

ALJ/GAA/rmn

Decision 90 04 023 APR 11 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Application of AT&T Communications)
of California, Inc. (U 5002 C) under)
Rule 18 for a Certificate of Public)
Convenience and Necessity for)
Authority to Provide Intrastate)
InterLATA AT&T MEGACOM® and AT&T)
MEGACOM 800 Service.)

ORIGINAL
Application 88-07-020
(Filed July 15, 1988)

Application of AT&T Communications)
of California, Inc. (U 5002 C) under)
Rule 18 for a Certificate of Public)
Convenience and Necessity for)
Authority of Provide AT&T PRO)
California.)

Application 88-08-051
(Filed August 24, 1988)

Application of AT&T Communications)
of California, Inc. (U 5002 C) for)
Authority to Provide Intrastate)
AT&T 800 READYLINE Service.)

Application 89-03-046
(Filed March 29, 1989)

(Appearances are listed in Appendix A.)

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**INTERIM OPINION
ADOPTING READYLINE STIPULATION AND SETTLEMENT AGREEMENT
THEREBY AUTHORIZING CONDITIONAL OPERATING
AUTHORITY FOR AT&T-C'S INTRASTATE 800 READYLINE SERVICE**

Summary

This decision adopts AT&T Communications of California's (AT&T-C) "READYLINE STIPULATION AND SETTLEMENT AGREEMENT" executed on February 20, 1990 by AT&T-C with Pacific Bell, GTE California, Incorporated (GTEC) and all other local exchange telephone companies, with minor revisions, and thereby grants AT&T-C a certificate of public convenience and necessity for interim authority to provide Intrastate AT&T 800 READYLINE service in California substantially in accordance with the terms and conditions contained in that settlement agreement.

Background

On March 29, 1989, AT&T-C filed an application requesting that the Commission issue a certificate of public convenience and necessity (CPCN) for authority to provide intrastate AT&T¹ 800 READYLINE (READYLINE) Service.

AT&T-C states that its comparable interstate READYLINE service has been available since mid-December 1986 under Federal Communications Commission (FCC) authority. On March 30, 1989 AT&T-C refiled its application (A.89-03-046), including a motion requesting immediate interim authority.

AT&T-C served copies of the application and "Motion For Immediate Interim Authority" on potential competitors and interested parties, and notice of the application appeared in the Commission's Daily Calendar of March 31, 1989. Protests to the application and/or the granting of interim authority were

1 AT&T is the parent of AT&T-C.

subsequently received on or before May 15, 1989,² from the Commission's Division of Ratepayer Advocates (DRA), Pacific Bell, GTEC, US Sprint Communications, Limited Partnership (US Sprint), Roseville Telephone Company (Roseville), Citizens Utilities Company of California (Citizens), and 18 other smaller independent local exchange telephone companies, 6 of which joined in Roseville's protest and 12 others joined in Citizen's protest.

On July 14, 1989, a prehearing conference was held for the purpose of determining whether evidentiary hearings were necessary to consider AT&T-C's request for interim authority for READYLINE service, and if so, to limit the issues as appropriate. At the conclusion of the prehearing conference, hearings were set beginning on September 11, 1989 to deal with only two issues pertaining to the interim authority request of AT&T-C, namely:

1. Can compensation by AT&T-C to the local exchange telephone companies provide sufficient protection of universal telephone service to allow AT&T to market READYLINE now; and,
2. Is there any harm to Pacific Bell and the other local exchange telephone companies should AT&T Communications of California be successful in marketing READYLINE to approximately 11,000 customers in this first year, when and if competition comes to the intraLATA market.

The second issue was framed with an understanding that AT&T-C would likely provide good service to its READYLINE customers and those customers would then likely remain with AT&T-C and not return to the local exchange company, if intraLATA competition were authorized.

² May 15, 1989 was the deadline date set by the assigned Administrative Law Judge (ALJ) for parties to respond to AT&T-C's motion for interim authority.

In fully addressing these two significant issues, the hearings were to explore alternatives to, as well as any reasonable and necessary conditions for, granting the requested authority. Hearings were then scheduled to begin September 11, 1989 to consider AT&T-C's request for interim authority for its READYLINE service.

Interim Authority Hearing Schedule

Twelve days of hearings totaling 1,715³ pages of transcript were held in September and early October 1989 to consider AT&T-C's request for immediate interim authority for READYLINE. Testimony was given by 12 witnesses, five for AT&T-C, two for Pacific Bell, one each for GTEC, Citizens, and Roseville, and two for DRA. Twenty-four public exhibits were identified and received in the public record. Twenty-six proprietary exhibits were identified, and 23 of these exhibits were received and placed under seal.

One proprietary exhibit (Exhibit 2f) identified, but not received, was still at issue on the last day of hearings. AT&T-C urged its receipt, while other parties oppose its receipt. The ALJ ruled that it not be received, and AT&T-C has appealed that ruling to the Commission. Also involved in the Commission's possible consideration of this issue,⁴ is the propriety of receiving two other associated exhibits (Exhibits 2g and 2h) containing sensitive information, which have also been excluded from the record by the ALJ's ruling. (Transcript (Tr.) pages (pp) 1403-1415.)

³ Twenty-one pages of the transcript for the fourth day of hearing (September 14, 1989) were sealed because certain testimony contained proprietary information.

⁴ The ALJ on November 10, 1989, was advised of a possible settlement of issues relative to interim authority for READYLINE which would settle this issue as well.

During the course of these proceedings Pacific Bell conducted extensive discovery of various AT&T-C witnesses and/or employees, and AT&T-C conducted similar discovery of certain witnesses and/or employees of Pacific Bell. The transcripts of much of this discovery were made part of the formal record. In addition, the parties provided numerous reference items relative to prior decisions of this Commission and the FCC on message toll and 800 services, as well as READYLINE and READYLINE-like services in other states. Thus, the formal record for the interim phase of this proceeding became more extensive than that of many rate applications processed by this Commission.

Hearings on the two issues related to AT&T-C's request for interim authority to provide READYLINE service were concluded on October 4, 1989 and this first (interim) phase was to be submitted upon receipt of concurrent opening and reply briefs on October 30 and November 10, 1989, respectively. The November 10 date for reply briefs was later extended for all parties to November 13 then to November 22, 1989, and finally was suspended at the request of applicant's (AT&T-C) counsel, pending action on the proposed settlement agreement.

Description of Applicant

Applicant (AT&T-C) is a telecommunications subsidiary of the American Telephone and Telegraph Company, operating within the State of California and providing interLATA and interstate telecommunications services. AT&T-C's principal offices are located at 795 Folsom Street, San Francisco, California 94107.

In support of this application AT&T-C provided evidence of its authority to do business in California including a reference to the certified copy of its Articles of Incorporation on file with this Commission in A.85-11-029. AT&T-C also appended to the application its most recent financial statements, including its Balance Sheet and Income Statement for the month of December 1988. The data supplied with and referenced in the application confirms

that AT&T-C has the financial resources, broad communications knowledge, and technical expertise to effectively undertake this new communications business activity in California. As to its current interLATA communications services offered within California, there is no evidence of any significant service deficiencies or complaints.

Description of Proposed Service

AT&T-C 800 READYLINE Service is an optional usage sensitive inward calling service designed to meet the needs of customers with low-volumes of incoming traffic, without the need for them to purchase any additional equipment or special access lines to obtain the service. The customer's existing local exchange telephone lines and instruments are used to originate and terminate local and long-distance calls, and to receive READYLINE calls as well.

Customers can maintain their regular current local telephone number, and also receive READYLINE service calling on a READYLINE number on the same instruments. This allows customers to READYLINE service to offer toll-free calling to anyone they have provided their 800 READYLINE number to. READYLINE toll-free calling may be restricted to preselected geographic areas (down to a number plan area level) from which a toll-free call will be accepted. ✓

While READYLINE was initially designed for small to mid-size businesses, it became evident at the hearings that this service also has many benefits for residential customers who have relatives, friends, or loved ones away from home and wish to provide them the opportunity to call toll-free at will from any operating telephone. This service would be desirable for those in hospitals and nursing homes or away at college, especially where they have no phone of their own for billing purposes. No party suggested that this service should be restricted to business

lines;⁵ rather there is substantial record evidence that this service should be offered to residential customers as well.

As designed, READYLINE will provide to low-volume intrastate customers all the benefits of intrastate inward calling that larger customers have enjoyed for years--but without the installation charge and ongoing monthly expense of additional dedicated telephone lines currently associated with and required for AT&T-C's existing intrastate 800 service. Therefore, READYLINE will increase utilization of existing telephone plant facilities and will provide a less costly alternative for customers whose intrastate call-volumes do not justify subscribing to regular AT&T-C 800 service.

An added feature of READYLINE is number portability⁶ for the assigned 800 number, which can be retained and forwarded to

5 AT&T-C offers READYLINE service to residence or business line customers, whereas Pacific Bell and GTEC will provide READYLINE-like service only to customers who are purchasing local telephone service under their measured business tariffs. Thus, the READYLINE-like complementary services of GTEC and Pacific Bell are not available to ordinary residential customers who obtain their local telephone service under either Pacific Bell's or GTEC's residential tariff rates.

6 As a hypothetical example, a small florist in Lodi, California, has the 800 READYLINE number of 800-356-9377 (800-FLOWERS) associated with his regular business line and number in the 209 area code. Later he moves his business to Santa Rosa, California, in the 707 area code. With 800 READYLINE service he can still retain the 800-FLOWERS number and move it to his new area code 707 number, and his customers may call and reach him at the new locations by dialing the same 800-FLOWERS toll-free number. The number portability feature also allows an 800-FLOWERS number, provided through existing basic service of Pacific Bell and AT&T-C, to be retained if the florist decides to take 800 service from AT&T-C as "stand alone" 800 READYLINE service. If however he decides to switch to the READYLINE-like services provided by another IEC, or the READYLINE-like complementary service authorized by this decision, he cannot retain his 800-FLOWERS toll-free number.

any other part of the community, state, or nation where AT&T-C 800 READYLINE service is available. The 800 READYLINE number may also be converted to reach any other standard telephone set on a temporary basis if the regularly assigned instrument or number is out of service for any reason. AT&T-C's READYLINE service number portability feature also enables an existing customer of Basic 800 service (jointly provided in California by Pacific Bell, GTEC, and AT&T-C) to switch to AT&T-C's "stand alone" READYLINE service without changing his/her 800 telephone number. Customers of existing Basic 800 service cannot switch to the READYLINE-like services of other interexchange carriers (IEC) in California such as US Sprint or MCI unless they agree to change their 800 telephone number.

Regular AT&T-C 800 service is also available to READYLINE customers without a number change if their calling volume increases to a point where the toll-free inward calling service should logically be terminated on a dedicated line.

The following tabulation describes three distinct situations wherein a customer is seeking a modification to his or her 800 service, as that service is currently provided in California and/or as proposed for READYLINE, and illustrates the applicability of number portability or lack thereof for each example situation:

<u>Example Modification</u>	<u>Change in 800 Number Required</u>
1. Customer wants to change from one IEC's 800 service to another IEC's 800 service (e.g. from AT&T-C to US Sprint or vice versa).	Yes
2. Customer wants to change from the LEC/AT&T-C Basic 800 service (Half State or Full State service) to the Basic 800 service of an alternative IEC (i.e. MCI, US Sprint, etc.).	Yes

<u>Example Modification (Cont'd.)</u>	<u>Change in 800 Number Required</u>
3. Customer wants to change from the LECs/AT&T 800 service (Half State & Full State service) to AT&T's "stand alone" 800 services (e.g. AT&T MEGACOM 800, READYLINE).	No
4. Customer wants to change from the IEC direct 800 service of any IEC to that IEC's "stand alone" READYLINE-like service.	No
5. Customer wants to change from the current Local Exchange Carrier (LEC)/AT&T-C complementary Basic 800 service (Half State & Full State service) to the complementary "READYLINE-like" service which will be offered by the LECs and AT&T pursuant to this decision.	Yes

Restrictions to READYLINE Service

AT&T-C proposes that its READYLINE service only be offered to customers who also subscribe to AT&T's interstate 800 READYLINE service. The applicable restriction is set forth in AT&T-C's proposed tariff, Schedule Cal. P.U.C. No. A9, Original Sheet 33, as follows:

"800 READYLINE Service is an interLATA custom switched telecommunications service which permits inward 800 number calling from stations located in the state of California to a station associated with a Customer's local exchange telephone number. Intrastate AT&T 800 READYLINE is an add-on to the interstate AT&T 800 READYLINE service and is available only to Customers who subscribe to the interstate service provided in this Company's Tariff F.C.C. No. 2. AT&T 800 READYLINE rates and charges apply to calls completed from calling stations to a telephone number associated with the Customer's local exchange service access line. Customers may receive calls from the entire state or from Customer selected NPAs within the state provided the call would not represent an intraLATA communication."

Other parties found little comfort in the tariff language believing instead that AT&T-C's California 800 READYLINE would predominantly be an intraLATA service. AT&T's own forecasts fully supported their conclusions. (Pacific Bell Opening (Op) Brief (Br) page (p.) 2.)⁷

While it is necessary to take calls from an interstate numbering plan area (NPA) a subscriber in California need only suggest that he or she be assigned an NPA in Iowa,⁸ or another state, where he or she conducts no business at all and then use his/her California 800 READYLINE service for exclusive intrastate or even exclusive intraLATA calling in California.

Need for READYLINE Service

The hearing record is replete with evidence on need for this service both by small businesses to compete with larger business who now subscribe to regular 800 services and for residential customers.

Perhaps the best discussion of need was presented by Dr. Jerry A. Hausman, Professor of Economics at Massachusetts Institute of Technology, who appeared as a witness on behalf of Pacific Bell, a protestant in this proceeding. Dr. Hausman testified that nearly all segments of society and society as a whole would be much better off with the availability of READYLINE and similar services than without such services (Tr. pp. 1179-1191). Hausman also responded to questions of possible detriment from the offering of READYLINE:

7 This tariff language was subsequently revised during discussions leading to the February 20, 1990 settlement agreement. The revised language is contained in schedule Cal. P.U.C. No. A9, Original Sheet 40 of Appendix E to this order. ✓

8 In this example, the customer would not market (advertise) or publicize the toll-free 800 READYLINE number to anyone in the Iowa NPA. ✓

"Q Well, I have picked three groups of assumptions that I became aware of for the purposes of asking these questions. Do you know of other scenarios that would show a detriment from Readyline that would cause us to consider not introducing this service.

"A No. As I said in my testimony, I am in favor of introducing Readyline. However, I believe the Commission should do its best to get the terms and conditions correct under where we are in terms of this ongoing Phase 2-Phase 3 investigation, and also the economic and competitive factors that underlie 800 service?

"In other words, one thing I'd say is that you can't look only at 800 Readyline; you need to look at the other 800 services.

"But I discuss this in my testimony. So I am firmly in favor of having Readyline in California, and it is a question of setting up the regulatory framework correctly in my view.

"Q Well, other than the encroachment on intraLATA competition that is the subject of Phase 3, the viewpoint of Readyline from the small business, from the residential and from other customers, do you believe that is all generally beneficial?

"A Yes, I do.

"Q And if the problem of intraLATA competition can be resolved, which is a separate issue, would there be any other reason to delay or deny Readyline?

"A Not that I would like to put forward, no."
(Tr. pp. 1190-1191.)

In a separate solicitation of demand for the service, AT&T on October 19, 1989, in the midst of the briefing schedule in this proceeding, forwarded a form letter to its business customers asking them to write to the Commission's President, expressing their frustration and concerns that AT&T-C's intrastate 800

READYLINE service is not yet available in California.⁹ Over the next 60 days, the President's office received over 1,000 customer letters patterned after the form letter suggested by AT&T.

Facilities Requirements and Environmental Impact

AT&T-C states that READYLINE service will be provided using existing common facilities to render these new services, and new facilities are not required at this time. Therefore, it can be seen with reasonable certainty that authorizing this new service will not have a significant impact on the environment.

Availability of READYLINE in Other States

AT&T 800 READYLINE service first became available on December 12, 1986 on an interstate basis under FCC authority. As of October 10, 1989, AT&T's 800 READYLINE service is offered on an "add-on" basis in the following 38 states:

State

- | | |
|-----------------|------------------|
| o Alabama | o Nebraska |
| o Arkansas | o Nevada |
| o Arizona | o New Jersey |
| o Colorado | o New York |
| o Florida | o North Carolina |
| o Georgia | o North Dakota |
| o Idaho | o Ohio |
| o Illinois | o Oklahoma |
| o Indiana | o Oregon |
| o Iowa | o Pennsylvania |
| o Kansas | o South Carolina |
| o Kentucky | o South Dakota |
| o Louisiana | o Texas |
| o Massachusetts | o Utah |
| o Maryland | o Vermont |
| o Michigan | o Virginia |
| o Minnesota | o Washington |
| o Missouri | o West Virginia |
| o Montana | o Wisconsin |

⁹ See Appendix B to review AT&T-C's solicitation and suggested letter. ✓

AT&T-C's Initial Efforts Towards a Settlement
of Issues Regarding Interim Authority

After advising the ALJ on November 10, 1989 that AT&T-C was working with all parties to resolve their concerns regarding its request for interim authority AT&T-C's General Counsel continued that effort until January 5, 1990 when he filed AT&T-C's joint motion with Pacific Bell for approval of a stipulation and settlement agreement.

AT&T-C then continued to work with other parties. It gained support for a modified version of the settlement agreement from GTEC and all other local exchange companies (LEC). Thereafter, on February 5, 1990, AT&T-C forwarded its "Proposed READYLINE Settlement Agreement"¹⁰ to the ALJ, bearing the signatures of the authorized representatives of Pacific Bell, GTEC, and the other LEC's. AT&T-C appended its proposed tariff schedules for READYLINE as well as the tariff schedules for Pacific Bell's and GTEC's complimentary READYLINE-like services to its February 5, 1990 modified proposed settlement agreement.

Accordingly, after reaching concurrence in the modified proposed settlement agreement AT&T-C, Pacific Bell, GTEC, and all other LECs joined in the motion of AT&T-C and Pacific Bell requesting this Commission's approval of the agreement.

Contemporaneously, on February 5, 1990, MCI Telecommunications Corporation (MCI), US Sprint, and the DRA filed comments in opposition to the joint motion for approval of the settlement agreement.

MCI's opposition took issue with the timeliness of the proposed settlement, its attempts to resolve issues beyond those related to interim authority, removal of the holding out

¹⁰ See Appendix C for details of the February 5, 1990 Proposed READYLINE Settlement Agreement (without example tariffs). ✓

restriction on intraLATA service, and AT&T-C's attempt to "rewrite the rules of rate flexibility".

US Sprint opposed the proposed settlement because of the removal of the holding out restriction on intraLATA service which, it asserts, would create an anticompetitive favored position for AT&T-C.

DRA objected to the proposed settlement agreement, as written, but recommended approval if the agreement were further modified to:

1. Maintain the "no holding out" restriction "until 7/1/91 or some other date set by a Commission decision in Phase III."
2. Provide interim compensation for any existing Pacific Bell or GTEC (or other LEC) customer that migrates to AT&T-C's READYLINE service.
3. Remove what it deems is inappropriate rate flexibility in the proposed tariffs of Pacific Bell which were appended to the proposed agreement.
4. Eliminate any potential rate increases to any customers which could now occur under the proposed tariff schedules of Pacific Bell and GTEC.

ALJ's Observations and Comments to the Parties Regarding the February 5, 1990 Proposed Settlement Agreement

At ongoing hearings in the consolidated proceedings involving AT&T-C's A.88-07-020, A.88-08-051, and A.89-03-046, the ALJ raised several concerns regarding the proposed settlement agreement with the parties off-the-record. Following the discussion the ALJ made the following statement on-the-record:

"While off the record we discussed several matters regarding the February 5th settlement agreement.

"I initially observed that there appear to be serious legal, public policy and technical deficiencies with the settlement agreement

tendered on February 5, 1990 which may lead to its possible rejection.

"Among other things, I would suggest that AT&T address the concerns related to the elimination of the no holding out of intraLATA service provision and the compensation for loss of existing Readyline-like services only, the tight termination schedule, the caller ID provisions, (and) the rates during the interim period.

"AT&T should make those changes which may be appropriate to its portion of the settlement agreement to alleviate these concerns during the period it seeks to have interim authority.

"As to Pacific Bell and GTEC, the settlement agreement raises questions under Public Utilities Code Sections 1708, 454, [455], 491 and 532, as well as possible noncompliance with Decision 89-10-031, Category 1 or Category 2 issues in that decision.

"One possible suggestion would be for Pacific and GTEC to file appropriate advice letters with revised tariff sheets and cost support data for these services as new [services] and seek their approval under the shortened notice provisions of General Order 96-A.

"Those two utilities should work very closely with CACD in preparing such filings to address any possible remaining concerns, and in an effort to achieve early disposition of this matter, AT&T may wish to tender a revised settlement agreement as part of its response to the commenting parties, namely, Division of Ratepayer Advocates, MCI, and Sprint, and attach as appendices Pacific Bell's and GTEC's proposed advice letters with revised tariff sheets." (Tr. 2314 & 2315.)

Thereafter, it was agreed that AT&T-C would submit a further revised settlement agreement on February 20, 1990 and that DRA, MCI, and US Sprint would have the opportunity to file comments

on the revised settlement agreement by no later than February 27, 1990.

On the question of the availability of the calling party's telephone number on a real time basis, which had been raised relative to AT&T-C's offering of READYLINE under the proposed settlement, AT&T-C's policy witness Robert B. Stechert stated that such a feature was not currently available on AT&T-C's stand-alone READYLINE service or the complimentary service which AT&T-C intends to provide for the local exchange companies. (Tr. 2293.)

Reply of AT&T-C to Comments Regarding Proposed Stipulation and Submission of Revised Settlement Agreement

On February 20, 1989, AT&T-C responded to the comments of DRA, MCI, and U.S. Sprint and tendered a further modified settlement agreement.¹¹

Deletion of Holding Out of IntraLATA Service

AT&T-C deleted the "holding out" of intraLATA service, leaving that as an issue to be resolved in the current consolidated proceeding.

Deletion of Pricing Flexibility

The tariffs of AT&T-C's READYLINE service as well as the proposed tariffs for Pacific Bell's¹² and GTEC's READYLINE-like services were modified to eliminate pricing flexibility under the settlement agreement.

¹¹ See Appendix D to review the February 20, 1990 revised "READYLINE STIPULATION AND SETTLEMENT AGREEMENT." Also see Appendix E for the latest revision of AT&T-C's proposed READYLINE Tariff schedules which accompanied the February 20, 1990 settlement agreement. ✓

¹² It should be noted that LECs other than GTEC will concur in the tariff schedules filed by Pacific Bell and are thus also committed to no pricing flexibility until that issue is further resolved by the Commission. ✓

Clarification of Compensation to be Paid
by AT&T-C to the LEC's

AT&T-C will pay compensation at the rate of \$.075 per minute for the intraLATA READYLINE usage of customers who previously subscribed to basic 800 service currently offered on a shared basis by AT&T and the LECs. This compensation is in addition to the switched access costs paid by AT&T-C for all of its traffic handled by the LECs. No compensation in excess of the regular switched access rate of approximately \$.10 per minute will be paid for the intraLATA traffic generated on "wholly new" READYLINE business of AT&T-C.

An arbitration procedure has been added by AT&T-C to the February 20, 1990 settlement agreement stating:

If for any reason the parties are unable to agree as to whether any customer's usage amounts to a new application, the matter will be submitted for commercial arbitration.

Real-Time Identification of Calling Party

The real-time identification of the calling party's telephone number will not be offered by AT&T-C or any of the LECs under the terms of the February 20, 1990 revised settlement agreement. The propriety of providing non-real-time call number detail billing information in monthly bills, rendered long after the calls are made, was not raised as an issue in this proceeding and is not addressed here.

Position of AT&T-C on the February 5, 1990,
Comments of DRA, MCI, and US Sprint

AT&T-C asserts that the February 20, 1990 version of the settlement agreement as now modified and clarified,

"adequately addresses all the substantive and relevant issues raised by DRA, US Sprint and the ALJ, and that the Agreement in its present form should be approved by the Commission. The additional concerns raised by MCI are without merit and simply represent the continuing effort by that company to prevent or

forestall the introduction of any service by AT&T or the LECs which will compete with the READYLINE-like service MCI has been offering in California since April 1, 1988."

Reply of Pacific Bell to Comments Regarding Proposed Stipulation and Submission of Revised Settlement Agreement

In addition to the revisions and modifications made by AT&T-C to the revised settlement agreement, Pacific Bell noted, in its February 20, 1990 comments, that it had filed Advice Letters 15686 and 15690 on February 16, 1990, to provide its complementary services similar to READYLINE. Pacific Bell requested that these advice letters be made effective on March 28, 1990 under the regular 40-day notice provisions of General Order 96-A.

Pacific Bell stated that it does not seek pricing flexibility for its complementary services at this time, and the tariff schedules associated with Advice Letters 15686 and 15690 do not include any flexibility for pricing the complementary 800 services. Pacific Bell also agreed that the question of AT&T-C's request to lift the "no holding out" restriction may be ruled upon as part of the main phase of the READYLINE case (A.89-03-046) now in progress.

Pacific Bell then asserted that the modifications made in the February 20, 1990 version of the settlement agreement "resolve most of the concerns" of the parties who objected to the previous (February 5, 1990) version of the agreement. Pacific Bell contends that any further procedural objections by MCI and US Sprint claiming that the settlement agreement is untimely, are erroneous and they ignore that the agreement is a "stipulation and settlement".

Pacific Bell also takes issue with MCI's claim that the complementary service of Pacific Bell and the LEC's is inconsistent with the Modified Final Judgement (MFJ).¹³

MCI argues that Pacific Bell's tariff for the complementary service contains conditional customer charges that may be inconsistent with the MFJ. The tariff section MCI objects to is:

"Multiple Service Areas may be ordered when an interexchange carrier (IEC) is participating to provide interservice area service. Where the IEC arranges for the service, the non-recurring charges and the monthly recurring charges of the IEC apply and not the rates and charges of the Utility. See, Attachment, Schedule Cal.P.U.C. No. A7.2.1.A, Note 1, sheet 26."

Pacific Bell responds that this tariff provision is intended to compensate the carrier (Pacific or the IEC) that takes the customer information and arranges for the provision of the service. If, for instance, Pacific Bell makes the sale and necessary arrangements for service to be provided, Pacific Bell's rates for such a service should apply. If, on the other hand, AT&T makes the sale and necessary arrangements for service, AT&T's rates for such a service should apply and not Pacific Bell's. Pacific Bell argues that this tariff provision results in just and reasonable rates. Joint comments received from AT&T-C and Pacific Bell in response to the ALJ's draft decision state:

"Pacific's comments to MCI's contentions and the tariff section quoted [above] reflect a misunderstanding between Pacific and AT&T over the levying of the recurring monthly fee. AT&T agrees that only the carrier that takes the customer information and arranges for provision

13 United States of America v. Western Electric Company Incorporated and American Telephone & Telegraph Company, 552 F.Supp. 131 (D.D.C., 1982), aff'd sub. nom., Maryland v. United States, 460 U.S. 1001, 103 S.Ct. 1240, 75 L.Ed.2d 472 (1983).

of service should charge its nonrecurring fee. However, AT&T believes that both providers of the complementary service should be able to charge their monthly recurring fee, if any. Pacific initially disagreed with AT&T's position relative to the recurring monthly fees, but this has been resolved.

"Under this resolution AT&T will set its recurring monthly fee at \$15 rather than \$20, and Pacific will clarify its tariff for the complementary service so that only the nonrecurring fee is dependent on which carrier takes the customer information and arranges for service."

AT&T-C and Pacific Bell further explain that this arrangement is nonprecedential.

"If other IECs do not have a recurring monthly fee, that is acceptable to Pacific and would simply be a point of differentiation between their complementary service and AT&T's."

To implement the above modification AT&T-C provided a revised set of its draft tariff sheets to completely replace those previously attached to the ALJ draft decision. The revised tariff sheets have been incorporated in Appendix E to this order.

MCI also contends that this tariff provision runs afoul of the MFJ's prohibition against splitting revenues. Pacific Bell asserts that, the tariff provision does just the opposite - "the carrier doing the work of processing the service order and arranging for service, charges its tariff rate, thus obviating both double billing and a need to share revenues if only one carrier imposed the charge irrespective of which performed the service".

In response to questions raised by the ALJ, Pacific Bell responded that it is ready to provide Service Area 800 service now, and will be able to add complementary AT&T interLATA 800 calls on or before July 1, 1990. Pacific Bell will not provide the calling party's number to its 800 customers on a real time basis under the presently filed tariffs and has no plans to offer this feature

during the period of interim authority of AT&T-C's READYLINE service.

Pacific Bell has offered to provide its READYLINE-like service to residences, but the customer will have to subscribe to a business line to receive Custom 800 calls.

Pacific Bell concludes by urging that the proposed Stipulation and Settlement Agreement, as modified (on February 20, 1990) "be adopted without further delay and without further hearing."

Reply of GTEC to Comments Regarding Revised Settlement Agreement

GTEC in its February 20, 1990 reply comments asserts that the settlement agreement is only intended to resolve issues on an interim basis for the provision of AT&T-C's READYLINE services. Such issues as rate flexibility and competition within the LATAs for toll and toll-like services will be developed in the "main case hearings" in this proceeding "and out of Phase III of I.87-11-033", the Commission's Alternative Regulatory Framework investigation.

GTEC proposes to implement its complementary READYLINE-like services by or before July 1, 1990. GTEC states that, as a member of the toll pool, it has historically concurred in Pacific Bell's rates for toll and toll-like services and continues to do so. GTEC's proposed complementary 800 offering is a toll-like service. GTEC plans to phase out its participation in the toll pool over a transition period expected to extend beyond the completion of Phase III of I.87-11-033. During this interim transition period GTEC will continue to concur in Pacific's rates and tariffs for toll and toll-like services. GTEC proposes this same procedure for its toll-like complementary 800 service.

GTEC proposes to offer its READYLINE-like service with non-flexible rates during the interim period and will provide this service in addition to its current "Basic 800" service offering, not in place of it. Thus, customers will be able to pick and choose among several 800 service options of GTEC.

GTEC concludes that:

"The availability of READYLINE and viable READYLINE-like services is clearly sought by telephone customers. The Commission has received thousands of letters on READYLINE alone, requesting the service be made available. It is the intent of the Agreement to make this type of service available as soon as possible on an interim basis without tilting the playing field irretrievably far in any one direction and without locking out any willing player."

Further Comments by DRA, MCI, and US Sprint on the February 20, 1990 Modified Settlement Agreement

DRA, MCI, and US Sprint all filed comments by February 27, 1990, within the seven-day period granted by the ALJ for additional comments on the modified settlement agreement.

DRA Supports the Settlement

DRA supports the February 20, 1990 version of the proposed settlement agreement provided that it and the Commission Advisory and Compliance Division (CACD) may "audit AT&T-C usage measurements on an annual basis" without further expense to them and with the full cooperation of AT&T-C. DRA avers that after discussing this question with representatives of AT&T-C, agreement was reached as requested by DRA.

DRA concludes its comments by supporting the settlement agreement but still requesting the opportunity for a PU Code § 311 review of any proposed ALJ decision in this proceeding "unless all parties concur in the settlement agreement". DRA also opines that MCI's arguments regarding provisions of the LEC tariffs that may (in MCI's view) violate the MFJ are inappropriate since they are clearly beyond the scope of this proceeding.

MCI Continues to Oppose the Settlement

In its February 27, 1990 additional comments MCI contends that the proposed settlement is still problematic after the modest amendments. MCI argues that although AT&T-C and Pacific Bell have

agreed to eliminate the holding out and price flexibility terms from the proposed settlement, "they have failed to resolve or adequately refute the remaining procedural and substantive deficiencies described in MCI's (earlier) comments".

MCI asserts that, "No amendments have removed the price fixing taint from the proposed settlement." and that:

"PacBell also incorrectly argues that the Commission may defer consideration of the LEC 800 data base issues under the MFJ, while condoning the unprecedented applications of that data base as part of the settlement. Although an approval of the settlement would be non-precedential, the Commission may be well advised to exercise restraint in approving a settlement that may effectively lead it to prematurely permit general and particular applications of the 800 data base that remain restricted. Among the most sensitive applications are those involving the provision of vertical services to end users. For these reasons and those set forth at greater length in MCI's Comments, the amended proposed settlement should be rejected."

Lastly, MCI does not consent to a complete elimination of the PU Code § 311 comment period on any proposed ALJ decision, but would agree to an expedited comment period of 10 days.

US Sprint Does Not Object to Conditional Interim Approval of READYLINE

In its February 27, 1990 comments US Sprint asserts that it does not, and never has, objected to interim approval of AT&T-C's READYLINE service if AT&T-C "would eliminate its request for 'holding out' authority". US Sprint objects to the settlement agreement as presently drafted because instead of seeking a lifting of the "holding out" issue in Phase III of I.87-11-033, AT&T-C asks the Commission to render an early decision on whether it can "hold out" intraLATA READYLINE service, prior to reaching a decision on the main phase of the READYLINE proceeding (A.89-03-046). US Sprint asserts that:

"Despite AT&T's representations, this issue need not be considered prior to the main phase of Readyline. It should be considered in Phase III (of I.87-11-033) preferably, or, in the alternative, in a separate proceeding following the main phase of the Readyline proceeding."

Discussion

We note that the February 20, 1990 version of the settlement agreement meets all the concerns of the LECs. Also, DRA supports it, with only a reservation that AT&T-C not insist on exercising the language on page 2 of the agreement which provides that DRA and the CACD will have the right "to join in an audit of AT&T's usage measurements annually at their own expense". DRA states that AT&T-C's representatives have agreed to remove that reference from the February 20, 1990 agreement. Since the version of that agreement provided to the ALJ still contains the language DRA finds objectionable, we will memorialize DRA's separate agreement with AT&T-C by an ordering paragraph and otherwise leave the February 20, 1990 settlement agreement unchanged, as set forth in Appendix D.

US Sprint's only remaining concern appears to be that AT&T-C wishes to move quickly on the Commission's "holding out" restriction to provide intraLATA READYLINE service. Sprint asks that we deal with that issue in Phase III of I.87-11-033 or alternatively by a separate proceeding following the main phase of the READYLINE proceeding. Conversely, AT&T-C wants a more timely review of this issue.

We will allow AT&T-C to address the full issue of restrictions on intraLATA service in I.87-11-033 as that proceeding progresses. However, in order to preserve our decision making options, we will also allow AT&T-C to address this issue as it may apply exclusively to READYLINE and READYLINE-like services after the conclusion of the rebuttal phase of the main READYLINE proceeding.

We view the balance of the February 20, 1990 settlement agreement as AT&T-C's offer to meet and stipulate to concerns raised by the parties to this proceeding. To that end AT&T-C merely seeks interim READYLINE authority with:

1. Fixed rates consistent with the base rates recommended by DRA, including a \$.26 per-minute-of-use usage charge.
2. A continuing restriction against AT&T-C's "holding out" the offering of intraLATA READYLINE service.
3. Full concurrence by the LECs in the arrangements for them to carry AT&T-C's READYLINE traffic as well as offer (separately) their READYLINE-like complementary services.

Therefore, we see no remaining good cause to further delay this necessary and urgently sought service.¹⁴

As to MCI's remaining concerns that the LECs complementary services do not comply with the MFJ, we do not agree because the LECs intend to provide such services in cooperation with any and all IEC's interLATA and Interstate READYLINE-like offerings. Contrary to MCI's contentions, we believe that the complementary service of the LECs proposed in the settlement agreement is appropriate to permit the LECs to meaningfully compete in the 800 market. The complementary services of Pacific Bell and GTEC will provide a needed degree of protection for the LECs' intraLATA revenues that were threatened by the existence of the stand alone AT&T-C READYLINE service. Consequently, MCI's concerns should not be invoked to hold up AT&T-C's interim intrastate offering of READYLINE in California, especially since AT&T

¹⁴ Since mid-October 1989, the Commission has received over 1,000 letters urging prompt approval of this service by small businesses throughout the state. ✓

currently offers this service on an intrastate basis in 38 or more states across the nation, and there is no record evidence that any of these services are being provided in conflict with the MFJ.

As to MCI's assertions that there are procedural defects in the way AT&T-C pursued the settlement, we can only say that it appears to us that AT&T-C did everything possible to negotiate a fair settlement. We cannot find fault with AT&T-C spending the time to seek the settlement now pending before us.

Accordingly, we will adopt and approve the February 20, 1990 version of the "READYLINE STIPULATION AND SETTLEMENT AGREEMENT" subject to the change sought by DRA relative to the audit of AT&T's usage measurements, previously discussed.

We will deal separately with the disposition of any further concerns or issues for the permanent offering of READYLINE in the main phase of A.89-03-046.

Disposition of Pacific Bell and GTEC's Requests to Implement Complementary READYLINE-like Services

Pacific Bell, on February 16, 1990, filed Advice Letters 15686 and 15690 for the offering of "CUSTOM 800" and to expand the current "800 ACCESS" services, to become effective contemporaneously with AT&T-C's READYLINE service. GTEC also plans to introduce a similar complementary service(s) with an effective date of July 1, 1990.

Since Pacific Bell and GTEC are not applicants in A.89-03-046, we will handle the disposition of their respective advice letters for these new or expanded services with resolutions under the standard advice letter process, outside of this proceeding.

We will endeavor to meet as closely as possible the effective dates sought by Pacific Bell and GTEC for their complementary READYLINE-like services.

Reduced Comment Period on the ALJ's
PU Code Section 311 Proposed Decision

On March 14, 1990, all parties to this proceeding jointly stipulated to a reduction of the 30-day period described in Section 311(d) of the PU Code, to 10 days. Accordingly, we will accept comments filed and separately served on the ALJ by no later than March 30, 1990, with reply comments due to the ALJ no later than April 4, 1990. This schedule will allow the Commission to consider this matter at its meeting of April 11, 1990, while affording the parties nearly 15 days for their initial and reply comments.

Comments: ALJ's Proposed Decision

In accordance with PU Code § 311, the ALJ draft decision prepared by ALJ George Amaroli was issued on March 20, 1990. Timely comments on the proposed decision were jointly filed by AT&T-C and Pacific Bell and individually filed by DRA, GTEC, and MCI on or before March 30, 1990. Timely reply comments were also filed by AT&T-C, DRA, Pacific Bell, MCI, and US Sprint on March 4, 1990.

GTEC commented that it found no factual legal or technical errors in the ALJ proposed decision and recommended its adoption.

AT&T-C and Pacific Bell upon reviewing the ALJ draft decision encountered a problem relative to recurring monthly fees and intrastate NPA blocking, and used their jointly filed comments to resolve that misunderstanding through the submission of revised tariff sheets which are incorporated in Appendix E of this revised order.

DRA's comments discussed the need for a better definition of number portability, recognition of restrictions of GTEC's and Pacific Bell's READYLINE-like complementary services to measured-rate business lines, and identification of calling parties' telephone numbers on monthly bills for READYLINE and READYLINE-like services, as well as the importance of the interLATA complementary

services to the LECs. The ALJ draft decision has been revised to address the DRA comments noted above.

DRA also raised two other minor issues which do not have significant bearing on the outcome of this order and which are not discussed further here.

MCI's comments again address, at great length, its continued concerns regarding the Commission's likely approval of the LECs' complementary READYLINE-like services. MCI maintains that the LECs' complementary services which evolved from the settlement agreement are inconsistent with federal policy.

MCI urges rejection of the settlement agreement or, in the alternative, approval without "expressly or impliedly authorizing or approving the LECs provision of vertical services with their complementary services."

MCI also asserts that it is not necessary to consider AT&T-C's appeal of the ALJ ruling not to receive "Proprietary Exhibit 2f" in this proceeding in view of the determination that such evidence is not relevant to AT&T-C's application for interim authority for intrastate READYLINE service. Responding to this last issue first, we are pleased to eliminate this issue from the main phase of this proceeding.

In reviewing MCI's other concerns, relative to the LECs' offering READYLINE-like complementary service, we note that these and/or similar or related issues were also raised by MCI in its timely protests to Pacific Bell's Advice Letters 15686 and 15690. Accordingly, we will respond to MCI's protests in our resolution addressing Pacific Bell's request for provisional authority for the tariffs filed with the above-captioned advice letters.

In their respective reply comments, the parties, other than US Sprint and MCI, argued that MCI's arguments were groundless and should not be considered relevant by the Commission in reaching a decision on the settlement agreement. DRA further asserts that "if MCI believes otherwise, this is not the proper forum for MCI to

seek relief. It is free to seeks relief through the Decree Court." DRA then concludes by stating:

"The decision represents a major step forward toward the achievement of genuine 'level playing field' competition for 800 services in California".

MCI's reply comments continue to argue against adoption of the LECs' complementary services, with specific criticisms of DRA's recommended additional findings, and of the tariff change by which AT&T-C will share recurring charges with Pacific Bell or other LECs.

US Sprint in its reply comments asked that the order be clarified by adding another number portability example which has been included.

We have carefully reviewed the timely filed comments and replies and have incorporated certain revisions, which we have briefly discussed above, and in the narrative of this order. We are also making minor textual revisions and corrections of a non-substantive nature to this order.

Apart from the modest additions, minor corrections, and textual revisions noted above, we will adopt the ALJ proposed decision without further changes to the results reached therein.

Findings of Fact

1. On January 5, 1990 AT&T-C and Pacific Bell jointly filed a motion, pursuant to Rule 51 of the Commission's rules for approval of a stipulation and settlement agreement settling AT&T-C's motion for interim authority to provide READYLINE service in California.

2. During the period from January 5, 1990 to February 5, 1990, AT&T-C worked with the parties to this proceeding to explain the terms and conditions of the settlement agreement and to seek resolution of outstanding concerns.

3. On February 5, 1990 AT&T-C, Pacific Bell, GTEC, and all other LECs then concurred in a modified stipulation and settlement,

and AT&T-C tendered a copy of the modified agreement, as executed by all concurring parties, with an explanatory cover letter to the ALJ for consideration by the Commission.

4. On February 5, 1990 DRA, MCI, and US Sprint filed timely comments objecting to the January 5, 1990 proposed settlement agreement within the 30-day comment period set forth in Rule 51.4.

5. Many of the objections raised by DRA, MCI, and US Sprint to the January 5, 1990 proposed agreement applied equally to the February 5, 1990 modified settlement agreement tendered by AT&T-C and the LECs.

6. On February 9, 1990 the assigned ALJ at an ongoing hearing, in the main phase of this proceeding, discussed the parties' concerns and other remaining questions relative to interim authority for AT&T-C's READYLINE service as well as for Pacific Bell and GTEC's complementary READYLINE-like services.

7. Prior to drafting the February 20, 1990 settlement agreement, AT&T-C, Pacific Bell, and GTEC all agreed not to offer calling parties telephone numbers on a-real-time-basis to their customers who subscribe to READYLINE and READYLINE-like complementary services.

8. On February 20, 1990 AT&T-C served copies of its further revised and modified "READYLINE STIPULATION AND SETTLEMENT AGREEMENT" on the ALJ and all parties to this proceeding.

9. The major modifications in the February 20, 1990 settlement agreement were the inclusion of the "holding out" restriction on intraLATA service and the deletion of rate flexibility for READYLINE service during the pendency of the interim offering of this service.

10. Apart from an audit expense concern of DRA, and the fact that AT&T-C now seeks early review of the restriction on holding-out intraLATA service, all parties' concerns except MCI's are met for READYLINE interim authority.

11. MCI's continuing concerns primarily address the relations of the LECs and AT&T-C in offering READYLINE and READYLINE-like complementary services.

12. MCI's stated concerns about the February 20, 1990 settlement, as discussed earlier, should not be used to preclude AT&T-C from offering a service (READYLINE) in California, that AT&T offers with far fewer restrictions in 38 or more other states.

13. It is not necessary to consider AT&T-C's appeal of the ALJ ruling not to receive proprietary Exhibit 2f in evidence in this proceeding in view of our adoption of the February 20, 1990 settlement agreement to grant AT&T-C interim authority for its READYLINE service.

14. AT&T-C READYLINE and/or other READYLINE-like services are urgently needed by small businesses in California to allow such businesses to compete more favorably with larger businesses already using other more costly high volume 800 services.

15. AT&T-C READYLINE and/or other READYLINE-like services are useful and necessary for residential customers who have friends or loved ones away from home to make low cost calls possible.

16. No party to this proceeding has taken issue with the public need for READYLINE and READYLINE-like services.

Conclusions of Law

1. The February 20, 1990 READYLINE STIPULATION AND SETTLEMENT AGREEMENT in A.89-03-046, with a minor modification to relieve the DRA and CACD from expenses associated with any audits of AT&T's usage measurements, is reasonable in light of the ongoing hearing record, consistent with law, and in the public interest, as set forth in Appendix D to this order. The tariff schedules set forth in Appendix E to this order should be approved and adopted consistent with the following conclusions of law.

2. The February 20, 1990 READYLINE STIPULATION AND SETTLEMENT AGREEMENT as clarified herein appears to meet the concerns of all parties to A.89-03-046 except MCI, and MCI's

concerns as discussed earlier do not warrant further delay of READYLINE service to AT&T-C's California customers, since this service is already offered with lesser restrictions in 38 or more states and there is no record evidence that MCI's stated concerns have constrained READYLINE service in those other states.

3. AT&T-C should not be granted rate flexibility for its READYLINE service beyond that set forth in the tariff schedules contained in Appendix E to this order, unless and until that issue is resolved in the main phase of A.89-03-046.

4. AT&T-C should not be relieved of the restriction on "holding out" intraLATA READYLINE service until that issue is resolved generically in Phase III of I.87-11-033 or alternatively as a final issue exclusively related to READYLINE and like services in A.89-03-046..

5. AT&T-C should be authorized to file, after the effective date of this order, an advice letter with tariff schedules for the interim offering of READYLINE service as set forth in Appendix E to this order and in compliance with General Order 96-A, to become effective not less than one day after filing.

6. AT&T-C has not requested and should not be permitted to offer the calling party's telephone number on a-real-time-basis to its California READYLINE service customers.

7. This order should be made effective today to allow AT&T-C to provide READYLINE service, at interim rates, to its California customers without further delay.

INTERIM ORDER

IT IS ORDERED that:

1. The proposed February 20, 1990 "READYLINE STIPULATION AND SETTLEMENT AGREEMENT" executed by AT&T Communications of California (AT&T-C), Pacific Bell, GTE California Incorporated (GTEC), and all of the other California local exchange telephone companies (LEC) as

set forth in Appendix D is adopted and AT&T-C is granted a certificate of public convenience and necessity to provide intrastate AT&T 800 READYLINE service in California with the following conditions:

- a. The terms and words "DRA, and the CACD," shall be stricken from the second full sentence on page 2 of the agreement.
- b. AT&T-C shall not have rate flexibility for the offering of its READYLINE service until further order of this Commission in this proceeding (A.89-03-046).
- c. AT&T-C shall not be relieved of the restriction against "holding out" the offering of intralATA READYLINE service until further order of this Commission in I.87-11-033 or alternatively, in A.89-03-046.
- d. AT&T-C shall not offer the availability of calling parties' telephone numbers on a-real-time-basis in the offering of its READYLINE service in California.

2. AT&T-C is authorized to file an advice letter after the effective date of this order and in compliance with General Order 96-A, containing the rates, charges, and special conditions and/or rules for the offering of intrastate AT&T 800 READYLINE service in accordance with the tariff schedules contained in Appendix E to this order.

3. The advice letter filing and associated tariff schedules described in Ordering Paragraph 2 above shall include a reference that AT&T-C's READYLINE service is subject to:

- a. The current 2.5% surcharge applicable to service rates of intralATA toll and intrastate interLATA toll (PU Code § 879).
- b. The current 0.3% surcharge on gross intrastate interLATA revenues to fund Telecommunications Devices for the Deaf (PU Code § 2881; Resolution T-13061).

c. The user fee provided in PU Code §§ 431-435, which is 0.1% of gross intrastate revenue for the 1989-90 fiscal year.

4. The tariff schedules filed pursuant to Ordering Paragraphs 2 and 3 above, shall become effective 1 day after the date of filing.

5. Within 30 days after this order is effective, AT&T-C shall file a written acceptance of the certificate granted in this proceeding; absent such filing, the authority granted by this certificate shall be automatically revoked.

6. AT&T-C shall notify the Commission Advisory and Compliance Division (CACD) Director within 5 days after the offering of intrastate AT&T 800 READYLINE service begins.

7. AT&T-C shall honor its February 20, 1990 "READYLINE STIPULATION AND SETTLEMENT AGREEMENT" except as that agreement is modified by Ordering Paragraph 1 of this order.

This order is effective today.

Dated APR 11 1990, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


NEAL J. SCHULMAN, Executive Director
DB

APPENDIX A

List of Appearances

Applicant: Richard A. Bromley and Michael P. Hurst, Attorneys at Law, for AT&T Communications of California, Inc.

Protestants: Marlin D. Ard, Attorney at Law, for Pacific Bell, and Messrs. Armour, St. John, Wilcox, Goodin & Schlotz, by Thomas J. MacBride, Jr., Attorney at Law, for California Association of Long Distance Telephone Companies.

Interested Parties: Mark Barmore, Attorney at Law, for Toward Utility Rate Normalization (TURN); Messrs. Davis, Young & Mendelson, by Jeffrey F. Beck, Attorney at Law, for CP National, Citizens Utilities Company of California, Happy Valley Telephone Company, Hornitos Telephone Company, Kerman Telephone Company, Pinnacles Telephone Company, Sierra Telephone Company, The Siskiyou Telephone Company, Tuolumne Telephone Company, The Volcano Telephone Company, and Winterhaver Telephone Company; John H. Engel, Attorney at Law, for Citizens Utilities Company of California; James L. Lewis, Attorney at Law, for MCI Telecommunications Corporation; Jerry O'Brien and Diane Martinez, for API Alarm Systems; Messrs. Cooper, White & Cooper, by E. Garth Black and Mark P. Schreiber, Attorneys at Law, for Calaveras Telephone Company, California-Oregon Telephone Company, Ducor Telephone Company, Foresthill Telephone Company, The Ponderosa Telephone Company, and Roseville Telephone Company; Earl N. Selby, Attorney at Law, for Bay Area Teleport; Shelley I. Smith, Asst. City Attorney, for City of Los Angeles; Phyllis A. Whitten, Attorney at Law, for US Sprint Communications Company, Limited Partnership; John Witt, City Attorney, by William S. Shaffran and Leslie Girard, Deputy City Attorneys, for City of San Diego; Orrick, Herrington & Sutcliffe, by Robert J. Gloistein, Attorney at Law, for Contel of California, Inc.; and Peter A. Casciato, Attorney at Law, for Cable and Wireless Communications, Inc.

Division of Ratepayer Advocates: Jason Zeller, Attorney at Law, and Kevin P. Coughlan.

(END OF APPENDIX A)



1000 Corporate Center Drive
Monterey Park, CA 91754
Fax: 213 265-6990
Fax: 213 268-5109

October 19, 1989

Dear Valued Business Customer:

AT&T is filing a tariff with the California Public Utilities Commission at the end of this month. This tariff would enable AT&T to provide 800 READYLINE service within the state of California.

This service would be both beneficial and cost effective for a business such as yours, therefore we are asking for your support in this matter.

In the last two years we have filed this tariff on several occasions but we have not been able to gain approval, therefore we are soliciting your support.

Enclosed is a letter to the California Public Utilities Commission addressing this issue. We are asking that you sign this letter and mail it to the Commission. We have included an addressed and stamped envelope.

Thank you for your support

Sincerely,

Pam Brown

President G. Mitchell Wilk
California Public Utilities Commission
5050 Van Ness Avenue - Fifth Floor
San Francisco, Ca 94102

Dear President Wilk:

I am writing to express our frustration and concern that AT&T's READYLINE service is not yet available in California. We are in a highly competitive business and depend on our telephone system to serve our customers. READYLINE would permit us to use our existing business lines to offer toll free calling to our customers. In addition, having an 800 number to advertise would enhance our business image and help stimulate new business.

I support AT&T's request for authority to offer READYLINE in California, and since MCI and US Sprint already offer their READYLINE-like services, AT&T should be authorized immediately to compete with them and provide READYLINE on the same basis. We should be able to freely choose among competitive telecommunications providers and the Commission should not limit our service choices to carriers other than AT&T. I urge you to promptly grant AT&T's request to provide READYLINE in California.

Sincerely,

(END OF APPENDIX B)



Richard A. Bromley
General Attorney
Western Region

795 Folsom Street
San Francisco, CA 94107
Phone (415) 442-2451

February 5, 1990

Administrative Law Judge George Amaroli
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: A.89-03-046 (Proposed READYLINE Settlement Agreement)

Dear Judge Amaroli:

On January 2, 1990, AT&T and Pacific entered into an Agreement pursuant to Rule 51 of the Commission's Rules of Practice and Procedure, stipulating to the resolution of certain issues in connection with A.89-03-046 and agreeing on a mutually acceptable outcome of AT&T's Motion for Interim Authority to provide READYLINE in California.

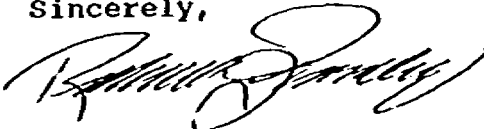
On January 5, 1990, AT&T and Pacific filed their Joint Motion for Approval by the Commission and served copies of both the Motion and the Agreement on all parties to this proceeding. During the period allowed for filing comments under Rule 51.4, AT&T and Pacific worked diligently with all parties to explain the terms and conditions of the Agreement and to attempt to resolve any outstanding concerns. Pursuant to those discussions, the Agreement has been modified to include provisions which specifically refer to all local exchange companies, and provide for the implementation of a complementary READYLINE-like service for GTE of California, Inc., on the same terms and conditions as that described in connection with Pacific's proposed service. In addition, GTEC has attached to the Agreement copies of the tariffs that it would propose filing to implement its supplemental READYLINE-like service. In that regard, AT&T agrees (as it has agreed with respect to the similar tariffs to be filed by Pacific) that AT&T will not oppose those tariffs insofar as they provide for the implementation of the complementary service arrangement set-out in the Stipulation and Settlement. However, as with Pacific's current proposed tariffs, there are certain features and functions which are presently included by GTEC which are unnecessary for the implementation of the complementary READYLINE-like service described in the Stipulation and Settlement Agreement, but which AT&T believes are inconsistent with the

ALJ Amaroli
February 5, 1990
Page 2

provisions of the Modification of Final Judgment ("MFJ"). Those features and functions are found or referred to in SCHEDULE CAL.P.U.C. No. B-3, Second Revised Sheet 5 and SCHEDULE CAL.P.U.C. No. C-1, Third Revised Sheet 128, Original Sheet 128.1, and 6th Revised Sheet 238 of GTEC's end user and access tariffs, respectively, and deal generally with certain vertical feature options, 800 number translation, and multiple carrier routing. When GTEC files its tariffs by Advice Letter, AT&T will object to GTEC's offering those features identified above to any carrier until it has been finally determined by the Decree Court whether they are consistent with the provisions of the MFJ.

AT&T, Pacific, GTEC and all other local exchange companies now concur in the modified Stipulation and Settlement, and join in the Motion of AT&T and Pacific, requesting the Commission's approval of this Agreement. A copy of the modified Agreement, executed by all concurring parties on February 5, 1990, is attached for your consideration.

Sincerely,



Attachment

READYLINE SETTLEMENT

WHEREAS, AT&T Communications of California, Inc, (AT&T) has filed A. 89-03-046 with the California Public Utilities Commission (Commission) seeking authority, including immediate interim authority, to provide READYLINE service in California and is desirous of bringing that service to the marketplace as quickly as possible; and,

WHEREAS, the following parties to that proceeding have opposed, on various grounds, AT&T's requested authority: Pacific Bell (Pacific), Division of Ratepayer Advocates of the Commission staff (DRA), GTE California Incorporated (GTEC), Roseville Telephone Company, Calaveras Telephone Company, California-Oregon Telephone Company, Ducor Telephone Company, Foresthill Telephone Company, The Ponderosa Telephone Company, Happy Valley Telephone Company, Hornitos Telephone Company, Winterhaven Telephone Company, Volcano Telephone Company, CP National, Citizens Utilities Company of California, Evans Telephone Company, GTE West Coast Incorporated, Kerman Telephone Co., Pinnacles Telephone Company, Sierra Telephone Company, The Siskiyou Telephone Company; and Tuolumne Telephone Company;¹ and,

WHEREAS, other parties to the proceeding are: MCI Telecommunications Corporation (MCI) and US Sprint Communications Company Limited Partnership (US Sprint); and

WHEREAS, hearings have been held in this matter and opening briefs have been submitted for consideration by the Commission; and

WHEREAS, the parties hereto are desirous of having this matter resolved by the Commission on the basis of the terms set forth below;

NOW, THEREFORE, the parties move (pursuant to Rule 51.10 of the Commission's Rules of Practice and Procedure) for a waiver of Commission Rules 51.2 and 51.4, and agree as follows:

A. Immediately upon approval of this Settlement Agreement, AT&T can offer its READYLINE service as it has proposed in A. 89-03-046, except as limited by the following conditions:

1. AT&T will pay compensation to Local Exchange Carriers (LECs) for the intraLATA READYLINE usage of existing customers of the Basic 800 service presently offered on a shared basis by the LECs and AT&T. The

¹ All California local exchange companies are referred to in this Agreement as the "LECs."

Compensation rate will be 7.5 cents per minute (with the minutes measured in the same increments as Basic 800). AT&T will measure the intraLATA READYLINE usage of such Basic 800 customers and pay the compensation to the LEC in whose territory the READYLINE 800 customer is located. LECs, DRA, and the CACD, have the right to join in an audit of AT&T's usage measurements annually at their own expense. Compensation will continue at 7.5 cents until the date the Commission resolves the intraLATA competition and compensation issues in Phase III of I.87-11-033, or December 31, 1991, whichever occurs first. The LECs reserve the right to petition the Commission for compensation beyond December 31, 1991 in the event the competition and compensation issues have not been resolved by that date, and all parties reserve their right to protest or oppose such petition.

- a. As used herein, "existing customers of Basic 800 Service" shall mean those customers in existence on the date hereof and any customer thereafter who orders Basic 800 service. Within 30 days of the date this Settlement Agreement is submitted to the Commission for approval, AT&T and the LECs shall agree to a list of all existing Basic 800 customers, including each customer's name, address and 800 telephone number. Annually thereafter AT&T and the LECs shall agree to a list of Basic 800 customers who have received such service during the previous year, including each customer's name, address, 800 telephone number, and the date service was established; such customers shall also be considered "existing customers" for purposes of this Agreement.
- b. As used herein, "usage of existing customers" shall include all applications and usage of Basic 800 service, including any subsequent growth thereof, which precedes the customer's use of AT&T's READYLINE service. Such usage shall not include wholly new applications utilizing new 800 numbers and the usage associated therewith. For purposes of illustration, a new application would arise if an existing Basic 800 customer using Basic 800 service solely for catalog sales began using READYLINE service for billing inquiries; provided, such usage would not be associated with a new application if in the past the Basic 800 customer used Basic 800 service to perform both billing inquiries and catalog sales.
- c. Compensation amounts paid pursuant to this Settlement Agreement, except those paid to GTEC, shall be pooled in the intrastate, intraLATA toll

pool, or as otherwise ordered by the Commission. In the event pooling arrangements are modified in I.87-11-033, compensation paid to the pool will be modified accordingly.

2. AT&T will have the ability to reduce or increase READYLINE rates via the normal advice letter process. Regulatory flexibility (rate bands or ranges) for AT&T's stand-alone READYLINE service is not addressed in this Agreement and will be considered by the Commission at a later date pursuant to AT&T's request in A.89-03-046. Pacific and GTEC will not oppose AT&T's request, but reserve the right to ask that any such flexibility shall not precede concomitant flexibility for Pacific and GTEC. It is further agreed that, either before or promptly after this Settlement Agreement is approved by the Commission, Pacific and GTEC will file a petition for regulatory flexibility in connection with their intraLATA READYLINE-like service equivalent to that requested by AT&T in A.89-03-046. AT&T will not oppose such request for equivalent regulatory flexibility, but reserves the right to ask that such flexibility not precede regulatory flexibility for AT&T. "Equivalent regulatory flexibility" as used herein means the establishment of any rate bands or ranges so long as the rate floors are based on a cost standard adopted by the Commission. All other LECs may concur in Pacific's tariff or file their own tariffs.
 3. In providing this service, AT&T will not be required to follow the "holding-out" restrictions enunciated in D.84-06-113.
 4. Subject to the conditions set forth below, AT&T's provision of its stand-alone 800 READYLINE service may commence on an interim basis upon the effective date of the Commission order approving this Settlement Agreement and the accompanying READYLINE 800 tariffs.
- B. AT&T agrees to provide a complementary interLATA/intrastate READYLINE-like service in connection with the intraLATA READYLINE-like service that Pacific and the other LECs will offer through Pacific's data base. Similarly AT&T agrees to provide a complementary interLATA/intrastate READYLINE-like service in connection with the intraLATA READYLINE-like service that GTEC will offer through GTEC's data base. AT&T shall use its best efforts to cooperate with Pacific, GTEC and the other LECs in the establishment and maintenance of the complementary READYLINE-like services, and to provide information and other assistance to the LECs necessary to establish billing procedures for such services. To that end GTEC, Pacific and AT&T agree that such complementary services will be available to the public

no later than July 1, 1990, subject to Commission approval.

1. Pacific's and GTEC's intraLATA READYLINE-like services and their access services associated with the interLATA complementary READYLINE-like services are described by the attached tariff sheets; upon Commission approval of this Settlement Agreement or prior Commission approval, Pacific and GTEC will be permitted to file such tariffs by Advice Letter effective on five days notice.
2. AT&T will provide its complementary interLATA READYLINE-like service described in the attached tariff sheets.
3. Customers of the LECs' intraLATA READYLINE-like services will be assigned to the 800 NXXs that have been assigned to the SMS data base by Bellcore.
4. The LECs will pass interLATA calls to AT&T from Pacific's and/or GTEC's data bases, with the dialed 800 number untranslated, and the originating telephone number -- or where the originating number is unavailable, the NPA shall be provided.
5. General ordering procedures and general administration of the LECs' intraLATA READYLINE-like services and AT&T's complementary interLATA READYLINE-like service initially will follow the same general procedures and administration as that which now exists for the current Basic 800 service. AT&T reserves the right to accept orders for READYLINE-like services in the future.
6. AT&T will not take any action that may demean the quality of the complementary interLATA READYLINE-like services, and, except as stated in this paragraph, shall offer those complementary services with rates, terms and conditions no less favorable than those applicable to its stand-alone READYLINE service. By Advice Letter, AT&T may implement rates, terms and conditions for its stand-alone service different from those offered for the complementary interLATA READYLINE-like services, based on terms offered for comparable services in the market place or technical or cost considerations. But before doing so, AT&T will provide Pacific and GTEC with written notice as required under the Commission's rules of practice and procedure. Pacific and GTEC reserve their rights to protest any such differences with the Commission.
7. The LECs will bill for their intraLATA READYLINE-like services and, if requested by AT&T, the LECs will bill

and collect for the usage associated with AT&T's complementary interLATA intrastate READYLINE-like services pursuant to the billing and collection contracts now in existence between AT&T and the LECs, or any subsequent billing agreement (e.g. service bill inquiries). AT&T may in the future, consistent with the terms of the aforementioned billing and collection agreements, assume responsibility for billing and collecting for interLATA intrastate READYLINE-like usage.

8. In offering a complementary interLATA READYLINE-like service, AT&T will provision the service at least until the earliest of the following dates: (a) two years from the date on which the Commission authorizes competition for intraLATA 800 service in I.87-11-033; (b) the date the FCC orders withdrawal of the NNX routing plan; or (c) July 1, 1993. If Pacific, GTEC or AT&T decides to cease offering either of the complementary services on or after the dates described above, the party seeking to withdraw shall give 90 days written notice of such withdrawal.

- C. Upon approval of its stand-alone READYLINE tariff, AT&T may immediately begin offering that service to new customers. AT&T agrees that it will not solicit existing Basic 800 service customers of Pacific or other LECs (except GTEC) for orders for its stand-alone READYLINE service until a tariff for Pacific's complementary READYLINE-like service is effective and such service is available to the public, or until Pacific begins soliciting customers for a similar complementary service offered in conjunction with any other interexchange company.

Similarly, AT&T agrees that it will not solicit existing Basic 800 service customers of GTEC for orders for its stand-alone READYLINE service until a tariff for GTEC's complementary READYLINE-like service is effective and such service is available to the public, or until GTEC begins soliciting customers for a similar complementary service offered in conjunction with any other interexchange company.

D. General Provisions

1. AT&T agrees not to object in any forum to the use of Pacific's or GTEC's data bases in connection with the complementary interLATA READYLINE-like service to be implemented pursuant to this Settlement Agreement; provided however, that AT&T reserves its right to object, in any forum, to any data base use by Pacific or GTEC which has already been identified by AT&T as objectionable in its filings with the FCC (FCC Docket

86-10) and before the Federal District Court for the District of Columbia (Civil Action No. 82-0192).

2. This Agreement is subject to the provisions of the Modification of Final Judgement ("MFJ") (United States of America v. Western Electric Company Incorporated and American Telephone & Telegraph Company, 552 F.Supp. 131 (D.D.C., 1982), aff'd sub nom., Maryland v. United States, 460 U.S. 1001, 103 S.Ct. 1240, 75 L.Ed.2d 472, (1983)); provided, if it is determined by any court or regulatory agency that any portion of this agreement is inconsistent with the requirements of the MFJ, to the extent reasonably possible those parts shall be voided and the remaining terms and conditions shall remain in full force and effect. Neither AT&T nor Pacific shall take the position before any court or regulatory body that the terms and conditions of this Agreement are inconsistent with the requirements of the MFJ.
3. In the event this Agreement is not accepted and approved by the Commission on or before March 1, 1990, any signator at its sole discretion may withdraw from this Agreement upon written notice to the parties.
4. It is understood that all parties retain their rights and remedies in connection with the performance of all terms and conditions set forth in this Settlement Agreement, including but not limited to, the dates by which various commitments shall be met. Such remedies shall include, but not be limited to, specific performance and damages allowed at law and equity for non-performance.

AT&T COMMUNICATIONS OF CALIFORNIA, INC.

BY: Robert J. Sanders - Attorney for AT&T
Communications of California, Inc.

PACIFIC BELL

BY: David P. Discher

GTE CALIFORNIA INCORPORATED

BY: Kathleen S. Hunt - Attorney for GTE California
Incorporated

CP NATIONAL
CITIZENS UTILITIES COMPANY OF CALIFORNIA
EVANS TELEPHONE COMPANY
GTE WEST COAST INCORPORATED
KERMAN TELEPHONE CO.
PINNACLES TELEPHONE COMPANY
SIERRA TELEPHONE COMPANY, INC.
THE SISKIYOU TELEPHONE COMPANY
TUOLUMNE TELEPHONE COMPANY

BY: Sheila A. Santos
Schubert, Young, Sorell & Ackerman

ROSEVILLE TELEPHONE COMPANY
CALAVERAS TELEPHONE COMPANY
CALIFORNIA-OREGON TELEPHONE COMPANY
DUCOR TELEPHONE COMPANY
FORESTHILL TELEPHONE CO.
HAPPY VALLEY TELEPHONE COMPANY
HORNITOS TELEPHONE COMPANY
THE PONDEROSA TELEPHONE CO.
THE VOLCANO TELEPHONE COMPANY
WINTERHAVEN TELEPHONE COMPANY

BY: Max P. [Signature]
Their Attorney

CONTEL OF CALIFORNIA, INC.

BY: Robert J. Glisiderin
Orzech, Hermonson & Satchell
Attorney for ConTEL of California, Inc.

(END OF APPENDIX C)

READYLINE STIPULATION AND SETTLEMENT AGREEMENT

WHEREAS, AT&T Communications of California, Inc, (AT&T) has filed A. 89-03-046 with the California Public Utilities Commission (Commission) seeking authority, including immediate interim authority, to provide READYLINE service in California and is desirous of bringing that service to the marketplace as quickly as possible; and,

WHEREAS, the following parties to that proceeding have opposed, on various grounds, AT&T's requested authority: Pacific Bell (Pacific), Division of Ratepayer Advocates of the Commission staff (DRA), GTE California Incorporated (GTEC), Roseville Telephone Company, Calaveras Telephone Company, California-Oregon Telephone Company, Ducor Telephone Company, Foresthill Telephone Company, The Ponderosa Telephone Company, Happy Valley Telephone Company, Hornitos Telephone Company, Winterhaven Telephone Company, Volcano Telephone Company, CP National, Citizens Utilities Company of California, Evans Telephone Company, GTE West Coast Incorporated, Kerman Telephone Co., Pinnacles Telephone Company, Sierra Telephone Company, The Siskiyou Telephone Company; and Tuolumne Telephone Company;*

WHEREAS, other parties to the proceeding are: MCI Telecommunications Corporation (MCI) and US Sprint Communications Company Limited Partnership (US Sprint); and

WHEREAS, hearings have been held in this matter and opening briefs have been submitted for consideration by the Commission; and

WHEREAS, the parties hereto are desirous of having this matter resolved by the Commission on the basis of the terms set forth below;

NOW, THEREFORE, the parties move (pursuant to Rule 51.10 of the Commission's Rules of Practice and Procedure) for a waiver of Commission Rules 51.2 and 51.4, and agree as follows:

A. Immediately upon approval of this Settlement Agreement, AT&T can offer its READYLINE service as it has proposed in A. 89-03-046, except as limited by the following conditions:

1. AT&T will pay compensation to Local Exchange Carriers (LECs) for the intralATA READYLINE usage of existing customers of the Basic 800 service presently offered on a shared basis by the LECs and AT&T. The

* All California local exchange companies are referred to in this Agreement as the "LECs."

Compensation rate will be 7.5 cents per minute (with the minutes measured in the same increments as Basic 800). AT&T will measure the intraLATA READYLINE usage of such Basic 800 customers and pay the compensation to the LEC in whose territory the READYLINE 800 customer is located. LECs, DRA, and the CACD, have the right to join in an audit of AT&T's usage measurements annually at their own expense. Compensation will continue at 7.5 cents until the date the Commission resolves the intraLATA competition and compensation issues in Phase III of I.87-11-033, or December 31, 1991, whichever occurs first. The LECs reserve the right to petition the Commission for compensation beyond December 31, 1991 in the event the competition and compensation issues have not been resolved by that date, and all parties reserve their right to protest or oppose such petition.

- a. As used herein, "existing customers of Basic 800 Service" shall mean those customers in existence on the date hereof and any customer thereafter who orders Basic 800 service. Within 30 days of the date this Settlement Agreement is submitted to the Commission for approval, AT&T and the LECs shall agree to a list of all existing Basic 800 customers, including each customer's name, address and 800 telephone number. Annually thereafter AT&T and the LECs shall agree to a list of Basic 800 customers who have received such service during the previous year, including each customer's name, address, 800 telephone number, and the date service was established; such customers shall also be considered "existing customers" for purposes of this Agreement.
- b. As used herein, "usage of existing customers" shall include all applications and usage of Basic 800 service, including any subsequent growth thereof, which precedes the customer's use of AT&T's READYLINE service. Such usage shall not include wholly new applications utilizing new 800 numbers and the usage associated therewith. For purposes of illustration, a new application would arise if an existing Basic 800 customer using Basic 800 service solely for catalog sales began using READYLINE service for billing inquiries; provided, such usage would not be associated with a new application if in the past the Basic 800 customer used Basic 800 service to perform both billing inquiries and catalog sales. If for any reason the parties are unable to agree as to whether any customer's usage amounts to a "new application", the matter will be submitted for commercial arbitration.

- c. Compensation amounts paid pursuant to this Settlement Agreement, except those paid to GTEC, shall be pooled in the intrastate, intraLATA toll pool, or as otherwise ordered by the Commission. In the event pooling arrangements are modified in I.87-11-033, compensation paid to the pool will be modified accordingly.
 2. AT&T will have the ability to reduce or increase READYLINE rates via the normal advice letter process. Regulatory flexibility (rate bands or ranges) for AT&T's stand-alone READYLINE service is not addressed in this Agreement and will be considered by the Commission at a later date pursuant to AT&T's request in A.89-03-046. Pacific and GTEC will not oppose AT&T's request, but reserve the right to ask that any such flexibility shall not precede concomitant flexibility for Pacific and GTEC. It is further agreed that, either before or promptly after this Settlement Agreement is approved by the Commission, Pacific and GTEC will file a petition for regulatory flexibility in connection with their intraLATA READYLINE-like service equivalent to that requested by AT&T in A.89-03-046. AT&T will not oppose such request for equivalent regulatory flexibility, but reserves the right to ask that such flexibility not precede regulatory flexibility for AT&T. "Equivalent regulatory flexibility" as used herein means the establishment of any rate bands or ranges so long as the rate floors are based on a cost standard adopted by the Commission. All other LECs may concur in Pacific's tariff or file their own tariffs.
 3. Subject to the conditions set forth below, AT&T's provision of its stand-alone 800 READYLINE service may commence on an interim basis upon the effective date of the Commission order approving this Settlement Agreement and the accompanying READYLINE 800 tariffs.
- B. AT&T agrees to provide a complementary interLATA/intrastate READYLINE-like service in connection with the intraLATA READYLINE-like service that Pacific and the other LECs will offer through Pacific's data base. Similarly AT&T agrees to provide a complementary interLATA/intrastate READYLINE-like service in connection with the intraLATA READYLINE-like service that GTEC will offer through GTEC's data base. AT&T shall use its best efforts to cooperate with Pacific, GTEC and the other LECs in the establishment and maintenance of the complementary READYLINE-like services, and to provide information and other assistance to the LECs necessary to establish billing procedures for such services. To that end GTEC, Pacific and AT&T agree that

such complementary services will be available to the public no later than July 1, 1990, subject to Commission approval.

1. Pacific's intraLATA READYLINE-like services and its access service associated with the interLATA complementary READYLINE-like service are described in the attached Advice Letter and tariff sheets. Pacific filed its Advice Letter pursuant to General Order 96-A on February 16, 1990 requesting an effective date of March 28, 1990. GTEC will also file an Advice Letter pursuant to General Order 96-A, covering its proposed intraLATA READYLINE-like service and its access service associated with the interLATA complementary READYLINE-like service. At that time, GTEC will submit copies of its Advice Letter and tariff sheets for inclusion as an additional attachment to this Agreement.
2. AT&T will provide its complementary interLATA READYLINE-like service described in the attached tariff sheets.
3. Customers of the LECs' intraLATA READYLINE-like services will be assigned to the 800 NXXs that have been assigned to the SMS data base by Bellcore.
4. The LECs will pass interLATA calls to AT&T from Pacific's and/or GTEC's data bases, with the dialed 800 number untranslated, and the originating telephone number -- or where the originating number is unavailable, the NPA shall be provided.
5. General ordering procedures and general administration of the LECs' intraLATA READYLINE-like services and AT&T's complementary interLATA READYLINE-like service initially will follow the same general procedures and administration as that which now exists for the current Basic 800 service. AT&T reserves the right to accept orders for READYLINE-like services in the future.
6. AT&T will not take any action that may demean the quality of the complementary interLATA READYLINE-like services, and, except as stated in this paragraph, shall offer those complementary services with rates, terms and conditions no less favorable than those applicable to its stand-alone READYLINE service. By Advice Letter, AT&T may implement rates, terms and conditions for its stand-alone service different from those offered for the complementary interLATA READYLINE-like services, based on terms offered for comparable services in the market place or technical or cost considerations. But before doing so, AT&T

will provide Pacific and GTEC with written notice as required under the Commission's rules of practice and procedure. Pacific and GTEC reserve their rights to protest any such differences with the Commission.

7. The LECs will bill for their intraLATA READYLINE-like services and, if requested by AT&T, the LECs will bill and collect for the usage associated with AT&T's complementary interLATA intrastate READYLINE-like services pursuant to the billing and collection contracts now in existence between AT&T and the LECs, or any subsequent billing agreement (e.g. service bill inquiries). AT&T may in the future, consistent with the terms of the aforementioned billing and collection agreements, assume responsibility for billing and collecting for interLATA intrastate READYLINE-like usage.
 8. In offering a complementary interLATA READYLINE-like service, AT&T will provision the service at least until the earliest of the following dates: (a) two years from the date on which the Commission authorizes competition for intraLATA 800 service in I.87-11-033; (b) the date the FCC orders withdrawal of the NNX routing plan; or (c) July 1, 1993. If Pacific, GTEC or AT&T decides to cease offering either of the complementary services on or after the dates described above, the party seeking to withdraw shall give 90 days written notice of such withdrawal.
- C. Upon approval of its stand-alone READYLINE tariff, AT&T may immediately begin offering that service to new customers. AT&T agrees that it will not solicit existing Basic 800 service customers of Pacific or other LECs (except GTEC) for orders for its stand-alone READYLINE service until a tariff for Pacific's complementary READYLINE-like service is effective and such service is available to the public, or until Pacific begins soliciting customers for a similar complementary service offered in conjunction with any other interexchange company.

Similarly, AT&T agrees that it will not solicit existing Basic 800 service customers of GTEC for orders for its stand-alone READYLINE service until a tariff for GTEC's complementary READYLINE-like service is effective and such service is available to the public, or until GTEC begins soliciting customers for a similar complementary service offered in conjunction with any other interexchange company.

D. General Provisions

1. AT&T agrees not to object in any forum to the use of Pacific's or GTEC's data bases in connection with the

complementary interLATA READYLINE-like service to be implemented pursuant to this Settlement Agreement; provided however, that AT&T reserves its right to object, in any forum, to any data base use by Pacific or GTEC which has already been identified by AT&T as objectionable in its filings with the FCC (FCC Docket 86-10) and before the Federal District Court for the District of Columbia (Civil Action No. 82-0192).

2. This Agreement is subject to the provisions of the Modification of Final Judgement ("MFJ") (United States of America v. Western Electric Company Incorporated and American Telephone & Telegraph Company, 552 F.Supp. 131 (D.D.C., 1982), aff'd sub nom., Maryland v. United States, 460 U.S. 1001, 103 S.Ct. 1240, 75 L.Ed.2d 472, (1983)); provided, if it is determined by any court or regulatory agency that any portion of this agreement is inconsistent with the requirements of the MFJ, to the extent reasonably possible those parts shall be voided and the remaining terms and conditions shall remain in full force and effect. Neither AT&T nor Pacific shall take the position before any court or regulatory body that the terms and conditions of this Agreement are inconsistent with the requirements of the MFJ.
3. In the event this Agreement is not accepted and approved by the Commission on or before March 1, 1990, any signator at its sole discretion may withdraw from this Agreement upon written notice to the parties.
4. It is understood that all parties retain their rights and remedies in connection with the performance of all terms and conditions set forth in this Settlement Agreement, including but not limited to, the dates by which various commitments shall be met. Such remedies shall include, but not be limited to, specific performance and damages allowed at law and equity for non-performance.

AT&T COMMUNICATIONS OF CALIFORNIA, INC.

BY: Robert D. Bowles - Attorney for AT&T
Communications of California, Inc.

PACIFIC BELL

BY: David P. Fischer

GTE CALIFORNIA INCORPORATED

BY: Kathleen A. Blunt - Attorney for GTE California
Incorporated

CP NATIONAL
CITIZENS UTILITIES COMPANY OF CALIFORNIA
EVANS TELEPHONE COMPANY
GTE WEST COAST INCORPORATED
KERMAN TELEPHONE CO.
PINNACLES TELEPHONE COMPANY
SIERRA TELEPHONE COMPANY, INC.
THE SISKIYOU TELEPHONE COMPANY
TUOLUMNE TELEPHONE COMPANY

BY: Shirley A. Santos
Att. Gen., State of Cal.

ROSEVILLE TELEPHONE COMPANY
CALAVERAS TELEPHONE COMPANY
CALIFORNIA-OREGON TELEPHONE COMPANY
DUCOR TELEPHONE COMPANY
FORESTHILL TELEPHONE CO.
HAPPY VALLEY TELEPHONE COMPANY
HORNITOS TELEPHONE COMPANY
THE PONDEROSA TELEPHONE CO.
THE VOLCANO TELEPHONE COMPANY
WINTERHAVEN TELEPHONE COMPANY

BY: Mal P. [Signature]
Their Attorney

CONTEL OF CALIFORNIA, INC.

BY: Robert J. Glaisden
Orinck, Herrington & Sutchiffe
Attorney for ConTEL of California, Inc.

AT&T Communications Of California, Inc.
San Francisco, CaliforniaSCHEDULE CAL P.U.C. NO. A2,
34th Revised Check Sheet A
Cancels 33rd Revised Check Sheet A

Network Services Tariff

A2. GENERAL REGULATIONS

LIST OF EFFECTIVE SHEETS

Sheets listed below are effective as of the date shown on each sheet.

<u>Revision Number</u>	<u>Sheet</u>	<u>Revision Number</u>	<u>Sheet</u>
34th ¹	CS A	1st	23
1st	ToC A	1st	24
11th	ToC B	2nd	25
4th	ToC C	3rd	26
4th	1	1st	27
3rd	2	1st	28
1st	2.1	7th	29
3rd	3	11th	29.1
1st ¹	3.1	14th	29.2
2nd	4	4th	29.3
3rd	5	1st	30
Original	5.1	1st	31
2nd	6	1st	32
2nd	7	1st	33
1st	8	1st	34
1st	9	1st	35
1st	10	1st	36
2nd	11	1st	37
3rd	12	1st	38
1st	13	1st	39
1st	14	1st	40
1st	15	1st	41
1st	16	1st	42
1st	17		
1st	18		
1st	19		
1st	20		
1st	21		
2nd	22		

NOTE 1: Sheet Issued.

Advice Letter No.

Decision No. **90 04 023**

Issued by

E. V. Forshee
Regional Director

Date Filed:

Effective:

Resolution No.

AT&T Communications Of California, Inc.
San Francisco, California

SCHEDULE CAL P.U.C. NO. A2.
1st Revised Sheet 3.1
Cancels Original Sheet 3.1

Network Services Tariff

A2. GENERAL REGULATIONS

2.1 RULE NO. 1 - DEFINITION OF TERMS (Cont'd)

GRANDFATHERED

The term grandfathered refers to service or equipment provided to existing customers at rates set forth in these tariffs, but not offered for service additions or to new applicants.

HOME NPA

As used in connection with AT&T MEGACOM 800 or AT&T 800 READYLINE Service, the NPA of the AT&T MEGACOM 800 or AT&T 800 READYLINE Service Central Office from which a Customer has obtained service. (T) (T)

INSTALLATION CHARGE

A one-time charge made under certain conditions to cover all or a portion of the cost of providing telecommunications services or arrangements.

INTERFACE

An "Interface" is the means by which a connection is effected between a service and another service, a communications system, terminal equipment, other Company-provided services, or services provided by a Local Exchange Utility.

Continued

Advice Letter No.
Decision No. **90 04 023**

Issued by
E. V. Forshee
Regional Director

Date Filed:
Effective:
Resolution No.

AT&T Communications Of California, Inc.
San Francisco, CaliforniaSCHEDULE CAL P.U.C. NO. A7.
24th Revised Check Sheet A
Cancels 23rd Revised Check Sheet A

Network Services Tariff

LIST OF EFFECTIVE SHEETS

Sheets listed below are effective as of the date shown on each sheet.

<u>Revision Number</u>	<u>Sheet</u>
24th ¹	CS A
5th	ToC A
3rd ¹	1
1st	1.1
3rd	2
4th	3
4th	4
7th ¹	5
6th	6
3rd	7
5th	8
3rd	9
2nd	9.1
4th	10
4th	11
16th	12
5th ¹	13
2nd	14
2nd	15
2nd	16
15th ¹	17
2nd ¹	17.1
Original ¹	17.2
3rd	18
3rd	19
4th	20
2nd	21

NOTE 1: Sheet Issued.

Advice Letter No.
Decision No. **90 04 023**Issued by
E. V. Forshee
Regional DirectorDate Filed:
Effective:
Resolution No.

AT&T Communications Of California, Inc.
San Francisco, California

SCHEDULE CAL P.U.C. NO. A7.
3rd Revised Sheet 1
Cancels 2nd Revised Sheet 1

Network Services Tariff

A7. WIDE AREA TELECOMMUNICATIONS SERVICE

7.1 AT&T WATS AND AT&T 800 SERVICE

A. GENERAL

1.

2. Description

a. Wide Area Telecommunications Service, by use of an access line and the public switched network, provides for directly dialed telecommunications within the state and in accordance with the regulations and schedules of rates and charges specified in this tariff. AT&T WATS and AT&T 800 Service are offered under this tariff.

b. AT&T WATS is also referred to as Outward WATS and AT&T 800 Service as 800 Service. The AT&T WATS customer is furnished an access line arranged for outward calling only. The AT&T 800 Service customer is either furnished a dedicated access line arranged for inward calling only, or subscribes to AT&T's 800 Service using a local exchange service access line.

(C)
i
(C)

Continued

Advice Letter No.

Decision No. **90 04 023**

Issued by

E. V. Forshet
Regional Director

Date Filed:

Effective:

Resolution No.

AT&T Communications Of California, Inc.
San Francisco, California

SCHEDULE CAL P.U.C. NO. A7:
7th Revised Sheet 5
Cancels 6th Revised Sheet 5

Network Services Tariff

A7. WIDE AREA TELECOMMUNICATIONS SERVICE

7.1 AT&T WATS AND AT&T 800 SERVICE (Cont'd)

A. GENERAL (Cont'd)

3. Regulations (Cont'd)

i. Payment for Service

The customer is required to pay all rates and charges for service in accordance with the Company's regular billing and collection practices as covered in Schedule Cal.P.U.C. No. A2.9.

j. Service Areas

Service areas are applicable to add-on InterLATA AT&T WATS and AT&T 800 service¹ using dedicated access. (C)

California has 2 AT&T WATS and AT&T 800 Service Areas described below:

(1) Each AT&T WATS access line is arranged for one service area, as requested by the customer. Contemplated is service to or from California telephone exchanges and Toll Stations located in the following Numbering Plan Areas (NPA). The Customer must be located in an NPA in the section of the state for which AT&T WATS service¹ is ordered.

- Cal. No.: 209-408-415-707-916

- Cal. So.: 213-619-714-805-818

- Statewide: All of the above NPAs.

(2) Toll centers in the service areas designated CAL. -N and CAL. -S and associated rate centers may be found in Schedule Cal. P.U.C. No. A8.

NOTE 1: The access line is provided by the Local Exchange Utility.

Continued

Advice Letter No.
Decision No. **90 04 023**

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Regional Director

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AT&T Communications Of California, Inc.
San Francisco, California

SCHEDULE CAL P.U.C. NO. A7.
5th Revised Sheet 13
Cancels 4th Revised Sheet 13

Network Services Tariff

A7. WIDE AREA TELECOMMUNICATIONS SERVICE

7.1 AT&T WATS AND AT&T 800 SERVICE (Cont'd)

7.1.2 AT&T 800 INTERLATA ADD-ON SERVICE

A. DESCRIPTION

AT&T 800 InterLATA Add-On service is offered with two access line options, (1) Dedicated Access Line (DAL) or (2) Local Exchange Service Access Line (LESAL). Both options are offered only in conjunction with the LEC 800 Service. AT&T 800 InterLATA Add-On service using a DAL is available as a Full State or Half State offering. Service using a LESAL is available as Full State or where technically available as a Customer specified NPA offering. AT&T 800 InterLATA Add-On Service allows a customer to receive calls without charge to the calling party.

(C)

(C)

B. REGULATIONS

(1) Usage Charges

Methods of determining usage charges for AT&T 800 service:

- a. Determine the total messages to be billed for each time of day period for: (1) the service group, if the customer is using a DAL, or (2) the AT&T 800 Service telephone number, if the customer is using a LESAL.
- b. Determine the equivalent hours to be billed by applying the Minimum Average Time Requirement (MATR) as described in Schedule CAL P.U.C. No. A7.1., A.3.1.
- c. Determine the actual hours to be billed for each time of day period for: (1) the service group, if the customer is using a DAL or (2) the AT&T 800 Service telephone number, if the customer is using a LESAL.
- d. Determine the chargeable hours, the greater of b. or c. preceding, rounded to the nearest tenth (one decimal place).
- e. Determine the total usage charge by multiplying the hourly rate for the appropriate rate period (business day and/or off peak) by the applicable chargeable hours.

(C)

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SCHEDULE CAL.P.U.C. NO. A7:
15th Revised Sheet 17
Cancels 14th Revised Sheet 17

Network Services Tariff

A7. WIDE AREA TELECOMMUNICATIONS SERVICE

- 7.1 AT&T WATS AND AT&T 800 SERVICE (Cont'd)
7.1.2 AT&T 800 INTERLATA ADD-ON SERVICE (Cont'd)

C. RATES AND CHARGES

1. Access Line

All non-recurring, recurring and IntraLATA usage rates, charges and surcharges are contained in the LEC tariff and are paid directly to the LEC by the subscriber. InterLATA usage rates are shown below:

2. Monthly Usage Rates

- a. The hourly rate applies to the chargeable hours of use rounded to the nearest tenth of an hour. (C)
b. AT&T 800 Service - Dedicated Access Line (DAL) (C)

Messages placed on any of the holidays, listed in Schedule Cal.P.U.C. No. A6.2.1.E.1.c. are rated in the off peak schedule below.

Hours of Usage ¹	Rate Group	
- Business Day, Monday thru Friday, 9:00 A.M. to 9:00 P.M. ²	1	
- Off Peak, All Other Hours	2	
Service Area	RATE GROUP RANGE	
	1	2
- Northern or Southern Cal., per hour	\$10.43	\$4.64
- Statewide, per hour	12.50	5.83

NOTE 1: Charges for messages beginning in one time period and completing in the other time period, are determined by applying the appropriate hourly rate for the portion of the message occurring in each period.
NOTE 2: To, but not including.

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SCHEDULE CAL P.U.C. NO. A7.
2nd Revised Sheet 17.1
Cancels 1st Revised Sheet 17.1

Network Services Tariff

A7. WIDE AREA TELECOMMUNICATIONS SERVICE

- 7.1 AT&T WATS AND AT&T 800 SERVICE (Cont'd)
- 7.1.2 AT&T 800 INTERLATA ADD-ON SERVICE (Cont'd)
- C. RATES AND CHARGES (Cont'd)
- 2. Monthly Usage Rates (Cont'd)

c. AT&T 800 Service - Local Exchange Service Access Line (LESAL)

- 1. Monthly Recurring Rate RATE
 - Per 800 telephone number \$15.00
- 2. Hourly Rate
 - Per hour for all hours of the day and all days of the week \$15.60

3. Volume Value Plan

The Volume Value Plan applies a discount to InterLATA usage charges that exceed \$50.00 during a billing month. The amount over \$50.00 up to and including \$350.00 will be reduced by 5%; any further amount in excess of \$350.00 up to and including \$1,350.00 will be reduced by 10%, and the amount above \$1,350.00 will be further reduced by 15%.

<u>Total Usage Charge</u>	<u>Percent Discount</u>
\$ 50.00 - \$ 350.00	5%
\$350.01 - \$1,350.00	10%
Over \$1,350.00	15%

(N)

(N)

Continued

AT&T Communications Of California, Inc.
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SCHEDULE CAL P.U.C. NO. A7.
Original Sheet 17.2

Network Services Tariff

A7. WIDE AREA TELECOMMUNICATIONS SERVICE

- 7.1 AT&T WATS AND AT&T 800 SERVICE (Cont'd)
- 7.1.2 AT&T 800 INTERLATA ADD-ON SERVICE (Cont'd)
- C. RATES AND CHARGES (Cont'd)

3. Rate Periods

Rates applicable to AT&T 800 InterLATA Add-On Service are based on the time of day or day of week as follows:

Business Day Period

9:00 A.M.¹ to 9:00 P.M.¹ Monday thru Friday

Off Peak Period

- All other hours
- Calls completed on any holiday listed in Schedule Cal.P.U.C. No. A6.2.1, E.1.c.

4. Rate Structure

- a. The usage rate structure for AT&T 800 InterLATA Add-On Service is on a fixed rate per hour basis with a reduced rate for Customers using a DAL for off peak hours.
- b. Monthly usage charges are computed on a total usage basis according to a fixed schedule.
- c. The Minimum Average Time Requirement (MATR) is applied as described in Schedule CAL.P.U.C. No. A7.1.A.3.1.

Note 1: To, but not including.
L Material formerly on Sheet 17.1

Continued

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AT&T Communications Of California, Inc.
San Francisco, CaliforniaSCHEDULE CAL P.U.C. NO. A9.
20th Revised Check Sheet A
Cancels 19th Revised Check Sheet A

Network Services Tariff

A9. CUSTOM NETWORK SERVICE

LIST OF EFFECTIVE SHEETS

Sheets listed below are effective as of the date shown on each sheet.

<u>Revision Number</u>	<u>Sheet</u>	<u>Revision Number</u>	<u>Sheet</u>
20th'	CS A	Original	21
4th	ToC A	1st	22
1st	ToC B	10th	23
Original'	ToC C	3rd	23.1
4th	1	8th	24
3rd	2	Original	24.1
2nd	3	2nd	25
2nd	4	3rd	26
2nd	5	2nd	27
5th'	6	Original	28
5th'	7	Original	29
1st	7.1	2nd	30
4th	8	2nd	31
3rd	9	Original	32
2nd	10	Original	33
2nd	11	1st	34
3rd	12	1st	35
3rd	13	1st	36
Original	14	5th	37
Original	15	1st	38
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2nd	17	Original'	40
Original	18	Original'	41
1st	19	Original'	42
Original	20	Original'	43

NOTE 1: Sheet Issued.

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AT&T Communications Of California, Inc.
San Francisco, California

SCHEDULE CAL P.U.C. NO. A9:
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Network Services Tariff

A9. CUSTOM NETWORK SERVICE

TABLE OF CONTENTS (Cont'd)

	<u>Sheet</u>	
9.4 AT&T 800 READYLINE®	40	(N)
9.4.1 DESCRIPTIONS	40	
9.4.2 REGULATIONS	41	
9.4.3 RATES AND CHARGES	42	
9.4.4 AT&T 800 READYLINE OPTIONS	43	(N)

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AT&T Communications Of California, Inc.
San Francisco, California

SCHEDULE CAL P.U.C. NO. A9.
5th Revised Sheet 6
Cancels 4th Revised Sheet 6

Network Services Tariff

A9. CUSTOM NETWORK SERVICE

9.1 GENERAL (Cont'd)

9.1.2 REGULATIONS (Cont'd)

J. INTERFERENCE, IMPAIRMENT OR IMPROPER USE (Cont'd)

herein shall preclude the Company's right to deny or restrict the service without further notice.

When a violation results in a denial for additional service and/or restriction of service, the denial and/or restriction will be moved when the customer is in compliance with the regulation and so advises the Company.

The use and restoration of Custom Network Service will be in accordance with Part 64, Subpart D, of the Federal Communications Commission's Rules and Regulations.

K. LIABILITY

Liability of the Company applicable to all services offered is located in Schedule Cal.P.U.C. No. A2.14.1. In addition, the Company's liability, if any, shall not exceed an amount equal to the initial period charge provided for under this tariff for a Custom Network Service call for the period during which the call was affected.

L. LOCAL EXCHANGE SERVICE ACCESS

When local exchange service is required to access a Custom Network Service, the customer is responsible for obtaining the local exchange service from the local exchange company.

M. MINIMUM PAYMENT PERIOD

The minimum payment period for Custom Network Services components is three months except for the Software Defined Network Optional Features, AT&T 800 READYLINE® and MEGACOM® HATS/MEGACOM 800 Services. The minimum payment period for the Software Defined Network Optional Features is one month. The minimum payment period for AT&T 800 READYLINE and MEGACOM HATS/MEGACOM 800 Services is one day. (T)

N. NONPAYMENT OF CHARGES

The Company may deny and/or restrict Custom Network Service for nonpayment of charges due as specified in P., Payment of Charges, following. A written notice will be sent to the customer at least five days in advance of the restriction and/or denial of service. Upon payment of charges the restriction and/or denial of Custom Network Service will be removed.

Continued

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SCHEDULE CAL.P.U.C. NO. A9.
5th Revised Sheet 7
Cancels 4th Revised Sheet 7

Network Services Tariff

A9. CUSTOM NETWORK SERVICE

3.1 GENERAL (Cont'd)

3.1.2 REGULATIONS (Cont'd)

O. NOTICE OF DISCONTINUANCE

The Customer's order to discontinue Custom Network Services must be received by this Company one month prior to the day on which the service is to be discontinued, except for Software Defined Network service for which three months notice is required. Monthly recurring charges apply for that period from the date the Company receives the discontinuance notice or until the requested discontinuance date, whichever is later. The charges will continue to apply whether or not the customer continues to use the service.

P. ORDER CANCELLATION

The minimum period for cancellation of an order is 30 days prior to the originally requested service date.

Q. PAYMENT OF CHARGES

Payment for Custom Network Service is due upon presentation of the bill. Custom Network Service may be denied for non-payment of a bill as specified in H. above.

R. PROVISION OF SERVICE

Custom Network Service is fully supported by the Company through engineering, installation and maintenance efforts. The Company will assure that each service functions properly within its specified transmission and switching parameters.

The Company is responsible for the provision of Custom Network Service from station to station. It is not responsible for the quality of transmission or signaling on the Customer's side of the interface at a Customer's premises. For AT&T MEGACOM MATS/MEGACOM 800 and AT&T 800 READYLINE Services, the Company is responsible for the quality of transmission and/or signaling from the AT&T MEGACOM MATS/MEGACOM 800 or AT&T 800 READYLINE Service Central Office to the called/calling station.

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Continued

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SCHEDULE CAL.P.U.C. NO. A9.
Original Sheet 40

Network Services Tariff

A9. CUSTOM NETWORK SERVICE

9.4 AT&T 800 READYLINE®

(N)

9.4.1 DESCRIPTION

AT&T 800 READYLINE is a custom switched telecommunications service which permits inward 800 number calling from stations located in the state of California to a station associated with a Customer's local exchange telephone number. Intrastate AT&T 800 READYLINE is an add-on to the Interstate AT&T 800 READYLINE Service and is available only to customers who subscribe to the Interstate service provided in this Company's Tariff F.C.C. No. 2. AT&T 800 READYLINE rates and charges apply to calls completed from calling stations to a telephone number associated with the Customer's local exchange service access line. Customers may receive calls from the entire state or from customer selected NPAs within the state.

AT&T 800 READYLINE calls are dialed and completed without the assistance of a Company operator, and do not include:

- Person-to-Person calls
- Collect calls
- Conference calls
- Any other classification of operator handled calls

AT&T 800 READYLINE consists of an AT&T 800 READYLINE telephone number associated with a Customer's local exchange telephone number. AT&T 800 READYLINE is provided on a Customer's existing local exchange telephone number, which is not obtained under this tariff. A separate AT&T 800 READYLINE telephone number will be associated with each local exchange telephone number.

(N)

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Original Sheet 41

Network Services Tariff

A9. CUSTOM NETWORK SERVICE

9.4 AT&T 800 READYLINE (Cont'd)

(N)

9.4.2 REGULATION

A. PROVISION OF AT&T 800 READYLINE

AT&T 800 READYLINE is offered under this tariff subject to the availability of suitable service components furnished by this Company or obtained from others.

1. Engineering

AT&T 800 READYLINE will be engineered to meet its transmission parameters.

2. Installation

Installation of AT&T 800 READYLINE will usually be made during normal working hours.

3. Maintenance

The Company will maintain and repair the service which it provides.

B. TRANSFER OR ASSIGNMENT

AT&T 800 READYLINE, including any associated AT&T 800 READYLINE number may be transferred or assigned to a new Customer. See this Company's Tariff F.C.C. No. 2.

C. RETENTION OF AT&T 800 READYLINE TELEPHONE NUMBER

Customers may retain the same AT&T 800 READYLINE telephone number when moving to another location or changing to AT&T 800 Service or AT&T MEGACOM 800 Service.

D. MINIMUM PAYMENT PERIOD

See this Company's Tariff A9.1.2.L.

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San Francisco, CaliforniaSCHEDULE CALPUC NO. A9.
Original Sheet 42

Network Services Tariff

A9. CUSTOM NETWORK SERVICE

9.4 AT&T 800 READYLINE (Cont'd) (N)

9.4.3 RATES AND CHARGES

A. GENERAL

AT&T 800 READYLINE rates and charges apply to calls completed from calling stations to a customer's telephone number. Rates are usage based with a minimum average time requirement. Charges are determined as follows:

1. Minimum Average Time Requirement

The minimum average time requirement for AT&T 800 READYLINE is 30 seconds and applies per AT&T 800 READYLINE telephone number. This means that if the average duration per call during each billing period is less than 30 seconds, billing will be based on the actual number of calls using an average duration of 30 seconds per call. Fractions of an hour will be rounded to the next one-tenth (1/10) of an hour.

2. Usage Rate Schedule

The rate for AT&T 800 READYLINE Service applies for all hours of the day and days of the week. Charges for total usage will be rounded to the nearest cent.

Rate Per Hour of Use
\$15.60

3. Volume Value Plan

The Volume Value Plan applies a discount to usage charges that exceed \$50.00 during a billing month. The amount over \$50.00 up to and including \$350.00 will be reduced by its applicable percentage; any further amount in excess of \$350.00 up to and including \$1,350.00 will be reduced by its applicable percentage, and the amount above \$1,350.00 will be further reduced by its applicable percentage. Only one discount percentage applies to each discount range.

<u>Total Usage Charge</u>	<u>Percent Discount</u>
\$ 50.00 - \$ 350.00	5%
\$350.01 - \$1,350.00	10%
Over \$1,350.00	15%

(N)

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A9. CUSTOM NETWORK SERVICE

9.4 AT&T 800 READYLINE (Cont'd)
9.4.3 RATES AND CHARGES (Cont'd)

4. Directory Assistance Charges

Intrastate Directory Assistance Service involves the supplying of assistance in determining or attempting to determine the telephone number of a party.

Only the Directory Assistance charges are applicable as specified in Schedule Cal. P.U.C. No. A5.

9.4.4 AT&T 800 READYLINE OPTIONS

A. CUSTOMER SELECTED NPAs

Customer-selected NPAs allow a Customer to select specific NPA(s) from which calls to AT&T 800 READYLINE will be allowed. For example, a Customer in Home NPA 415 may elect to receive calls from NPA 619 only. If a Customer in California selects only California NPAs, Vertical features defined in this Company's Tariff F.C.C. No. 2, are not available. See this Company's Tariff F.C.C. No. 2, Section 6 for applicable charges.

The following NPAs are contained in California:

209, 213, 408, 415, 619, 707,
714, 805, 818, 916

(N)

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AT&T Communications Of California, Inc.
San Francisco, CaliforniaSCHEDULE CAL P.U.C. NO. A
PRICE LIST
17th Revised Check Sheet A
Cancels 16th Revised Check Sheet A
Network Services TariffGENERAL LIST OF EFFECTIVE SHEETS

Sheets listed below are effective as of the date shown on each sheet.

<u>Revision Number</u>	<u>Sheet</u>
17th'	CS A
1st	ToC A
1st	1
Original	1.1
4th	2
3rd	2.1
3rd	2.2
1st	3
Original	3.1
5th	4
Original'	4.1
4th	5
2nd	6
4th	7
Original'	8

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PRICE LIST
Original Sheet 4.1

Network Services Tariff

A7. WIDE AREA TELECOMMUNICATION SERVICE

Schedule
Location

7.1.2.C. AT&T 800 INTERLATA ADD-ON SERVICE RATES AND CHARGES (N)

7.1.2.C.2.c. AT&T 800 Service - Local Exchange Service Access Line (LESAL)

1. Monthly Recurring Rate \$15.00
- Per 800 service telephone number
2. Hourly Rate \$15.60
3. Volume Value Plan

<u>Total Usage Charge*</u>	<u>Percent Discount</u>
\$ 50.00 - \$350.00	5%
\$350.00 - \$1,350.00	10%
Over \$1,350.00	15%

* If the total interLATA usage charges exceed \$50.00 in a billing month, the amount in excess of \$50.00 up to and including \$350.00 will be reduced by 5%. Only the amount in excess of \$350.00 up to and including \$1,350.00 will be reduced by 10%. Only the amount in excess of \$1,350.00 will be reduced by 15%. (N)

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SCHEDULE CAL.P.U.C. NO. A9.
PRICE LIST
Original Sheet 8

Network Services Tariff

A9. CUSTOM NETWORK SERVICE

Schedule
Location

9.4.3 AT&T 800 READYLINE RATES AND CHARGES (N)

9.4.3, A.2 Usage Rate Schedule

Rate Per Hour of Use
\$15.60

9.4.3, A.3 Volume Value Plan

<u>Total Usage Charge*</u>	<u>Percent Discount</u>
\$ 50.00 - 350.00	5%
\$350.00 - 1,350.00	10%
Over \$1,350.00	15%

* If the total usage charges exceed \$50.00 in a billing month, the amount in excess of \$50.00 up to and including \$350.00 will be reduced by 5%. Only the amount in excess of \$350.00 up to and including \$1,350.00 will be reduced by 10%. Only the amount in excess of \$1,350.00 will be reduced by 15%. (N)

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(END OF APPENDIX E)