G. Notice Of Termination

(a) Currently Pacific Bell's tariff states:[46]

> (i) where a central office is to be closed or sold, Pacific Bell will provide an EIS customer with 90 days notice that its EIS will be terminated.

Pacific Bell is currently reevaluating the reasonableness of the 90 day notice.

> (ii) Where a central office is subject in whole or part to an eminent domain taking, Pacific Bell will notify its EIS customers of the schedule for removal of their equipment, which will be determined by the timing of the taking.

Since Pacific Bell has no control over the timing of eminent domain proceedings, this provision appropriately conforms the notice period to the timing mandated by the eminent domain order.

> (iii) Where an EIS customer fails to pay any tariff fee or charge, Pacific Bell will provide the customer with written notice of its delinquency, and reserves the right to terminate EIS if the customer has not paid within thirty days of its receipt of the written notice.

This provision is reasonable since it gives a customer 30 days after notice to cure the delinquency in payment. EIS rates are stable from month to month and the EIS customer knows in advance how much to budget for payment of its bills in a timely manner.

> (iv) Where an EIS customer has breached a provision of the tariff governing EIS, Pacific Bell will provide the customer with written notice of the breach, and reserves the right to terminate EIS if the customer has not cured

---

[46] See id. at § 16.2.3.

> the breach within 15 days of its receipt of the written notice.

This provision is reasonable since it provides an EIS customer with 15 days to rectify breaches of tariff requirements. Compliance with Pacific Bell's tariff provisions is wholly within the control of the customer. This provision furnishes the only effective means available for Pacific Bell to encourage EIS customers to adhere to the tariff's requirements.

> (v) Where an EIS customer has created a breach of security, Pacific Bell will provide the customer with verbal or written notice of the breach, and if the breach is not immediately corrected, reserves the right to terminate EIS immediately without additional notice if the situation warrants. Where the breach of security is serious, Pacific Bell reserves the right to terminate service without notice.

This is the only circumstance in which Pacific Bell reserves the right to terminate a customer with minimal or no prior notice. Such limited notice is reasonable because of the potentially serious impact that a security breach may have on Pacific Bell, its personnel, ratepayers and other EIS customers. Under such circumstances, requiring a notice period could allow damage to occur or intensify damage that has already occurred. Pacific Bell would utilize this procedure only in situations where the potential harm to personnel, Pacific Bell facilities, or the facilities of other customers was imminent, or where the privacy of customer communications would be threatened. The Commission's complaint process and its attendant risk of monetary damages provide an effective deterrent to the exercise of the rights granted by this provision, except in exigent circumstances.

(vi) Where Pacific Bell determines that the offering of EIS is in conflict with any rule, order, regulation, or decision issued by any administrative agency or court with appropriate jurisdiction, Pacific Bell reserves the right to terminate service without notice.

This provision is reasonable since Pacific Bell may be subject to judicial or administrative penalties for failure to comply with a valid order. Absent such a provision, Pacific Bell might be placed in a position of having to choose either to violate such an order or to override tariff requirements.

(vii) Where an EIS customer has failed to activate its equipment and interconnect one circuit within 90 days after collocation space is available for occupancy, Pacific Bell reserves the right to terminate service.

No written notice period for termination is provided here since the customer is aware at the outset that termination will result from failure to interconnect within the 90 day period. This provision is discussed at Section F, supra.

(b) Pacific Bell requires EIS customers to provide notice thirty days in advance of terminating EIS.[47] This provision is reasonable since EIS is offered on a month-to-month basis. In addition, a thirty day termination provision was supported by commentors on Pacific Bell's tariff.[48]

(c) The termination notice required from EIS customers is not comparable to any of the termination notices required of Pacific Bell, since Pacific Bell may only terminate an EIS customer for

---

[47] See id. at § 16.3.6.

[48] See, e.g., ALTS Petition at Appendix D, pg. 6.

cause, which is consistent with Pacific Bell's treatment of its other access customers.

H. Reasons For Termination

(a) Pacific Bell reserves the right to terminate EIS service to a customer when the customer, after receipt of written notice, fails within 15 days to remedy violations of the Pacific Bell tariff governing EIS.[49] This provision properly reflects the different circumstances of Pacific Bell and the EIS customer. All provisions in Pacific Bell's tariff are subject to public comment and review by the Commission, prior to becoming effective. Hence, customers have an opportunity to object to, and the Commission has an opportunity to reject or modify, any provisions that are alleged to be unjust or unreasonable. Pacific Bell is required to comply with each of the provisions of its tariff that the Commission permits to become effective and can be subject to a formal complaint and monetary damages for non-compliance. In contrast, the only remedy available to Pacific Bell to encourage compliance by customers with its tariff is the risk of termination. In these circumstances, it is reasonable for Pacific Bell to have the right to terminate service to those EIS customers who fail to adhere to the requirements of the tariff after receiving notice of the violation.

In Pacific Bell's view, all of the terms in its tariff governing EIS are material and, accordingly, violation of any tariff requirement should be sufficient grounds for termination.

---

[49] See Pacific Bell Tariff F.C.C. No. 128, § 16.2.3.

Moreover, arbitrarily classifying some tariff provisions as "immaterial" would effectively send a signal to an EIS customer that any provision that the customer deems non-material is unimportant and need not be followed. Whether the violation is deemed to be material or immaterial, Pacific Bell's grant of a 15 day grace period within which the customer may cure the violation provides adequate protection against termination for any allegedly immaterial violation. Further, it would be unfair and unreasonable for the Commission to require Pacific Bell's strict compliance with all tariff provisions, but effectively prohibit Pacific Bell from enforcing certain tariff provisions against EIS customers.

(b) Pacific Bell reserves the right to terminate its agreement with an EIS customer on the following conditions:[50]

> (i) where a central office is to be closed or sold, Pacific Bell will provide an EIS customer with 90 days notice that its EIS will be terminated.[51]

This provision is reasonable since Pacific Bell must have the right to close or sell central offices when it is in the best interest of its ratepayers, customers and shareholders. It would be entirely unreasonable to permit an EIS customer to veto such decisions, based on its individual commercial and competitive interests. In such cases, EIS customers may relocate to a new central office serving their end users. Pacific Bell is not obligated to relocate such customers.

---

50 Id.

51 Pacific Bell is currently reevaluating the reasonableness of the 90 day notice.

(ii) Where a central office is subject in whole or part to an eminent domain taking, Pacific Bell will notify its EIS customers of the schedule for removal of their equipment, which will be determined by the timing of the taking.

The provision recognizes that Pacific Bell, like any other private entity, must comply with an eminent domain taking.

(iii) Where an EIS customer fails to pay any tariffed fee or charge, Pacific Bell will provide the customer with written notice of its delinquency, and reserves the right to terminate EIS if the customer has not paid within thirty days of its receipt of the written notice.

This provision is reasonable since it provides a customer with thirty days to make payments after it has been notified that it is delinquent. Pacific Bell is required, as a matter of law, to collect payment for the services it provides. Termination is the only method of ensuring that its EIS customers do not continue to receive service after failing to pay lawfully owed amounts.

(iv) Where an EIS customer has created a breach of security, Pacific Bell reserves the right to terminate service.

This provision is reasonable because of the serious impact that a security breach may have on Pacific Bell, its personnel, ratepayers, and other EIS customers and their personnel. Pacific Bell must have authority to terminate and remove EIS customers who pose a risk to the network facilities located in the central office, as well as to other Pacific Bell facilities and personnel, and other EIS customer facilities and personnel.

(v) Where Pacific Bell determines that the offering of EIS is in conflict with any rule, order, regulation, or decision issued by any administrative agency or court with appropriate jurisdiction, Pacific Bell

> reserves the right to terminate service without notice.

As noted above, this provision is reasonable since Pacific Bell may be subject to judicial or administrative penalties for failure to comply with a valid rule or order. This provision narrowly defines the circumstances in which such termination of EIS without notice is authorized.

> (vi) Pacific Bell's termination provision for failure to interconnect with Pacific Bell's special access service within 90 days after collocation space is available for occupancy.

This provision is discussed above in Section F.

(c) Pacific Bell does not charge for the termination of EIS. Customers, however, remain liable for unpaid fees and charges and for any damage they may have caused to Pacific Bell facilities or the facilities of other EIS customers.

(d) LECs should only be prohibited from terminating EIS when doing so would be in violation of the law.

(e) This issue is not applicable to Pacific Bell.

I. Termination In The Event Of Catastrophic Loss

(a) Where a central office is partially or totally destroyed, and Pacific Bell determines not to repair or rebuild that office, Pacific Bell will inform affected EIS customers as soon as the decision has been made. Pacific Bell does not propose to establish a specific time frame within which such a determination must be made.

It is neither necessary nor desirable to establish an arbitrary period within which Pacific Bell must arrive at a

decision on rebuilding a central office in the wake of a catastrophic event. It clearly is in Pacific Bell's own best interests to make such determinations as soon as is practicable, but the length of the period required depends on a number of different variables, most importantly the nature and extent of the damage to its facilities. Pacific Bell is obligated to its ratepayers and stockholders, as well as state regulators, to take such time as is necessary to exercise its best business judgment in making such decisions. For example, in the case of a severe earthquake, it could take many months for Pacific Bell to assess all damages and make a final determination on repairing or rebuilding specific central offices, a number of which may have been destroyed or damaged. Although no central offices were destroyed by the 1989 Loma Prieta earthquake, Pacific Bell was required to conduct extensive structural inspections and/or repairs in 50 central offices. Reconstruction decisions are made on the basis of significant ramifications for Pacific Bell's business and customers. It would be contrary to the public interest for the Commission to impose a specific time frame for such decisions.

(b) Pacific Bell generally opposes the tariff terms proposed in Paragraph 54(b)(1) and (b)(2) of the Designation Order because they would impose upon Pacific Bell greater liabilities in the event of a catastrophe, not the fault of Pacific Bell, than are imposed under other circumstances. Pacific Bell's tariff provisions establish its liability for damages and Pacific Bell believes that those liability provisions should govern in all

circumstances. Further, most of the specific provisions proposed are unworkable in any event:

(1) Telecommunication's Space Is Unusable Due to Catastrophe

(i) While Pacific Bell will provide facilities in the central office where space is available, Pacific Bell cannot be certain that there will be sufficient space within the same office to replace the collocation space that was destroyed. Moreover, it is absolutely impossible to guarantee that such space will be made available within three days. As noted above, it normally takes Pacific Bell 90 to 180 days to construct a customer's collocation area. In the case of a catastrophe, there is even less reason to believe that this work could be accomplished within three days.

(ii) If Pacific Bell decides that repairing the collocation space makes economic sense, it will only replace the equipment and facilities that are its responsibility at its cost. Pacific Bell should not be required to repair space where such a decision is not economic and to assume greater liability for damage to its EIS customers' facilities than its tariff imposes in other circumstances.

(iii) Non-recurring charges that apply to the placement of EIS facilities, such as cable, that is the property of the EIS customer should be applied where the EIS customer's equipment must be repaired or replaced. Such equipment would be covered under the EIS customer's insurance, not that of Pacific Bell, and thus there is no reason that the EIS customer should not pay the costs incurred. Where the equipment destroyed is owned by

Pacific Bell and covered by its insurance, no non-recurring charges would be applied.

(iv) It would be unreasonable to require exchange carriers to assure the cost of relocating an interconnector to another office if space in the damaged office is not available within 90 days. Such a requirement is inconsistent with the Commission's policy basis for requiring collocation. The basis for the collocation requirement was the determination that the EIS customer could not effectively provide service to its customers without access to the central office serving those customers. Thus, it is expected that those companies interested in taking EIS will collocate in each central office where they have customers to be served. It makes no sense to allow an EIS customer to change central offices at no charge since Pacific Bell must incur costs to change an EIS customer to a different central office. Pacific Bell should not be penalized as a result of a catastrophic event beyond its control.

(2) Central Office and Interconnector Space Are Unusable Due to Catastrophe

(i) Requiring exchange carriers to provide space in another office within seven days is unreasonable because it requires space to be made available where none may exist and imposes an unreasonably short time frame in which space must be made available where it does exist. Pacific Bell cannot guarantee that any space will be available in the event of a natural catastrophe severe enough to destroy a central office and, as noted above, requires 90 to 180 days to complete construction of such space. Moreover, the underlying premise of this proposed require-

ment -- that space in an undamaged central office is a substitute for space in a destroyed central office -- is unfounded. As stated above, EIS customers will take space in those central offices that are geographically situated to serve their customers. There is no reason to believe that space in another central office would be of any use to a particular EIS customer.

(ii) This requirement is unreasonable because Pacific Bell should be permitted to make its own business decisions as to whether and how particular central offices should be rebuilt after a catastrophe. Thus, there should be no requirement that collocation space be restored. Moreover, in a wide-spread disaster, such a requirement could deprive some customers of basic service as scarce resources are diverted to repairing collocation space rather than to the restoration of basic exchange service. Further, in those cases where Pacific Bell decides to rebuild, it will pay the costs of reconstructing its facilities and equipment to provide EIS subject to the liability provisions in its tariff. Pacific Bell should not be subject to greater liability in a natural catastrophe than would be applicable in other situations.

(iii), (iv) These provisions are unreasonable for the reasons set forth above in response to (1)(iii) and (iv) above.

In sum, there is no basis for the Commission to impose greater requirements upon Pacific Bell in the event of a natural disaster than those imposed in the ordinary course of business. Nor is there any reason to reallocate risk to the detriment of Pacific Bell in such situations.

J. Relocation Of EIS Customers' Facilities

(a) Pacific Bell will provide its EIS customers with 90 days written notice before relocating the EIS customer's facilities to another space, conduit or cable space within the same central office.[52]

(b) Pacific Bell has not attempted to specify all of the possible conditions under which it would be necessary to relocate an EIS customer, because it is impossible to foresee every possible contingency. Customer relocations may become necessary because of unexpected growth, the offering of new services, technological changes, regulatory changes, or other developments that are inherently unforeseeable. Pacific Bell needs to retain control over central office space to maximize the efficient use of the space in response to changing circumstances over time.

(c) If Pacific Bell requires an EIS customer to relocate its facilities, it will reimburse the EIS customer for all reasonable costs incurred in the relocation.[53] If the customer requests relocation, Pacific Bell, if feasible, will provide and charge for such relocation on an individual case basis.

K. Insurance

(a) Pacific Bell's tariff requires its EIS customers to maintain commercial general liability insurance and fire legal liability insurance.[54] In addition, those EIS customers that cause

---

[52] See id. at § 16.4.12.

[53] Id.

[54] See Pacific Bell Tariff F.C.C. No. 128, § 16.2.5.

vehicles to be operated on Pacific Bell's property (which is permissible under certain circumstances in the tariff) must obtain Business Automobile Liability Insurance. The minimum amount of coverage that must be maintained is $5 million combined single limit per occurrence. The EIS customer is also required to maintain Employer's Liability insurance of not less than $1 million.

The commercial insurance coverage is justified by both the very high value of Pacific Bell equipment, and the equipment of its other customers, that is located in central office facilities as well as the great potential cost of a service disruption. The Employer's Liability insurance coverage is warranted in view of risk of litigation and other contingencies that are a part of doing business in California. At least one commentor has noted that "$4-5 million limits . . .are in line with those typically found in the communications industry."[55] Moreover, as Pacific Bell has pointed out before, these limits do not impose excessive costs on EIS customers since the premium for $5 million of liability insurance is only approximately 20 percent greater than the cost for $1 million of such insurance.

Pacific Bell does not have an intrastate collocation tariff. Thus, there is no basis for comparing insurance coverages required.

Finally, the insurance coverage that Pacific Bell requires its EIS customers to obtain is substantially less than the

---

[55] Ad Hoc Telecommunications Users Committee, Petition to Reject or Suspend and Investigate at 38.

insurance coverage that it maintains for its own facilities and operations. This difference reflects the much greater scope of Pacific Bell's operations.

(b) Pacific Bell does not object to self-insurance by those EIS customers that have obtained the approval of the State of California to self-insure workers' compensation. Companies that self-insure workers' compensation have been through an intensive investigation by the State to determine whether they possess the financial assets to bear the risks imposed by the State of California's requirements. Under such circumstances, if the State concludes that self-insurance for workers' compensation is permissible, Pacific Bell would accept that finding.

Pacific Bell does object, however, to authorizing EIS customers to self-insure for other types of risk. The operation of EIS equipment and facilities in Pacific Bell central offices creates a potential risk to substantial assets and revenue streams. Pacific Bell should have the right to satisfy itself that its ratepayers and stockholders will not be required to bear that risk. The need for insurance is particularly acute in the case of EIS because Pacific Bell, unlike other service companies, does not have the right under the Commission's rules to refuse service to those customers who may present above-average risks. Pacific Bell's insurance requirement provides a non-discriminatory method for ensuring that the company's assets, ratepayers and other EIS customers are protected from the risks created by collocation.

In view of the competitive nature of the relationship with some potential EIS customers, it would be inadvisable for

Pacific Bell to conduct the financial review of their businesses required to determine the appropriateness of allowing self-insurance. Also, were it to undertake such an examination, Pacific Bell would be exposed to claims of discriminatory treatment by customers who were not permitted to self-insure. In addition, allowing the most financially secure EIS customers to self-insure may provide them with a competitive advantage over their less financially secure rivals. Therefore, except for workers' compensation, Pacific Bell opposes allowing EIS customers to self-insure against the risks that their operations impose on Pacific Bell.

(c) Pacific Bell utilizes Best and Company's Insurance Reports to select insurance companies for its insurance coverages. Best's ratings range from a high of A+ to a low of C. Companies with lower ratings sometimes are unable to pay claims in the event of a significant loss. Pacific Bell requires its EIS customers to use insurance companies that have at least an A rating, which is lower than the highest rating. Companies with this rating do not necessarily assess higher premiums for coverage than those with lower ratings. There is no causal connection between an insurance company's rating and the premiums that it charges. Thus, there is no basis for a finding by the Commission that requiring a minimum acceptable rating for an insurance company is unreasonable. Pacific Bell utilizes companies with A+ ratings.

(d) Pacific Bell requires that insurance be in effect during the customer's term of service. Pacific Bell will accept a copy of an insurance policy or a certificate of insurance as proof that the EIS customer is insured. Obtaining one or the other of these

documents is not burdensome and either is sufficient to provide Pacific Bell with the needed assurance that proper levels of insurance have been obtained.

L. Liability

(a) Section 2.1.3 (J) of the tariff holds Pacific Bell liable for "any physical damage" to an EIS customer's facilities occupying Pacific Bell's property "directly and primarily caused by the negligence" of a company agent or employee. That provision also holds Pacific Bell liable to an EIS customer for any interruption of the EIS customer's service or interference with the operation of its facilities caused by Pacific Bell's willful misconduct. Pacific Bell's liability in damages for any other claims brought by an EIS customer or others in connection with the installation and provision of service is limited to an amount equal to the proportionate charges for EIS for the period during which service was affected.

With one exception, the limitations on Pacific Bell's liability to EIS customers are essentially the same tariff limitations that apply to other customers of interstate access service. The latter have been in effect, with almost no change, for more than nine years. The single exception benefits the EIS customer in that Pacific Bell is liable for physical damage to an EIS customer's equipment caused by the negligent acts of its agents and employees. Typically, the activities of Pacific Bell network employees do not involve the performance of installation, maintenance, repair and similar tasks in areas in which customer

facilities are located. In the case of EIS, however, Pacific Bell employees will work from time to time in proximity to facilities owned by EIS customers. Hence, in these circumstances, it is reasonable for Pacific Bell to expand its liability to include negligent acts that cause physical damage to the customer's facilities.

There is no commercial or public interest justification that would warrant the imposition of reciprocal liability obligations on Pacific Bell and its EIS customers. The commercial relationship between Pacific Bell and an EIS customer is essentially the same as a landlord and its tenant. In a commercial building setting, landlords normally pass liability onto their tenants in order to protect the value of the landlord's building and real property against the risk of damage by a tenant or its agents, employees, or guests. The landlord also requires the tenant to carry insurance, or pay the landlord for a pro rata share of the landlord's insurance costs. The circumstances under which Pacific Bell provides central office space to EIS customers are very similar and, accordingly, a similar risk allocation is reasonable. Indeed, since Pacific Bell may not refuse to provide service to customers, as other landlords are permitted to do, the need for limitations on liability is even more compelling.

Further, no public interest objective would be advanced by granting EIS customers a more favorable indemnity provision than other access service customers. Pacific Bell's long-established liability provisions recognize that in view of its universal service obligation, a telephone company and its ratepayers should

not be required to insure customers against consequential damages resulting from inadvertent or negligent actions or inaction by the telephone company. The cost of such broad liability ultimately would be borne by ratepayers. There is no public interest consideration that would warrant extending preferential underwriting protection to EIS customers that other customers do not receive.

(b) This issue does not apply to Pacific Bell.

M. Billing From State Or Interstate Tariffs

(a) Pacific Bell currently does not offer special access expanded interconnection service or cross connects under its intrastate tariff. Because the "ten percent" rule exists for special access services, it is reasonable to apply this rule to EIS for special access.

N. Letters Of Agency

(a),(b) Pacific Bell allows the EISCC to be ordered through letters of agency.

(c) Pacific Bell does allow the EISCC to be ordered and billed under the same rules as its special access services.

O. Inspection Of EIS Customers' Space And Facilities

(a) Pacific Bell reserves the right to inspect completed installations of its EIS customers' equipment and facilities located on Pacific Bell property and to make periodic or subsequent

inspections of such facilities and equipment.[56] Pacific Bell will provide advance notice of such inspections, except in emergency situations. Pacific Bell will not charge for inspections.

Inspections of the EIS customer's equipment and facilities will include a review of the customer's compliance with safety, fire, environmental and security standards. Routine inspections will be conducted by a Pacific Bell Environment Manager. The Manager will conduct environmental, safety, security, and asset protection inspections to evaluate compliance with applicable governmental regulations.

Pacific Bell currently conducts periodic inspections of its central office locations for compliance with the same standards and regulations that it will apply to EIS space. For example, federal, state and local laws and regulations establish specific restrictions on the handling of materials that may have health and environmental implications. Pacific Bell must conduct inspections of its central offices, including the collocation space, in order to review compliance with these regulations. Moreover, Pacific Bell has an obligation to ensure that potential problems in the collocation area do not threaten its central office facilities.

Arbitrarily restricting Pacific Bell's right to inspect EIS customer collocation areas to an initial inspection and annual inspections thereafter would unreasonably compromise its ability to detect and correct safety, fire and similar problems in a timely manner. For example, certain types of inspections are currently mandated by Pacific Bell policy at more frequent intervals, such as

---

[56] See Pacific Bell Tariff F.C.C. No. 128, § 16.4.19.

the monthly fire safety walk-through which is a sound business practice which should not be prohibited.[57]

The two week advance notice requirement proposed by Teleport (Para. 73) is also unreasonably restrictive. It ignores the fact that state and local authorities (e.g., fire marshall) can and do request inspections on shorter time intervals. While Pacific Bell will endeavor to provide as much notice as possible, there is little or no harm to EIS customers from inspections conducted on shorter notice. Moreover, announcing such inspections in advance may undermine their efficacy since EIS customers could then disguise deficiencies prior to an inspection that may later surface and cause problems.

P. Payment Of Taxes And Assessments By EIS Customers

(a) Pacific Bell's tariff does not currently provide for the direct pass-through of these charges to EIS customers. Pacific Bell, however, plans to amend its tariff to require its EIS customers to pay, in a timely fashion, all taxes and other charges assessed as a result of their operations and equipment located on Pacific Bell's premises. While Pacific Bell has included the costs in the development of its rate elements that it expects to incur in providing EIS, there is the possibility that a legally authorized body may determine that other taxes or assessments apply to EIS. Pacific Bell should be allowed to recover these costs, if they are assessed, from the interconnectors and to include the costs in determining its rates on a going-forward basis.

---

[57] Pacific Bell Systems Instruction number 131, section 5.

It would be unreasonable to allow only the adjustment of rates in the future because the bulk of the costs incurred for collocation, to which these taxes or assessments might apply, are incurred when EIS is implemented. Since cost elements such as infrastructure construction expense do not recur, modifying rates would fail to recover these newly identified costs.

The planned provision, when filed, will offer Pacific Bell protection from imposed tax liability by a taxing authority on Pacific Bell as a result of the installation and operation of EIS customers' facilities and equipment. Provisions of this type are reasonable because they ensure that Pacific Bell's ratepayers and stockholders are not required to subsidize EIS customers by paying taxes caused by those customers. They do not burden unnecessarily EIS customers since they require those customers to pay only those taxes they cause and owe.

II. CONCLUSION

For the foregoing reasons, the Commission should find and conclude that Pacific Bell's tariff provisions governing EIS are just and reasonable.

Respectfully submitted,

Charles A. Zielinski
A. Richard Metzger, Jr.
Rogers & Wells
607 14th Street, N.W.
Washington, D.C. 20005

James P. Tuthill
Jeffrey B. Thomas
140 New Montgomery Street
San Francisco, CA 94105

James L. Wurtz
1275 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

DATED: August 20, 1993

Attorneys for Pacific Bell

APPENDIX A

Cost Workpapers

Entrance Facility Installation Function

Entrance Facility Installation Function

Recurring Rate

NON-RECURRING ONLY. RECURRING FUNCTION NOT APPLICABLE

		Rate Element Name #1	Rate Element Name #2	Rate Element Name #3	Rate Element Name #4
1	TOTAL INVESTMENT: List Plant & Equip.	$	$	$	$
2	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
3	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
4	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
5	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
6	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
7	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
8	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
9	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
10	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
11	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
12	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
13	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
14	DEPRECIATION EXPENSE	$	$	$	$
15	COST OF MONEY ($ Amount)	$	$	$	$
16	COST OF MONEY (Percentage)	%	%	%	%
17	FEDERAL INCOME TAX	$	$	$	$
18	STATE AND LOCAL INCOME TAX	$	$	$	$
19	OTHER TAX: List Taxes	$	$	$	$
20	List: Property Tax	$	$	$	$
21	MAINTENANCE EXPENSE	$	$	$	$
22	ADMIN and OTHER EXPENSE: List Expense	$	$	$	$
23	Sales - Account 6612	$	$	$	$
24	Product Advertising - Account 6613	$	$	$	$
25	Product Management - Account 6611	$	$	$	$
26	Customer Service - Account 6623	$	$	$	$
27	Operator Service - Account 6621	$	$	$	$
28	Number Service - Account 6622	$	$	$	$
29	Accounting - Account 6721	$	$	$	$
30	Human Resourses - Account 6723	$	$	$	$
31	Motor Vehicle Exp - Account 6112	$	$	$	$
32	Land and Building Exp - Account 6121*	$	$	$	$
33	Gen Purpose Computer Exp - Account 612	$	$	$	$
34	Network Administration - Account 6532	$	$	$	$
35	Testing - Account 6533	$	$	$	$
36	Plant Operations Admin - Acct 6534	$	$	$	$
37	Engineering - Account 6535	$	$	$	$
38	External Relations - Account 6722	$	$	$	$
39	Information Management - Account 6724	$	$	$	$
40	Procurement - Account 6726	$	$	$	$
41	Other Gen Admin - Account 6728.5	$	$	$	$
42	Analog Electronic Transfers - Account 6211	$	$	$	$
43	Digital Electronic Transfers - Account 6212	$	$	$	$
44	Electromechanical Transfers - Account 621	$	$	$	$
45	Circuit Equipment Transfers - Account 623	$	$	$	$
46	Underground Cable Transfers - Account 64	$	$	$	$
47	Propert Taxes - Account 7240	$	$	$	$
48	Other Operating Taxes - Account 7240*	$	$	$	$
49	Amount Charged Constr. - Account 7340*	$	$	$	$
50	Official Company Services*	$	$	$	$
51	ANNUAL COST PER UNIT	$	$	$	$
52	MONTHLY COST PER UNIT	$	$	$	$
53	MONTHLY RATE PER UNIT	$	$	$	$
54	UNIT OF MEASUREMENT				
55	RATIO: Rate / Direct Cost				
56	RATIO: Rate / Unit Cost				

* NOTES

Line 32: Excludes 6121.1 (Land & Building Maintenance which is in the Building maintenance factor

Line 48: Excludes 7240.1 (Property Taxes)

Line 48: Official Company Services is comprised of multiple accounts. See narrative for explanantion.

Entrance Facility Installation Function

Nonrecurring Rate

INVESTMENT / COST FACTORS NOT APPLICABLE - SEE WORKPAPERS A.3 TO A.54

		Rate Element Name #1	Rate Element Name #2	Rate Element Name #3	Rate Element Name #4
1	TOTAL INVESTMENT: List Plant & Equip.	$	$	$	$
2	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
3	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
4	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
5	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
6	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
7	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
8	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
9	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
10	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
11	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
12	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
13	List: Name - Pt. 32 Acct No. - Dep. Life	$	$	$	$
14	DEPRECIATION EXPENSE	$	$	$	$
15	COST OF MONEY ($ Amount)	$	$	$	$
16	COST OF MONEY (Percentage)	%	%	%	%
17	FEDERAL INCOME TAX	$	$	$	$
18	STATE AND LOCAL INCOME TAX	$	$	$	$
19	OTHER TAX: List Taxes	$	$	$	$
20	List: Property Tax	$	$	$	$
21	MAINTENANCE EXPENSE	$	$	$	$
22	ADMIN and OTHER EXPENSE: List Expense	$	$	$	$
23	Sales - Account 6612	$	$	$	$
24	Product Advertising - Account 6613	$	$	$	$
25	Product Management - Account 6611	$	$	$	$
26	Customer Service - Account 6623	$	$	$	$
27	Operator Service - Account 6621	$	$	$	$
28	Number Service - Account 6622	$	$	$	$
29	Accounting - Account 6721	$	$	$	$
30	Human Resourses - Account 6723	$	$	$	$
31	Motor Vehicle Exp - Account 6112	$	$	$	$
32	Land and Building Exp - Account 6121*	$	$	$	$
33	Gen Purpose Computer Exp - Account 612	$	$	$	$
34	Network Administration - Account 6532	$	$	$	$
35	Testing - Account 6533	$	$	$	$
36	Plant Operations Admin - Acct 6534	$	$	$	$
37	Engineering - Account 6535	$	$	$	$
38	External Relations - Account 6722	$	$	$	$
39	Information Management - Account 6724	$	$	$	$
40	Procurement - Account 6726	$	$	$	$
41	Other Gen Admin - Account 6728.5	$	$	$	$
42	Analog Electronic Transfers - Account 621	$	$	$	$
43	Digital Electronic Transfers - Account 6212	$	$	$	$
44	Electromechanical Transfers - Account 621	$	$	$	$
45	Circuit Equipment Transfers - Account 623	$	$	$	$
46	Underground Cable Transfers - Account 64	$	$	$	$
47	Propert Taxes - Account 7240	$	$	$	$
48	Other Operating Taxes - Account 7240*	$	$	$	$
49	Amount Charged Constr. - Account 7340*	$	$	$	$
50	Official Company Services*	$	$	$	$
51	ANNUAL COST PER UNIT	$	$	$	$
52	MONTHLY COST PER UNIT	$	$	$	$
53	MONTHLY RATE PER UNIT	$	$	$	$
54	UNIT OF MEASUREMENT				
55	RATIO: Rate / Direct Cost				
56	RATIO: Rate / Unit Cost				

NOTES

Line 32: Excludes 6121.1 (Land & Building Maintenance which is in the Building maintenance factor

Line 48: Excludes 7240.1 (Property Taxes)

Line 48: Official Company Services is comprised of multiple accounts. See narrrative for explanantion.