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Decision 92-09-043 September 2, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WEITBRECHT COMMUNICATIONS, INC.,)

Complainant,)

vs.)

PACIFIC BELL (U 1001 C),)
et al.,)

Defendants.)

Case 88-01-023
(Settlement Motion
Filed May 8, 1992)

O P I N I O N

Pursuant to Rule 51 of the Commission's Rules of Practice and Procedure, Pacific Bell (Pacific) submits the Settlement (Appendix A) between Pacific, the Division of Ratepayer Advocates (DRA), the California Association of the Deaf (CAD), and the Deaf and Disabled Telecommunications Program (DDTP) for adoption by the Commission. (Filed as Exhibit 615.) The Settlement requires Pacific to refund to the DEAF Trust \$824,194 plus interest at the rate of 5.44% per year from January 1, 1992.

The refund arises from a complaint filed in 1988 by Weitbrecht Communications, Inc. (Weitbrecht), a vendor of telecommunications devices for the deaf (TDDs), alleging that Pacific violated various Commission decisions by failing to provide the deaf and hearing-impaired with advanced technology TDDs purchased at competitive prices. Hearings were conducted in 1989 and in Decision (D.) 90-06-031, the Commission found that Pacific had been imprudent in the management of its TDD program and directed DRA to conduct an audit of Pacific's TDD program and recommend to the Commission the amount that Pacific had imprudently spent in the management of its TDD program since January 1, 1985.

DRA completed the audit and issued its Report of the Audit of Pacific Bell's TDD Distribution Program Ordered in Decision 90-06-031 (Report). On July 18, 1991, DRA filed its Motion for Order Directing Pacific Bell to Refund \$839,892 to the DEAF Trust.

CAD filed a response in support of DRA's motion and recommended that interest be added to the principle amount requested by DRA. Pacific filed its response to DRA's motion and, while continuing to contest the basis of the Commission's holding of imprudency in D.90-06-031, recommended that a refund to the DEAF Trust in the amount of \$343,199.66 was consistent with the decision. DRA filed its reply to the responses of Pacific and CAD. DRA agreed with CAD's recommendation that interest be added to the principle amount that Pacific refunds to the DEAF Trust, and accordingly, DRA requested that Pacific be directed to refund to the DEAF Trust \$1,102,042. Pacific then filed its reply to DRA's response. Pacific recommended that a refund to the DEAF Trust of \$355,361.67 plus interest through June 6, 1990 (the date D.90-06-031 was issued) was appropriate.

On January 7, 1992, a prehearing conference (PHC) on DRA's motion was held before Administrative Law Judge Robert Barnett. Subsequent to the PHC, Pacific and DRA met in an effort to negotiate a compromise on the sum to be refunded to the DEAF Trust. Once Pacific and DRA reached a tentative understanding on the amount to be refunded, a meeting was scheduled with CAD and DDTP (pursuant to Rule 51) in order to discuss the proposed settlement. The parties finalized the terms of the Settlement on April 29, 1992.

The majority of the time spent in negotiations between Pacific and DRA dealt with the amount of the proposed refund. The agreed upon refund, which is broken down in the Settlement, is derived from combining the methodologies advanced by both Pacific and DRA. The remainder of the terms are clearly set forth in the Settlement and largely conform to DRA's original audit findings.

The Settlement requires Pacific, in addition to paying the refund, to attempt to negotiate a provision in future procurement contracts requiring that the warranty period for TDDs begin upon distribution of the TDD to the first end user rather than upon the delivery of the TDD to Pacific; to modify its procurement contracts to specifically state that Pacific is an agent for the DEAF Trust; to implement the suggested modifications contained in the DRA Report, pages 19 through 23, regarding Pacific's management of its physical inventory of TDDs; and to pay all reasonable costs of DRA's audit of Pacific's TDD Program. Pacific reserves the right to contest costs associated with the audit.

The parties to the Settlement agree that the non-monetary recommendations identified at pages 30-34 of the Report, be referred to the Deaf and Disabled Telecommunications Program Administrative Committee (DDTPAC) and/or the Equipment Advisory Committee for review. The DDTPAC and/or the Equipment Advisory Committee will report to the Executive Director of the Commission on the status of its review of the non-monetary recommendations within six months of the date this Settlement is approved by the Commission. In summary, these non-monetary recommendations are as follows:

- a. Evaluation of alternatives to the current program;
- b. Expansion of competitive bidding for program services;
- c. Standardization of the program statewide;
- d. Define the standard of care;
- e. Perform periodic critical reviews;
- f. Valuation of the inventory; and
- g. Development of a statewide policy for introducing technological advancement.

The Settlement intentionally omitted two issues raised by some of the parties: (1) earmarking the refund to specific purposes rather than putting it in the DEAF Trust general fund and (2) paying an attorney's fee to CAD. Those two issues were to be decided based on the record and briefs.

Earmarking the Refund

DDTPAC recommends that the \$825,000 refund money to be paid to the DEAF Trust be deposited in a special account to be spent on the following activities for the reasons set forth:

1. Develop a series of instructional videotapes to demonstrate to consumers how to effectively use Senate Bill (SB) 597 equipment and its features, such as the direct-connect and auto answer functions on TDDs. Some would be done in American Sign Language (ASL) and some would be open captioned. DDTPAC has found a need for more extensive and effective training on equipment use. Field representatives are available to visit customers in person, but effective training often requires ongoing assistance. There are numerous examples of equipment recipients who do not use their equipment because they are unfamiliar with its features or uncomfortable with the equipment in general. A videotape would allow customers to become familiar with equipment at their own pace, would be an effective outreach tool for group presentations, and would augment personnel when field representatives are not available. The estimated one-time cost to produce these instructional videotapes is approximately \$100,000.
2. Establish centralized procurement and warehousing for SB 597 equipment. This recommendation would have a committee purchase, warehouse, and track all SB 597 equipment distributed by the program statewide. DDTPAC believes that the distribution program will benefit from improved consistency and controls over equipment monitoring and tracking that could be accomplished by centralized

purchasing and warehousing. Funds would also be needed for the DDTP committees to work with a consultant with expertise in this field and the resulting travel, lodging, meal, and interpreter expenses. The one-time cost to establish the centralized purchasing and warehousing program is approximately \$100,000.

3. Establish a single-location toll-free number for information and referral and complaint resolution. Representatives would be available to answer questions about how to apply for or receive program equipment, take requests for training which would be referred to the appropriate telephone company, provide certification forms, and refer callers to other agencies or programs as appropriate. This toll-free number would be in addition to the existing toll-free numbers maintained by the telephone companies and would also be available for program consumers to call to reach an ombudsman who could receive and investigate consumer complaints. DDTPAC believes that program consumers often are reluctant to complain about problems directly to the phone companies who distribute equipment. DDTPAC estimates the initial cost to establish the toll-free number to be approximately \$150,000. The ongoing annual cost to maintain the toll-free number is approximately \$250,000.

DDTPAC asserts that because the refund is related solely to Pacific's imprudent practices regarding the purchase, distribution, and maintenance of TDD equipment, the refund should be earmarked for those consumers who were negatively impacted by Pacific's practices. DDTPAC argues that if the refund money were deposited in the DEAF Trust general account, it would become a part of the DEAF Trust's unencumbered balance, which is available to cover expenses which exceed any year's approved budget. (Activities expected to exceed the program's annual approved budget by more than 1% require specific Commission approval in advance.)

Since SB 244 expenses constitute 62% of the DDTP's approved 1992 budget, and SB 597 expenses constitute 12% of the budget, the probability of the program experiencing SB 244 budget overruns is greater than the probability of incurring SB 597 budget overruns. Therefore, in all probability, any surplus funds in the DEAF Trust's unencumbered balance will be spent on SB 244 activities. DDTPAC contends that this is not the part of the program that was adversely impacted by Pacific's imprudent practices, and therefore is not the appropriate part of the program to benefit from the refund.

CAD supports the DDTPAC program and observes that the program was the result of consultations and analysis by the deaf and disabled community and has the support of that community.

DRA opposes the recommendation of DDTPAC, and proposes that the money be placed in the DEAF Trust general fund to be dispersed as part of the Trust's budget, as approved by the Commission. Under this recommendation, DDTPAC will not be able to spend the refund freely because this Commission has an established method of checks and balances for monitoring DDTP expenses. The Commission in D.89-05-060 adopted a budget approval process in which DDTPAC annually compiles its proposed budget for the coming year and submits it to the Commission on October 1st. Interested parties are given an opportunity to comment on the proposed budget before it is adopted by the Commission. Once the annual budget is adopted, DDTPAC expense reimbursements are limited to the adopted budget plus 1% of the adopted annual budget. If DDTPAC seeks additional funds, it must begin the formal process for augmenting the budget. The Commission has adopted a budget of \$35 million for 1992 based on DDTPAC's budget recommendations and interested parties' comments. (Resolution T-14856, February 20, 1992.) Therefore, in addition to the adopted budget, DDTPAC has \$350,000 in discretionary funds at its disposal.

The SB 597 program provides for the distribution of TDDs to certified deaf and severely hearing-impaired telephone subscribers at no cost. Pacific, GTE California (GTEC), and the smaller local exchange carriers, through the California Telephone Association (CTA), administer these programs in California. Funding for the DDTP comes from a billing surcharge levied on all ratepayers in California. That surcharge is currently three tenths of one percent (.3%) of a subscriber's intrastate service other than one-way radio paging service and Universal Lifeline Telephone Service (ULTS). The surcharge may be adjusted upward or downward, but is currently capped at one half of one percent (.5%). Pacific, GTEC, and CTA present their monthly expenses related to the TDD distribution program to DDTPAC for reimbursement.

Given the source of funds for the TDD programs (the ratepayers) and the need for Commission approval of DDTPAC's budget, we believe the position of DRA is correct. It is ratepayer money that is being refunded and that money should be dispersed only after the Commission's budgetary safeguards have been applied. The programs DDTPAC advocates for the refund are, for the most part, continuing programs requiring annual funds. The refund is merely seed money. To start the programs implies that they will be continued. As these programs are in addition to current programs, to authorize them would be to either automatically increase future budgets or reduce other programs. Both of these possibilities should be explored in the budgeting process where alternative demands on funds are considered. There is a limit on available funds.

Attorneys' Fee Award

The CAD, an interested party in this proceeding, applies for an award of attorneys' fees to be paid out of the fund that it asserts it has helped create.

CAD is a statewide nonprofit organization made up primarily of deaf individuals. It regularly advocates for the

interests of its members and deaf and hard-of-hearing Californians generally. It entered its appearance in this proceeding at the PHC held on February 2, 1989, to represent the interests of the TDD Distribution (SB 597) Program beneficiaries. The amount to be refunded to the DEAF Trust will be available for all DEAF Trust expenditures and thus inure to the benefit of all telephone service ratepayers who pay the surcharge that supports the Trust. Thus, it contends that the refund amount is a common fund from which program beneficiaries or ratepayers in general will derive benefit.

During the hearing, CAD actively participated in cross-examination of witnesses. It was supportive of the positions taken by the complainant Weitbrecht. CAD sponsored two of the five public (deaf community) witnesses, while two of the three sponsored by Weitbrecht were active members and officers or former officers of CAD. CAD claims that on two of the core issues, the reasonableness of Pacific's decisions with respect to the retrofitting of the TDDs it distributed and the defeaturing of another model it purchased, the public witness testimony was critical. In finding imprudence on the part of Pacific on these issues, the Commission stated that "it would be difficult to find more persuasive evidence than the public witness testimony that the deaf community was dissatisfied with the Krown TDD, that it made its dissatisfaction known to Pacific, and that for at least eight years Pacific did nothing about it." (D.90-06-031, p. 29, mimeo.)

CAD asserts that subsequent to the evidentiary hearings, when the complainant essentially removed itself from this case, DRA and CAD remained to pursue remedies against Pacific. CAD defended the proposed decision against Pacific and Krown Research and similarly supported the DRA's refund motion and the audit findings upon which it was based. Finally, CAD has successfully urged that the refund amount include full interest to the date the refund is paid to the Trust, a significant portion of the entire amount to be refunded. DRA had not sought the payment of interest in its motion

for refund. CAD concludes that its continuing involvement in this case has been a significant factor in its outcome.

CAD requests an award of attorneys' fees in the amount of \$25,849.75.

<u>Year</u>	<u>Time (hours)</u>	<u>Hourly Rate</u>	<u>Fees</u>
1989	106.2	\$160	\$16,992.00
1990	22.95	175	4,016.25
1991	12.85	190	2,441.50
1992	12.00	200	<u>2,400.00</u>
		Total	\$25,849.75

CAD submits that without an award of attorneys' fees, the costs of its participation would work a significant financial hardship on it, as defined under Rule 76.52(f)(2) of the Commission's Rules of Practice and Procedure. CAD asserts that it has no resources to support the expense of participating in this case. As of August 2, 1989, CAD had \$16,362.22 in unrestricted funds. Subsequently, its expenses exceeded income so that by January 26, 1990, unrestricted funds had been reduced to \$13,925.37. This was the period during which the evidentiary hearings were held.

CAD states that expenses continued to outstrip revenues so that as of October 27, 1990, unrestricted funds totaled \$5,826. Expenses for all of 1990 exceeded revenues by \$2,204. For the following year, 1991, expenses again exceed revenues, this time by \$6,043.28, forcing CAD's unrestricted account into the red as of December 31, 1991, in the amount of \$4,860.47. As of April 30, 1992, CAD still had a deficit of \$2,600.17 in that account. April's expenses exceeded revenues by \$621.05.

Based on the 1990 data, the Commission in D.91-08-006 found CAD eligible for compensation with respect to a proposed participation budget of \$2,475. CAD maintains that the expenses

incurred in this proceeding are 10 times that amount and cannot be financed by CAD.

DRA recommends that should the Commission award attorneys' fees to CAD, those fees should be paid directly from Pacific's shareholders rather than from the refund. DRA argues that it was Pacific's imprudence regarding the fund that has resulted in this litigation and, therefore, it is Pacific rather than the ratepayers who should pay the costs of litigation.

Under the circumstances of this case, we do not believe that we can award attorneys' fees to a litigant to be paid by the shareholders of a utility. Under our Rule 76.51 procedure, any award would be offset dollar for dollar as an expense to be recovered in rates within one year from the date of the award. (Rule 76.61.)

Nor do we believe that under the circumstances of this case, CAD should be paid an award out of the fund that has been created. In Sonitrol v. Pacific Bell, D.87-07-012, we awarded attorneys' fees to a litigant from a common fund. In Sonitrol, the common fund was created from what we found to be overcharges to a small group of ratepayers. Since it was that small group which benefited, we found that that group should bear the expense of the litigation. Weitbrecht is different. Here the common fund was created from imprudent expenses on the part of Pacific which were paid for by all telephone ratepayers in California. The money that is being returned to the DEAF Trust is a substitute for money that would otherwise be paid by the ratepayers of California to fund the DEAF Trust. To award attorneys' fees from this fund would be to charge the ratepayers with the costs of litigation. This result should be avoided. We would rather not touch that money for attorneys' fees when there is a reasonable alternative. That alternative is the Advocates Trust Fund, which was created from a penalty paid by a utility (D.93251, CLAM v PT&T (1981) 6 CPUC 2d 374) to defray expenses, including attorneys' fees and expert

witness fees directly related to litigation or representation of consumer interests in "quasi-judicial complaint cases."

Section 1.3 of the Advocates Trust Fund states: "Fees will be awarded from the Advocates Trust Fund where complainants have generated a common fund but that fund is inadequate to meet reasonable attorney or expert witness' fees, where a substantial benefit has been conferred upon a party or members of an ascertainable class of persons but no convenient means are available for charging those benefited with the cost of obtaining the benefit, or where complainants have acted as private attorneys general in vindicating an important principle of statutory or constitutional law, but no other means or fund is available for an award of fees."

Because the money to be refunded by Pacific has come from all the telephone ratepayers of California and should be returned intact to all the telephone ratepayers of California so that they do not suffer from Pacific's imprudence, we believe that we are within the bounds of the Advocates Trust Fund (without having to amend it) to provide attorneys' fees to CAD in this proceeding. We will not, however, award all that CAD seeks. While we accept the hours requested, we believe that a reasonable hourly rate is \$160 for all time expended on this case and, therefore, we will grant an award of \$24,640 (154 hours x \$160).

Findings of Fact

1. Pursuant to our finding of imprudence and our order in D.90-06-031, DRA audited Pacific's TDDs program. As a result of that audit, DRA moved the Commission to direct Pacific to refund \$839,892 to the DEAF Trust.

2. CAD recommended that interest be added to the principal amount requested by DRA. DRA agreed with CAD's recommendation and accordingly requested that Pacific be directed to refund to the DEAF Trust \$1,102,042.

3. Pacific challenged the audit and recommended that a refund to the DEAF Trust be no more than \$355,361 plus interest.

4. On April 29, 1992, the parties agreed to a settlement which requires Pacific to refund to the DEAF Trust \$824,194 plus interest at the rate of 5.44% per year from January 1, 1992 to the date the payment of the refund is completed.

5. The Settlement was submitted to the Commission pursuant to our Rule 51 regarding stipulations and settlements.

6. We have reviewed the Settlement and find that it is reasonable in light of the whole record, consistent with law, and in the public interest.

7. CAD actively participated in this proceeding. It sponsored two witnesses from the DEAF community. The testimony of its witnesses on the issues of the reasonableness of Pacific's decisions with respect to the retrofitting of the TDDs it distributed and the defeaturing of another model it purchased was substantial.

8. A reasonable attorneys' fee of \$24,640 should be awarded to CAD based on 154 hours of attorneys' time at a rate of \$160 per hour.

9. The refund should not be earmarked for any particular purpose. Rather, it should be placed in the DEAF Trust subject to the Trust's budget as approved by the Commission.

Conclusion of Law

The Commission concludes that the Settlement should be approved and an attorneys' fees award to CAD should be made.

O R D E R

IT IS ORDERED that:

1. Pacific Bell shall refund \$824,194 plus interest at the rate of 5.44% per year from January 1, 1992 to the date it

completes payment of the refund, to the DEAF Trust, and shall comply with the terms of the Settlement.

2. The California Association of the Deaf (CAD) shall be awarded \$24,640 to be paid from the Advocates Trust Fund. We make this award in our capacity as members of the Disbursements Committee of the Trust and we hereby direct the trustee of the Trust to pay over \$24,640 from the trust fund, either income or principal, to CAD.

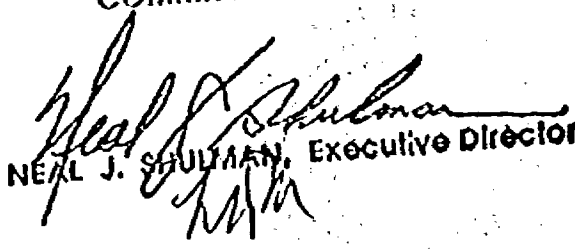
This order is effective today.

Dated September 2, 1992, at San Francisco, California.

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
NORMAN D. SHUMWAY
Commissioners

Commissioner Patricia M. Eckert,
being necessarily absent, did
not participate.

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


NEAL J. SHULMAN, Executive Director

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WEITBRECHT COMMUNICATIONS, INC.,

Complainant,

vs.

PACIFIC BELL (U 1001 C), et al.,

Defendants.

Case No. 88-01-023

SETTLEMENT BETWEEN PACIFIC BELL, THE DIVISION OF RATEPAYER
ADVOCATES, THE CALIFORNIA ASSOCIATION OF THE DEAF, AND
THE DEAF AND DISABLED TELECOMMUNICATIONS PROGRAM

This Settlement Agreement ("Agreement") is made as of
this 19th day of April, 1992, by and between Pacific Bell
("Pacific"), the Division of Ratepayer Advocates ("DRA"), the
California Association of the Deaf ("CAD") and the Deaf and
Disabled Telecommunications Program ("DDTP").

WHEREAS, the California Public Utilities Commission
("Commission") found in Decision 90-06-031 that Pacific acted
imprudently in managing certain aspects of Pacific's
Telecommunications Devices for the Deaf ("TDD") program.

WHEREAS, the Commission, in Decision 90-06-031, ordered
DRA to investigate Pacific's TDD program and to recommend to the
Commission the amount Pacific imprudently spent in the management
of its TDD program since January 1, 1985, which should be refunded
to the DEAF Trust.

WHEREAS, DRA filed, in July of 1990, the results of its investigation into Pacific's TDD program in the form of a Motion for Order Directing Pacific Bell to Refund \$839,892 to the Deaf Trust and to Adopt Recommendations Contained in the Division of Ratepayer Advocates Report on the Audit of Pacific Bell's TDD Distribution Program Ordered in Decision 90-06-031 ("DRA Audit").

WHEREAS, DRA subsequently filed its Reply of the Division of Ratepayer Advocates to Pacific Bell's Response to Division of Ratepayers Advocates' Motion and to the Response of the California Association of the Deaf in Support of the Division of Ratepayer Advocates ("DRA Reply") revising the recommended refund to \$1,102,042.

WHEREAS, Pacific has contested certain portions of the DRA Audit and the recommendations contained therein.

WHEREAS, Pacific and DRA have met on several occasions to discuss each party's respective positions and have reached an agreement on the contested issues, as described herein, which Pacific and DRA feel is consistent with the terms contained in Decision 90-06-031, is consistent with the interests of the ratepayers of the State of California, and will avoid protracted litigation and the expense associated therewith.

WHEREAS, pursuant to Rule 51 of the Commission's Rules of Practice and Procedure, Pacific, DRA, CAD and the DDTP met to

discuss the settlement proposed by Pacific and DRA and, as a result, all Parties reached agreement as described herein.

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein, and intending to be bound hereby, the parties agree as follows:

1. Pacific agrees to refund the DEAF Trust the sum of \$824,194, principal and interest, for the period January 1, 1986 through December 31, 1991. The refund amount is more specifically set forth as follows:

a. Retrofitting the Porta Printer Pluses	\$280,545
b. Purchase of the Krown MP20M3	\$174,158
c. VuPhone Retrieval and Storage	\$106,167
d. Converting the Krown MP20M3	\$28,874
e. Interest 1/1/86 - 12/31/91	<u>\$234,450</u>
TOTAL	\$824,194

2. Pacific agrees to refund the DEAF Trust interest on the principal amount owed by Pacific, as identified in Paragraph 1 above, at the rate of 5.44% per annum from January 1, 1992 until Pacific renders payment to the Deaf Trust of all sums due under Paragraph 1.

3. Pacific agrees to attempt to negotiate a provision in future procurement contracts requiring that the warranty period for TDDs begin upon distribution of the TDD to the first end user

rather than upon the delivery of the TDD to Pacific. Pacific will advise the Deaf and Disabled Telecommunications Program Administrative Committee ("DDTPAC") of the results of Pacific's warranty negotiations with TDD vendors.

4. Pacific has modified its procurement contracts to specifically state that Pacific is an agent for the DEAF Trust.

5. Pacific agrees to implement the suggested modifications contained in the DRA Audit, pages 19 through 23, regarding Pacific's management of its physical inventory of TDDs. Pacific will apprise the DDTPAC upon implementation of the suggested modifications.

6. The Parties agree that the non-monetary recommendations identified at pages 30 - 34 of the DRA Audit, which are summarized below, be referred to the DDTPAC and/or the Equipment Advisory Committee for review. The DDTPAC and/or the Equipment Advisory Committee will report to the Executive Director of the Commission on the status of its review of the non-monetary recommendations within six months of the date this Agreement is approved by the Commission.

- a. Evaluation of alternatives to the current program;
- b. Expansion of competitive bidding for program services;
- c. Standardization of the program statewide;
- d. Define the standard of care;
- e. Perform periodic critical reviews;

- f. Valuation of the inventory; and
- g. Development of a statewide policy for introducing technological advancement.

7. Consistent with Ordering Paragraph 4 of Decision 90-06-031, Pacific agrees to pay all reasonable costs of DRA's audit of Pacific's TDD Program. Pacific reserves the right to contest costs associated with the DRA's audit that Pacific asserts are unreasonable.

8. The Parties agree that no provision in this Agreement is intended to preclude any Party from pursuing relevant attorneys fees for participating in Case No. 88-01-023.

9. The Parties agree that issues regarding the earmarking of sums to be refunded by Pacific to the DEAF Trust are not covered by this Agreement.

10. The Parties agree that this Agreement represents a mutually acceptable outcome to that portion of Case No. 88-01-023 that remained open following the issuance of Decision 90-06-031.

11. It is understood and agreed by the Parties that acceptance of the terms and conditions set forth in this Agreement constitutes a compromise settlement of disputed claims and is not to be construed as an admission of liability on the part of Pacific, which liability is expressly denied by Pacific.

12. This written Agreement constitutes the entire agreement between the Parties concerning the resolution of the matters described herein. Except as otherwise set forth in this Agreement, all prior agreements, promises, representations, statements, negotiations, understandings, proposals, warranties, and undertakings concerning resolution of the matters described herein, whether oral or written, other than those portions of the DRA Audit expressly set forth in this Agreement, are superseded and replaced by the provisions of this Agreement.

13. This Agreement may be executed in counterparts with the same force and effect as the original.

14. This Agreement shall be interpreted in accordance with the local laws of the State of California.

IN WITNESS WHEREOF, Pacific, DRA, CAD and the DDTPAC
have caused this Agreement to be executed as of the date and year
first written above.

PACIFIC BELL

By: *J. G. Guelder*

DIVISION OF RATEPAYER ADVOCATES

By: *James Rood*

CALIFORNIA ASSOCIATION OF THE DEAF

By: *J. R. R. R.*

DEAF AND DISABLED TELECOMMUNICATIONS PROGRAM

By: *G. L. Bergman*