter of this Settlement Agreement.

E. This Settlement Agreement shall not establish, be interpreted as establishing, or be used by any party to establish or to represent their relationship as any form of agency, partnership or joint venture. No party shall have any authority to bind the other or to act as an agent for the other unless written authority, separate from this Settlement Agreement, is provided.

F. This Settlement Agreement and all covenants set forth herein shall be binding upon and shall inure to the benefit of the respective Parties hereto, their legal successors, heirs, assigns, partners, representatives, executors, administrators, parent companies, subsidiary companies, affiliates, divisions, units, agents, attorneys, officers, directors, and shareholders.

G. This Settlement Agreement and the provisions contained herein shall not be construed or interpreted for or against any party hereto because that party drafted or caused its legal representative to draft any of its provisions.

H. This Settlement Agreement shall be governed by and interpreted in accordance with the domestic laws of the state of California.

I. This Settlement 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.

J. The provisions of this Settlement Agreement are not severable. If the CPUC or any court of competent jurisdiction rules that any material provision of this Settlement Agreement is invalid or unenforceable, or materially modifies any material provision of this Settlement Agreement, then this Settlement Agreement shall be deemed rescinded and the Parties returned to the status quo as of the date of execution of this Settlement Agreement. Notwithstanding the foregoing, the prices in this Agreement shall be subject to any changes in loop UNE prices ordered by the Commission in response to changes in applicable law or FCC rules.

K. 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 an attorney of its own choosing to explain the terms of this Settlement Agreement and the consequences of signing it.

L The Parties each represent that they and/or their counsel have made such investigation of the facts and law pertaining to the matters described in this Settlement Agreement as they deem necessary and that they have not relied and do not rely upon any statement, promise or representation by any other Party or its counsel, whether oral or written, except as specifically set forth in this Settlement Agreement. The Parties each expressly assume the risk of any mistake of law or fact made by them or their counsel.

M. No provision of this Settlement Agreement shall be considered precedential for purposes of any future or concurrent proceeding.

N. The undersigned hereby acknowledge and covenant that they have been duly authorized to execute this Settlement 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.

IN WITNESS WHEREOF, the parties have executed this Settlement Agreement on the pages that follow:

[SIGNATURE PAGE AS FOLLOWS:]

PACIFIC BELL TELEPHONE
COMPANY

AT&T COMMUNICATIONS OF
CALIFORNIA, INC.

By: /s/ David Discher .

By: /s/ Randolph Deutsch .

WORLDCOM, INC.

By: /s/ William C. Harrelson .

Pacific Bell

Geo-Deaveraging

Attachment A

Pacific Bell's Loop Zone Proposal

Zone 1

| | |
|----------|-------------------------------|
| ALBYCA11 | ALBANY |
| ALGHCA11 | ALLEGHANY |
| ALHBCA01 | ALHAMBRA |
| ALMDCA11 | ALAMEDA |
| ANHMCA01 | ANAHEIM |
| ANHMCA11 | ANAHEIM |
| ANHMCA12 | ANAHEIM |
| ARCDCA11 | ARCADIA |
| BALBCA01 | BALBOA |
| BELLCA11 | BELL |
| BKFDCA12 | BAKERSFIELD |
| BKLYCA01 | BERKELEY |
| BNCICA11 | BENICIA |
| BNLMCA11 | BEN LOMOND |
| BNPKCA11 | BUENA PARK |
| BRBNCA11 | BURBANK |
| BREACA12 | BREA |
| BSRNCA70 | BISHOP RANCH |
| BVHLCA01 | BEVERLY HILLS |
| CHVSCA11 | CHULA VISTA |
| CLCYCA11 | CULVER CITY |
| CMTNCA01 | COMPTON |
| CNCRCA01 | CONCORD |
| CNPKCA01 | CANOGA PARK |
| COLACA01 | COLMA |
| CRDMCA11 | CORONA DEL MAR |
| CRLSCA11 | CARLSBAD |
| CRLSCA12 | CARLSBAD |
| CRNDCA11 | CORONADO |
| CSMSCA11 | COSTA MESA |
| DAVSCA11 | DAVIS |
| DLMRCA12 | DEL MAR |
| ELMNCA01 | EL MONTE |
| ELSGCA12 | EL SEGUNDO |
| ELTRCA11 | EL TORO (RENAMED LAKE FOREST) |

| | |
|----------|-----------------|
| ENCTCA12 | ENCINITAS |
| ESCNCA01 | ESCONDIDO |
| FLSMCA14 | FOLSOM |
| FRCKCA11 | DEATH VALLEY |
| FRFDCA01 | FAIRFIELD |
| FRMTCA12 | FREMONT |
| FROKCA11 | FAIR OAKS |
| FRSNCA11 | FRESNO |
| FRSNCA12 | FRESNO |
| FUTNCA01 | FULLERTON |
| GLDLCA11 | GLENDALE |
| GRDNCA01 | GARDENA |
| GRGVCA01 | GARDEN GROVE |
| HGLDCA11 | HIGHLAND |
| HLWDCA01 | HOLLYWOOD |
| HMCYCA11 | HAMILTON CITY |
| HNPKCA01 | HUNTINGTON PARK |
| HRCLCA11 | HERCULES |
| HWTHCA01 | HAWTHORNE |
| HYWRCA11 | HAYWARD |
| IMBHCA11 | IMPERIAL BEACH |
| IRVNCA01 | IRVINE |
| IRVNCA11 | IRVINE |
| IRVNCA12 | IRVINE |
| LAJLCA11 | LA JOLLA |
| LAMSCA01 | LA MESA |
| LFYTCA11 | LAFAYETTE |
| LGNGCA12 | LAGUNA NIGUEL |
| LOMTCA11 | LOMITA |
| LRKSCA11 | LARKSPUR |
| LSANCA02 | LOS ANGELES |
| LSANCA05 | LOS ANGELES |
| LSANCA06 | LOS ANGELES |
| LSANCA07 | LOS ANGELES |
| LSANCA08 | LOS ANGELES |
| LSANCA09 | LOS ANGELES |
| LSANCA10 | LOS ANGELES |
| LSANCA11 | LOS ANGELES |
| LSANCA12 | LOS ANGELES |
| LSANCA13 | LOS ANGELES |
| LSANCA14 | LOS ANGELES |
| LSANCA15 | LOS ANGELES |
| LSANCA29 | LOS ANGELES |

| | |
|----------|--------------------|
| LSANCA34 | LOS ANGELES |
| LSANCA35 | LOS ANGELES |
| LSANCA38 | LOS ANGELES |
| LSANCA56 | LOS ANGELES |
| MARNCA11 | MARINA |
| MLBRCA11 | MILLBRAE |
| MLPSCA11 | MILPITAS |
| MRBACA11 | MORRO BAY |
| MSVJCA60 | MISSION VIEJO |
| MTRYCA01 | MONTEREY |
| MTVWCA11 | MOUNTAIN VIEW |
| NHLDCA11 | NORTH HIGHLANDS |
| NHWDCA01 | NORTH HOLLYWOOD |
| NHWDCA02 | NORTH HOLLYWOOD |
| NORGCA11 | NORTHRIDGE |
| NSCRCA11 | NORTH SACRAMENTO |
| NSCRCA12 | N SACRAMENTO |
| NTCYCA11 | NATIONAL CITY |
| OKLDCA03 | OAKLAND |
| OKLDCA04 | OAKLAND |
| OKLDCA11 | OAKLAND |
| OKLDCA12 | OAKLAND |
| ORNGCA11 | ORANGE |
| ORNGCA13 | ORANGE |
| ORNGCA14 | ORANGE |
| ORVACA11 | ORANGEVALE |
| PCBHCA01 | PACIFIC BEACH |
| PCBHCA11 | PACIFIC BEACH |
| PLALCA02 | PALO ALTO |
| PLALCA12 | PALO ALTO |
| PLCNCA11 | PLACENTIA |
| PLTNCA13 | PLEASANTON |
| POWYCA11 | POWAY |
| PRMTCA01 | PARAMOUNT |
| PSBGCA01 | PITTSBURG |
| PSBHCA11 | PISMO BEACH |
| PSDNCA11 | PASADENA |
| PSDNCA12 | PASADENA |
| RBRNCA11 | RANCHO BERNARDO |
| RCMDCA11 | RICHMOND |
| RDCYCA01 | REDWOOD CITY |
| RESDCA01 | RESEDA |
| RNPSCA11 | RANCHO PENASQUITOS |

| | |
|----------|---------------|
| ROSMCA11 | ROSEMEAD |
| SANTCA01 | SANTEE |
| SCRMCA01 | SACRAMENTO |
| SCRMCA02 | SACRAMENTO |
| SCRMCA03 | SACRAMENTO |
| SCRMCA11 | SACRAMENTO |
| SCRMCA12 | SACRAMENTO |
| SESDCA11 | SEASIDE |
| SGATCA01 | SOUTH GATE |
| SHOKCA04 | SHERMAN OAKS |
| SKTNCA11 | STOCKTON |
| SLNSCA01 | SALINAS |
| SNANCA01 | SANTA ANA |
| SNANCA11 | SANTA ANA |
| SNANCA12 | SANTA ANA |
| SNBUCA02 | SAN BRUNO |
| SNCLCA12 | SAN CLEMENTE |
| SNCRCA11 | SAN CARLOS |
| SNCZCA01 | SANTA CRUZ |
| SNCZCA11 | SANTA CRUZ |
| SNDGCA01 | SAN DIEGO |
| SNDGCA02 | SAN DIEGO |
| SNDGCA03 | SAN DIEGO |
| SNDGCA06 | SAN DIEGO |
| SNDGCA11 | SAN DIEGO |
| SNDGCA12 | SAN DIEGO |
| SNDGCA14 | SAN DIEGO |
| SNDGCA15 | SAN DIEGO |
| SNDGCA16 | SAN DIEGO |
| SNFCCA01 | SAN FRANCISCO |
| SNFCCA04 | SAN FRANCISCO |
| SNFCCA05 | SAN FRANCISCO |
| SNFCCA06 | SAN FRANCISCO |
| SNFCCA13 | SAN FRANCISCO |
| SNFCCA14 | SAN FRANCISCO |
| SNFCCA17 | SAN FRANCISCO |
| SNFCCA21 | SAN FRANCISCO |
| SNGBCA01 | SAN GABRIEL |
| SNJSCA02 | SAN JOSE |
| SNJSCA13 | SAN JOSE |
| SNJSCA21 | SAN JOSE |
| SNLNCA11 | SAN LEANDRO |
| SNMTCA11 | SAN MATEO |

| | |
|----------|------------------|
| SNPDCA01 | SAN PEDRO |
| SNRFCA11 | SAN RAFAEL |
| SNTCCA01 | SANTA CLARA |
| SNTCCA11 | SANTA CLARA |
| SNVACA01 | SUNNYVALE |
| SNVACA11 | SUNNYVALE |
| SNYSCA12 | SAN YSIDRO |
| SPSDCA11 | SOUTH PASADENA |
| SSLTCA11 | SAUSALITO |
| TRNCCA11 | TORRANCE |
| TUSTCA11 | TUSTIN |
| TUSTCA70 | TUSTIN |
| UNCYCA11 | UNION CITY |
| VNNYCA02 | VAN NUYS |
| VNTRCA02 | VENTURA |
| VNTRCA11 | VENTURA |
| WLANCA01 | WEST LOS ANGELES |
| WLMGCA01 | WILMINGTON |
| WNCKCA11 | WALNUT CREEK |
| WSCRCA11 | WEST SACRAMENTO |
| YRLNCA11 | YORBA LINDA |

Zone 2

| | |
|----------|---------------|
| AGORCA11 | AGOURA |
| ANHMCA17 | ANAHEIM |
| ANTCCA11 | ANTIOCH |
| APTSCA12 | APTOS |
| ARCTCA11 | ARCATA |
| ARGRCA12 | ARROYO GRANDE |
| ARTNCA11 | ARLINGTON |
| ARVNCA11 | ARVIN |
| ASMTCA11 | ASH MOUNTAIN |
| ATSCCA11 | ATASCADERO |
| ATWRCA12 | ATWATER |
| AUBNCA01 | AUBURN |
| AVLNCA11 | AVALON |
| BCWYCA11 | BROCKWAY |
| BDBACA11 | BODEGA BAY |
| BEALCA11 | BEALE |
| BGSRCA11 | BIG SUR |
| BKFDCA11 | BAKERSFIELD |
| BKFDCA13 | BAKERSFIELD |
| BKFDCA14 | BAKERSFIELD |

| | |
|----------|--------------|
| BKFDCA17 | BAKERSFIELD |
| BKFDCA19 | BAKERSFIELD |
| BRLNCA01 | BURLINGAME |
| BRWDCA12 | BRENTWOOD |
| BRWLCA11 | BRAWLEY |
| BYPKCA11 | BAYWOOD PARK |
| CHICCA01 | CHICO |
| CHVSCA12 | CHULA VISTA |
| CLBSCA11 | CALABASAS |
| CLBSCA50 | CALABASAS |
| CLNGCA01 | COALINGA |
| CLVSCA11 | CLOVIS |
| CLXCCA12 | CALEXICO |
| CMNLCA11 | SPRINGVILLE |
| CORNCA11 | CORONA |
| COTNCA11 | COLTON |
| CRCTCA02 | CROCKETT |
| CRMLCA11 | CARMEL |
| CSVLCA11 | CASTROVILLE |
| CTTICA12 | COTATI |
| CYTNCA11 | CLAYTON |
| CYWLCA11 | COYOTE WELLS |
| DAVLCA12 | DANVILLE |
| DAVLCA13 | DANVILLE |
| DELNCA11 | DELANO |
| DNGNCA12 | DUNNIGAN |
| DWNVCA11 | DOWNIEVILLE |
| ELCJCA11 | EL CAJON |
| ELCNCA01 | EL CENTRO |
| ELSBCA11 | EL SOBRANTE |
| ERLMCA11 | EARLIMART |
| EURKCA01 | EUREKA |
| FETNCA11 | FELTON |
| FLBKCA12 | FALLBROOK |
| FLMRCA11 | FILLMORE |
| FLSMCA12 | FOLSOM |
| FLSMCA13 | FOLSOM |
| FNTACA11 | FONTANA |
| FRMTCA11 | FREMONT |
| FRSNCA01 | FRESNO |
| FRSNCA13 | FRESNO |
| FRSNCA14 | FRESNO |
| FRSNCA15 | FRESNO |

| | |
|-----------|---------------|
| FRVLCA11 | FARMERSVILLE |
| FSVLCA11 | FORESTVILLE |
| FTBRCA02 | FORT BRAGG |
| FTUNCA11 | FORTUNA |
| GALTCA11 | GALT |
| GRNDCA13 | GRENADA |
| GUVLCA11 | GUERNEVILLE |
| HMBACA12 | HALF MOON BAY |
| HYWRCA01 | HAYWARD |
| IGNCCA12 | IGNACIO |
| IGWDCA01 | INGLEWOOD |
| JCSNCA01 | JACKSON |
| LACRCA11 | LA CRESCENTA |
| LAMTCA11 | LAMONT |
| LEBCCA12 | LEBEC |
| LEMRC A11 | LEMOORE |
| LKSDCA12 | LAKESIDE |
| LODICA01 | LODI |
| LOMSCA11 | LOOMIS |
| LSANCA23 | LOS ANGELES |
| LSATCA11 | LOS ALTOS |
| LVMRCA11 | LIVERMORE |
| MDSTCA02 | MODESTO |
| MDSTCA03 | MODESTO |
| MDSTCA04 | MODESTO |
| MDSTCA05 | MODESTO |
| MLVYCA01 | MILL VALLEY |
| MORGCA12 | MORAGA |
| MRPKCA12 | MOORPARK |
| MRTZCA11 | MARTINEZ |
| MSBHCA11 | MOSS BEACH |
| MTSHCA12 | MOUNT SHASTA |
| NAPACA01 | NAPA |
| NHLLCA01 | NEWHALL |
| NICECA11 | NICE |
| OCS DCA11 | OCEANSIDE |
| OKLDCA13 | OAKLAND |
| OKLYCA11 | OAKLEY |
| OKVWCA11 | OAK VIEW |
| OLDLCA11 | OILDALE |
| ORNDCA11 | ORINDA |
| OTMSCA11 | OTAY MESA |
| PCFCCA11 | PACIFICA |

| | |
|----------|------------------------|
| PDLYCA11 | PEDLEY |
| PLDLCA01 | PALMDALE |
| PLNDCA11 | PLANADA |
| PLTNCA12 | PLEASANTON |
| PNCRCA11 | PINECREST |
| PRDSCA11 | PARADISE |
| PRLRCA11 | PARLIER |
| PSBGCA11 | PITTSBURG |
| PTLMCA01 | PETALUMA |
| PTVLCA11 | PORTERVILLE |
| RCKLCA11 | ROCKLIN |
| RDNGCA02 | REDDING |
| RDNGCA11 | REDDING |
| RIDECA11 | RIO DELL |
| RILNCA12 | RIO LINDA |
| RILTCA11 | RIALTO |
| RNMRC11 | RANCHO MURIETA |
| RNSDCA11 | RANCHO SAN DIEGO |
| RSFECA12 | RANCHO SANTA FE |
| RSMGCA11 | RANCHO SANTA MARGARITA |
| RTPKCA11 | ROHNERT PARK |
| RVRBCA11 | RIVERBANK |
| RVSDCA01 | RIVERSIDE |
| RVSDCA11 | RIVERSIDE |
| SAGSCA11 | SAUGUS |
| SATCCA12 | SATICOY |
| SBSTCA11 | SEBASTOPOL |
| SCRMCA13 | SACRAMENTO |
| SCVYCA01 | SCOTTS VALLEY |
| SHFTCA11 | SHAFTER |
| SIMICA11 | SIMI (VALLEY) |
| SJCPCA12 | SAN JUAN CAPISTRANO |
| SKTNCA01 | STOCKTON |
| SLMNCA11 | SOLAMINT |
| SLNSCA11 | SALINAS |
| SLNSCA14 | SALINAS |
| SNDGCA05 | SAN DIEGO |
| SNJSCA11 | SAN JOSE |
| SNJSCA12 | SAN JOSE |
| SNJSCA14 | SAN JOSE |
| SNJSCA15 | SAN JOSE |
| SNJSCA18 | SAN JOSE |
| SNLCCA11 | SAN LUCAS |

| | |
|----------|-----------------|
| SNLOCA01 | SAN LUIS OBISPO |
| SNMCCA11 | SAN MARCOS |
| SNRACA13 | SONORA |
| SNRFCA01 | SAN RAFAEL |
| SNRMCA11 | SAN RAMON |
| SNRSCA01 | SANTA ROSA |
| SNRSCA11 | SANTA ROSA |
| SONMCA12 | SONOMA |
| SRVLCA11 | SIERRAVILLE |
| STAHCA01 | SOUTH TAHOE |
| STAHCA12 | SOUTH TAHOE |
| SUISCA11 | SUISUN |
| TBRNCA11 | TIBURON |
| THCYCA01 | TAHOE CITY |
| TRACCA11 | TRACY |
| VCVLCA12 | VACAVILLE |
| VISLCA11 | VISALIA |
| VISTCA12 | VISTA |
| VLLJCA01 | VALLEJO |
| WANACA11 | YOSEMITE |
| WASCCA01 | WASCO |
| WDLCA11 | WOODLAND |
| WNDSCA11 | WINDSOR |
| WTVLCA01 | WATSONVILLE |
| YBCYCA01 | YUBA CITY |
| YRLNCA12 | YORBA LINDA |
| YSMTCA11 | YOSEMITE |

Zone 3

| | |
|----------|--------------------|
| ACTNCA11 | ACTON |
| AGDLCA11 | AGUA DULCE |
| ALPICA12 | ALPINE (SAN DIEGO) |
| ANCMCA01 | ANGELS CAMP |
| ANGWCA11 | ANGWIN |
| ANNPCA11 | ANNAPOLIS |
| ARMSCA11 | AROMAS |
| ARNLCA11 | ARNOLD |
| ARSNCA11 | ANDERSON |
| AUBNCA11 | AUBURN |
| AVNLCA12 | AVENAL |
| BGGSCA11 | BIGGS |
| BGVLCA11 | BRIDGEVILLE |
| BKFDCA15 | BAKERSFIELD |

| | |
|----------|---------------------|
| BLCKCA11 | BOULDER CREEK |
| BLLKCA11 | BLUE LAKE |
| BLRSCA12 | BLAIRSDEN |
| BNGRCA11 | BANGOR |
| BNVLCA11 | BOONVILLE |
| BRDLCA91 | BRADLEY |
| BRSPCA11 | BORREGO SPRINGS |
| BTCYCA11 | BUTTE CITY |
| BTISCA11 | BETHEL ISLAND |
| BURLCA11 | BURREL |
| BVLYCA11 | BEAR VALLEY |
| BVSPCA11 | BEAR VALLEY SPRINGS |
| CAMPCA11 | CAMPO |
| CBMTCA11 | COBB MOUNTAIN |
| CHLNCA11 | CHALLENGE |
| CHLRCA11 | CHUALAR |
| CHWCCA11 | CHOWCHILLA |
| CLOKCA11 | CLEAR LAKE OAKS |
| CLPTCA11 | CALIPATRIA |
| CLSTCA11 | CALISTOGA |
| CMBACA11 | CAMBRIA |
| CMPDCA01 | CAMP PENDLETON |
| CMPVCA11 | CAMPTONVILLE |
| CNVYCA11 | CENTRAL VALLEY |
| CODLCA11 | CLOVERDALE |
| CORDCA12 | CORDELIA |
| CRNGCA12 | CORNING |
| CRTHCA11 | CARUTHERS |
| CRVYCA11 | CARMEL VALLEY |
| CSTCCA11 | CASTAIC |
| CTVLCA11 | COULTERVILLE |
| CTWDCA11 | COTTONWOOD |
| CWLDCA12 | CROWS LANDING |
| CYCSCA11 | CAYUCOS |
| DINBCA01 | DINUBA |
| DIXNCA11 | DIXON |
| DLRYCA11 | DEL REY |
| DLZRCA11 | DULZURA |
| DNSMCA11 | DUNSMUIR |
| DTFLCA11 | DUTCH FLAT |
| EDWRCA01 | EDWARDS |
| EKCKCA11 | ELK CREEK |
| ESCLCA11 | ESCALON |

| | |
|----------|---------------|
| ESPRCA11 | ESPARTO |
| FRBHCA11 | FIREBAUGH |
| FRGLCA11 | FRENCH GULCH |
| FVPNCA11 | FIVE POINTS |
| FZPKCA11 | FRAZIER PARK |
| GNFDCA11 | GREENFIELD |
| GNZLCA11 | GONZALES |
| GRBRCA11 | GERBER |
| GRDLCA11 | GRIDLEY |
| GRTWCA11 | GEORGETOWN |
| GRVYCA01 | GRASS VALLEY |
| GRVYCA11 | GRASS VALLEY |
| GRVYCA12 | GRASS VALLEY |
| GSHNCA11 | GOSHEN |
| GULLCA11 | GUALALA |
| GUSTCA11 | GUSTINE |
| GVLDC11 | GROVELAND |
| GYVLCA11 | GEYSERVILLE |
| GZLLCA11 | GAZELLE |
| HERLCA11 | HERALD |
| HGSNCA11 | HUGHSON |
| HLBGCA11 | HEALDSBURG |
| HLSTCA11 | HOLLISTER |
| HLVLCA11 | HOLTVILLE |
| HMWDCA11 | HOMEWOOD |
| HNFRCA01 | HANFORD |
| HPLDCA12 | HOPLAND |
| HRBKCA11 | HORNBROOK |
| HURNCA11 | HURON |
| HYVLCA11 | HYDESVILLE |
| IMPRCA11 | IMPERIAL |
| INVRCA11 | INVERNESS |
| IONECA11 | IONE |
| IVNHCA11 | IVANHOE |
| JAMLCA60 | JAMUL |
| JCMBCA11 | JACUMBA |
| JMTWCA11 | JAMESTOWN |
| JULNCA12 | JULIAN |
| KGBGCA11 | KINGSBURG |
| KGCYCA11 | KING CITY |
| KLVLCA12 | KELSEYVILLE |
| KNFYCA11 | KNIGHTS FERRY |
| KYBRCA11 | KYBURZ |

| | |
|----------|------------------|
| LAHNCA11 | LA HONDA |
| LATNCA11 | LATON |
| LCFRCA11 | LOCKEFORD |
| LEBCCA11 | LEBEC |
| LEMRC12 | LEMOORE |
| LGRDCA11 | LE GRAND |
| LGRNCA12 | LA GRANGE |
| LKBRCA11 | LAKE BERRYESSA |
| LKLACA11 | LAKE LOS ANGELES |
| LKPTCA02 | LAKEPORT |
| LLTNCA11 | LOYALTON |
| LNCLCA11 | LINCOLN |
| LNVC11 | LEONA VALLEY |
| LOLTCA11 | LOLETA |
| LSBNCA12 | LOS BANOS |
| LSMLCA11 | LOS MOLINOS |
| LSTNCA11 | LEWISTON |
| LTRKCA11 | LITTLEROCK |
| LVOKCA11 | LIVE OAK |
| LWLKCA11 | LOWER LAKE |
| MADRCA11 | MADERA |
| MADRCA12 | MADERA |
| MCCSCA11 | MOCCASIN |
| MDTWCA11 | MIDDLETOWN |
| MKHLCA12 | MOKELUMNE HILL |
| MKVLCA11 | MCKINLEYVILLE |
| MNDCCA11 | MENDOCINO |
| MNDTCA11 | MENDOTA |
| MNPKCA11 | MENLO PARK |
| MNRICA11 | MONTE RIO |
| MOJVCA01 | MOJAVE |
| MRCDC11 | MERCED |
| MRDNCA11 | MERIDIAN |
| MRNDCA11 | MIRANDA |
| MRPHCA11 | MURPHYS |
| MTAGCA11 | MONTAGUE |
| MYVICA01 | MARYSVILLE |
| NCLSCA12 | NICOLAUS |
| NICSCA11 | NICASIO |
| NILDCA11 | NILAND |
| NILDCA12 | NILAND |
| NIPMCA11 | NIPOMO |
| NSJNCA11 | NORTH SAN JUAN |

| | |
|----------|---------------------|
| NVCYCA11 | NEVADA CITY |
| NWCSCA11 | NEWCASTLE |
| NWMNCA12 | NEWMAN |
| NYUBCA11 | NORTH YUBA |
| OCDNCA11 | OCCIDENTAL |
| OJAICA11 | OJAI |
| OKDLCA11 | OAKDALE |
| ORCVCA11 | ORANGE COVE |
| ORLDCA11 | ORLAND |
| ORSICA11 | OROSI |
| ORVLCA11 | OROVILLE |
| ORVLCA12 | OROVILLE |
| PALACA11 | PALA |
| PIRUCA11 | PIRU |
| PLGVCA12 | PLEASANT GROVE |
| PLMOCA11 | PLYMOUTH |
| PLVLCA11 | PLACERVILLE |
| PLVLCA12 | PLACERVILLE |
| PNARCA11 | POINT ARENA |
| PNVYCA11 | PINE VALLEY |
| PPWDCA11 | PEPPERWOOD |
| PRDSCA12 | PARADISE |
| PRSNCA11 | POINT REYES STATION |
| PSCDCA11 | PESCADERO |
| PSKNCA11 | PASKENTA |
| PSRBCA01 | PASO ROBLES |
| PTOLCA01 | PORTOLA |
| PTVYCA11 | POTTER VALLEY |
| PXLYCA11 | PIXLEY |
| QNCYCA12 | QUINCY |
| RAMNCA11 | RAMONA |
| RCVACA11 | RICHVALE |
| RDBLCA01 | RED BLUFF |
| RSMDCA11 | ROSAMOND |
| RVDLCA11 | RIVERDALE |
| SDSPCA11 | SODA SPRINGS |
| SELMCA11 | SELMA |
| SGSPCA11 | SHINGLE SPRINGS |
| SHLKCA01 | SHASTA LAKE |
| SKTNCA12 | STOCKTON |
| SKTNCA14 | STOCKTON |
| SLDDCA11 | SOLEDAD |
| SLNSCA12 | SALINAS |

| | |
|----------|-----------------|
| SLNSCA13 | SALINAS |
| SLVRCA11 | SILVERADO |
| SMAVCA11 | SMARTVILLE |
| SNADCA11 | SAN ANDREAS |
| SNARCA11 | SAN ARDO |
| SNGNCA11 | SAN GERONIMO |
| SNJNCA11 | SAN JUAN |
| SNJSCA22 | SAN JOSE |
| SNMACA11 | SAN MARTIN |
| SNMICA11 | SANTA MARGARITA |
| SPVLCA11 | SPRINGVILLE |
| SRCYCA11 | SIERRA CITY |
| SRFRCA11 | STRATFORD |
| STAHCA13 | SOUTH TAHOE |
| STBHCA11 | STINSON BEACH |
| STCKCA11 | SUTTER CREEK |
| STFRCA11 | STONYFORD |
| STHNCA11 | ST HELENA |
| SUNLCA11 | SUNOL |
| THCHCA01 | TEHACHAPI |
| THRRCA11 | THREE RIVERS |
| THTNCA11 | THORNTON |
| TMLSCA12 | TOMALES |
| TMTNCA11 | TEMPLETON |
| TPTNCA11 | TIPTON |
| TRBLCA11 | TERRA BELLA |
| TRLCCA11 | TURLOCK |
| TRNDCA11 | TRINIDAD |
| TRPSCA11 | TRES PINOS |
| TRUCCA11 | TRUCKEE |
| TRUCCA12 | TRUCKEE |
| TULRCA11 | TULARE |
| TWHRCA11 | TWAIN HARTE |
| UKIHCA01 | UKIAH |
| UKIHCA12 | UKIAH |
| UPLKCA11 | UPPER LAKE |
| VINACA12 | VINA |
| VLCTCA11 | VALLEY CENTER |
| VYFRCA11 | VALLEY FORD |
| VYSPCA11 | VALLEY SPRINGS |
| WDLKCA11 | WOODLAKE |
| WEEDCA01 | WEED |
| WEOTCA11 | WEOTT |

| | |
|----------|----------------|
| WLBSCA11 | WALKER BASIN |
| WLLCCA11 | WALLACE |
| WLTSCA12 | WILLITS |
| WLWSCA11 | WILLOWS |
| WNSPCA12 | WARNER SPRINGS |
| WNTRCA11 | WINTERS |
| WTFRCA11 | WATERFORD |
| WTLDCA12 | WHEATLAND |
| YNVLCA11 | YOUNTVILLE |
| YREKCA11 | YREKA |
| YSMTCA12 | YOSEMITE |

Attachment B

Pacific Bell - Geo-deaveraging

Pacific Bell's Zone Proposal

| Zone | 2 Wire | 4 Wire | DS1 | PBX Option | Coin Option | ISDN Option |
|-------------|---------------|---------------|------------|-----------------------|------------------------|------------------------|
| 1 | \$9.87 | \$33.69 | \$90.27 | \$2.22 | \$2.99 | \$4.30 |
| 2 | \$13.28 | \$40.42 | \$98.23 | \$2.15 | \$2.90 | \$4.65 |
| 3 | \$23.13 | \$59.57 | \$119.50 | \$1.86 | \$2.50 | \$4.97 |

June 7, 2000

(End of Appendix A)