

Decision 02-02-047 February 21, 2002

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.
3. How withdrawals from the Universal Service fund (California High Cost Fund-B, or CHCF-B) will be managed when competitive

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.

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 govern distribution of CHCF-B Universal Service funds to CLCs offering service by unbundled loops. (D.96-10-066, Appendix B; 68 CPUC2d 524, 677.)

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

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.

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 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 census 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 that finding is made. (*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, and adoption

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."

of the Agreement does not prejudice a future Commission decision on this issue. Rather, the 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 [census 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 [common carrier line charge] 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 Agreement’s reference to the “subsidy amount for the CBG” (Section III.A) to mean the ‘per line cost estimate for the CBG as determined by the Cost Proxy Model.’ (D.96-10-066, Appendix B, Rules 6.C.2.a and 6.C.2.b; 68 CPUC2d 524, 675.)

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 (who 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 January 14, 2002, 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. On January 16, 2002 a revised draft decision to correct inadvertent errors was mailed to parties. No comments were filed.

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 census 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 February 21, 2002, 2001 at San Francisco, California.

LORETTA M. LYNCH
President
HENRY M. DUQUE
RICHARD A. BILAS
CARL W. WOOD
GEOFFREY F. BROWN
Commissioners

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:]

I.00-03-002 ALJ/BWM/k47

PACIFIC BELL TELEPHONE
COMPANY

By: /s/ David Discher .

AT&T COMMUNICATIONS OF
CALIFORNIA, INC.

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
LEMRC11	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
OCSDCA11	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
RNMRCA11	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
WNSCA11	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
GVLDCA11	GROVELAND
GYVLCA11	GEYSERVILLE
GZLLCA11	GAZELLE
HERLCA11	HERALD
HGSNCA11	HUGHSON
HLBGCA11	HEALDSBURG
HLSTCA11	HOLLISTER
HLVLCA11	HOLTVILLE
HMWDCA11	HOMEWOOD
HNFRC01	HANFORD
HPLDCA12	HOPLAND
HRBKCA11	HORN BROOK
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
KLVLC A12	KELSEYVILLE
KNFYCA11	KNIGHTS FERRY
KYBRCA11	KYBURZ
LAHNCA11	LA HONDA
LATNCA11	LATON
LCFRCA11	LOCKEFORD
LEBCCA11	LEBEC
LEMRC A12	LEMOORE
LGRDCA11	LE GRAND
LGRNCA12	LA GRANGE
LKBRCA11	LAKE BERRYESSA
LKLACA11	LAKE LOS ANGELES
LKPTCA02	LAKEPORT
LLTNCA11	LOYALTON
LNCLCA11	LINCOLN
LNVC A11	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

MRCDA01	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)