EXHIBIT 1

Exhibit 1

Honorable J. Kathleen Learned

FILED
KING COUNTY, WASHINGTON
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SUPERIOR COURT CLERK
DEPUTY

SUPERIOR COURT OF WASHINGTON IN AND FOR KING COUNTY

SANDY JUDD, TARA HERIVEL and ZURAYA WRIGHT, for themselves, and on behalf of all similarly situation persons,

Plaintiffs,

v.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY, *et al.*

Defendants.

No. 00-2-17565-5-SEA

Denying in Part
ORDER ~~GRANTING~~ DEFENDANT T-NETIX, INC.'S MOTION TO DISMISS FIRST AMENDED COMPLAINT – CLASS ACTION and Granting in Part and Referring to WUTC.
~~(PROPOSED)~~

THIS MATTER having come before the undersigned judge of the above-entitled Court, and the Court having reviewed the Motion to Dismiss Complaint brought by Defendant T-Netix, Inc., and response, reply and Supplemental Memoranda of the parties the pleadings and records in this action, and the Court having heard oral argument of counsel and being otherwise fully informed with respect to this matter,

IT IS HEREBY ORDERED that Defendant T-Netix' Motion ~~to Dismiss is hereby GRANTED the First Amended Complaint – Class Action is hereby DISMISSED with prejudice.~~ is Granted in Part only and the matter is referred to the Washington Utilities and Transportation Commission (WUTC) for further proceedings to determine if T-Netix has violated WUTC regulations. CPA claims and any award of monetary damages are stayed pending WUTC action.

ORDER OF DISMISSAL - 1

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ORIGINAL
Page 409

Further, T-Netix's Motion to Dismiss claims related to intrastate use are dismissed upon the federal pre-emption, case action issues are stayed pending WUTC action

DONE IN OPEN COURT this 6 day of ~~August~~ November, 2000.

The Honorable J. Kathleen Learned

Presented by:

BADGLEY ~ MULLINS LAW GROUP

By _____
Donald H. Mullins, WSBA #4966
Diana P. Danzberger, WSBA # 24818
Attorneys for Defendant T-Netix, Inc.

PATTON BOGGS LLP

Glenn B. Manishin
Stephanie A. Joyce
2550 M Street, N.W., Suite 2550
Washington, D.C. 20037
Attorneys for Defendant T-Netix, Inc.

Approved as to form:
Approved for entry:

SIRIANNI & YOUTZ

By _____
Chris R. Youtz, WSBA # _____
Attorneys for Plaintiffs

STOKES LAWRENCE, P.S.

By _____
Kelly Twiss Noonan, WSBA # _____
Attorneys for Defendant AT&T

STOEL RIVES LLP

By _____
Timothy J. O'Connell, WSBA # _____

Attorneys for Defendant Verizon (formerly GTE).

PRESTON GATES & ELLIS LLP

By _____
Carol S. Arnold, WSBA 18474
Attorneys for Defendants
CenturyTel of Washington, Inc.,
d/b/a/ Centurytel, on behalf of named defendants
CenturyTel Telephone Utilities, Inc. and
North-West Communications, Inc.

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Page 411

Exhibit 2

UT-042022 (F)

SIRIANNI YOUTZ
MEIER & SPOONEMORE

November 16, 2004

Carole Washburn
Executive Secretary
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION
P.O. Box 47250
Olympia, WA 98504-7250

RE: ***Judd, et al., v. AT&T, et al.***
King County Superior Court Cause No. 00-2-17565-5 SEA

Dear Ms. Washburn:

On behalf of my clients Sandy Judd and Tara Herivel, I write to request a prehearing conference in a matter that has been referred to the Commission by the King County Superior Court under the doctrine of primary jurisdiction. In what follows, I will provide a brief overview of the case and its procedural history, as well as a description of the issues that have been referred to the Commission for adjudication. I have attached a number of exhibits that are useful in understanding the background of the litigation and the issues before the Commission.

OVERVIEW AND PROCEDURAL HISTORY

This case is a putative class action under Washington's Consumer Protection Act. The lawsuit seeks damages on behalf of a class of persons who accepted collect telephone calls from inmates incarcerated in Washington state prisons. In particular, plaintiffs contend that American Telephone & Telegraph Company (AT&T) and T-Netix, Inc. failed to disclose rates to the recipients of inmate-initiated collect calls, thereby violating WUTC regulations requiring such disclosure. Under state law, a violation of these regulations amounts to a *per se* violation of the Consumer Protection Act.

Plaintiffs filed this action in King County Superior Court in the summer of 2000 against five telecommunications companies: GTE Northwest (now Verizon), US West (now Qwest), Centurytel Telephone Utilities, Inc., T-Netix, and AT&T. ***Exh. A*** (First Amended Complaint). All five defendants immediately moved to dismiss the complaint, or, in the alternative, to stay the matter while the WUTC determined whether the companies violated the Commission's regulations related to rate disclosure. Judge Kathleen Learned dismissed outright three of the five defendants (Verizon, Qwest, and Centurytel).

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Plaintiffs appealed the dismissal of Verizon, Qwest and Centurytel. In the spring of 2003, Division One of the Washington Court of Appeals affirmed the trial court's dismissals. The Washington Supreme Court granted review and, in an opinion issued on July 29, 2004, affirmed the dismissals. ***Exh. B***. These three defendants are now completely out of the case.

The two other defendants—AT&T and T-Netix—remain in the case. The trial court invoked the doctrine of primary jurisdiction, referring certain issues to the WUTC and staying further proceedings until the WUTC completes an adjudicative proceeding. The issues are described in detail below and arise solely out of intrastate calls.[1]

FACTUAL BACKGROUND

Since at least 1992, the Washington State Department of Corrections has contracted with private operator service providers (OSPs) to provide "0+" operator services on the payphones used by prison inmates. Inmates are required to use the "0+" operator service provider assigned by contract to the prison from which the call is placed, and may place only collect calls.

At all times pertinent to this lawsuit, AT&T held an exclusive contract to provide long-distance and operator services to Washington State prisons. ***Exh. C*** (copy of contract and addenda). AT&T hired various subcontractors to help it carry out its contractual obligations to the Department of Corrections at various prisons. One of these subcontractors was T-Netix.

Plaintiff Sandy Judd received and paid for many intrastate long-distance collect calls from Washington State prison inmates, most often from her husband, Paul Wright, who was incarcerated in the Washington State Reformatory at Monroe and other Washington prisons.

Plaintiff Tara Herivel received and paid for intrastate long-distance collect calls from Washington State prison inmates. Specifically, Ms. Herivel received and paid

---

[1] One of the three named plaintiffs, Zuraya Wright, made only interstate calls. Because the issues referred to the WUTC involve intrastate calls only, this adjudicative proceeding involves only the interests of the other two named plaintiffs, Sandy Judd and Tara Herivel.

for phone calls from Paul Wright in connection with articles she published about the prison system.

STATUTORY AND REGULATORY BACKGROUND

Plaintiffs' claims are based on statutes enacted in 1988 that require companies providing long-distance operator services at public telephones to disclose rates to consumers. RCW 80.36.520 directed the WUTC to issue regulations requiring any company operating as or contracting with an "alternate operator service company" to disclose its identity and the rate charged to a consumer:

> The utilities and transportation commission shall by rule require, at a minimum, that any telecommunications company, operating as or contracting with an alternate operator services company, assure appropriate disclosure to consumers of the provision and the rate, charge or fee of services provided by an alternate operator services company.

The statute defines "alternate operator services company" (AOS company) to mean "a person providing a connection to intrastate or interstate long-distance services from places including, but not limited to, hotels, motels, hospitals, and customer-owned pay telephones." RCW 80.36.520 (***Exh. D***). Prisons are among the places covered by the statute. *See* WAC 480-120-141(2)(b) (1991).

The Legislature sought to give the statute some teeth by making a violation of these provisions a *per se* violation of the Consumer Protection Act. RCW 80.36.530 (***Exh. D***). Damages are presumed to be $200 per call plus the cost of the service. *Id.*

In 1991, the WUTC issued regulations implementing the disclosure requirements. *See* WAC 480-120-141 (1991). The regulations contained a slightly different definition of AOS company:

> [A]ny corporation, company, partnership or person other than a local exchange company providing a connection to intrastate or interstate long-distance or to local services from locations of call aggregators. The term "operator services"

> in this rule means any intrastate telecommunications service provided to a call aggregator location that includes as a component any automatic or live assistance to a consumer to arrange for billing or completion, or both, of an intrastate telephone call through a method other than (1) automatic completion with billing to the telephone from which the call originated, or (2) completion through an access code use by the consumer with billing to an account previously established by the consumer with the carrier.

WAC 480-120-021 (1991) (***Exh. E***).

Consistent with the statute, the regulations required AOS companies to disclose rates for a particular call "immediately, upon request, and at no charge to the consumer." WAC 480-120-141(5)(iii)(a) (1991) (***Exh. E***). The operator was required to provide "a quote of the rates or charges for the call, including any surcharge." *Id.*

In 1999, the WUTC amended the regulations. Rather than use the term "alternate operator services company," the new regulation tracked federal law and replaced the term AOS company with the term "operator services provider" or OSP. *See* WAC 480-120-021 (1999) (***Exh. F***). The substantive definition, however, remained unchanged.[2]

Disclosure requirements were strengthened in the 1999 regulation. The 1999 rules required automatic rate disclosure that is activated by pressing keys on the telephone keypad:

> Before an operator-assisted call from an aggregator location may be connected by a presubscribed OSP, the OSP must verbally advise the consumer how to receive a rate quote, such as by pressing a specific key or keys, but no more than two keys, or by staying on the line . . . This rule applies to all calls from pay phones or other aggregator locations, including prison phones . . . .

---

[2] The 1999 regulation deleted the exception for "local exchange carriers" in the 1991 regulation. That change should have no effect on issues relating to AT&T or T-Netix, as neither is a local exchange carrier.

WAC 480-120-141(2)(b) (1999) (*Exh. G*).

Both the 1991 and 1999 regulations are pertinent to the lawsuit because plaintiffs seek to recover damages for disclosure failures dating back to 1996.

ISSUES BEFORE THE WUTC

With regard to AT&T, the specific question to be determined by the WUTC is this: "[W]hether or not they [AT&T] are considered by the agency to be an OSP under the contracts at issue herein and if so if the regulations have been violated." *Exh. H.* In its order referring this issue to the WUTC, the trial court added that it retained jurisdiction over plaintiffs' Consumer Protection Act claim and that "class and damages issues" were stayed pending a decision from the WUTC. *Id.*

With regard to T-Netix, the court asked the WUTC "to determine if T-Netix has violated WUTC regulations." *Exh. I.* As with AT&T, the court stayed plaintiffs' Consumer Protection Act claims and class and damages issues. *Id.* While the court's request that the WUTC determine whether T-Netix has "violated WUTC regulations" appears vague on its face, the context is similar to the AT&T issue: in order to determine whether T-Netix violated WUTC regulations, the agency must determine whether T-Netix acted as an "operator service provider."

This is clear when one reviews the arguments of AT&T and T-Netix leading up to the court's referral of issues to the agency. Both companies argued that they should be dismissed from the lawsuit because they did not provide operator services. *Exh. J* (page 398); *Exh. K* (page 315 fn.4). Both companies also argued that the trial court should refer issues relating to intrastate telephone service to the WUTC. *Id.* at 400; *id.* at 321.

If the WUTC concludes that AT&T and/or T-Netix acted as an "operator services provider" for inmate calls, it must then determine whether these companies violated agency regulations by failing to disclose rate information. With respect to the 1991 regulation (in effect until January 1999), the agency would be required to determine whether recipients of inmate-initiated telephone calls handled by AT&T and/or T-Netix were able to obtain rate information "immediately, upon request, and at no charge to the consumer." WAC 480-120-141(5)(iii)(a) (1991) (*Exh. E*). Under the regulations, operators were required to provide "a quote of the rates or charges for the

call, including any surcharge." *Id.* If these services were not available, the 1991 regulation was violated.

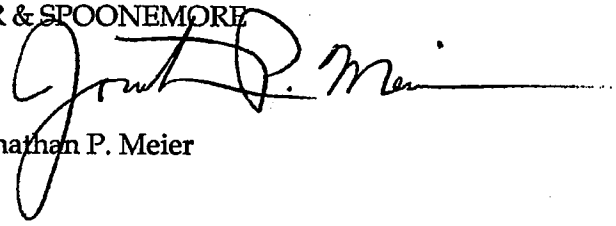
With respect to the 1999 regulation, the agency would be required to determine whether AT&T and/or T-Netix "verbally advise[d] the consumer how to receive a rate quote, such as by pressing a specific key or keys, but no more than two keys, or by staying on the line." WAC 480-120-141(2)(b) (1999) (***Exh. F***). If these services were not available, the 1999 regulation was violated.

CONCLUSION

Plaintiffs request a prehearing conference at the Commission's earliest convenience to discuss issues relating to discovery, scheduling, and other issues. If additional information would be helpful in advance of the conference, please let me know as soon as possible. Thank you for your assistance in this matter.

Very truly yours,

SIRIANNI YOUTZ
MEIER & SPOONEMORE



Jonathan P. Meier

JPM:tal
Enclosures
cc *(w/encs.)*:
Clients *(Sandy Judd, Zuraya Wright, Tara Herivel)*
Donald H. Mullins *(for T-Netix)*
Charles H.R. Peters *(for AT&T)*
Kelly Twiss Noonan *(for AT&T)*

Exhibit 3

AMENDMENT NO. 3 TO AGREEMENT
BETWEEN
STATE OF WASHINGTON DEPARTMENT OF CORRECTIONS
AND
AT&T CORPORATION

The AT&T Commission Agreement entered into as of March 16, 1992 ("Agreement"), between AT&T Communications, Inc. acting on behalf of the Interstate Division of AT&T Corp. (formerly American Telephone and Telegraph Company) and the AT&T Communications interexchange companies ("Contractor" or "AT&T") and State of Washington Department of Corrections ("Department") is amended, effective upon signing by both parties, as follows:

WHEREAS, Department and Contractor entered into an Agreement on March 16, 1992 for the Installation and Operation of an Inmate Telephone System at State Correctional Institutions and Work Facilities, bearing Contract No. CDOP2681 (the "Agreement");

WHEREAS, Department and Contractor entered into an Amendment No. 1 to the Agreement on November 30, 1994 for the purpose of modifying certain terms and conditions relating to Contractor's subcontractor GTE Northwest Incorporated (GTE);

WHEREAS, Department and Contractor entered into an Amendment No. 2 to the Agreement on August 15, 1995 for the purpose of providing for the addition of certain call control features for calls carried by Contractor and for an increase in commissions on calls carried by Contractor;

WHEREAS, the parties now wish to further amend the Agreement to change the expiration date of the Agreement, to increase the commissions, to delete Telephone Utilities of Washington, Inc. dba PTI Communications (PTI) as a subcontractor, and to include T-Netix Inc. as the station provider;

NOW, THEREFORE, Department and Contractor do mutually agree as follows:

1. Department and Contractor agree that the term of the Agreement is extended and will expire June 30, 1999.

2. Commencing on the 16th day of the month following the signing of this Amendment by Department, the monthly commission rate paid by Contractor under the Agreement shall increase to Forty-five percent (45%) on billed revenues from operator-assisted interLATA and international calls carried by Contractor from all locations. Also, Contractor shall pay Department a monthly commission rate of Forty-five percent (45%) on billed revenues from operator-assisted intraLATA calls from the following facilities only in PTI territory: Clallam Bay Corrections Center, Washington Correction Center for Women, Olympic Corrections Center, Pine Lodge Work Pre-Release, Coyote Ridge Corrections Center, and Larch Correctional Center.

3. Upon execution of this Amendment, U S WEST Communications, Inc. (USWC) shall pay to Department an increased monthly commission rate of Forty percent (40%) of billed revenues from operator-assisted local and intraLATA calls carried by USWC during the term of the Agreement.

4. Upon execution of this Amendment, GTE shall pay to Department an increased monthly commission rate of Thirty-five percent (35%) on all local and intraLATA GTE generated revenues for the term of the Agreement.

5. Upon execution of this Amendment, T-Netix, Inc. shall pay to Department a monthly commission rate of Twenty-seven percent (27%) on local calls only, for the term of the Agreement, from the facilities in PTI territory referred to in paragraph 2 above.

6. The Independent Contractor Agreement between AT&T and PTI entered into as of March 16, 1992, under which PTI agreed to act as subcontractor to Contractor for the provision of local service, inmate telephone equipment and monitoring and recording equipment to correctional facilities operated by the Department in PTI territory in the State of Washington, and in support of Contractor's obligations to the Department pursuant to the Agreement between the Department and AT&T for Installation and Operation of an Inmate Telephone System at State Correctional Institutions and Work Release Facilities, is hereby terminated in its entirety.

7. Any rate change will be effective beginning on the 16th day of the first calendar month of the renewal period.

8. In the event of an inconsistency between the terms of the Agreement and this Amendment, the terms of this Amendment shall prevail.

REVISED ATTACHMENT A: ___ YES ___ NO
REVISED ATTACHMENT B: ___ YES ___ NO

STATE OF WASHINGTON
DEPARTMENT OF CORRECTIONS

Gary Banning
Authorized Signature

Gary Banning
Typed or Printed Name

Contracts Administrator
Title

2/3/97
Date

360-753-5770
Contract Telephone Number

AT&T COMMUNICATIONS, INC.

Donna Bowen (for)
Authorized Signature

John Powell
Typed or Printed Name

Sales VP
Title

2/14/97
Date

Contract # _____

Agent ID _____

Location # _____

Approved as to Form:

OFFICE OF THE ATTORNEY GENERAL
STATE OF WASHINGTON

Cecil M Mueller for
Authorized Signature

Thomas F. Young
Typed or Printed Name

Assistant Attorney General
Title

February 3, 1997
Date

AT&T

AT&T

Standard Delegation Of Authority

U874
(7-87)

Note: Part A is used by the principal to appoint an in-charge during his/her absence:

Part B is used by the supervisor of the absentee to appoint an in-charge person to act on behalf of the absent principal.

Responsibility Code	Expires
1AX200000	2/14/97

Part A

During my absence from 2/10/97 to 2/14/97 19 97 inclusive, Donna Bowen will be in charge of Consumer Sales Division and may exercise all authority delegated to me in the Schedule of Authorizations and appropriate Departmental Instructions.

Authority Delegated To:

Signature Donna Bowen

Name Donna Bowen

Title/Salary Grade SG-6 B Band

Social Security No. 14 48-9786

Responsibility Code 1AX 0010

Approved:

Signature

Name John C. Powell

Title/Salary Grade E-Band

Social Security No. 205-34-2385

Date February 10, 1997

Part B

During the absence of _____ from _____ to _____ 19 inclusive,

_____ will be in charge of _____

and may exercise the authority delegated to _____

in the Schedule of Authorizations and appropriate Departmental Instructions.

Authority Delegated To:

Signature _____

Name _____

Title/Salary Grade _____

Social Security No. _____

Responsibility Code _____

Approved:

Signature _____

Name _____

Title/Salary Grade _____

Social Security No. _____

Date _____

Exhibit 4

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

SANDY JUDD, ET AL. Complainant, v. AT&T COMMUNICATIONS OF THE PACIFIC NORTHWEST, INC. And T-NETIX, INC. Respondents.	)	Docket No. UT-042022 **AFFIDAVIT IN SUPPORT OF AT&T'S MOTION FOR SUMMARY DETERMINATION**

AFFIDAVIT OF FRANCES M. GUTIERREZ

1. I, Frances M. Gutierrez, being duly sworn and under oath hereby state as follows:

2. I am over 21 years of age and I offer this affidavit based upon may personal knowledge and information.

3. I am employed by AT&T Corp. as Market Manager for the corrections industry. In this capacity I am responsible for sales and marketing of services to the corrections industry, among other things. Through my responsibilities for AT&T I am familiar with the agreement to provide inmate telephone service between AT&T, the State of Washington Department of Corrections ("DOC") and our subcontractors, including T-Netix Inc. ("T-Netix").

4. I have worked for AT&T for nineteen years, the last twelve of which have been in supporting AT&T's sales to the corrections industry.

5. The purpose of my affidavit is to provide the Commission with some background into how AT&T's subcontractors, in particular T-Netix, provisions service to AT&T such that AT&T may provide service to the DOC.

6. Prior to discussing the actual provision of such service, however, it is important to understand the special nature of inmate calling. Providing telephone service from correctional facilities for use by inmates brings with it some unique issues. For example, to prevent inmates from abusing witnesses, judges or the general public through the use of telephones, their calls maybe recorded, monitored or blocked, as required and directed by the correctional institution. They are generally restricted to calling numbers on a pre-approved list. In addition, the institutions insist that inmates must employ coinless inmate phones located on the premises of the correctional facilities. These coinless inmate phones, which are linked to a customized inmate call control platform and the attendant software, require inmates to make calls that are paid by the called party, after the system verifies that a called number is on the inmate's approved list,. These calls are not, however, routed through the telephone network as traditional "O+" operator calls, but are routed as ordinary "1+" direct dialed calls, and in the case of interLATA calls do not touch AT&T's OSPS (Operator Services Position System). The coinless inmate phones and their associated platform capture the call detail of the inmate calls and provide for the billing of these calls to the called parties. In the case of interLATA, intraLATA or local service, the institutions require that the inmates not speak with live operators; rather, the calls must be routed to the called parties where the individual called is informed, via the automated call processing software located at the facility within the call control platform, that they have received a call from a particular

inmate. Generally, the software asks the called party to press a certain button if he or she chooses to accept the call and it offers the called party an opportunity to hear the rates before electing to accept the call.

7. AT&T entered into a contract with the DOC in March of 1992, during which time AT&T was primarily an interstate long distance provider ("IXC"). As such under the contract, AT&T agreed to provide interstate and interLATA long distance service ("InterLATA service") and subcontract with three local exchange companies ("LECs") for the provision of local exchange service and intraLATA toll service. In 1992, the subcontractor-LECs were U S WEST Communications, Inc. ("USWEST"), GTE Northwest Inc. ("GTE") and Telephone Utilities of Washington, Inc. (d b a "PTI" or "CenturyTel"). In each case the subcontractor-LECs agreed to provide the public telephones, the recording and monitoring equipment and the appropriate software (the inmate platform) and the local service connections or "lines" necessary to transport the interLATA calls from the DOC facilities to AT&T's network.

8. AT&T did not and does not own the LEC facilities that connect and transport inmate traffic to AT&T's network. Rather, the LECs carry the traffic, on their own facilities, from the various DOC premises. So, for example, where Ms. Judd, a plaintiff in this case, received calls at her home in Snohomish from her husband incarcerated at the Washington State Reformatory at Monroe, the calls would only have traversed GTE's network to travel between the Monroe to Snohomish exchanges. Because her calls are intraLATA calls, they were all completed entirely on the LEC network and never touched AT&T's own network. Where an inmate at the Washington State Reformatory at Monroe makes an interLATA call, the LEC will pass that call to

AT&T, and AT&T will take those calls and transport them to their ultimate interstate or interLATA long distance destination.

9. As with the underlying LEC facilities, AT&T does not own or provide the operator interface between the called party and the collect call announcement or the access to rate quotes. These services were provided by T-Netix and the underlying intraLATA toll rates would have been dictated by the underlying LEC provider's tariffs.

10. Through mergers or otherwise over time each of the original subcontractor-LECs were replaced. USWEST became Qwest Communications, Inc. ("Qwest"), GTE became Verizon Northwest, Inc. ("Verizon") and T-Netix replaced PTI or CenturyTel as the subcontractor.

11. Amendment No.3 to the March 1992 DOC/AT&T contract released PTI or CenturyTel as a subcontractor and replaced it with T-Netix. In that Amendment, T-Netix was identified to become a "station provider" and pay the DOC a commission on local calls using the PTI facilities in PTI territory.[1] In early 1998, T-Netix further refined its understanding of its role in the PTI territory in a letter to AT&T.[2] T-Netix agreed to provide the local exchange services, which it obtained from PTI.

12. In January of 1997, the Washington Utilities and Transportation Commission ("WUTC") granted AT&T authority as a competitive local exchange carrier ("CLEC") in the State of Washington. However, at no time did AT&T take over the provision of local exchange services under the DOC contract at any DOC location. .

13. From these provisioning arrangements it is clear that AT&T does not provide the connection between the DOC facilities and its interLATA services or its

[1] **Attachment 1**, Amendment No. 3.
[2] **Attachment 2**, Letter dated March 10, 1998 to AT&T from T-Netix.

intraLATA toll service. Furthermore, AT&T does not provide the "operator" interface (the inmate calling platform) between the called parties and the system.

Dated this 14th day of December, 2004.

Dec 14, 2004
Date

Frances M. Gutierrez
Signed

Signed and Sworn before me this 14th day of December, 2004.

M. Michelle Daniel
Notary Public in and for Texas
Address 811 Main Lubbock, TX

My commission expires on 2-1-06

M. MICHELLE DANIEL
Notary Public, State of Texas
My Commission Expires 02-01-2006

Exhibit 5

GTE NORTHWEST INCORPORATED
INDEPENDENT CONTRACTOR AGREEMENT

This Agreement is made and entered into as of the sixteen (16th) day of March, 1992 by and between AMERICAN TELEPHONE AND TELEGRAPH COMPANY, a New York corporation having an office at 295 North Maple Avenue, Basking Ridge, New Jersey 07920 (hereafter referred to as "AT&T") and GTE NORTHWEST INCORPORATED, a Washington corporation having an office at 1800 41st Street, Everett, WA 98201 (hereafter referred to as "GTE").

WHEREAS, the State of Washington, acting by and through its Department of Corrections ("Department"), issued Request for Proposal No. CRFP2562, dated September 4, 1991, for an Inmate Telephone System and Recording/Monitoring at Department Correctional Institutions and Work Release Facilities (the "RFP");

WHEREAS, various parties submitted responses to the RFP, including AT&T, GTE, U S West Communications, Inc. ("USWC") and Telephone Utilities of Washington, Inc. dba PTI Communications ("PTI");

WHEREAS, on December 20, 1991, the Department announced its selection of AT&T as the successful vendor, on the basis of a proposal under which AT&T, GTE, USWC and PTI would each supply portions of the services and equipment called for by the RFP (the "Combined Proposal");

WHEREAS, to implement the Department's action, the Department and AT&T entered into an Agreement for the Installation and Operation of an Inmate Telephone System at Department Correctional Institutions and Work Release Facilities, herein referred to as the "Prime Contract;"

WHEREAS, the Department has requested that AT&T enter into a subcontract with GTE to set forth the terms and conditions for that portion of the RFP and the Prime Contract that covers the provision of intraLATA and local service, public telephone equipment and monitoring and recording equipment in GTE territory, and GTE wishes to offer its services as subcontractor;

NOW THEREFORE, the parties agree as follows:

1) The terms used herein shall have the same meaning as in the Prime Contract, which is incorporated herein by reference and made a part hereof, except that:

   (a) The term "Agreement" shall refer only to this Independent Contractor Agreement;

   (b) The term "Public Pay Telephone" shall refer to all GTE public telephones on the premises of Department Correctional Institutions and Work Release Facilities, unless specifically identified either as (i) "Inmate Public Telephones," referring

to the GTE public telephones made available to inmates, from which only collect calls can be made or (ii) "Staff Public Telephones," referring to GTE public telephones located on the premises of certain facilities for use by staff and visitors but not inmates, from which both "1+" and "0+" telephone calls can be made.

(c) The term "Department" shall include Department employees having responsibility for implementation of inmate telephone service, including employees of the Department of Corrections and employees of individual Department Correctional Institutions and Work Release Facilities.

2) This Agreement shall be coterminous with the Prime Contract and shall commence as of March 16, 1992 ("Effective Date") and continue for five (5) years, unless the Prime Contract is terminated earlier, in which case this Agreement shall terminate upon termination of the Prime Contract. This Agreement shall be automatically renewed upon renewal of the Prime Contract.

3) In connection with the Prime Contract, GTE shall provide the following services and equipment at Twin Rivers Corrections Center, Washington State Reformatory (Monroe), Indian Ridge Corrections Center (Arlington) and Special Offender Center (Monroe):

a) GTE Public Pay Telephones, including enclosures, mounting posts, cabling and associated equipment. All such equipment shall meet the requirements of the RFP, the Prime Contract and this Agreement.

b) Delivery of interLATA traffic originating from the Public Pay Telephones to AT&T's Point of Presence over switched access facilities;

c) Completion of all "0+" local and intraLATA calls from Public Pay Telephones and all "1+" local and intraLATA calls from Staff Public Pay Telephones;

d) Provision of all station installation and local network and station maintenance on Public Pay Telephones in accordance with the requirements of the RFP, the Prime Contract and this Agreement;

e) Provision of advanced technological diagnostic systems to detect telephone troubles on Public Pay Telephones and the dispatching of technicians for repair of such troubles, as required by the RFP and the Prime Contract;

f) For Staff Public Telephones, provision of local directory

assistance, access to the local operator and "911" Emergency Services as prescribed by tariff and the Prime Contract;

g) Provision of live or mechanical operator announcements for all personal calls made from Inmate Public Telephones that the call is coming from a prison inmate and that it will be recorded and may be monitored and/or intercepted;

h) For Inmate Public Telephones, provision and maintenance of call timing and call blocking functions;

i) Collection and accounting for all coins deposited in the Staff Public Pay Telephones; and

k) Provision of access from the Staff Public Pay Telephones to other interexchange carriers via carrier access codes.

4) In connection with the Prime Contract, GTE shall provide the following services and equipment at Washington State Reformatory (Monroe):

a) Installation of Dictaphone recording and monitoring equipment. All such equipment shall meet the requirements of the RFP, the Prime Contract and this Agreement.

b) Maintenance of Dictaphone recording and monitoring equipment in accordance with the requirements of the RFP.

5) In addition to the equipment and services set forth in Section 3 and 4 of this Agreement, other equipment or services may be requested by the Department or AT&T and mutually agreed upon by GTE and AT&T.

6) GTE shall cooperate with the Department and with AT&T in developing a joint implementation plan for cutover of the equipment and services set forth in Sections 3 and 4 of this Agreement at the correctional facilities covered by this Agreement. GTE shall meet the due dates for cutovers agreed to by the parties.

7) GTE agrees to perform all work subcontracted under this Agreement in accordance with the RFP (including schedules and attachments), the RFP response submitted by GTE ("GTE Proposal") and the Prime Contract, all of which are incorporated herein by reference as if fully set forth herein.

8) AT&T will be responsible for negotiations and contact with the Department or its designated representative. These contacts will include, but not be limited to negotiations involving all contract issues; introduction of new technology; and legal and regulatory updates. AT&T or the Department may request GTE to

place additional Public Pay Telephones on the premises of the Correctional Institutions and Work Release Facilities covered by this Agreement. AT&T shall be solely responsible for contact with the Department regarding the provision of interexchange services.

9) For each Correctional Institution or Work Release Facility covered by this Agreement, GTE shall designate a single point of contact to receive trouble reports for Public Pay Telephones and monitoring and recording equipment. Prior to the effective date of this Agreement, GTE shall provide a list of designated contacts, with names and telephone numbers, both to the Department of Corrections at the address set forth in Section 22 and to the Superintendent of each facility. GTE shall promptly advise both such parties of any changes in this contact list.

10) GTE, through its designated points of contact, shall receive all trouble calls relating to the Public Pay Telephones and monitoring and recording equipment covered by this Agreement. Unless more stringent standards are provided in the Prime Contract or requested by the Department, GTE will dispatch a technician to repair such telephones or monitoring or recording equipment within 24 hours, excluding weekends and holidays, of receipt of notice from the Department.

11) Commencing for each facility as of the cutover date of the Public Pay Telephones, GTE shall pay to the Department a monthly commission of twenty-seven percent (27%) on billed revenues from operator-assisted local and intraLATA calls carried by GTE. GTE's monthly commission checks shall be sent to the Superintendent of each covered Correctional Institution or Work Release Program, made payable to the Inmate Welfare Fund, unless and until the Department shall specify a different payee for commission checks.

12) If GTE fails to pay the commissions set forth in paragraph 11 within 45 days after the end of any billing cycle, interest at a annual rate of 10% shall be paid to the Department commencing as of the 46th day.

13) GTE shall provide to the Department the following reports:

a) A monthly call detail report for Inmate Public Telephones, by institution, and addressed to the superintendent of the institution, showing the date, time, payphone number, called number and length of each call.

b) A monthly commission report for Inmate and Staff Public Telephones, by institution, showing total revenues generated by each Inmate and Staff Public Telephone for that monthly

commission cycle. Each such report shall be sent to two locations: one copy to the institution and one copy to the Department of Corrections, Attention: Sharon Shue, Telecommunications Manager, P. O. Box 41110, MS: 61, Olympia, WA 98504-41110.

14) AT&T and GTE will mutually agree upon the selection and placement of signage that appears on the Public Pay Telephones including enclosures. Staff Public Telephones shall comply with the signage and unblocking requirements of the Telephone Operator Consumer Services Improvement Act of 1990.

15) Each party will indemnify and hold the other harmless from liabilities, claims or demands arising out of personal injury or death or damage to property to the extent proximately caused by the negligence of the indemnifying party' employees or subcontractors in performing services under this Agreement. Subject to Sections 24 and 25, each party will indemnify and hold the other harmless from liabilities, claims or demands arising out of the indemnifying party's failure to perform or observe any obligation, condition or undertaking required of that party pursuant to the RFP, the Prime Contract or this Agreement. These indemnities apply where the indemnifying party's negligence or failure is either the sole or a contributing cause of the injury, death or damage, but do not extend to any portion of the injury, death, damage, liability, claim or demand caused by either the sole or the contributing negligence of the non-indemnifying party or third parties.

16) In the event that the Department terminates the Prime Contract under the terms thereof, including as a result of a material breach by AT&T and/or its subcontractors, AT&T shall have the right immediately to terminate this Agreement without liability to GTE for compensation or for damages of any kind, whether on account of the loss by GTE of present or prospective profits on services or anticipated services, or on account of any other cause. In the event that the State partially terminates the Prime Contract after the third year, terminating the Prime Contract as to one or more institutions in USWC and/or PTI territory but not in GTE territory, AT&T shall use its reasonable best efforts to maintain the Prime Contract in full force and effect as to all covered facilities in GTE territory.

17) AT&T may terminate this Agreement upon written notice if GTE has defaulted in the performance of its obligations under this Agreement. Such termination shall be effective thirty (30) days after written notice by AT&T, unless such default or breach has been cured, or in the event of a default or breach that cannot be cured within that time, GTE has commenced a cure and provided adequate assurances that it will conclude

the cure to the satisfaction of AT&T and the Department.

18) GTE agrees that it is an independent contractor. The relationship between the parties as set forth herein shall be limited to the performance of the services set forth in this Agreement and shall not constitute either a joint venture or a partnership. Neither party may obligate the other to pay any expense or liability except upon the written consent of the other.

19) The failure of either party to enforce strict performance of any provision of this Agreement shall not be construed as a waiver of its right to assert or rely upon such provision or any other provision of this Agreement.

20) Subject to the disclosure and reporting requirements of the Prime Contract:

a) The parties hereto expressly agree that all information relating to AT&T Non-Sent Paid Calls carried through the telephone instruments is proprietary to AT&T.

b) Other information deemed to be proprietary which is provided by one party to the other in connection with this Agreement will be marked in a manner to indicate that it is considered proprietary or otherwise subject to limited distribution. If such information is provided orally, the disclosing party shall clearly identify it as proprietary at the time of disclosure and reduce such information to tangible form within 10 business days.

c) With respect to the proprietary information defined in subsections (a) and (b) above, the party receiving such information will

(i) hold the information in confidence and protect it in accordance with the security restrictions by which it protects its own proprietary or confidential information which it does not wish to disclose;

(ii) restrict disclosure of such information to its employees or agents with a need to know and not disclose it to any other parties;

(iii) advise those employees and agents of their obligations with respect to such information; and

(iv) use such information only for the purposes of this Agreement, except as may otherwise be agreed upon in writing.

d) The party receiving such information will have no obligation to preserve the proprietary nature of any information which

(i) was previously known to it free of any obligation to keep it confidential;

(ii) is disclosed to third parties by the other party without any restriction;

(iii) is or becomes publicly available other than by unauthorized disclosure; or

(iv) is independently developed by it.

(e) This paragraph 20 and the confidentiality obligations imposed hereunder shall survive and remain in effect notwithstanding the termination of this Agreement.

21) For the duration of the concession term, GTE shall maintain insurance coverage of at least the following types and amounts: (a) $1,000,000 (One Million Dollars) Bodily Injury and Property Damage Combined Single Limit or its equivalent; (b) Workers' Compensation as required by Washington law; (c) $1,000,000 (One Million Dollars) Employers' Liability and (d) $1,000,000 (One Million Dollars) Auto Liability covering Bodily Injury and Property Damage Combined Single Limit or its equivalent. GTE shall provide AT&T with a certificate of insurance evidencing such coverage prior to the signing of this Agreement. This certificate shall guarantee at least thirty (30) days notice to AT&T of cancellation and shall show AT&T as an additional insured.

22) All notices required herein shall be in writing and delivered to the other party either in person, by first class mail or transmitted by facsimile to the following address or facsimile number:

If to AT&T:
AT&T
4460 Rosewood Drive, Room 6330
Pleasanton, CA 94588
Attention: State of Washington
Account Executive
Consumer Sales Division
Facsimile No.: (510) 224-5498
Telephone No.: (510) 224-4926

If to GTE:
GTE Northwest Incorporated
2312D West Casino Road
Everett, WA 98204
Attention: Joanna Sissons
Facsimile No.: (206) 353-6558
Telephone No.: (206) 356-4175

If to the Department:
State of Washington
Department of Corrections
P. O. Box 9699, MS: FN-61
Olympia, WA 98504
Attention: Sharon Shue
Telecommunications Manager
Division of Information Systems
Facsimile No.: (206) 586-8723
Telephone No.: (206) 753-6339

The name, address or facsimile number for notice may be changed by giving notice in accordance with this Section. If mailed in accordance with this Section, notice shall be deemed given when actually received by the individual addressee or designated agent or three (3) business days after mailing, whichever is earlier. If transmitted by facsimile in accordance with this Section, notice shall be deemed given when actually received by the individual addressee or designated agent or one (1) business day after transmission, whichever is earlier.

23) Bond

GTE shall post a performance bond or a performance/payment bond in the amount of $65,000 GTE on a form acceptable to AT&T. Such bond shall be for the purpose of guaranteeing satisfactory performance by GTE of the services required hereunder and the payment of commissions due or owing to the Department.

24) Neither party shall be liable to the other or to any third party for any indirect, special or consequential damage of any kind whatsoever.

25) Telecommunications services provided by the parties to each other, to the State of Washington and to users of the Inmate Public Telephones and Staff Public Pay Telephones shall be provided pursuant to applicable state and federal tariffs. In case of conflict between provisions of this Agreement and such tariffs, the tariffs shall govern.

26) Entire Agreement

This Agreement and the documents incorporated herein by reference constitute the entire understanding between the parties and supersede all prior understandings, oral or written representations, statements, negotiations, proposals and undertakings with respect to the subject matter hereof.

GTE NORTHWEST INCORPORATED

By: Robert D. Frewberg
(Signature)

Robert D. Frewberg
(Typed or Printed Name)

Area Director-PubCom
(Title)

5/5/92
(Date)

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

By: [signature]
(Signature)

John Powell
(Typed or Printed Name)

Sales V.P.
(Title)

8/12/92
(Date)

Certified Copy

SEABOARD SURETY COMPANY

No. 10808 ADMINISTRATIVE OFFICES, BEDMINSTER, NEW JERSEY LLLL 1546

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That SEABOARD SURETY COMPANY, a corporation of the State of New York, has made, constituted and appointed and by these presents does make, constitute and appoint Thomas L. Towle or John C. Haskell, Jr. or Andrea L. Berry or Betsy L. Fender or Herman L. Koempel or Debbie M. Bennett

of Seattle, Washington

its true and lawful Attorney-in-Fact, **to make, execute and deliver on its behalf insurance policies, surety bonds, undertakings and other instruments of similar nature** as follows: Without Limitations

Such insurance policies, surety bonds, undertakings and instruments for said purposes, when duly executed by the aforesaid Attorney-in-Fact, shall be binding upon the said Company as fully and to the same extent as if signed by the duly authorized officers of the Company and sealed with its corporate seal; and all the acts of said Attorney-in-Fact, pursuant to the authority hereby given, are hereby ratified and confirmed.

This appointment is made pursuant to the following By-Laws which were duly adopted by the Board of Directors of the said Company on December 8th, 1927, with Amendments to and including January 15, 1982 and are still in full force and effect:

ARTICLE VII, SECTION 1.

"**Policies, bonds, recognizances, stipulations, consents of surety, underwriting undertakings and instruments relating thereto.**

Insurance policies, bonds, recognizances, stipulations, consents of surety and underwriting undertakings of the Company, and releases, agreements and other writings relating in any way thereto or to any claim or loss thereunder, shall be signed in the name and on behalf of the Company

(a) by the Chairman of the Board, the President, a Vice-President or a Resident Vice-President and by the Secretary, an Assistant Secretary, a Resident Secretary or a Resident Assistant Secretary; or (b) by an Attorney-in-Fact for the Company appointed and authorized by the Chairman of the Board, the President or a Vice-President to make such signature; or (c) by such other officers or representatives as the Board may from time to time determine.

The seal of the Company shall if appropriate be affixed thereto by any such officer, Attorney-in-Fact or representative."

IN WITNESS WHEREOF, SEABOARD SURETY COMPANY has caused these presents to be signed by one of its Vice-Presidents, and its corporate seal to be hereunto affixed and duly attested by one of its Assistant Secretaries, this 25th day of April, 19 90

Attest:

(Seal) Lia A. Rispoli
Assistant Secretary

SEABOARD SURETY COMPANY,
By Michael B Keegan
Vice-President

STATE OF NEW JERSEY
COUNTY OF SOMERSET ss.:

On this 25th day of April, 19 90, before me personally appeared Michael B. Keegan a Vice-President of SEABOARD SURETY COMPANY, with whom I am personally acquainted, who, being by me duly sworn, said that he resides in the State of New Jersey; that he is a Vice-President of SEABOARD SURETY COMPANY, the corporation described in and which executed the foregoing instrument; that he knows the corporate seal of the said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto as Vice-President of said Company by like authority.

(Seal)

FELICE M. ZUBRYCKI
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June4, 1991

Notary Public

CERTIFICATE

I, the undersigned Assistant Secretary of SEABOARD SURETY COMPANY do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this Certificate and I do further certify that the Vice-President who executed the said Power of Attorney was one of the Officers authorized by the Board of Directors to appoint an attorney-in-fact as provided in Article VII, Section 1, of the By-Laws of SEABOARD SURETY COMPANY.

This Certificate may be signed and sealed by facsimile under and by authority of the following resolution of the Executive Committee of the Board of Directors of SEABOARD SURETY COMPANY at a meeting duly called and held on the 25th day of March 1970

"RESOLVED (2) That the use of a printed facsimile of the corporate seal of the Company and of the signature of an Assistant Secretary on any certification of the correctness of a copy of an instrument executed by the President or a Vice-President pursuant to Article VII, Section 1, of the By-Laws appointing and authorizing an attorney-in-fact to sign in the name and on behalf of the Company surety bonds, underwriting undertakings or other instruments described in said Article VII, Section 1, with like effect as if such seal and such signature had been manually affixed and made, hereby is authorized and approved."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Company to these presents this 30th day of April, 19 92.

Diana M. Klement
Assistant Secretary

Form 957 (Rev. 7/84)

For verification of the authenticity of this Power of Attorney, you may call collect 201-658-9600 and ask for the Power of Attorney clerk. Please refer to the Power

ACORD. CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY): 04/29/92

PRODUCER

JOHNSON & HIGGINS OF CONNECTICUT
SIX STAMFORD FORUM
PO BOX 10006
STAMFORD, CT 06904-2006

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

GTE NORTHWEST INC.
GTE SERVICE CORPORATION
ONE STAMFORD FORUM
STAMFORD, CT 06904

COMPANIES AFFORDING COVERAGE

COMPANY LETTER A — LUMBERMENS MUTUAL CASUALTY COMPANY
COMPANY LETTER B
COMPANY LETTER C
COMPANY LETTER D
COMPANY LETTER E

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS		
	GENERAL LIABILITY						
A	X COMMERCIAL GENERAL LIABILITY	3YL945140-01	07/01/91	UNTIL	GENERAL AGGREGATE	$	1,000,000
	CLAIMS MADE X OCCUR.				PRODUCTS-COMP/OP AGG.	$	1,000,000
	OWNER'S & CONTRACTOR'S PROT.				PERSONAL & ADV. INJURY	$	1,000,000
				CANCELED	EACH OCCURRENCE	$	1,000,000
					FIRE DAMAGE (Any one fire)	$	50,000
					MED. EXPENSE (Any one person)	$	10,000
	AUTOMOBILE LIABILITY						
A	X ANY AUTO				COMBINED SINGLE LIMIT	$	1,000,000
	ALL OWNED AUTOS	3ZL945140-01	07/01/91	UNTIL			
	SCHEDULED AUTOS	OR		CANCELED	BODILY INJURY (Per person)	$	
	HIRED AUTOS	F3B003662					
	NON-OWNED AUTOS	(POLICIES APPLICABLE			BODILY INJURY (Per accident)	$	
	GARAGE LIABILITY	BY STATE)					
					PROPERTY DAMAGE	$	
	EXCESS LIABILITY						
	UMBRELLA FORM				EACH OCCURRENCE	$	
	OTHER THAN UMBRELLA FORM				AGGREGATE	$	
A							
	WORKER'S COMPENSATION	3CL945140-02	07/01/91	UNTIL	STATUTORY LIMITS		
	AND	3YL945140-01		CANCELED	EACH ACCIDENT	$	1,000,000
	EMPLOYERS' LIABILITY				DISEASE—POLICY LIMIT	$	1,000,000
					DISEASE—EACH EMPLOYEE	$	1,000,000
	OTHER						

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

CERTIFICATE HOLDER IS NAMED AS AN ADDITIONAL INSURED WHERE REQUIRED BY CONTRACT.

CERTIFICATE HOLDER

AT&T
4460 ROSEWOOD DRIVE, ROOM 6330
PLEASANTON, CA 94588
ATTN: MS. PATTY MAITLAND

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Robert S Lloyd

ACORD 25-S (7/90)

Exhibit 6

U S WEST COMMUNICATIONS, INC.
INDEPENDENT CONTRACTOR AGREEMENT

This Agreement is made and entered into as of the sixteenth (16th) day of March, 1992 by and between American Telephone and Telegraph Company, a New York corporation having an office at 295 N. Maple Avenue, Basking Ridge, New Jersey 07920 (hereafter referred to as "AT&T") and U S WEST COMMUNICATIONS, INC., a Colorado corporation having an office at 1600 Seventh Avenue, Suite 3204, Seattle, WA 98191 (hereafter referred to as "USWC").

WHEREAS, the State of Washington, acting by and through its Department of Corrections ("Department"), issued Request for Proposal No. CRFP2562, dated September 4, 1991, for an Inmate Telephone System and Recording/Monitoring at Department Correctional Institutions and Work Release Facilities (the "RFP");

WHEREAS, various parties submitted responses to the RFP, including AT&T, USWC, GTE Northwest Incorporated ("GTE") and Telephone Utilities of Washington, Inc. dba PTI Communications ("PTI");

WHEREAS, on December 20, 1991, the Department announced its selection of AT&T as the successful vendor, on the basis of a proposal under which AT&T would provide interLATA service and USWC, PTI and GTE would each supply portions of the services and equipment called for by the RFP (the "Combined Proposal");

WHEREAS, to implement the Department's action, the Department and AT&T entered into an Agreement for the Installation and Operation of an Inmate Telephone System at Department Correctional Institutions and Work Release Facilities, herein referred to as the "Prime Contract;"

WHEREAS, the Department has requested that AT&T enter into a subcontract with USWC to set forth the terms and conditions for that portion of the RFP and the Prime Contract that covers the provision of intraLATA and local service, public telephone equipment and monitoring and recording equipment in USWC territory, and USWC wishes to offer its services as subcontractor;

NOW THEREFORE, the parties agree as follows:

1) The terms used herein shall have the same meaning as in the Prime Contract, which is incorporated herein by reference and made a part hereof, except that:

   (a) The term "Agreement" shall refer only to this Independent Contractor Agreement;

   (b) The term "Public Pay Telephone" shall refer to all USWC public telephones on the premises of Department Correctional Institutions and Work Release Facilities, unless specifically identified either as (i) "Inmate Public Telephones," referring to the USWC public telephones made available to inmates, from which only collect calls can be made or (ii) "Staff Public Telephones," referring to USWC public telephones located on the premises of certain facilities for use by staff and

visitors but not inmates, from which both "1+" and "0+" telephone calls can be made.

(c) The term "Department" shall include Department employees having responsibility for implementation of inmate telephone service, including employees of the Department of Corrections and employees of individual Department Correctional Institutions and Work Release Facilities.

2) This Agreement shall be coterminous with the Prime Contract and shall commence as of March 16, 1992 ("Effective Date") and continue for five (5) years, unless the Prime Contract is terminated earlier, in which case this Agreement shall terminate upon termination of the Prime Contract. This Agreement shall be automatically renewed upon renewal of the Prime Contract.

3) In connection with the Prime Contract, USWC will provide the following services and equipment at Washington Corrections Center (Shelton), McNeil Island Penitentiary, Washington State ~~Department~~ Penitentiary (Walla Walla), Airway Heights, Tacoma Pre-Release, Cedar Creek Corrections Center and Larch Corrections Center, as required by the RFP or the Prime Contract or otherwise specified by AT&T:

a) USWC Public Pay Telephones, including enclosures, mounting posts, cabling and associated equipment. All such equipment shall meet the requirements of the RFP, the Prime Contract and this Agreement.

b) Delivery of interLATA traffic originating from the Public Pay Telephones to AT&T's Point of Presence over switched access facilities;

c) Completion of all "0+" local and intraLATA calls from Public Pay Telephones and all "1+" local and intraLATA calls from Staff Public Pay Telephones;

d) Provision of all station installation and local network and station maintenance on Public Pay Telephones in accordance with the requirements of the RFP, the Prime Contract and this Agreement;

e) Provision of advanced technological diagnostic systems to detect telephone troubles on Public Pay Telephones and the dispatching of technicians for repair of such troubles, as required by the RFP and the Prime Contract;

f) For Staff Public Telephones, provision of local directory assistance, access to the local operator and "911" Emergency Services as prescribed by tariff and the Prime Contract;

g) Provision of live or mechanical operator announcements for all personal calls made from Inmate Public Telephones that

the call is coming from a prison inmate and that it will be recorded and may be monitored and/or intercepted;

h) For Inmate Public Telephones, provision and maintenance of call timing and call blocking functions;

i) Collection and accounting for all coins deposited in the Staff Public Pay Telephones; and

j) Provision of access from the Staff Public Pay Telephones to other interexchange carriers via carrier access codes.

4) In connection with the Prime Contract, USWC shall provide the following services and equipment at Washington Corrections Center (Shelton), McNeil Island Penitentiary, Washington State Penitentiary (Walla Walla) and Airway Heights:

a) Dictaphone recording and monitoring equipment. All such equipment shall meet the requirements of the RFP, the Prime Contract and this Agreement.

b) Maintenance of Dictaphone recording and monitoring equipment in accordance with the requirements of the RFP.

5) In addition to the equipment and services set forth in Section 3 and 4 of this Agreement, other equipment or services may be requested by the Department or AT&T and mutually agreed upon by USWC and AT&T.

6) USWC agrees to perform all work subcontracted under this Agreement in accordance with the RFP (including schedules and attachments), the RFP response submitted by USWC ("USWC Proposal") and the Prime Contract, all of which are incorporated herein by reference as if fully set forth herein.

7) AT&T will be responsible for negotiations and contact with the Department or its designated representative. These contacts will include, but not be limited to negotiations involving all contract issues; introduction of new technology; and legal and regulatory updates. AT&T or the Department may request USWC to place additional Public Pay Telephones on the premises of the Correctional Institutions and Work Release Facilities covered by this Agreement. AT&T shall be solely responsible for contact with the Department regarding the provision of interexchange services.

8) For each Correctional Institution or Work Release Facility covered by this Agreement, USWC shall designate a single point of contact to receive trouble reports for Public Pay Telephones and monitoring and recording equipment. Prior to the effective date of this Agreement, USWC shall provide a list of designated contacts, with names and telephone numbers, both to the Department of Corrections at the address set forth in Section 21 and the Superintendent of each facility. USWC

shall promptly advise both such parties of any changes in this contact list.

9) USWC, through its designated points of contact, shall receive all trouble calls relating to the Public Pay Telephones and monitoring and recording equipment covered by this Agreement. Unless more stringent standards are provided in the Prime Contract or requested by the Department, USWC will dispatch a technician and repair such telephones or monitoring or recording equipment within 24 hours, excluding weekends and holidays, of receipt of notice from the Department. USWC will provide monthly written reports to AT&T itemizing its repair activities by location, Public Pay Telephone station and type of monitoring/recording equipment.

10) Commencing as of March 16, 1992, USWC shall pay to the Department monthly commissions at the rates set forth in Schedule A attached to this Agreement. USWC's monthly commission checks shall be sent to the Superintendent of each covered Correctional Institution or Work Release Program, made payable to the Inmate Welfare Fund, unless and until the Department shall specify a different payee for commission checks. The commission schedule set forth in Schedule A shall also apply to USWC public telephones at any new Department Correctional Institutions or Work Release Facilities which are constructed during the term of this Agreement

11) USWC's billing cycle begins on the ~~15~~ 16th day of each month and ends on the 16th day of the following month. If USWC fails to pay the commissions set forth in paragraph 10 and Schedule A within 45 days after the end of any billing cycle, interest at an annual rate of 10% shall be paid to the Department commencing as of the 46th day. This paragraph shall not apply to the true-up commission payments made by USWC with respect to the initial billing cycles of this Agreement.

12) USWC shall provide to the Department the following reports with respect to the traffic it carries:

a) A monthly call detail report for Inmate Public Telephones, by institution, and addressed to the superintendent of the institution showing the date, time, payphone number, called number and length of each call.

b) A monthly commission report for Inmate and Staff Public Telephones, by institution, showing total revenues generated by each Inmate and Staff Public Telephone for that monthly commission cycle. Each such report shall be sent to two locations: one copy to the institution and one copy to the Department of Corrections, Attention: Sharon Shue, Telecommunications Manager, P. O. Box 41110, MS: 61, Olympia, WA 98504-41110.

13) AT&T and USWC will mutually agree upon the selection and

placement of signage that appears on the Public Pay Telephones including enclosures. Staff Public Telephones shall comply with the signage and unblocking requirements of the Telephone Operator Consumer Services Improvement Act of 1990.

14) Each party agrees to indemnify and hold the other harmless against all claims, loss, or liability arising from changes to or destruction of property or injury to persons occurring as a result of any negligent act by or on behalf of the indemnifying party or arising out of or connected with indemnifying party's telephone equipment or services or upon the indemnifying party's failure to perform or observe any obligation, condition or undertaking of the RFP, the Prime Contract or this Agreement.

15) In the event that the Department terminates the Prime Contract, whether with or without cause, including as a result of a material breach by AT&T and/or its subcontractors, AT&T shall have the right immediately to terminate this Agreement without liability to USWC for compensation or for damages of any kind, whether on account of the loss by USWC of present or prospective profits on services or anticipated services, or on account of any other cause.

16) AT&T may terminate this Agreement upon written notice if USWC has defaulted in the performance of its obligations under this Agreement. Such termination shall be effective thirty (30) days after receipt of written notice from AT&T, unless such default or breach has been cured, or in the event of a default or breach that cannot be cured within that time, USWC has commenced a cure and provided adequate assurances that it will conclude the cure to the satisfaction of AT&T and the Department.

17) USWC agrees that it is an independent contractor. The relationship between the parties as set forth herein shall be limited to the performance of the services set forth in this Agreement and shall not constitute either a joint venture or a partnership. Neither party may obligate the other to pay any expense or liability except upon the written consent of the other.

18) The failure of either party to enforce strict performance of any provision of this Agreement shall not be construed as a waiver of its right to assert or rely upon such provision or any other provision of this Agreement.

19) Subject to the disclosure and reporting requirements of the Prime Contract:

a) The parties hereto expressly agree that all information relating to AT&T Non-Sent Paid Calls carried through the telephone instruments is proprietary to AT&T.

b) Other information deemed to be proprietary which is provided by one party to the other in connection with this Agreement will be marked in a manner to indicate that it is considered proprietary or otherwise subject to limited distribution. If such information is provided orally, the disclosing party shall clearly identify it as proprietary at the time of disclosure and reduce such information to tangible form within 10 business days.

c) With respect to the proprietary information defined in subsections (a) and (b) above, the party receiving such information will

(i) hold the information in confidence and protect it in accordance with the security restrictions by which it protects its own proprietary or confidential information which it does not wish to disclose;

(ii) restrict disclosure of such information to its employees or agents with a need to know and not disclose it to any other parties;

(iii) advise those employees and agents of their obligations with respect to such information; and

(iv) use such information only for the purposes of this Agreement, except as may otherwise be agreed upon in writing.

d) The party receiving such information will have no obligation to preserve the proprietary nature of any information which

(i) was previously known to it free of any obligation to keep it confidential;

(ii) is disclosed to third parties by the other party without any restriction;

(iii) is or becomes publicly available other than by unauthorized disclosure; or

(iv) is independently developed by it.

e) This paragraph 19 and the confidentiality obligations imposed hereunder shall survive and remain in effect notwithstanding the termination of this Agreement.

20) For the duration of the concession term, USWC shall maintain insurance coverage of at least the following types and amounts: (a) $1,000,000 (One Million Dollars) Bodily Injury and Property Damage Combined Single Limit or its equivalent; (b) Workers' Compensation as required by Washington law; (c) $1,000,000 (One Million Dollars) Employers' Liability and (d)

$1,000,000 (One Million Dollars) Auto Liability covering Bodily Injury and Property Damage Combined Single Limit or its equivalent. USWC shall provide AT&T with a certificate of insurance evidencing such coverage prior to the signing of this Agreement. This certificate shall guarantee at least thirty (30) days notice to AT&T of cancellation and shall show AT&T as an additional insured. USWC may meet the requirements of this paragraph through a program of self-insurance and a certificate of self-insurance.

21) All notices required herein shall be in writing and delivered to the other party either in person, by first class mail or transmitted by facsimile to the following address or facsimile number:

If to AT&T:
AT&T
4460 Rosewood Drive, Room 6330
Pleasanton, CA 94588
Attention: State of Washington
Account Executive
Consumer Sales Division
Facsimile No.: (510) 224-5498
Telephone No.: (510) 224-4926

If to USWC:
U S West Communications, Inc.
14808 SE 16th, Basement
Bellevue, WA 98007
Attention: Susan Haynes
Facsimile No.: (206) 451-6011
Telephone No.: (206) 451-5328

If to the Department:

State of Washington
Department of Corrections
P.O. Box 9699, MS: FN-61
Olympia, WA 98504
Attention: Sharon Shue
Telecommunications Manager
Division of Information Systems
Facsimile No.: (206) 586-8723
Telephone No.: (206) 753-6339

The name, address or facsimile number for notice may be changed by giving notice in accordance with this Section. If mailed in accordance with this Section, notice shall be deemed given when actually received by the individual addressee or designated agent or three (3) business days after mailing, whichever is earlier. If transmitted by facsimile in accordance with this Section, notice shall be deemed given when actually received by the individual addressee or designated agent or one (1) business day after transmission, whichever is earlier.

22. Bond

USWC shall post a performance bond or a performance/payment bond in the amount of $315,000 on a form acceptable to AT&T. Such bond shall be for the purpose of guaranteeing satisfactory performance by USWC of the services required hereunder and the payment of commissions due or owing to the Department.

23. Entire Agreement

This Agreement and the documents incorporated herein by reference constitute the entire understanding between the parties and supersede all prior understandings, oral or written representations, statements, negotiations, proposals and undertakings with respect to the subject matter hereof.

U S WEST COMMUNICATIONS, INC.

By: Susan R. Haynes
(Signature)

Susan R. Haynes
(Typed or Printed Name)

Account Executive
(Title)

4/21/92
(Date)

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

By: [signature]
(Signature)

John Powell
(Typed or Printed Name)

Sales V.P.
(Title)

8/12/92
(Date)

FORM APPROVED
Date 4/15/92
By BAH
Legal Department
US West Communications, Inc.

COMMISSION SCHEDULE

USWC agrees to pay the Department a commission rate of 35% of billed revenues from operator-assisted local and intraLATA calls carried by USWC. At the end of each calendar year of this Agreement, USWC shall review billed USWC revenues against the schedule shown below and increase the compensation, if appropriate, as follows:

Annual USWC Revenue	Adjustment Level & New Commission Rate
$2.0 Million	35%
$3.0 Million	36%
$4.0 Million	37%

The USWC commission rate will not fall below 35%. Once a level of commission has been achieved, it will remain in place throughout the remaining years of this Agreement unless the next appropriate level is attained.

SCHEDULE A

Bond No. U1864900-54

UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, FEDERAL WAY, WASHINGTON

PERFORMANCE BOND

The American Institute of Architects, AIA Document A311, February 1970 Edition.

KNOW ALL MEN BY THESE PRESENTS: that (Here insert full name and address or legal title of Contractor)
U S WEST COMMUNICATIONS, INC.

as Principal, hereinafter called Contractor, and, UNITED PACIFIC INSURANCE COMPANY, a corporation of the State of Washington, with its Head Office at Federal Way, Washington, as Surety, hereinafter called Surety, are held and firmly bound unto (Here insert full name and address or legal title of Owner)

A T & T

as Obligee, hereinafter called Owner, in the amount of FIVE HUNDRED THOUSAND AND NO/100

Dollars ($ 500,000.00 * * *), for the payment whereof Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, Contractor has by written agreement dated April 10 19 92, entered into a contract with Owner for

INMATE INSTALLATION
MAINTENANCE AND REPAIR FOR WASHINGTON STATE D.O.C.

in accordance with Drawings and Specifications prepared by (Here insert full name and address or legal title of Architect)

which contract is by reference made a part hereof, and is hereinafter referred to as the Contract.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that, if Contractor shall promptly and faithfully perform said Contract, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

The Surety hereby waives notice of any alteration or extension of time made by the Owner.

Whenever Contractor shall be, and declared by Owner to be in default under the Contract, the Owner having performed Owner's obligations thereunder, the Surety may promptly remedy the default, or shall promptly

1) Complete the Contract in accordance with its terms and conditions, or

2) Obtain a bid or bids for completing the Contract in accordance with its terms and conditions, and upon determination by Surety of the lowest responsible bidder, or, if the Owner elects, upon determination by the Owner and the Surety jointly of the lowest responsible bidder, arrange for a contract between such bidder and Owner, and make available as Work progresses (even though there should be a default or a succession of defaults under the contract or contracts of completion arranged under this paragraph) sufficient funds to pay the cost of completion less the balance of the contract price; but not exceeding, including other costs and damages for which the Surety may be liable hereunder, the amount set forth in the first paragraph hereof. The term "balance of the contract price," as used in this paragraph, shall mean the total amount payable by Owner to Contractor under the Contract and any amendments thereto, less the amount properly paid by Owner to Contractor.

Any suit under this bond must be instituted before the expiration of two (2) years from the date on which final payment under the contract falls due.

No right of action shall accrue on this bond to or for the use of any person or corporation other than the Owner named herein or the heirs, executors, administrators or successors of Owner.

Signed and sealed this 7th day of April 19 92

(Witness)

U S WEST COMMUNICATIONS, INC. (Seal)
(Principal)

(Title)

(Witness)

UNITED PACIFIC INSURANCE COMPANY

Lori Whitted (Title) Attorney in Fact

Performance Bond
Revised to February, 1970

SB 5715ax (1) Printed in U.S.A.
BDU-2304 ED. 11/84

UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, FEDERAL WAY, WASHINGTON

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Washington, does hereby make, constitute and appoint

LORI WHITTED of SEATTLE, WASHINGTON----------

its true and lawful Attorney-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed

ANY AND ALL BONDS AND UNDERTAKINGS OF SURETYSEIP----------

and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows:

ARTICLE VII — EXECUTION OF BONDS AND UNDERTAKINGS

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorneys-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney-in-Fact at any time and revoke the power and authority given to him.

2. Attorneys-in-Fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorneys-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This power of attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

> "Resolved, That the signatures of such directors and officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President, and its corporate seal to be hereto affixed, this 14 day of August 19 91.

UNITED PACIFIC INSURANCE COMPANY

Vice President

STATE OF Washington
COUNTY OF King } ss.

On this 14th day of August, 19 91, personally appeared Lawrence W. Carlstrom

to me known to be the Vice-President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company and the Resolution, set forth therein, are still in full force.

My Commission Expires:
May 15 , 19 94

Notary Public in and for State of Washington

Residing at Tacoma

I, Marjorie S. Hansen, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 7th day of April, 19 92.

Assistant Secretary

Marjorie S. Hansen

SOU-1437 (5/91)

U S WEST COMMUNICATIONS

RG 01-0086
(4-91)

CERTIFICATE OF SELF-INSURANCE
U S WEST Communications, Inc.

This is to certify to: AT&T
4460 Rosewood Drive, Rm. 6330
Pleasanton, CA 94588

Attn: Patty Martland

that The Company is self-insured as follows:

DESCRIPTION OF COVERAGE	LIMITS
Comprehensive General Liability Premises/Operations Completed Operations Contractual Liability includes X, C and U.	Not less than $1 million per occurrence combined single limit.
Comprehensive Automobile Liability All owned, non-owned and hired motor vehicles.	Not less than $1 million per occurrence combined single limit.
Employer's Liability	Not less than $100,000 each accident.
Workers' Compensation Qualified self-insurer in the state of Washington.	Statutory.

Effective Date: March 16, 1992 Expiration Date: March 16, 1997

RE: Placement and/or maintenance of Inmate telecommunication facilities for the State of Washington Department of Corrections. Thirty (30) days written notice will be provided to the certificate holder should any of the above be materially changed or canceled. AT&T is an additional insured as their interest may appear.

Issued by:

U S WEST Communications, Inc.
Manager Risk Finance & Insurance
9785 Maroon Circle, Suite 400
Englewood, CO 80112
(303) 792-4711

Signature: Myron Buchanan

Date Issued: April 10, 1992

Sue Haynes, USWC, 14500 SE 36th, Bellevue, WA 98007
206-451-3828

White Copy - Certificate Holder Canary Copy - USWC Requestor Pink Copy - Risk Mgt. Permanent File

Exhibit 7

TELEPHONE UTILITIES OF WASHINGTON, INC.
dba PTI COMMUNICATIONS
INDEPENDENT CONTRACTOR AGREEMENT

This Agreement is made and entered into as of the sixteenth (16th) day of March, 1992 by and between AMERICAN TELEPHONE AND TELEGRAPH COMPANY, a New York corporation having an office at 295 N. Maple Avenue, Basking Ridge, New Jersey, 07920 (hereafter referred to as "AT&T") and Telephone Utilities of Washington, Inc. dba PTI COMMUNICATIONS, a Washington corporation having an office at 8102 Skansie Avenue, Gig Harbor, WA 98335 (hereafter referred to as "PTI").

WHEREAS, the State of Washington, acting by and through its Department of Corrections ("Department"), issued Request for Proposal No. CRFP2562, dated September 4, 1991, for an Inmate Telephone System and Recording/Monitoring at Department Correctional Institutions and Work Release Facilities (the "RFP");

WHEREAS, various parties submitted responses to the RFP, including AT&T, PTI, U S West Communications, Inc. ("USWC") and GTE Northwest, Inc. ("GTE");

WHEREAS, on December 20, 1991, the Department announced its selection of AT&T as the successful vendor, on the basis of a proposal under which AT&T, USWC, PTI and GTE would each supply portions of the services and equipment called for by the RFP (the "Combined Proposal");

WHEREAS, to implement the Department's action, the Department and AT&T entered into an Agreement for the Installation and Operation of an Inmate Telephone System at Department Correctional Institutions and Work Release Facilities, herein referred to as the "Prime Contract;"

WHEREAS, the Department has requested that AT&T enter into a subcontract with PTI to set forth the terms and conditions for that portion of the RFP and the Prime Contract that covers the provision of local service, public telephone equipment and monitoring and recording equipment in PTI territory, and PTI wishes to offer its services as subcontractor;

NOW THEREFORE, the parties agree as follows:

1) The terms used herein shall have the same meaning as in the Prime Contract, which is incorporated herein by reference and made a part hereof, except that:

   (a) The term "Agreement" shall refer only to this Independent Contractor Agreement;

(b) The term "Public Pay Telephone" shall refer to all PTI public telephones on the premises of Department Correctional Institutions and Work Release Facilities, unless specifically identified either as (i) "Inmate Public Telephones," referring to the PTI public telephones made available to inmates, from which only collect calls can be made or (ii) "Staff Public Telephones," referring to PTI public telephones located on the premises of certain facilities for use by staff and visitors but not inmates, from which both "1+" and "0+" telephone calls can be made.

(c) The term "Department" shall include Department employees having responsibility for implementation of inmate telephone service, including employees of the Department of Corrections and employees of individual Department Correctional Institutions and Work Release Facilities.

2) This Agreement shall be coterminous with the Prime Contract and shall commence as of March 16, 1992 ("Effective Date") and continue for five (5) years, unless the Prime Contract is terminated earlier, in which case this Agreement shall terminate upon termination of the Prime Contract. This Agreement shall be automatically renewed upon renewal of the Prime Contract.

3) For the term of this Agreement, AT&T agrees to carry and pay commissions on all operator-assisted and sent-paid intraLATA calls originating from correctional facilities located in PTI territory in the State of Washington. AT&T's obligation to carry and pay commissions on such operator-assisted and sent-paid intraLATA calls shall terminate upon the expiration or sooner termination of this Agreement.

4) In connection with the Prime Contract, PTI shall provide the following services and equipment at Clallam Bay Corrections Center, Washington Correction Center for Women, Olympic Corrections Center, Pine Lodge Pre-Release and Coyote Ridge:

a) PTI Public Pay Telephones, including enclosures, mounting posts, cabling and associated equipment. All such equipment shall meet the requirements of the RFP, the Prime Contract and this Agreement.

b) Delivery of intraLATA and interLATA traffic originating from the Public Pay Telephones to AT&T's Point of Presence over switched access facilities;

c) Completion of all "0+" local calls from Public Pay Telephones and all sent-paid local calls from Staff Public Pay Telephones;

d) Provision of all station installation and local network and station maintenance on Public Pay Telephones in accordance with the requirements of the RFP, the Prime Contract and this Agreement;

e) Provision of advanced technological diagnostic systems to detect telephone troubles on Public Pay Telephones and the dispatching of technicians for repair of such troubles, as required by the RFP and the Prime Contract;

f) For Staff Public Telephones, provision of local directory assistance, access to the local operator and "911" Emergency Services as prescribed by tariff and the Prime Contract;

g) For calls carried by PTI, provision of live or mechanical operator announcements for all personal calls made from Inmate Public Telephones that the call is coming from a prison inmate and that it will be recorded and may be monitored and/or intercepted;

h) For Inmate Public Telephones, provision and maintenance of call timing and call blocking functions;

i) Collection and accounting for all coins deposited in the Staff Public Pay Telephones; and

k) Provision of access from the Staff Public Pay Telephones to other interexchange carriers via carrier access codes, where the Serving Central Office has been converted to equal access.

5) In connection with the Prime Contract, PTI will provide the following services and equipment at Clallam Bay Corrections Center and Washington Correction Center for Women:

a) Installation of Dictaphone recording and monitoring equipment. All such equipment shall meet the requirements of the RFP, the Prime Contract and this Agreement.

b) Maintenance of Dictaphone recording and monitoring equipment in accordance with the requirements of the RFP.

6) In addition to the equipment and services set forth in Sections 4 and 5 of this Agreement, other equipment or services may be requested by the Department or AT&T and mutually agreed upon by PTI and AT&T.

7) PTI shall cooperate with the Department and with AT&T in developing a joint implementation plan for cutover of the equipment and services set forth in Sections 4 and 5 of this Agreement at the five correctional facilities covered by this

Agreement. PTI shall meet the due dates for cutovers agreed to by the parties.

8) PTI agrees to perform all work subcontracted under this Agreement in accordance with the RFP (including schedules and attachments), the RFP response submitted by PTI ("PTI Proposal") and the Prime Contract, all of which are incorporated herein by reference as if fully set forth herein.

9) AT&T will be responsible for negotiations and contact with the Department or its designated representative. These contacts will include, but not be limited to negotiations involving all contract issues; introduction of new technology; and legal and regulatory updates. AT&T or the Department may request PTI to place additional Public Pay Telephones on the premises of the Correctional Institutions and Work Release Facilities covered by this Agreement. AT&T shall be solely responsible for contact with the Department regarding the provision of interLATA services.

10) For each Correctional Institution or Work Release Facility covered by this Agreement, PTI shall designate a single point of contact to receive trouble reports for Public Pay Telephones and monitoring and recording equipment. Prior to the effective date of this Agreement, PTI shall provide a list of designated contacts, with names and telephone numbers, both to the Department of Corrections at the address set forth in Section 22 and to the Superintendent of each facility. PTI shall promptly advise both such parties of any changes in this contact list.

11) PTI, through its designated points of contact, shall receive all trouble calls relating to the Public Pay Telephones and monitoring and recording equipment covered by this Agreement. Unless more stringent standards are provided in the Prime Contract or requested by the Department, PTI will dispatch a technician to repair such telephones or monitoring or recording equipment within 24 hours, excluding weekends and holidays, of receipt of notice from the Department. PTI will provide monthly written reports to AT&T itemizing its repair activities by location, Public Pay Telephone station and type of monitoring/recording equipment.

12) Commencing for each facility as of the cutover date of the Public Pay Telephones installed by PTI pursuant to this Agreement, PTI shall pay to the Department a monthly commission of twenty-seven percent (27%) on billed revenues from operator-assisted local calls carried by PTI. PTI's monthly commission checks shall be sent to the Superintendent of each covered Correctional Institution or Work Release Program, made payable to the Inmate Welfare Fund, unless and until the Department shall specify a different payee for

commission checks.

13) If PTI fails to pay the commissions set forth in paragraph 12 within 45 days after the end of any billing cycle, interest at an annual rate of 10% shall be paid to the Department commencing as of the 46th day.

14) PTI shall provide to the Department the following reports with respect to the traffic it carries:

a) A monthly call detail report for Inmate Public Telephones, by institution, and addressed to the superintendent of the institution, showing the date, time, payphone number, called number and length of each call.

b) A monthly commission report for Inmate and Staff Public Telephones, by institution, showing total revenues generated by each Inmate and Staff Public Telephone for that monthly commission cycle. Each such report shall be sent to two locations: one copy to the institution and one copy to the Department of Corrections, Attention: Sharon Shue, Telecommunications Managers, P. O. Box 41110, MS: 61, Olympia, WA 98504-41110.

15) AT&T and PTI will mutually agree upon the selection and placement of signage that appears on the Public Pay Telephones including enclosures. Staff Public Telephones shall comply with the signage and unblocking requirements of the Telephone Operator Consumer Services Improvement Act of 1990.

16) Each party agrees to indemnify and hold the other harmless against all claims, loss, or liability arising from changes to or destruction of property or injury to persons occurring as a result of any negligent act by or on behalf of the indemnifying party or arising out of or connected with indemnifying party's telephone equipment or services or upon the indemnifying party's failure to perform or observe any obligation, condition or, undertaking of the RFP, the Prime Contract or this Agreement.

17) In the event that the Department terminates the Prime Contract, whether with or without cause, including as a result of a material breach by AT&T and/or its subcontractors, AT&T shall have the right immediately to terminate this Agreement without liability to PTI for compensation or for damages of any kind, whether on account of the loss by PTI of present or prospective profits on services or anticipated services, or on account of any other cause. In the event that the State terminates the Prime Contract as to one or more institutions in USWC and/or GTE territory but not in PTI territory, AT&T shall use its reasonable best efforts to maintain the Prime

Contract in full force and effect as to all covered facilities in PTI territory.

18) AT&T may terminate this Agreement upon written notice if PTI has defaulted in the performance of its obligations under this Agreement. Such termination shall be effective thirty (30) days after written notice by AT&T, unless such default or breach has been cured, or in the event of a default or breach that cannot be cured within that time, PTI has commenced a cure and provided adequate assurances that it will conclude the cure to the satisfaction of AT&T and the Department. In the event of a default by PTI, any equipment or software installed by PTI pursuant to this Agreement shall remain in place, without penalty to AT&T.

19) PTI agrees that it is an independent contractor. The relationship between the parties as set forth herein shall be limited to the performance of the services set forth in this Agreement and shall not constitute either a joint venture or a partnership. Neither party may obligate the other to pay any expense or liability except upon the written consent of the other.

20) The failure of either party to enforce strict performance of any provision of this Agreement shall not be construed as a waiver of its right to assert or rely upon such provision or any other provision of this Agreement.

21) Subject to the disclosure and reporting requirements of the Prime Contract:

(a) The parties hereto expressly agree that all information relating to AT&T Non-Sent Paid Calls carried through the telephone instruments is proprietary to AT&T.

(b) Other information deemed to be proprietary which is provided by one party to the other in connection with this Agreement will be marked in a manner to indicate that it is considered proprietary or otherwise subject to limited distribution. If such information is provided orally, the disclosing party shall clearly identify it as proprietary at the time of disclosure and reduce such information to tangible form within 10 business days.

(c) With respect to the proprietary information defined in subsections (a) and (b) above, the party receiving such information will

(i) hold the information in confidence and protect it in accordance with the security restrictions by which it protects its own proprietary or confidential information which it does not wish to disclose;

(ii) restrict disclosure of such information to its employees or agents with a need to know and not disclose it to any other parties;

(iii) advise those employees and agents of their obligations with respect to such information; and

(iv) use such information only for the purposes of this Agreement, except as may otherwise be agreed upon in writing.

(d) The party receiving such information will have no obligation to preserve the proprietary nature of any information which

(i) was previously known to it free of any obligation to keep it confidential;

(ii) is disclosed to third parties by the other party without any restriction;

(iii) is or becomes publicly available other than by unauthorized disclosure; or

(iv) is independently developed by it.

(e) This paragraph 20 and the confidentiality obligations imposed hereunder shall survive and remain in effect notwithstanding the termination of this Agreement.

22) For the duration of the concession term, PTI shall maintain insurance coverage of at least the following types and amounts: (a) $1,000,000 (One Million Dollars) Bodily Injury and Property Damage Combined Single Limit or its equivalent; (b) Workers' Compensation as required by Washington law; (c) $1,000,000 (One Million Dollars) Employers' Liability and (d) $1,000,000 (One Million Dollars) Auto Liability covering Bodily Injury and Property Damage Combined Single Limit or its equivalent. PTI shall provide AT&T with a certificate of insurance evidencing such coverage prior to the signing of this Agreement. This certificate shall guarantee at least thirty (30) days notice to AT&T of cancellation and shall show AT&T as an additional insured.

23) All notices required herein shall be in writing and delivered to the other party either in person, by first class mail or transmitted by facsimile to the following address or facsimile number:

If to AT&T:
AT&T
4460 Rosewood Drive, Room 6330
Pleasanton, CA 94588
Attention: State of Washington
Account Executive
Consumer Sales Division
Facsimile no.: (510) 224-5498
Tel. no. (510) 224-4926

If to PTI:
Pacific Telecom, Inc.
805 Broadway
P. O. Box 9901
Vancouver, WA 98668-8701
Attention: Calvin K. Simshaw,
Attorney
Facsimile no.: (206) 699-5953
Tel. No.: (206) 699-5958

If to the Department:

State of Washington
Department of Corrections
P.O. Box 9699, MS: FN-61
Olympia, WA 98504
Attention: Sharon Shue
Telecommunications Manager
Division of Information Systems
Facsimile no. (206) 586-8723
Tel. no. (206) 753-6339

The name, address or facsimile number for notice may be changed by giving notice in accordance with this Section. If mailed in accordance with this Section, notice shall be deemed given when actually received by the individual addressee or designated agent or three (3) business days after mailing, whichever is earlier. If transmitted by facsimile in accordance with this Section, notice shall be deemed given when actually received by the individual addressee or designated agent or one (1) business day after transmission, whichever is earlier.

24. Bond

PTI shall post a performance bond or a performance/payment bond in the amount of $120,000 on a form acceptable to AT&T. Such bond shall be for the purpose of guaranteeing satisfactory performance by PTI of the services required hereunder and the payment of commissions due or owing to the Department.

25. Entire Agreement

This Agreement and the documents incorporated herein by reference constitute the entire understanding between the parties and supersede all prior understandings, oral or written representations, statements, negotiations, proposals and undertakings with respect to the subject matter hereof.

TELEPHONE UTILITIES OF WASHINGTON, INC., dba PTI COMMUNICATIONS

By: _____
(Signature)

Jon C. Erickson
(Typed or Printed Name)

Executive Vice President/General Manager
(Title)

4/13/92
(Date)

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

By: _____
(Signature)

John Powell
(Typed or Printed Name)

Sales V.P.
(Title)

8/12/92
(Date)

ACORD. CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY) 04/02/92

PRODUCER

WILLIS CORROON CORPORATION OF SEATTLE
P.O. Box C-34201
Seattle, WA 98124
(206) 386-7491
Attn: Rob Yan

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

Telephone Utilities of Washington, Inc.
dba PTI Communications
8102 Skansie Avenue
Gig Harbor WA 98335
Attn: Cal Simshaw / VH1065

COMPANIES AFFORDING COVERAGE

COMPANY LETTER A — Industrial Indemnity Company
COMPANY LETTER B
COMPANY LETTER C
COMPANY LETTER D
COMPANY LETTER E

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS		
	GENERAL LIABILITY				GENERAL AGGREGATE	$	20,000,000
A	X COMMERCIAL GENERAL LIABILITY	NG 902-5266	01/01/92	01/01/93	PRODUCTS-COMP/OP AGG.	$	2,000,000
	CLAIMS MADE X OCCUR.				PERSONAL & ADV. INJURY	$	1,000,000
	X OWNER'S & CONTRACTOR'S PROT.				EACH OCCURRENCE	$	1,000,000
					FIRE DAMAGE (Any one fire)	$	50,000
					MED. EXPENSE (Any one person)	$	5,000
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT	$	
	X ANY AUTO	NA 902-5267	01/01/92	01/01/93			1,000,000
	ALL OWNED AUTOS				BODILY INJURY (Per person)	$	
A	SCHEDULED AUTOS						
	X HIRED AUTOS				BODILY INJURY (Per accident)	$	
	X NON-OWNED AUTOS						
	GARAGE LIABILITY				PROPERTY DAMAGE	$	
	EXCESS LIABILITY				EACH OCCURRENCE	$	
	UMBRELLA FORM				AGGREGATE	$	
	OTHER THAN UMBRELLA FORM						
	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY	Insured with State Fund			STATUTORY LIMITS		
					EACH ACCIDENT	$	
					DISEASE—POLICY LIMIT	$	
					DISEASE—EACH EMPLOYEE	$	
	OTHER						

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS This certificate addresses all operations, premises, and activities of the named insured. Please see attached for special provisions.
Re: Inmate Telephone System and Recording/Monitoring at Washington Department Correctional Institutions and Work Release Facilities (the "RFP")

CERTIFICATE HOLDER

AT&T
4460 Rosewood Drive, Room 6330
Pleasanton CA 94588
Attn: State of Washington
Account Executive
Consumer Sales Division

cc: H.V. Tran, Pacific Telecom, Inc. (433)

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE WILLIS CORROON CORPORATION OF SEATTLE
JOHN L. LOKOSH

ACORD 25-S (7/90)

SPECIAL PROVISIONS

General Liability Insurance

1. The insured under this policy includes:

   Any person or organization, for whom the named insured is obligated by virtue of a written contract or agreement to provide insurance such as is afforded by this policy, but only in respect of operations by or on behalf of the named insured or of facilities of the named insured or used by them. The insurance afforded to any person or organization as an insured under this paragraph shall include only the insurance that is required to be provided by the terms of such agreement to procure insurance, and then only to the extent that such insurance in is included within the terms of this policy.

   If the written contract or agreement requires primary coverage for the additional insured, the insurance afforded under this policy to such additional insured is primary and any other insurance which such additional insured may have will be treated as excess insurance.

2. Except with respect to the limits of insurance, this insurance applies separately to each insured against whom claim is made or "suit" is brought.

3. The named insured is permitted to waive subrogation under a written contract before an accident or loss.

Automobile Liability Insurance

1. The insured under this policy includes anyone who is not otherwise excluded under the policy and is liable for the conduct of the named insured, but only to the extent of that liability.

2. Except with respect to the limit of insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or "suit" is brought.

3. The named insured is permitted to waive subrogation under a written contract before a loss.

SAFECO

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
FIRST NATIONAL INSURANCE COMPANY
OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

8-SUR-328

BOND NO. 5725802

KNOW ALL BY THESE PRESENTS, That we, TELEPHONE UTILITIES OF WASHINGTON, INC. dba PTI COMMUNICATIONS, a Washington corporation, having an office at 8102 Skansie Avenue, Gig Harbor, WA 98335, as Principal, and SAFECO INSURANCE COMPANY OF AMERICA, a Washington corporation, of Safeco Plaza, Seattle, WA 98185, as Surety, are held and firmly bound unto AMERICAN TELEPHONE AND TELEGRAPH COMPANY, a New York corporation having an office at 295 North Maple Avenue, Basking Ridge, NJ 07920, as Obligee, in the penal sum of ONE HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS ($120,000.00) lawful money of the United States, for payment of which sum, well and truly to be made, we bind ourselves, our successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, That WHEREAS, the Principal entered into a certain Subcontract Agreement with the Obligee, dated the 16th day of March, 1992, wherein the Principal has agreed to fully perform its portion of the services required and the payment of commissions due or owing to the State of Washington Department of Corrections pursuant to Request for Proposal No. CRFP2562, dated September 4, 1991, and as set forth in a Prime Contract between the State of Washington Department of Corrections and American Telephone and Telegraph Company, a New York corporation, for an Inmate Telephone System and Recording/Monitoring at Department Correctional Institutions and Work Release Facilities, that covers the provision of local service, public telephone equipment and monitoring and recording equipment in the respective territory of the above named Principal, said contract being incorporated herein by reference, and as more fully set forth in said Subcontract Agreement.

BOND NO. 5725802

NOW, THEREFORE, if the Principal shall well and truly perform and fulfill all of the covenants, terms and conditions of the said Subcontract Agreement, and guarantee payment of commissions due or owing to the State of Washington Department of Corrections, then this obligation shall be null and void; otherwise to remain in full force and effect. No right of action shall accrue on this bond to or for the use of any person or corporation other than the Obligee named herein or the heirs, executors, administrators or successors of the Obligee.

PROVIDED, HOWEVER:

1. This bond shall continue in force until March 16, 1993, or until the date of expiration of any Continuation Certificate executed by the Surety.

2. This bond may be cancelled by the Surety by the sending of notice in writing to the Obligee, stating when, not less than ninety (90) days thereafter, liability hereunder shall terminate as to subsequent acts or omissions of the Principal.

IN WITNESS WHEREOF, the above bounden parties have executed this instrument, this 6th day of April, 1992.

TELEPHONE UTILITIES OF WASHINGTON, INC.
dba PTI COMMUNICATIONS

Principal

By _____

SAFECO INSURANCE COMPANY OF AMERICA

By _____
Muriel M. van Veen
Attorney-in-Fact

Marsh & McLennan, Inc.
PTI-B-SUR-328

SAFECO

POWER OF ATTORNEY

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
HOME OFFICE SAFECO PLAZA
SEATTLE, WASHINGTON 98185

No. 6907

KNOW ALL BY THESE PRESENTS:

That SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA, each a Washington corporation, does each hereby appoint

----------MURIEL M. VAN VEEN, Portland, Oregon----------

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA have each executed and attested these presents

this 20th day of January, 19 84.

CERTIFICATE

Extract from the By-Laws of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA:

"Article V, Section 13. — FIDELITY AND SURETY BONDS . . . the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business . . . On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

(i) The provisions of Article V, Section 13 of the By-Laws, and

(ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and

(iii) Certifying that said power-of-attorney appointment is in full force and effect.

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Bon A. Dickey, Secretary of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 6th day of April, 19 92.

Exhibit 8

T-NETIX, Inc.
67 Inverness Drive East
Englewood, CO 80112 USA
Corporate Offices: (303) 790-9111
FAX: (303) 790-9540

NASDAQ Symbol: TNTX

March 10, 1998

Sandi Hornung
AT&T
6th Floor
2020 K Street, NW
Washington D.C. 20006

Re: Local Only Facilities - WA DOC

This letter is to outline AT&T's understanding of the responsibilities of both AT&T and T-NETIX in respect to those Washington DOC facilities listed below where T-NETIX is carrying the local traffic on AT&T's behalf. The facilities included are:

WA DOC - Washington Women's
WA DOC - Coyote Ridge
WA DOC - Pine Lodge Pre-Release
WA DOC - Olympic Correctional
WA DOC - Clallam Bay Correctional

T-NETIX Responsibilities

T-NETIX will provision the local traffic on AT&T's behalf beginning **March 3, 1998.** T-NETIX will perform or cause to be performed the administrative services required on behalf of AT&T.

AT&T Responsibilities

AT&T will purchase all inmate telephone sets. AT&T, or a subcontractor to AT&T will provide any required maintenance of the phones.

AT&T will reimburse T-NETIX for the commissions paid, for the cost of the inmate telephone lines, and for the charges billed T-NETIX by its billing agent ZPDI, including bad debt, unbillable calls, billing agent service fees and LEC fees ("Reimbursements"). Bad debt, unbillable calls and LEC fees are billed to AT&T at actual costs passed on to ZPDI from the LECs. The billing agent service fees are billed to AT&T at the rate T-NETIX receives which is discounted based on T-NETIX' total volume with ZPDI.

AT&T will also remit to T-NETIX a $.10 transaction fee per call processed ("Transaction Fees"). T-NETIX will apply the cash revenue remitted for the benefit of AT&T from the billing agent ("AT&T Cash Revenue") against the noted

Reimbursements and Transaction Fees. In those instances where Reimbursements and Transaction Fees exceed AT&T Cash Revenue, T-NETIX will invoice AT&T. T-NETIX will provide to AT&T a full reconciliation of the amount due on a monthly basis by facility. The net amount due to/from AT&T will be outlined in a supporting schedule. These facilities will be and included in AT&T's current local only facility invoices and supporting schedules.

AT&T shall have the right to audit any records upon 30 days written notice.

Please sign the attached copy as agreement. If you have any questions please do not hesitate to call myself or Shannon.

Sincerely,

T-NETIX, Inc.

John Giannaula
VP Finance

Accepted by: _____
Sandi Hornung, AT&T

cc: Karen Casciotta - AT&T
Russ Vitale - AT&T
Katja Christensen - T-NETIX, Inc.
Shannon Fenimore - T-NETIX, Inc.

Exhibit 9

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

SANDRA JUDD, et al., Complainants, v. AT&T COMMUNICATIONS OF THE PACIFIC NORTHWEST, INC.; and T-NETIX, INC., Respondents.	DOCKET NO. UT-042022 **RESPONSES TO** T-NETIX, INC.'S FIRST SET OF DATA REQUESTS TO COMPLAINANT SANDY JUDD

Pursuant to WAC 480-07-405, T-Netix, Inc. ("T-Netix"), by and through its attorneys of record, Ater Wynne LLP, hereby requests that Complainant Sandy Judd provide responses to the following Data Requests to the undersigned within *ten (10) business days* after service of these Data Requests.

THESE DATA REQUESTS ARE CONTINUING REQUESTS AND REQUIRE TIMELY SUPPLEMENTATION OF ANSWERS AND PRODUCTION OF DOCUMENTS AS ACQUIRED DURING THE PENDENCY OF THIS PROCEEDING.

I. INSTRUCTIONS

A. ANSWERS TO DATA REQUESTS

1. These Data Requests are to be answered fully, in writing, within *ten (10) business days* after service, which includes Data Requests that are faxed or emailed to you.

2. These Data Requests are continuing in nature. In the event you discover further information or documentation which alters, modifies, deletes, or augments the responses given now or any time hereafter, you are obligated to change, supplement and correct all appropriate responses to these Data Requests

SIRIANNI YOUTZ
MEIER & SPOONEMORE
719 SECOND AVENUE, SUITE 1100
SEATTLE, WASHINGTON 98104
TEL. (206) 223-0303 FAX (206) 223-0246

T-NETIX DATA REQUEST NO. 3:

Identify all state correctional institutions from which you allegedly received inmate collect calls since August 1, 1996.

RESPONSE: Monroe Correctional Complex; McNeil Island Corrections Center.

SIRIANNI YOUTZ
MEIER & SPOONEMORE
719 SECOND AVENUE, SUITE 1100
SEATTLE, WASHINGTON 98104
TEL. (206) 223-0303 FAX (206) 223-0246

RESPONSES DATED: April 4, 2005.

SIRIANNI YOUTZ
MEIER & SPOONEMORE

Jonathan P. Meier (WSBA #19991)
Attorneys for Complainants

1100 Millennium Tower
719 Second Avenue
Seattle, WA 98104
Tel.: (206) 223-0303
Fax: (206) 223-0246
Email: jmeier@sylaw.com

Exhibit 10

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

SANDRA JUDD, et al., Complainants, v. AT&T COMMUNICATIONS OF THE PACIFIC NORTHWEST, INC.; and T-NETIX, INC., Respondents.	DOCKET NO. UT-042022 **RESPONSES TO** T-NETIX, INC.'S FIRST SET OF DATA REQUESTS TO COMPLAINANT TARA HERIVEL

Pursuant to WAC 480-07-405, T-Netix, Inc. ("T-Netix"), by and through its attorneys of record, Ater Wynne LLP, hereby requests that Complainant Tara Herivel provide responses to the following Data Requests to the undersigned within *ten (10) business days* after service of these Data Requests.

THESE DATA REQUESTS ARE CONTINUING REQUESTS AND REQUIRE TIMELY SUPPLEMENTATION OF ANSWERS AND PRODUCTION OF DOCUMENTS AS ACQUIRED DURING THE PENDENCY OF THIS PROCEEDING.

I. INSTRUCTIONS

A. ANSWERS TO DATA REQUESTS

1. These Data Requests are to be answered fully, in writing, within *ten (10) business days* after service, which includes Data Requests that are faxed or emailed to you.

2. These Data Requests are continuing in nature. In the event you discover further information or documentation which alters, modifies, deletes, or augments the responses given now or any time hereafter, you are obligated to change, supplement and correct all appropriate responses to these Data Requests

SIRIANNI YOUTZ
MEIER & SPOONEMORE
719 SECOND AVENUE, SUITE 1100
SEATTLE, WASHINGTON 98104
TEL. (206) 223-0303 FAX (206) 223-0246

T-NETIX DATA REQUEST NO. 3:

Identify all state correctional institutions from which you allegedly received inmate collect calls since August 1, 1996.

RESPONSE: Monroe Correctional Complex; Airway Heights Correctional Center.

SIRIANNI YOUTZ
MEIER & SPOONEMORE
719 SECOND AVENUE, SUITE 1100
SEATTLE, WASHINGTON 98104
TEL. (206) 223-0303 FAX (206) 223-0246

RESPONSES DATED: April 4, 2005.

SIRIANNI YOUTZ
MEIER & SPOONEMORE

Jonathan P. Meier (WSBA #19991)
Attorneys for Complainants

1100 Millennium Tower
719 Second Avenue
Seattle, WA 98104
Tel.: (206) 223-0303
Fax: (206) 223-0246
Email: jmeier@sylaw.com

Exhibit 11

BEFORE THE
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

SANDY JUDD and TARA HERIVEL, Complainants, v. AT&T COMMUNICATIONS OF THE PACIFIC NORTHWEST, INC., and T-NETIX, INC., Respondents.	Docket No. UT-042022 **AFFIDAVIT OF NANCY LEE IN SUPPORT OF T-NETIX, INC.'S MOTION FOR SUMMARY DETERMINATION**

I, Nancy Lee, do hereby affirm the following:

1. I am the Senior Vice President for Billing Services at T-NETIX, Inc. My business address is 14651 Dallas Parkway, Suite 600, Dallas, TX 75240.

2. I have held my current position since 2003. In 1990, I became employed by Gateway, an inmate service provider acquired by T-NETIX in 1999, and served in several capacities there, including Vice President of Administration (1994) and Chief Financial Officer (1995). My previous positions at T-NETIX were Vice President of Billing Services (1999-2002) and Vice President of Strategic Planning (2002-2003).

3. I am making this affidavit in support of the Motion for Summary Determination filed by T-NETIX, Inc. in this proceeding. Specifically, I will describe the research that I supervised regarding calls placed by inmates in Washington to Ms. Sandra Judd and Ms. Tara Herivel, based on phone bills that they have provided. I will also verify the results of that research.

4. Ms. Judd has produced phone bills for the period February 26, 1996 to September 17, 2000. Ms. Herivel has produced phone bills for the period November 11, 1999 to November 30, 2000. Because these documents were voluminous, I was provided a summary of these bills that listed Ms. Judd's and Ms. Herivel's terminating phone numbers and all of the originating numbers from which inmates placed collect calls in the State of Washington.

5. I provided this summary to T-NETIX personnel that I supervise. I requested that each possible call path — originating number and terminating number — be researched to find out whether the calls were local, intraLATA, or interLATA.

6. This research was conducted by entering the originating and terminating numbers into a database. This database uses Vertical and Horizontal Coordinates (V&H Coordinates) to measure the distance of calls and categorize them as local, intraLATA, or interLATA.

7. The research conducted by my staff showed that all of the calls listed on the summary of Judd's and Herivel's bills were either local or intraLATA. None of these calls were interLATA or international calls.

I affirm, in accordance with the laws of perjury in the State of Texas, that the foregoing is true and correct.

Nancy Lee

Nancy Lee
Senior Vice President of Billing Services

SUBSCRIBED AND SWORN TO BEFORE ME this 20th day of April, 2005.

Sharon T. Beck
NOTARY PUBLIC

My Commission Expires: 10/29/2008

Exhibit 12

Court of Appeals of Washington,
Division 1.
Sandy JUDD, Tara Herivel, and Zuraya Wright, for themselves, and on behalf of all similarly situated persons, Appellants,
v.
AMERICAN TELEPHONE AND TELEGRAPH COMPANY; Defendant,
GTE Northwest, Inc.; Centurytel Telephone Utilities, Inc.; Northwest Telecommunications, Inc., d/b/a PTI Communications, Inc.; U.S. West Communications, Inc.; Respondents,
T-Netix, Inc., Defendant.
No. 48075-8-I.

April 14, 2003.

Phone call recipients brought action against telecommunications providers seeking injunctive relief and damages based on alleged nondisclosure of telephone rates to those accepting long distance collect calls placed by inmates housed in state correctional facilities. The Superior Court, King County, Kathleen Learned, J., granted one provider's motion for summary judgment and dismissed the other claims with prejudice. Recipients appealed. The Court of Appeals, Grosse, J., held that: (1) statute which directed Utilities and Transportation Commission to establish rules regarding appropriate disclosure of rates did not provide independent basis, absent any reference to Commission or its regulations, for recipients' claims, and (2) Administrative Procedure Act was sole means to challenge validity of regulations.

Affirmed.

Appelwick, J., dissented with opinion.

West Headnotes

[1] Telecommunications 323
372k323 Most Cited Cases
Statute which directed Washington Utilities and Transportation Commission ("WUTC") to establish rules to require the appropriate disclosure of rates of certain phone service providers did not provide independent basis, absent any reference to WUTC or its regulations, for phone call recipients' direct claims against telephone companies for their failure to make contemporaneous rate disclosures required by regulations, as regulations, rather than statute, require companies to make contemporaneous disclosures. West's RCWA 80.36.520.

[2] Statutes 210
361k210 Most Cited Cases
Statutory policy statements do not give rise to enforceable rights in and of themselves; it is the statutory sections that follow the policy statement that provide the enforceability of certain rights.

[3] Telecommunications 323
372k323 Most Cited Cases
In order for there to be a failure to disclose rates charged for collect telephone calls that is actionable under the Consumer Protection Act (CPA), the failure must violate the rules adopted by the Washington Utilities and Transportation Commission (WUTC) pursuant to the alternate operator services disclosure statute. West's RCWA 19.86.010 et seq., 80.36.520.

[4] Telecommunications 328.1
372k328.1 Most Cited Cases
Once a tariff has been properly filed with and accepted by the Washington Utilities and Transportation Commission (WUTC) by a telephone company, a consumer is conclusively presumed to know the tariff's contents. West's RCWA 80.36.100.

[5] Telecommunications 323
372k323 Most Cited Cases
Administrative Procedure Act was sole means for recipients of collect telephone calls from state prisons to challenge validity of Washington Utilities and Transportation Commission (WUTC) regulations which removed local exchange companies from alternate operator services disclosure regulations, despite recipients' allegation that their claims were exempt from Act under "money damages only" exception; claims sought injunction, claims sought damages outside of mere compensation for injury, and recipients did not bring WUTC into the suit. West's RCWA 34.05.510; 80.36.520.

[6] Administrative Law and Procedure 657.1
15Ak657.1 Most Cited Cases

The Administrative Procedure Act is the exclusive means of judicial review of agency action and governs challenges to the validity of agency regulation. West's RCWA 34.05.510.

[7] Administrative Law and Procedure 391
15Ak391 Most Cited Cases
When the Legislature specifically delegates to an administrative agency the power to make the rules, there is a presumption that such rules are valid.

[8] Telecommunications 323
372k323 Most Cited Cases
Telephone company never provided long distance telephone or long distance operator services with respect to prison inmates, but rather was limited to providing local telephone service, and thus could not be liable in phone call recipients's action against telecommunications providers for alleged nondisclosure of telephone rates to those accepting long distance collect calls placed by inmates housed in state correctional facilities.

****1103*762** Chris Robert Youtz & Jonathon P. Meier, Marie Gryphon, Seattle, WA, for Appellants.

Timothy J. O'Connel & Kendall J. Fisher, Kelly Twiss Noonan, Carol S. Arnold, Robert B. Mitchell & Athan E. Tramountanas, ***763** Julia Parson Clarke, Kathleen M. O'Sullivan, Teresa W. Gillespie, Kirkland, Donald H. Mullins, Seattle, WA, for Respondents.

GROSSE, J.

The Legislature created a statutory scheme for the regulation of alternate operator service companies. It included a cause of action against providers of telecommunications services for violation of the Consumer Protection Act to assure appropriate disclosure of telephone rates. However, the Legislature did so only for violations of the regulations promulgated by the Washington Utilities and Transportation Commission. Further, the Legislature preempted any direct action against the phone companies. The decision of the trial court is affirmed.

****1104 FACTS**

Sandy Judd, Tara Herivel, and Zuraya Wright, hereafter collectively referred to as Judd, brought an action against five telecommunications providers seeking injunctive relief and damages, including damages for violation of Washington's Consumer Protection Act (CPA). [FN1] The suit is based on the alleged nondisclosure of telephone rates to those accepting long distance collect calls placed by inmates housed in Washington State correctional facilities. Sandy Judd and Tara Herivel received and paid for *intrastate* long distance collect calls from prison inmates in Washington State. Zuraya Wright received and paid for *interstate* long distance collect calls from a Washington State prison inmate. [FN2]

FN1. RCW 19.86 *et seq.*

FN2. The case was brought, but never certified, as a class action for those persons who have been called by inmates at any time since June 20, 1996.

***764** As argued by Judd, the appeal primarily involves a question of whether the phone companies assured the sufficient and appropriate disclosure of rates charged to consumers for services provided while connecting both intrastate and interstate long distance calls from the correctional facilities. We note, as did the trial court, that in doing so, Judd challenges the legitimacy of the Washington Utilities and Transportation Commission (WUTC) regulations, without resorting to the Administrative Procedure Act [FN3] or making the WUTC a party to the action.

FN3. Chapter 34.05 RCW.

The respondents are three of the five telephone companies sued. U.S. West Communications, Inc. (now Qwest Corporation, hereinafter Qwest); GTE Northwest, Inc. (now Verizon Northwest, Inc., hereinafter Verizon); and CenturyTel Telephone Utilities, Inc. and Northwest Telecommunications, Inc. d/b/a PTI Communications, Inc. (now both known as CenturyTel Telephone Utilities, Inc., hereinafter CenturyTel), collectively called the phone companies or by their current monikers.

Judd's amended complaint alleges that the phone companies failed to make the rate disclosures required under the alternate operator services disclosure statute, RCW 80.36.520. In that statute, the Legislature directed the WUTC to establish rules to require the "appropriate disclosure" of rates of certain phone service providers. The statute provides:

> The utilities and transportation commission shall by rule require, at a minimum, that any telecommunications company, operating as or contracting with an alternate operator services company, assure appropriate disclosure to

consumers of the provision and the rate, charge or fee of services provided by an alternate operator services company.
For purposes of this chapter, "alternate operator services company" means a person providing a connection to intrastate or interstate long-distance services from places including, but not limited to, hotels, motels, hospitals, and customer-owned pay telephones.

***765** Judd asserts the phone companies violated the CPA by not making the required disclosures. Judd sought damages under RCW 80.36.530 [FN4] and also sought injunctive relief. The complaint does not allege that phone company rates were excessive; that there was an incorrect method of calculation of the rates; or that the phone companies and/or the Department of Corrections conspired to obtain unreasonable profits. [FN5] Further, Judd does not name the WUTC as a defendant, assert any claims against it, or demand or seek action by it. This, despite Judd's argument that the WUTC exceeded its authority in promulgating its rules or in exempting the phone companies (as local exchange companies) from the disclosure regulations, or by later granting limited and temporary waivers ****1105** to the phone companies regarding certain disclosure requirements.

FN4. RCW 80.36.530 provides that violations of alternate operator services rules are violations of the CPA. The statute is set forth later in this opinion.

FN5. Any allegations concerning excessive rates and profits were raised for the first time on appeal (Opening Brief of Appellants at 6 n. 1), are inconsistent with Judd's position below, and will not be considered by this court on appeal. *See Bravo v. Dolsen Cos.* 125 Wash.2d 745, 750, 888 P.2d 147 (1995).

Verizon was the first of the telephone companies to respond to the complaint by filing a motion to dismiss pursuant to CR 12(b)(6), arguing that Judd failed to state a claim upon which relief could be granted. [FN6] On October 13, 2000, after a hearing, the trial court issued a "Partial Decision on Summary Judgment and Order for Further Briefing," providing in part:

FN6. Verizon's argument was based on the fact that RCW 80.36.520 did not impose any direct obligation on it, but directed the WUTC to promulgate regulations. Even if Verizon had a direct duty under the statute, Verizon argued it did not violate the WUTC regulations regarding "appropriate disclosure" because it was exempted from them before the 1999 amended regulations as a local exchange company, or was properly granted a waiver regarding the requirements. Further, Verizon correctly asserted that Judd's claims were subject to primary jurisdiction of the WUTC.

[R]eading the statute as a whole, the legislature intended to create a cause of action under the Washington Consumer Protection Act ("CPA") only for violations of the regulations promulgated by the Washington Utilities and Transportation ***766** Commission ("WUTC") and did not create a cause of action for actions beyond or outside of the regulations.

The court held that Judd did not raise such violations but instead attacked the validity and sufficiency of the WUTC regulations, exclusions, and waivers. For this reason, the court held that the telephone companies were all entitled to dismissal from the action unless Judd alleged the telephone companies violated WUTC regulations. The court deferred entry of any orders of dismissal for 10 days to allow Judd to file supplemental briefing asserting violations of WUTC regulations. After the response deadline, the court indicated it would entertain motions to dismiss, or stay the case and refer it to the WUTC under the doctrine of primary jurisdiction for a determination of whether a violation occurred.

Supplemental briefing was provided but it included no allegations of violations of WUTC regulation. Thereafter the lower court dismissed Judd's claims against the telephone companies with prejudice on multiple grounds. First, the court concluded that the alternate operator services disclosure statutes (RCW 80.36.510, .520, .524, and .530) and the WUTC regulations created thereunder set forth a cause of action under the CPA only for violations of the regulations promulgated in response to the statutes. Second, under WUTC regulations the telephone companies' status as local exchange companies was either exempted from compliance under the regulations or, under later amended regulations that no longer provided exemptions for local exchange companies, Verizon and Qwest properly obtained waivers temporarily exempting them from certain specific disclosure requirements. The trial court determined that the case was not the proper proceeding for Judd to challenge the WUTC's regulations or actions as being beyond the scope of

the agency's authority. The trial court determined that such a challenge is appropriate only in a proceeding under the Washington Administrative Procedure Act, citing RCW 34.05.510.

***767** Additionally, as to CenturyTel only, the trial court took judicial notice of the fact that CenturyTel was deleted from the prison telephone providers contract in February 1997, and in any event had never provided long distance services to the correctional facilities, only local service. The court based its ruling in part on this fact when it entered judgment in favor of CenturyTel.

The telephone companies moved for entry of judgments pursuant to CR 54(b) on grounds there was no just reason for delay. Seeking an immediate appeal, Judd did not object to entry of final judgments. Thereafter the trial court entered final judgments.

Judd appeals the decisions of the trial court. She asserts that a claim was stated under the CPA for violations of the disclosure statutes; that she is entitled to challenge the validity of the WUTC regulations through this action; that the WUTC exceeded its authority in exempting local exchange companies from the statutory definition of alternate operator services companies in the 1991 regulation, and in the later grant of ****1106** waivers to Qwest and Verizon. Finally, Judd asserts that the court should not have partially based its decision on the determination that CenturyTel never provided long distance service.

DISCUSSION

In 1988, after the breakup of the Bell system, the Legislature enacted the first component of the alternative operator services disclosure statutes. The legislation was prompted by a growing number of non-regulated companies that were popping up to provide telecommunication services necessary to long distance service "without disclosing the services provided or the rate, charge or fee." [FN7] Prior to the 1988 enactment these "new" telephone companies were unregistered with and unregulated by the WUTC. Unlike these new companies, the WUTC possessed the power to ***768** regulate local exchange companies, like the respondent telephone companies here. *See* RCW 80.36.080, RCW 80.36.140.

FN7. RCW 80.36.510.

In 1989, in response to the Legislature's mandate, the WUTC promulgated WAC 480-120-141. This rule imposed limited disclosure requirements on alternate operator services companies, but did not include the full contemporaneous disclosure of rates. The rule was amended in 1991. This amended rule clarified the term "alternate operator services company" by excluding local exchange companies from the definition. Former WAC 480-120-141 (1991). The WUTC explained the exclusion of local exchange companies from the requirements as follows:

> Unlike LECs [local exchange companies], AOS [alternate operator services] companies can be seen as entering and [exiting] markets at will. AOS companies were the subject of specific legislative enactment. AOS companies often charge higher rates than LECs, leading to consumer complaints. Consumers often expect that they are using their LEC when they use a pay phone; requirements that apply to non-LEC companies to inform the consumer that it is not the LEC are reasonable.

Washington State Register 91-13-078, at 106-07 (1991).

In 1988, as revised in 1990, the Legislature enacted RCW 80.36.530, which provides:

> In addition to the penalties provided in this title, a violation of RCW 80.36.510, 80.36.520, or 80.36.524 constitutes an unfair or deceptive act in trade or commerce in violation of chapter 19.86 RCW, the consumer protection act.... It shall be presumed that damages to the consumer are equal to the cost of the service provided plus two hundred dollars. Additional damages must be proved.

In 1991, the WUTC imposed a limit on the maximum rate to consumers for providing alternate operator services by specific reference to the rates charged by Qwest and American Telephone and Telegraph Company (AT & T). Former WAC 480-120-141(11) (Supp.1991). The WUTC also indicated that disclosure was required by the alternate operator services companies "upon request." *See* former WAC 480-120-141(5)(iii)(a) (1991).

***769** In 1999, following changes in guidelines and rules of the Federal Communications Commission, the WUTC modified the disclosure requirements. The modified rules required:

> Before an operator-assisted call from an aggregator location may be connected by a presubscribed OSP [operator service provider], the OSP must verbally advise the consumer how to receive a rate quote, such as by pressing a specific key or keys, but no more than two keys, or by staying on the line.... This rule applies to all calls from pay phones or

other aggregator locations, including prison phones, and store-and-forward pay phones or "smart" telephones.

Former WAC 480-120-141(2)(b) (1999). These revisions made disclosure requirements applicable to local exchange companies. The 1999 revised rules imposed more stringent disclosure requirements. But the revision of the regulations also allowed for potential waivers by the WUTC. Verizon and Qwest filed timely waiver petitions with the **1107 WUTC alleging, among other things, that the technology to access the information required by the more stringent disclosure requirements had not been perfected. [FN8]

FN8. In addition the waiver petitions or amended waiver petitions specifically requested a permanent waiver of that portion of the rule requiring automatic rate disclosure from the party originating the collect call, when that call originates from an inmate phone at a correctional facility. This was requested based on concerns that inmate access to live operators could result in fraud and harassment. The limited duration permanent waivers were granted on the condition that the telephone companies have technology in place no later than the last quarter of 2000 to allow *recipients* of inmate initiated collect calls to access rate information.

[1] Judd argues that RCW 80.36.520 provides an independent basis, without any reference to the WUTC or its regulations, for her direct claim against the telephone companies for their failure to make the disclosures. We cannot accept this claim.

[2] RCW 80.36.510, entitled "Legislative finding," indicates its concern regarding the proliferation of the alternate operator services companies since the breakup of the Bell system, and the rates those companies were charging. The Legislature found that the provision of these services without disclosure to consumers was a deceptive trade practice. *770 This statute provides an introduction to legislative policy, and statutory policy statements do not give rise to enforceable rights in and of themselves. [FN9] It is the statutory sections that follow the policy statement that provide the enforceability of certain rights. As the Final Bill Report of Senate Bill 6745 [FN10] provides:

FN9. *In re Welfare of J.H.*, 75 Wash.App. 887, 891, 880 P.2d 1030 (1994).

FN10. Effective June 9, 1988.

The Utilities and Transportation Commission is to require that the provision and the charge, fee, or rate of alternate operator services are disclosed appropriately to consumers. Failure to disclose constitutes a violation of the Consumer Protection Act.

The language of RCW 80.36.520 does not specifically require that telephone companies make contemporaneous disclosures. A plain reading of the statute indicates that the legislative requirement directed the WUTC to assure "appropriate disclosure" to consumers through promulgation of rules. It is within the purview of the WUTC to direct how, when, or to whom the disclosure is made. Further, RCW 80.36.524 sets forth that the WUTC may adopt rules providing for the minimum service levels for telecommunications companies providing alternate operator services.

[3][4] In the statutory scheme, RCW 80.36.530 sets forth that in addition to the penalties provided in the act, a violation of RCW 80.36.510, .520, and .524 constitutes violation of the CPA. We agree with the trial court that when these statutes are read together, in order for there to be a failure to disclose that is actionable under the CPA, the failure must violate the rules adopted by the WUTC. The trial court's interpretation achieves the legislative goal of creating a CPA cause of action for failure to disclose long distance alternate operator services rates consistent with the legislative finding of RCW 80.36.510. This interpretation properly places responsibility on the WUTC to promulgate rules requiring "appropriate disclosure" and "minimum *771 service levels" in accordance with RCW 80.36.520 and .524. [FN11]

FN11. Additionally, Judd's argument does not take into consideration that the respondent telephone companies were local exchange companies already subject to regulation by the WUTC. *See* RCW 80.36.080 (rates, services, and facilities); RCW 80.36.100 (tariff schedules to be filed and open to public); RCW 80.36.140 (rates and services fixed by commission, when). Of particular relevance here is that the WUTC determines whether the rates of the telephone companies are just and reasonable. The telephone companies are required to file their tariffs. A tariff lists the rates, terms, and conditions under which

service providers offer services to their customers. RCW 80.36.100; *Allen v. Gen. Tel. Co. of the Northwest, Inc.*, 20 Wash.App. 144, 145, 578 P.2d 1333 (1978). Although this court recognizes that it is likely a legal fiction, once a tariff has been properly filed with and accepted by the WUTC, a consumer is conclusively presumed to know the tariff's contents. *Hardy v. Claircom Communications Group, Inc.*, 86 Wash.App. 488, 492, 937 P.2d 1128 (1997) (claims barred because company disclosed rates in tariff). Therefore, the companies here have already appropriately disclosed their rates.

****1108** To accept Judd's arguments would require this court to rewrite three relatively unambiguous statutes. This we cannot do.

[5] Judd also claims the trial court erred in concluding that the exclusive means of challenging the validity of the regulations was a proceeding under the Administrative Procedure Act. Again, Judd's argument misses the mark.

[6] Judd acknowledges that this case is an attempt to challenge the validity of the WUTC regulations as exceeding the statutory authority of the agency but argues that it is not a review proceeding under the Administrative Procedure Act. We disagree. The Administrative Procedure Act, RCW 34.05.510, [FN12] is the exclusive means of judicial review of agency action. The act governs challenges to the validity of agency regulation. [FN13]

FN12. The relevant portions of RCW 34.05.510 include:
This chapter establishes the exclusive means of judicial review of agency action, except:
(1) The provisions of this chapter for judicial review do not apply to litigation in which the sole issue is a claim for money damages or compensation and the agency whose action is at issue does not have statutory authority to determine the claim.

FN13. *Manor v. Nestle Food Co.*, 131 Wash.2d 439, 445-46, 932 P.2d 628 (1997); 945 P.2d 1119.

Of more serious concern is Judd's argument that her claims come within the "money damages only" exception of ***772** the Administrative Procedure Act, RCW 34.05.510(1). We disagree with this claim for a couple of reasons. First, the pleadings technically belie the argument. Judd seeks injunctive relief as well as a claim of money damages. [FN14] Although Judd claims she would forego the injunctive relief, she has never moved to withdraw that portion of her claim, only stating she would if necessary. Additionally, Judd seeks specific statutory remedies of presumed damages plus $200 and treble damages under the CPA. In a recent case regarding equitable liens against the federal government, the United States Supreme Court held that in a case with a similar type of prayer for relief, seeking more than "mere compensation," the prayer took the action outside of any "money damages only" exception. [FN15] REGARDLESS, THE DAMages prayed for here are necessarily for a violation of established agency rules and Judd does not claim any violation of these rules.

FN14. In her complaint Judd indicated that the plaintiffs and their class are entitled to an injunction under RCW 19.86.090.

FN15. *See Dep't of the Army v. Blue Fox, Inc.*, 525 U.S. 255, 260- 61, 119 S.Ct. 687, 142 L.Ed.2d 718 (1999).

[7] Further, the removal of local exchange companies from the 1991 alternate operator services disclosure regulations does not conflict with the disclosure provisions of RCW 80.36.520. RCW 80.36.520 requires the WUTC to assure appropriate disclosure to consumers. At the time of the 1991 alternate operator services regulation, local exchange companies were already required to disclose rates. The issue of determining what appropriate disclosure is, is exactly what the Legislature delegated to the WUTC. In its discretion, the WUTC concluded that the existing level of disclosure was appropriate, especially considering it was the *non*-local exchange companies that the Legislature pointed to as the problem companies charging higher rates. Where the Legislature specifically delegates to an administrative ***773** agency the power to make the rules, there is a presumption that such rules are valid. [FN16]

FN16. *Weyerhaeuser Co. v. Dep't of Ecology*, 86 Wash.2d 310, 314, 545 P.2d 5 (1976); *Armstrong v. State*, 91 Wash.App. 530, 536-37, 958 P.2d 1010 (1998).

For example, as to the later waivers allowed by the WUTC, the waiver granted to Qwest reads in part as follows:

The Commission finds that this is a sound request

since the Company's operated-assisted rates compare favorably to other carrier's rates that serve inmate phones. With the condition of providing the Commission with a monthly report outlining specific action steps taken to ensure implementation of this technology by year end, the Commission will grant the waiver, temporarily, of WAC 480-120-141(2)(b) until **1109 December 1, 2000 only as it applies to the receiver of the collect call.... [FN17]

FN17. Order of Wash. Utils. & Transp. Comm'n Granting Full and Partial Temporary Waiver of WAC 480-120-141(2)(b), *In re Request for Waiver of Admin. Rules for Qwest Corp.*, No. UT-990043 (Sept. 27, 2000).

This waiver temporarily relieved Qwest, and a similar waiver temporarily relieved Verizon, from the requirement of oral disclosure of how to obtain a rate quote under the 1999 regulation, but it did not relieve the phone companies from the duty to disclose its rates by tariff.

Judd cites the case of *Rios v. Department of Labor & Industries* [FN18] regarding the limits of agency discretion in carrying out mandatory duties imposed by statute. There the court distinguished between a mandatory duty and the agency's procedural discretion in implementing the duty. The *Rios* case is distinguishable from this case in at least two ways. First, in *Rios,* pesticide handlers challenged the validity of a Department of Labor & Industries' rule, and also challenged the Department's subsequent failure to initiate additional rulemaking under the Administrative Procedure Act. Here, unlike in *Rios,* Judd has failed to challenge either the validity of the WUTC rules or its failure to initiate rulemaking under the Administrative *774 Procedure Act. Second, as explained in *Rios,* under the rules of the Washington Industrial Safety and Health Act of 1973, [FN19] the Department has a mandatory duty to adopt a safety regulation after it investigates and compiles evidence that a proposed regulation is appropriate. Upon obtaining such evidence, the Department of Labor & Industries no longer has discretion, it must adopt a safety regulation. But here, the alternate operator services statute has no similar language removing discretion from the WUTC.

FN18. *Rios v. Dep't of Labor & Indus.*, 103 Wash.App. 126, 5 P.3d 19 (2000), *aff'd in part, rev'd in part,* 145 Wash.2d 483, 39 P.3d 961 (2002).

FN19. Chapter 49.17 RCW.

The mandatory duty placed on the WUTC is that it adopt rules regarding appropriate disclosure. What was in fact "appropriate" was left to the discretion of the WUTC. The WUTC did not compile evidence that these phone companies inappropriately charged the consumer. In fact, the opposite was true. If Judd desired to challenge the validity of the rules or wanted to sue to compel the WUTC to promulgate additional rules then she should have brought the WUTC into the suit.

Even if WUTC regulations are determined to be invalid, the telephone companies' good faith reliance on the validity of the regulations would likely be a defense to Judd's claims for damages in any subsequent proceeding. [FN20]

FN20. *See Donaldson v. United States Dep't of Labor,* 930 F.2d 339, 345 n. 10 (4th Cir.1991); *Goodman v. McDonnell Douglas Corp.*, 606 F.2d 800, 809 (8th Cir.1979).

[8] Finally, Judd claims the trial court erred in dismissing claims against CenturyTel based, in part, on a determination that CenturyTel provided only local service and never provided long distance service. A review of the record supports the fact that neither PTI Communications, Inc., nor CenturyTel provided long distance telephone or long distance operator services with respect to Washington State prison inmates. PTI Communication, Inc.'s role as a subcontractor to AT & T was limited to local telephone service.

*775 The decision of the trial court is affirmed.

AGID, J., concurs.

APPELWICK, J. (Dissenting in part).

The majority opinion states that RCW 80.36.510 merely provides an introduction to legislative policy that does not give rise to enforceable rights in and of themselves. Majority opinion at page 1107. I must take issue with this premise and the results which flow from it.

RCW 80.36.510, .520, and .530 were enacted as sections (1), (2), and (3) respectively of chapter 91, Laws of 1998. They must be read together. RCW 80.36.530 states: "[A] *violation* of RCW 80.36.510

or 80.36.52[0] constitutes ... a violation of chapter 19.86 RCW, the consumer protection act...." It goes on to provide a special damages rule **1110 that is different from the general rule stated in chapter 19.86 RCW. Subsequent amendments to chapter 19.86 RCW are of no consequence to this analysis and will not be discussed here.

" 'Statutes must be interpreted and construed so that *all* the language used is given effect, with no portion rendered meaningless or superfluous.' " *City of Seattle v. State*, 136 Wash.2d 693, 701, 965 P.2d 619 (1998) (quoting *Whatcom County v. Bellingham*, 128 Wash.2d 537, 546, 909 P.2d 1303 (1996)). To give effect to RCW 80.36.530 requires that we read RCW 80.36.510 and .520 as creating rules which can be violated, triggering the penalties of RCW 80.36.530.

RCW 80.36.520 requires the Washington Utilities and Transportation Commission (WUTC) to adopt the rules. Any rule adopted by the WUTC must require a company operating as or contracting with an alternative operator services company (AOSC) to make two disclosures at a minimum. The rule must require disclosure of the AOSC service and of the charge or basis of the charge to be made. Nowhere in RCW 80.36.520 does the language expressly impose a substantive requirement directly on the telecommunication company. The WUTC could violate this section by failing to adopt rules, or by adopting rules which failed to *776 conform to the statute. However, no one other than the WUTC could violate this section.

Clearly, the Legislature did not say *a violation of the rules promulgated by the WUTC pursuant to RCW 80.36.520 is a violation of chapter 19.86 RCW.* Yet, both the trial court and the majority concluded that when the Legislature said, "in violation of RCW 80.36.520," it intended the consumer protection act to apply only to violations of the rules once adopted pursuant to RCW 80.36.520 by the WUTC. Such a reading is a reasonable means to discharge the duty to give effect to that portion of RCW 80.36.530. Since Judd had not alleged violation of these rules, she could not establish a consumer protection action by way of violation of RCW 80.36.520. I agree with that analysis. I also agree she did not properly challenge the rules.

While the majority properly supplied an implied legislative intent relative to agency rules to give effect to the cross-reference to RCW 80.36.520, it failed to give effect to the cross-reference to RCW 80.36.510. RCW 80.36.510 provides:

> The legislature finds that a growing number of companies provide, in a nonresidential setting, telecommunications services necessary to long distance service without disclosing the services provided or the rate, charge or fee. The legislature finds that provision of these services without disclosure to consumers is a deceptive trade practice.

This section says two things: (1) there is a growing problem with disclosure; and (2) providing service without disclosure is a deceptive trade practice. The first sentence is a factual observation within the legislative purview. Reading it without the words, "[t]he legislature finds that," makes clear the nature of the statement. Leave the same words off the second sentence, and one readily observes that the second sentence is a statement of law, not a finding of fact: "provision of these services without disclosure to consumers is a deceptive trade practice." RCW 80.36.510. If the trial court mislabels a conclusion of law and calls it a finding of fact, we would readily correct the label. We must do the *777 same here. Only the second sentence of RCW 80.36.510 could give rise to a violation. We are bound to give it effect in order to avoid rendering the cross-reference in RCW 80.36.530 meaningless.

Clumsy or not, like the policy or not, this language is what the Legislature wrote. We must give it effect. The result is that RCW 80.36.510 may be violated independent of RCW 80.36.520. It may be violated by providing telecommunications services, in a nonresidential setting, without disclosing the services provided or the rate, charge or fee. Violation is a deceptive trade practice. Penalties are available under RCW 80.36.530 and chapter 19.86 RCW.

Summary judgment was therefore improper on this issue. Judd should have been allowed to proceed to trial to attempt to **1111 prove violation of RCW 80.36.510 and to recover damages consistent with such proof.

Therefore, I respectively dissent.

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