

BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION  
COMMISSION

*In the Matter of the Review of* )  
*Unbundled Loop and Switching Rates and* ) DOCKET NO. UT-023003  
*Review of the Deaveraged Zone Rate* )  
*Structure* )  
)  
) SETTLEMENT AGREEMENT  
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1 Qwest Corporation (“Qwest”), AT&T Communications of the Pacific Northwest, Inc. (“AT&T”), and the Washington Utilities and Transportation Commission (“Commission”) Staff (“Staff”), (collectively, “the Settling Parties”) have reached agreement on certain issues raised in this proceeding and wish to present their agreement on these issues to the Commission for its consideration.<sup>1</sup> The Settling Parties therefore adopt the following Agreement. The Settling Parties enter into this Agreement voluntarily to resolve the matters in dispute between them and to expedite the orderly disposition of the issues addressed herein

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<sup>1</sup>Other parties to this proceeding are Verizon, XO, MCI, and Covad. Covad agrees with the settlement. XO and MCI take no position on the settlement presented herein. Because this settlement involves Qwest issues only, the settlement does not involve Verizon.

## AGREEMENT

The Settling Parties hereby agree as follows:

### I. RESOLUTION OF DE-AVERAGING ISSUES FOR QWEST'S WHOLESALE RATES

#### A. Scope of Agreement

2 Staff, AT&T, and Qwest agree that the terms of this Agreement resolve all issues raised in this case regarding the de-averaging of Qwest's wholesale loop rates. Except as specifically set forth herein, nothing in this Agreement shall be cited or construed as precedent or as indicative of the parties' positions on any of the issues resolved. This limitation shall not apply to any proceeding to enforce the terms of this Agreement or any Commission Order fully adopting this Agreement. In addition, nothing in this Agreement shall be cited or construed as precedent or as indicative of the parties' positions on any issues not resolved in this Agreement, including but not limited to issues raised in this case regarding the de-averaging of wholesale loop rates for Verizon Northwest Inc.

#### B. Support for Agreement

3 Qwest, AT&T, and Staff shall cooperate in submitting this Agreement promptly to the Commission for consideration, and shall support adoption of this Agreement in proceedings before the Commission, through testimony or briefing, as resolution of the

Qwest deaveraging issues included in this docket. No party to this Agreement or its agents, employees, consultants or attorneys will engage in any advocacy contrary to the Commission's adoption of this Agreement in resolution of the issues included in the Complaint. The Settling Parties shall make available a witness or witnesses in support of this Agreement, if a hearing is determined to be necessary by the Commission.

## **II. TERMS OF AGREEMENT**

### **A. Stipulation to Staff's Alternate Deaveraging Proposal**

4 Staff and Qwest stipulate that the Commission should adopt the deaveraging proposal recommended by Staff in its revised testimony of April 20, 2004. In this deaveraging proposal, wirecenters are assigned to zones using the weighted sum of squared errors method. This proposal is set forth in Appendix A to this Agreement and incorporated herein by this reference. The proposal restructures both the geographic zones and the rates within the zones in Qwest's incumbent service territory in Washington. The proposal does not materially change the statewide average loop rate of \$14.26.

### **B. Withdrawal of Staff's Core and Fringe Proposal**

5 Staff filed testimony in this matter on June 26, 2003 and February 9, 2004. In both filings, Staff advocated a "core and fringe" deaveraging proposal for 15 of Qwest's wire centers. If Qwest were to file testimony, it would oppose the core and fringe proposal. In consideration for the compromise reached by the parties as set forth in Section C.

below, Staff will withdraw its core and fringe proposal and advise the Commission that Staff no longer advocates a core and fringe deaveraging structure in this case.

### **C. Proposed Order Implementing Settlement**

6 As settlement of the issues raised in this case, the Parties will request that the Commission issue an order that includes the following provisions:

- (1) The Core and Fringe deaveraging proposal is not adopted in this case
- (2) The revised pricing as set forth in Appendix A is adopted and ordered for Qwest's loop rates.
- (3) Qwest must file tariff revisions reflecting the Parties' agreement within ten business days of the Commission order accepting this Agreement.
- (4) Upon the acceptance by the Commission of Qwest's compliance tariff filing, Qwest is authorized and required to file an updated Exhibit A to its SGAT reflecting the same changes, and that Exhibit A will be effective on the same date as the tariffs become effective.

## **III. GENERAL PROVISIONS**

### **A. Effective Date of Agreement**

7 This Agreement is an integrated document that shall become effective when executed, and the parties shall recommend that the Commission adopt this Agreement in its entirety. In the event that the Commission rejects all or any portion of this Agreement as resolving the issues within the Complaint, each party reserves the right to withdraw from this Agreement by written notice to the other party and the Commission. In such case, no party to this Agreement shall be bound or prejudiced by

the terms of this Agreement, and any party shall be entitled to seek reconsideration of the Commission Order rejecting all or any portion this Agreement. It is agreed that if the Commission rejects the Agreement for any reason, the matter will proceed to hearing on the disputed issues on a schedule to be established by the Commission, that the parties will have an opportunity to complete the filing of response and rebuttal testimony, cross-examine witnesses, and in general to put on such case as it deems appropriate. If this Agreement does not become effective according to its terms, it shall be null and void.

**B. Execution in Counterparts**

8 This Agreement may be executed by the Parties in counterparts and as executed shall constitute one agreement. Copies sent by facsimile are as effective as original documents.

**C. Necessary Actions**

9 The Parties shall take all actions necessary and appropriate to carry out this Agreement.

**D. Entire Agreement**

10 This Agreement constitutes the parties' entire agreement on all matters set forth herein and supersedes any and all prior oral and written agreement on such matters that previously existed or occurred. The parties acknowledge that this Agreement is the

product of negotiations and compromise and shall not be construed against either party on the basis that it was the drafter of any or all portions of this Agreement.

CHRISTINE O. GREGOIRE  
Attorney General

QWEST CORPORATION

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Shannon Smith  
Assistant Attorney General  
Counsel for Commission Staff

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Lisa A. Anderl  
Associate General Counsel

Dated: \_\_\_\_\_, 2004

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Gary Fleming  
Executive Director Economic Costing

Dated: \_\_\_\_\_, 2004

DAVIS WRIGHT TREMAINE LLP  
Attorneys for AT&T Communications  
Of the Pacific Northwest, Inc.

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Gregory J. Kopta

Dated: \_\_\_\_\_, 2004