

ORIGINALDecision No. 67172

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation
 on the Commission's own motion into
 the rates, rules, regulations, charges,
 tolls, classification, contracts,
 practices, operations, facilities and
 service, or any of them, of ROSEVILLE
 TELEPHONE COMPANY and THE PACIFIC
 TELEPHONE AND TELEGRAPH COMPANY.

Case No. 6339

In the Matter of the Application of
 ROSEVILLE TELEPHONE COMPANY, a
 California corporation, for an order
 prescribing and imposing a proper
 method of settlement and establishing
 the division and method of division of
 revenues from extended telephone
 service between ROSEVILLE TELEPHONE
 COMPANY and PACIFIC TELEPHONE AND
 TELEGRAPH COMPANY.

Application No. 45640

Thomas E. Srednik, for Roseville Telephone Company,
 applicant, respondent and petitioner.

Arthur T. George and Maurice D. L. Fuller, Jr., for
 The Pacific Telephone and Telegraph Company,
 respondent and interested party.

William L. Kuecht and Ralph O. Hubbard, for California
 Farm Bureau Federation; and Neal C. Hasbrook, for
 California Independent Telephone Association,
 interested parties.

Hector Anninos, for the Commission staff.

O P I N I O N

After due notice, public hearings on these matters were held on a consolidated record before Commissioner Grover and Examiner Coffey on October 16 and 17, 1963, in San Francisco. The matters were submitted on November 26, 1963, upon the receipt of late-filed Exhibit 213 and concurrent briefs.

On April 9, 1958, Case No. 6087 was filed by a group of subscribers of the Roseville Telephone Company (Roseville Company). These subscribers, residing in the Citrus Heights district area of the Roseville exchange, sought extended area service between that district and the Sacramento, Folsom, Rio Linda and Fair Oaks exchanges of The Pacific Telephone and Telegraph Company (Pacific). Subsequently, the Commission instituted an investigation (Case No. 6339) into telephone service provided by Roseville Company in the Roseville exchange area and into service by Pacific in nearby areas, for the purpose of determining whether extended service in such areas was required in the public interest. On December 19, 1961, the Commission issued its Third Interim Opinion in the consolidated proceedings, Decision No. 62949. The Commission concluded that the public interest required the introduction of extended area service between the Citrus Heights district area of the Roseville exchange, on the one hand, and the Fair Oaks, Rio Linda and Folsom exchanges and the North Sacramento district area of the Sacramento exchange of Pacific, on the other hand. The Commission ordered Roseville Company and Pacific to commence plant changes necessary to institute such extended area service not later than December 31, 1963.^{1/} As recited in that opinion, it was stipulated by the parties that further hearings would be confined to the receipt of evidence on the limited issues of extended service rates and the intercompany settlements relating to such extended service.

^{1/} By order of July 17, 1962, the deadline for commencement of extended area service was extended to June 30, 1964. The service was instituted December 15, 1963.

Further hearings were held on January 10, 11 and 12 and February 20, 1962, and the issues of extended service rates and intercompany settlements were developed. A necessary element in the issue of intercompany settlements is the allocation between companies of the costs associated with that portion of plant designated as exchange circuit plant. At the hearings of January and February, 1962, three methods of determining the allocation of such costs were presented. These were Pacific's satellite method (Exhibit 16), the staff method (Exhibit 21), and the revised (modified) staff method (Exhibit 29). Pacific, in rebuttal to the two staff studies, introduced a modification of the original staff study (Exhibit 32) and a modification of the revised staff study (Exhibit 33). In addition to the exhibits, there was extensive direct testimony and cross-examination, and opening and reply briefs were filed by Pacific, Roseville Company and the staff, relating to the merits of the respective methods of allocating exchange circuit plant costs.

The issue of the merit and reasonableness of the respective allocation methods was completely and finally resolved by Decision No. 64897, issued on February 5, 1963. In that decision the Commission determined that the satellite plan failed to pass the test of reasonableness and that the methods of cost allocation of the revised staff study produced reasonable and equitable rate levels and were a proper basis of settlement. Ordering paragraphs 4 and 5 of Decision No. 64897 provided as follows:

"4. The Pacific Telephone and Telegraph Company and Roseville Telephone Company shall forthwith undertake negotiations directed toward arriving at an extended service settlement agreement based upon the principles of allocation used in the revised staff study (Exhibit 29). If, on or before May 31, 1963, such an agreement has been negotiated, they shall file three copies thereof within thirty days after the date of signing.

"5. If, by May 31, 1963, The Pacific Telephone and Telegraph Company and Roseville Telephone Company have been unsuccessful in the negotiations required by paragraph 4 of this order, they shall, within thirty days thereafter, so advise the Commission in writing. Following the filing of such an advice, either utility, or both utilities, may petition the Commission to prescribe and impose a proper method of settlement and to establish by order the division and method of division of revenues from the extended service to be provided jointly by them, or the Commission, upon its own motion, may do so."

After the issuance of Decision No. 64897 Pacific filed a petition for rehearing or modification. Pacific stated at page 2 of its petition, in part:

"Paragraph 4 of the Commission's order required Pacific Company to '* * * forthwith undertake negotiations directed toward arriving at an extended service settlement agreement based upon the principles of allocation used in the revised staff study * * *.' This order makes it clear that only the form of the settlement agreement is open to negotiation, not the basic scheme, which must be the same as that embodied in the revised staff study." (Emphasis added.)

From the above it is clear that Pacific fully understood the purport of Decision No. 64897. Nevertheless, Pacific now attempts to resurrect as an issue the question of allocation method and to relitigate it de novo. Pacific asserts that if it is not allowed to retry such issue it will be denied a "full and complete opportunity" to demonstrate that its satellite plan, or some other plan, is superior to the revised staff plan. Pacific made no claim in its petition for rehearing of Decision No. 64897 that it had not had a "full and complete opportunity" to present evidence on the merits of the various methods. Instead, the petition for rehearing

challenged at length the decision's determination that the revised staff plan was reasonable and superior to Pacific's satellite plan.

On August 2, 1963 Roseville Company filed Application No. 45640. It alleged that Roseville Company and Pacific had been unsuccessful in the negotiations required by ordering paragraph 4, above. The application then asked that the Commission, pursuant to Section 766 of the Public Utilities Code, undertake to prescribe and impose a method of settlement and division of revenues. On September 17, 1963 the Commission issued its "Order Reopening and Consolidating" in which Case No. 6339 was reopened and consolidated with Application No. 45640 for further hearing. The order of September 17, 1963 reads, in part, as follows:

"Said Decision No. 64897 having found that the methods and principles of allocation used in the revised staff study are a proper basis for settlement between The Pacific Telephone and Telegraph Company and the Roseville Telephone Company, and this Commission being advised that said utilities have failed, after negotiation, to arrive at an extended service settlement agreement based on said methods and principles as contemplated in Decision No. 64897, further hearings herein shall be confined in scope to prescribing and imposing a settlement and division of revenues from extended service provided jointly by said utilities, under the jurisdiction given this Commission by Section 766 of the Public Utilities Code, which settlement and division of revenues shall be based on the methods and principles of allocation used in the revised staff study."

At the hearings on October 16 and 17, 1963, Roseville Company introduced evidence that Pacific had refused to negotiate a settlement agreement based on the principles prescribed in

Decision No. 64897, as well as a proposed extended service settlement agreement based on said principles. Pacific attempted to introduce evidence relative to the merits of the revised staff plan, Pacific's satellite plan and other plans which had not before been mentioned in the record. The Commission staff and Roseville Company objected to the receipt of any such evidence on the ground that it was outside the scope of the further hearings, as delineated by the order of September 17, 1963, and on the ground that it was an improper attempt to relitigate an issue previously determined by Decision No. 64897, which decision had become final, and thus amounted to a collateral attack thereon. The presiding Commissioner sustained the objections.

In the Order Reopening and Consolidating, dated ✓
September 17, 1963, and quoted in pertinent part above, the Commission affirmed in the clearest possible language the finality of Decision No. 64897 insofar as it relates to the allocation method. Pacific is now asking that the Commission ignore its ~~findings and order~~ made in Decision No. 64897. In urging, in connection with a hearing specifically confined to prescribing and imposing a settlement based upon the revised staff plan, that the merits of that plan and other plans be inquired into, Pacific, in effect, is asking that a matter finally determined by a prior decision, rehearing of which has been denied, be reopened for further hearing. The only procedure available for reopening a proceeding is that specified in Article 19 of the Commission's Rules of Procedure. The requirements thereof clearly have not been met.

In its reference to allocation methods, Decision No. 64897 was a final order. It specified the method upon which any settlement agreement must be based and directed Roseville Company and Pacific to negotiate toward such an agreement. If Pacific had so negotiated in good faith, a further hearing and order in relation to allocation method and settlement agreement would not have been necessary. However, in spite of the fact that, in the words of Pacific's own petition for rehearing, "only the form of the settlement agreement [was] open to negotiation, not the basic scheme, which must be the same as that embodied in the revised staff study", Pacific refused to negotiate on the basis of the revised staff plan. Instead it insisted upon reoffering the satellite plan which the Commission had already rejected as unreasonable, as well as introducing two other plans--not mentioned in the record prior to Decision No. 64897--which were more extreme in their effect than the rejected satellite plan.

If Pacific had obeyed the mandate of Decision No. 64897, that decision could have been the final decision in these proceedings and nothing further would have been required. Pacific's own unwillingness to negotiate a settlement based on the revised staff plan doomed the negotiations to failure and has made further action by this Commission necessary.

It is evident from the offers of proof made by Pacific that if the additional hearing which it seeks were granted, Pacific's efforts would be essentially a repetition or restatement of material

presented at the hearings in January and February of 1962. We do not take seriously Pacific's reference, at the hearings of October 16-17, 1963, to two new allocation methods (the terminating cost method and the so-called "Revised Staff Plan Applied to Both Companies"); the dollar effect of these plans upon Roseville is substantially more severe than that of the satellite plan already rejected by the Commission. Significantly, Pacific's witness testified that on October 15, 1963, the day before the last hearings, Pacific was still offering the satellite plan to Roseville.

Pacific also argued that the Commission does not have jurisdiction under Section 766 of the Public Utilities Code to prescribe and impose a settlement and division of revenues from extended service jointly provided when the parties fail to agree thereon. The Commission has heretofore concluded in these proceedings that it has such jurisdiction; in Decision No. 64397 it was stated:

"The two utilities have failed to reach an agreement regarding settlement. The Commission has jurisdiction under Section 766 of the Public Utilities Code to prescribe and impose a proper method of settlement and to establish by order the division and method of division of revenues from the extended service to be provided jointly by Roseville Company and Pacific."

Findings

We find that:

1. Roseville Company and Pacific have not arrived at an extended service settlement agreement based upon the principles of allocation used in the revised staff study (Exhibit 29).

2. Pacific has not negotiated with the intent of arriving at an extended service settlement agreement based upon the principles of allocation used in the revised staff study (Exhibit 29), as required by ordering paragraph 4 of Decision No. 64897.

3. Roseville Company has negotiated with the intent of arriving at an extended service settlement agreement based upon the principles of allocation used in the revised staff study (Exhibit 29), as required by ordering paragraph 4 of Decision No. 64897.

4. Roseville Company has requested this Commission to prescribe and impose a proper method of settlement and to establish by order the division and method of division of revenues from extended telephone service between Roseville Company and Pacific. The Commission has previously found in Decision No. 64897 that the principles of the revised staff study are proper for settlement between the two utilities for the extended service under consideration. All that was left for the parties to do after said finding was to negotiate the form of the agreement that would put into effect the finding and order of the Commission. The sole purpose of ordering paragraph 5 of Decision No. 64897 was to prescribe the procedure by which a form of agreement of settlement would be put into effect in the event the parties were unable to agree on the form. Ordering paragraph 4 of Decision No. 64897 required that said agreement be based upon the principles of allocation used in the revised staff study.

5. Roseville Company's Exhibit 201 sets forth a proposed extended service settlement agreement between Roseville Company

and Pacific based on the methods and principles of allocation used in the revised staff study, Exhibit 29.

6. The proposed extended service settlement agreement set forth in Exhibit 201, modified to specify the test period agreed to by the parties (January 1, 1963 to December 31, 1963), is a reasonable form of agreement by which to effect the division of the revenues from extended telephone service between Roseville Company and Pacific, based on the principles which this Commission has found to be reasonable and proper; it is reasonable and in the public interest that said revenues be divided in accordance with the terms of said proposed agreement.

7. Pacific should be required to file with this Commission a detailed report showing all of its expenses in preparing and making its presentation in these proceedings at the hearings on October 16 and 17, 1963 in order that the Commission may be fully informed for possible regulatory adjustments.

The Commission concludes that Roseville Company and Pacific should divide the revenues from extended telephone service in accordance with the terms and conditions of the form of agreement attached to this order as Appendix A, which is a copy of said proposed agreement set forth in Exhibit 201, modified to specify the test period agreed to by the parties.

O R D E R

IT IS ORDERED that:

1. Roseville Telephone Company and The Pacific Telephone and Telegraph Company shall divide the revenues from extended telephone service in accordance with the terms and conditions set forth in Parts I and II of the form of agreement attached to this

order as Appendix A. Nothing in this order shall be construed as requiring the signature of either party to said form of agreement.

2. Not more than sixty days after the effective date of this order, The Pacific Telephone and Telegraph Company shall file with the Commission a detailed report of all of its expenses in preparing and making its presentation in these proceedings at the hearings on October 16 and 17, 1963.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 5th day of May, 1964.

William W. Bennett
President

George H. Hoover

Fredrick B. Holloff
Commissioners

I am filing a dissent
Ed E. Mitchell

COMMISSIONER PETER E. MITCHELL dissenting:

After reviewing the proceedings of October 16 and 17, 1963, I am convinced that no hearing has been held as yet on Application No. 45640 and Case No. 6339 (Consolidated). Accordingly, I would reopen these matters and take evidence.

This decision - were it limited to the extended service area involved herein - might not be of serious moment. That is not the case. The pattern of this Commission's purported settlement between the contesting parties will impede telephone communications between competing systems and, at the very least, will complicate financial relations in telephone intercompany dealings. This is too important a decision to be adjudged on the basis of the record of October 16 and 17, 1963.

Legally, the majority decision may or may not be supported. But, if this Commission has induced a misunderstanding by any party to a proceeding, we have the obligation to forthrightly recognize it and grant the necessary relief.

On February 5, 1963 (Decision No. 64897), this Commission stated that if Roseville Company and Pacific were unsuccessful in negotiations on an extended service settlement agreement based on a revised staff study, they "may petition the Commission to prescribe and impose a proper method of settlement" (paragraph 5 of said order).

The parties were unable to agree and so, in response to paragraph 5 of Decision No. 64897, Roseville Company filed Application No. 45640. Therein, Roseville Company requested the Commission, pursuant to Section 766 of the Public Utilities Code,

to prescribe and impose a method of settlement and division of revenues. If a hearing had been held at this stage, any and all settlement plans would have been presented to the Commission. This was not done.

On September 17, 1963, the Commission issued an Order Reopening (Case No. 6339) and Consolidating (Application No. 45640). This order contained the restriction that "the settlement and division of revenues shall be based on the methods and principles of allocation used in the revised staff study". It was my belief that the Order Reopening and Consolidating was for the purpose of ~~perpetuating~~ in the proceedings the settlement plans introduced earlier.

The majority decision states that Pacific, on October 16 and 17, 1963, attempted to introduce evidence relative to the merits of the revised staff plan. It was not allowed. Even if we accept a strict limitation on the Order Reopening and Consolidating, this evidence was admissible. If there are difficulties with the revised staff plan, this Commission should be informed. It is not outside the scope of the order of September 17, 1963.

Application No. 45640 called for a consideration of all the plans. It required very little effort on our behalf to accomplish this. Most of the plans were submitted previously in Case No. 6339. The additional testimony, which was laboriously entered on October 16 and 17, 1963, by way of offer of proof, could have been completed in far less time by direct admittance. Reading the transcripts, I must acknowledge my confusion has become compounded.

The contention of Pacific is that under Decision No. 64897 (paragraph 5), it was not limited to the imposition and prescription of a settlement based on the revised staff study. Pacific also directs our attention to Section 766 of the Public Utilities Code which provides that if the telephone corporations do not agree, the Commission may, after further hearing, establish a division of joint rates, tolls or charges.

It is firmly established that all parties have a duty to obey the orders of this Commission, and, likewise, a right to rely on them. If we have instigated this reliance, credence must be given thereto. The filing of Application No. 45640 by Roseville Company and the contentions of Pacific are indicative that both Pacific and Roseville Company were subject to the same persuasion. Therefore, this Commission should acknowledge its own orders and accord a proper hearing to the parties.

I would note also that Section 766 of the Public Utilities Code provides for a hearing if the parties, after negotiations, are unable to agree on a division of revenues. We have no alternative, by virtue of this Section, but must hold a full hearing.

The majority order (paragraph 2) presents an inexplicable command to one of the litigants; namely, Pacific: "not more than sixty days after the effective date of this order, The Pacific Telephone and Telegraph Company shall file with the Commission a detailed report of all of its expenses in preparing and making its presentation in these proceedings at the hearings on October 16 and 17, 1963."

There is no information in the text of the decision to rationalize this direction. I am aware of no precedent. Why Pacific is singled out and not Roseville Company, or even the staff, can only be answered by the signatories to this decision. Absent explanation, I disapprove most emphatically.

The challenge of this Commission is to exercise its powers in a manner to achieve their greatest usefulness. This decision fails to respond. The record of the proceedings of October 16 and 17 is elaborate in its denouement of our inability to bring about an accord between the parties.


PETER E. MITCHELL, Commissioner

APPENDIX A
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EXTENDED SERVICE TRAFFIC AGREEMENT

THIS AGREEMENT made this _____ day of _____ 19____, between THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation, hereinafter called "Pacific Company", and ROSEVILLE TELEPHONE COMPANY, a corporation, hereinafter called "Independent Company", expresses the terms and conditions which will apply to the interchange of extended service traffic between the exchanges and rate areas set forth in EXHIBIT I attached hereto and made a part hereof.

I. Practices

A. Switchboard and Other Connections

Each party will furnish by means of dial facilities, proper switchboard and other connections within its system for the prompt handling of the traffic interchanged hereunder.

B. Exchange and Interexchange Facilities

Each party will construct, equip, operate and maintain its system so that the public will at all times be furnished with good extended service, and each will furnish adequate facilities therefor.

C. Points of Connection and Routing of Traffic

The points of connection between the respective systems of the parties hereto for the handling of the traffic interchanged hereunder, and the routing of said traffic shall be as set forth in said Exhibit I.

D. Billing and Collecting

Each party will bill and collect all charges payable by its customers for traffic interchanged hereunder.

E. Exchange of Information

Each party will, upon request, furnish to the other such information relating to the traffic interchanged hereunder as may be reasonably required.

F. Protection

Each party will take reasonable precautions in the location, construction and maintenance of its lines for protection against hazard and interference from foreign wire lines.

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II. SETTLEMENT

A. Basis of Settlement

During the term of this agreement, Independent Company shall receive in settlement for all facilities and services furnished by it in connection with the traffic interchanged hereunder a monthly amount to be determined from its plant, expenses and revenues attributable to such traffic as herein set forth. Settlement payments shall be made monthly by Pacific Company to Independent Company upon receipt of a bill therefor.

B. Study of Plant and Expenses

Independent Company shall make a study of its plant and expenses for the period January 1, 1963, to December 31, 1963, (herein called "the test period"), to determine the amounts assignable to traffic interchanged hereunder. Such study shall follow the principles of the April 1963 NARUC-FCC Separations Manual. In making such study, plant and expenses shall first be separated between exchange and toll with exchange circuit plant assigned message toll telephone service on the basis of the relative number of minutes of use, consistent with the findings of the California Public Utilities Commission in its Decision No. 50258. Exchange plant and expenses shall then be separated between the traffic interchanged hereunder and other exchange service, with local service area extended trunks assigned directly to the traffic interchanged hereunder. The balance of the exchange circuit plant shall be separated on the basis of the relative number of minutes of use determined by dividing the number of minutes of use of the traffic interchanged hereunder by the sum of the number of minutes of use of the traffic interchanged hereunder and one half the number of originating and terminating minutes of use of local traffic. Local traffic is that traffic originating and terminating in the independent company's exchange listed in Exhibit I. Local dial switching equipment shall be separated on the basis of dial equipment minutes of use; i.e., the minutes of holding time of the originating and terminating local dial equipment. Local manual switching equipment shall be separated on the basis of relative number of traffic units. Independent Company's plant to be considered in such study shall be its average plant in use during the test period. Expenses shall be its operating expenses and operating taxes for the test period and shall include an allowance for municipal, state and federal income taxes which may become payable by Independent Company by reason of the settlements made hereunder.

C. Study of Revenues

Independent Company shall make a study of its Local Service Revenues (which term shall exclude Local Private Line Service Revenues) and its related Uncollectible Operating Revenues, to determine the amounts thereof derived from the traffic interchanged hereunder during the test period. Local Service Revenues (after deducting uncollectibles) shall be apportioned between such traffic and other exchange service in the proportion which the number of calls interchanged hereunder originating in the Independent Company's exchange listed in Exhibit I bears to the total number of all local calls originating in such exchange.

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D. Determination of Costs

Independent Company's costs attributable to the traffic interchanged hereunder during the test period shall be its expenses attributable to such traffic plus a return upon its average plant assignable to such traffic during such period. The rate of return to be used in determining such costs shall be Pacific Company's rate of return on its California exchange operations during the test period.

E. Amounts of Monthly Settlement

The amount of Independent Company's costs assignable to the traffic interchanged hereunder less its local service revenues (less uncollectibles) derived therefrom during the test period shall be converted to a monthly amount per main station (individual and party line primary stations and PBX trunk lines) based upon the average number of such main stations in the Independent Company exchange listed in Exhibit I during such period. The amount of settlement to be received by Independent Company hereunder shall be equal to such monthly amount per main station times the average number of main stations in the Independent Company exchange listed in Exhibit I during the calendar month for which any such settlement is made.

F. Initial Settlement Payments

Until Independent Company's plant, expenses and revenues assignable to the traffic interchanged hereunder shall have been determined for the test period from the studies provided for herein, settlement payments made to Independent Company shall be based upon estimates of such amounts. Such settlements shall be adjusted to reflect actual plant, expenses and revenues when the actual amounts thereof shall have been determined from such studies.

G. Subsequent Studies

Subsequent studies shall be made annually or when requested by either party hereto to reflect material changes in Independent Company's plant, expenses or revenues. Such studies shall be made in the same manner and follow the same principles as set forth herein. Settlements determined on the basis of such subsequent studies shall become effective on the first day of the first month following the period under study.

III. GENERAL PROVISIONS

A. Defaults or Violations

If either party hereto defaults in the payment of any amount due the other hereunder, or violates any other provisions of this agreement, and if such default or other violations shall continue for thirty (30) days after written notice thereof, the other party may terminate this agreement forthwith by written notice.

B. No Waiver

The failure of either party to enforce any of the provisions of this agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision, but the same shall, nevertheless, be and remain in full force and effect.

C. Cancellation of Previous Agreements

Except as to any amount due thereunder, this agreement cancels all previous agreements between the companies or their respective predecessors covering the furnishing of interchange of local service area extended service traffic.

D. Term of Agreement

This agreement shall take effect on the date when local service area extended service is established between the exchanges listed in Exhibit I and, unless sooner terminated as herein provided, shall continue in full force and effect for a period of one (1) year from the effective date hereof and thereafter until terminated by sixty (60) days' prior notice in writing from either party to the other.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed in their behalf on the date first above written.

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY

By _____
Vice President and General Manager

ROSEVILLE TELEPHONE COMPANY

By _____
President

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EXHIBIT I

Effective , 19

Attached to and made a part of Local Service Area Extended Service Traffic Agreement dated , 19 , between THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY and ROSEVILLE TELEPHONE COMPANY.

From the effective date hereof, the exchanges and rate areas to which said agreement will apply are as follows:

<u>Pacific Company</u>	<u>Independent Company</u>
Sacramento - North Sacramento District Area Only	Roseville - Citrus Heights District Area Only
Fair Oaks	
Folsom	
Rio Linda	

Point of Connection and Routing

The point(s) of connection for traffic interchanged under said agreement, the interoffice trunk lines to be used for such traffic, and the routing of such traffic shall be as mutually agreed upon from time to time by the parties hereto.

Identified and approved this day of , 19 .

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY

By _____
Vice President and General Manager

ROSEVILLE TELEPHONE COMPANY

By _____
President