

May 13, 2004

ERRATUM

RE: In the Matter of the Review of Unbundled Loop and Switching Rates and
Review of the Deaveraged Zone Rate Structure
Docket No. UT-023003

TO ALL PARTIES OF RECORD:

The Commission entered the Twenty-Second Order Approving and Adopting Settlement Agreement on May 11, 2004. The Order indicates that the Settlement Agreement is attached and incorporated by reference. The Order that was served on May 11, 2004 did not include the attached Settlement Agreement.

With this erratum, the Commission serves the Order with attached Settlement Agreement.

Sincerely,

THEODORA M. MACE
Administrative Law Judge

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.¹ 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

¹Other 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 DEAVERAGING 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 deaveraging 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 deaveraging 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

Shannon Smith
Assistant Attorney General
Counsel for Commission Staff

Lisa A. Anderl
Associate General Counsel

Dated: _____, 2004

Gary Fleming
Executive Director Economic Costing

Dated: _____, 2004

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

Gregory J. Kopta

Dated: _____, 2004

[Service Date May 13, 2004]

APPENDIX A

Staff Zone Proposal

CLLI	WireCenter Name	Lines	Zone Proposed Rate	Proposed Rate w/ Grooming	Existing Rate w/ Grooming
STTLWA06	SEATTLE MAIN	93,010	1	\$11.07	\$11.26
KENTWA0B	KENT O BRIEN	22,007	1	\$11.07	\$11.26
STTLWACA	SEATTLE CAMPUS	30,029	1	\$11.07	\$11.26
STTLWAEL	SEATTLE ELLIOTT	20,600	1	\$11.07	\$11.26
STTLWA05	SEATTLE ATWATER	48,225	1	\$11.07	\$11.26
STTLWA03	SEATTLE EAST	65,341	1	\$11.07	\$11.26
BLLVWAGL	BELLEVUE GLENCOURT	44,102	1	\$11.07	\$11.26
STTLWASU	SEATTLE SUNSET	46,046	1	\$11.07	\$11.26
STTLWALA	SEATTLE LAKEVIEW	53,571	1	\$11.07	\$11.26
MRISWA01	MERCER ISLAND	15,587	1	\$11.07	\$11.26
STTLWAVE	SEATTLE WEST	38,024	1	\$11.07	\$11.26
TACMWafa	TACOMA FAWCETT	37,775	1	\$11.07	\$11.26
STTLWAPA	SEATTLE PARKWAY	30,410	2	\$13.44	\$13.63
BMTNWA01	BREMERTON ESSEX	44,160	2	\$13.44	\$13.63
STTLWA04	SEATTLE EMERSON	58,697	2	\$13.44	\$13.63
AUBNWA01	AUBURN	43,464	2	\$13.44	\$13.63
BLLVWASH	BELLEVUE SHERWOOD	64,720	2	\$13.44	\$13.63
TACMWAFI	TACOMA FT LEWIS	12,801	2	\$13.44	\$13.63
STTLWADU	SEATTLE DUMWAMISH	27,135	2	\$13.44	\$13.63
SPKNWA01	SPOKANE RIVERSIDE	39,684	2	\$13.44	\$13.63
TACMWALO	TACOMA LOGAN	24,251	2	\$13.44	\$13.63
TACMWaju	TACOMA JUNIPER	41,799	2	\$13.44	\$13.63
KENTWA01	KENT ULRICK	40,358	2	\$13.44	\$13.63
STTLWACH	SEATTLE CHERRY	64,962	2	\$13.44	\$13.63
FDWYWA01	FEDERAL WAY	28,321	2	\$13.44	\$13.63
VANCWA01	VANCOUVER OXFORD	44,722	2	\$13.44	\$13.63
TACMWAWA	TACOMA WAVERLY 2	13,026	2	\$13.44	\$13.63
SPKNWAHD	SPOKANE HUDSON	25,233	2	\$13.44	\$13.63
TACMWAWV	TACOMA WAVERLY 7	47,092	2	\$13.44	\$13.63
DESMWA01	DES MOINES-TA-TR	20,079	2	\$13.44	\$13.63
PYLPWA01	PUYALLUP	51,817	2	\$13.44	\$13.63
SPKNWafa	SPOKANE FAIRFAX	32,613	2	\$13.44	\$13.63
SPKNWAKY	SPOKANE KEYSTONE	22,804	2	\$13.44	\$13.63
ISQHWAEX	ISSAQUAH	30,599	2	\$13.44	\$13.63
RNTNWA01	RENTON	75,218	2	\$13.44	\$13.63
ORCHWA01	ORCHARDS	73,917	2	\$13.44	\$13.63
BLHMWA01	BELLINGHAM REGENT	54,430	2	\$13.44	\$13.63
OLYMWA02	OLYMPIA WHITEHALL	61,135	2	\$13.44	\$13.63
BNISWA01	BAINBRIDGE ISLAND	16,396	2	\$13.44	\$13.63
TACMWAGF	TACOMA GREENFIELD	33,227	2	\$13.44	\$13.63

[Service Date May 13, 2004]

TACMWASY	TACOMA SKYLINE	21,487	2	\$13.44	\$13.63	\$12.40
TACMWALE	TACOMA LENOX	41,482	2	\$13.44	\$13.63	\$13.95
YAKMWA02	YAKIMA CHESTNUT	49,525	2	\$13.44	\$13.63	\$18.70
VANCWANO	VANCOUVER NORTH	25,246	2	\$13.44	\$13.63	\$18.70
SLDLWASI	SILVERDALE	23,265	2	\$13.44	\$13.63	\$18.70
SMNRWA01	SUMNER	27,782	2	\$13.44	\$13.63	\$10.99
LACYWA01	LACEY	50,516	2	\$13.44	\$13.63	\$18.70
SPKNWAWA	SPOKANE WALNUT	58,050	3	\$16.73	\$16.92	\$18.70
SPKNWAWH	SPOKANE WHITWORTH	29,225	3	\$16.73	\$16.92	\$18.70
LGVVWA02	LONGVIEW	41,859	3	\$16.73	\$16.92	\$18.70
LBLKWA01	LIBERTY LAKE	1,881	3	\$16.73	\$16.92	\$18.70
PTTWWA01	PORT TOWNSEND	13,977	3	\$16.73	\$16.92	\$18.70
PTANWA01	PORT ANGELES	22,575	3	\$16.73	\$16.92	\$18.70
CENLWA01	CENTRALIA	13,354	3	\$16.73	\$16.92	\$13.95
PTORWAFE	PORT ORCHARD	17,367	3	\$16.73	\$16.92	\$18.70
MPVYWAMV	MAPLE VALLEY	14,668	3	\$16.73	\$16.92	\$18.70
GRHMWAGR	GRAHAM	22,212	3	\$16.73	\$16.92	\$18.70
WLWLWA01	WALLA WALLA-TOUCHET	28,606	3	\$16.73	\$16.92	\$18.70
KENTWAME	KENT MERIDIAN	26,440	3	\$16.73	\$16.92	\$13.95
SPKNWAMO	SPOKANE MORAN	11,692	3	\$16.73	\$16.92	\$18.70
COLBWA01	COLBY	10,796	3	\$16.73	\$16.92	\$18.70
MSLKWA01	MOSES LAKE ALDER	15,987	3	\$16.73	\$16.92	\$18.70
ABRDWA01	ABERDEEN	21,634	3	\$16.73	\$16.92	\$18.70
EPHRWA01	EPHRATA	5,039	3	\$16.73	\$16.92	\$18.70
BTLGWA01	BATTLEGROUNDS	11,479	3	\$16.73	\$16.92	\$18.70
YAKMWAVE	YAKIMA WEST	20,759	3	\$16.73	\$16.92	\$12.40
SEQMWA01	SEQUIM	16,310	3	\$16.73	\$16.92	\$18.70
PASCWA01	PASCO	23,618	3	\$16.73	\$16.92	\$18.70
CHHLWA01	CHEHALIS	10,624	3	\$16.73	\$16.92	\$18.70
PTLWWA01	PORT LUDLOW	3,123	3	\$16.73	\$16.92	\$18.70
BLFRWA01	BELFAIR	9,010	3	\$16.73	\$16.92	\$18.70
ENMCWA01	ENUMCLAW	11,420	3	\$16.73	\$16.92	\$18.70
BCKLWA01	BUCKLEY	3,900	3	\$16.73	\$16.92	\$18.70
SPKNWACH	SPOKANE CHESTNUT	4,788	3	\$16.73	\$16.92	\$18.70
OCSHWA01	COPALIS-OCEAN SHORES	4,438	3	\$16.73	\$16.92	\$18.70
NWLKWA01	NEWMAN LAKE	2,944	3	\$16.73	\$16.92	\$18.70
OLYMWAEV	OLYMPIA EVERGREEN	8,328	3	\$16.73	\$16.92	\$18.70
SNYSWA01	SUNNYSLOPE	964	3	\$16.73	\$16.92	\$18.70
RDFDWA01	RIDGEFIELD	4,077	3	\$16.73	\$16.92	\$18.70
ROY WA01	ROY	2,856	3	\$16.73	\$16.92	\$18.70
SHTNWA01	SHELTON	19,912	3	\$16.73	\$16.92	\$18.70
BLHMWALU	BELLINGHAM LUMMI	1,664	3	\$16.73	\$16.92	\$18.70
CLELWA01	CLE ELUM	3,743	3	\$16.73	\$16.92	\$18.70
MSLKWAAB	MOSES LAKE AFB	3,265	3	\$16.73	\$16.92	\$13.95
NPVNWA01	NAPAVINE	2,927	4	\$28.04	\$28.23	\$18.70

[Service Date May 13, 2004]

ROCHWA01	ROCHESTER	6,996	4	\$28.04	\$28.23	\$18.70
BDMDWA01	BLACK DIAMOND	3,939	4	\$28.04	\$28.23	\$18.70
CRSBWA01	CROSBY	3,718	4	\$28.04	\$28.23	\$18.70
ORVLWA01	OROVILLE	2,224	4	\$28.04	\$28.23	\$18.70
WNLCWA01	WINLOCK	2,507	4	\$28.04	\$28.23	\$18.70
GRBLWA01	GREEN BLUFF	3,059	4	\$28.04	\$28.23	\$18.70
DRPKWA01	DEER PARK	6,485	4	\$28.04	\$28.23	\$18.70
CLVLWA01	COLVILLE	8,369	4	\$28.04	\$28.23	\$18.70
LNLKWA01	LOON LAKE	1,557	4	\$28.04	\$28.23	\$18.70
ELK WA01	ELK	2,936	4	\$28.04	\$28.23	\$18.70
OTHEWA01	OTHELLO	5,531	4	\$28.04	\$28.23	\$18.70
OMAKWA01	OMAK	8,961	4	\$28.04	\$28.23	\$18.70
HDPTWA01	HOODSPORT	2,660	4	\$28.04	\$28.23	\$18.70
CSRKWA01	CASTLE ROCK	5,491	4	\$28.04	\$28.23	\$18.70
CLFXWA01	COLFAX	3,206	4	\$28.04	\$28.23	\$18.70
ESTNWA01	EASTON	736	4	\$28.04	\$28.23	\$18.70
CLDMWA01	COULEE DAM	2,978	4	\$28.04	\$28.23	\$18.70
WTBGWA01	WAITSBURG	949	4	\$28.04	\$28.23	\$18.70
WRDNWA01	WARDEN	1,614	4	\$28.04	\$28.23	\$18.70
DYTNWA01	DAYTON	2,310	4	\$28.04	\$28.23	\$18.70
JOYCWA01	JOYCE	1,365	4	\$28.04	\$28.23	\$18.70
SPDLWA01	SPRINGDALE	1,748	5	\$67.58	\$67.77	\$18.70
PTRSWA01	PATEROS	949	5	\$67.58	\$67.77	\$18.70
NPRTWA01	NORTHPORT	1,046	5	\$67.58	\$67.77	\$18.70
PMRYWA01	POMEROY	1,591	5	\$67.58	\$67.77	\$18.70
CRMTWA01	CRYSTAL MOUNTAIN	748	5	\$67.58	\$67.77	\$18.70