

McLeodUSA®

DM 1-31-01

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RECEIVED
01 JAN -5 AM 11:21
STATE OF IOWA
UTIL. AND TRANSP.
COMM. DIVISION

January 4, 2001

VIA OVERNIGHT MAIL

Ms. Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. S.W.
Olympia, WA 98504-7254

Re: Docket No. UT-993007
Request for Approval of Second Amendment to SGAT Agreement Between
McLeodUSA Telecommunications Services, Inc. and Qwest Corporation.

Dear Ms. Washburn:

Please find enclosed an original and seven (7) copies of the Request for Approval of Second Amendment to SGAT Agreement, as well as the Amendment No.2 to the SGAT Agreement between McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") and Qwest Corporation ("Qwest"), formerly US WEST Communications. Qwest and McLeodUSA negotiated this Amendment under the terms of the Telecommunications Act of 1996.

The parties respectfully request that this matter be placed on the next Consent Agenda for expedited approval.

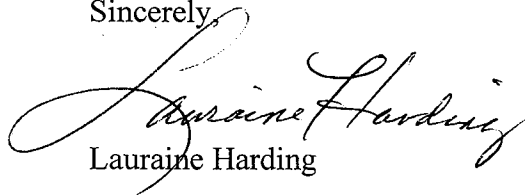
The Order on Arbitration Procedure also requests that a proposed order accompany the filing. McLeodUSA requests a waiver of that requirement, and is not providing one with this filing, as the Commission has, in the past, used its own format for Orders. If this is not satisfactory to the Commission, please contact me and I will forward a proposed order immediately.

Replaced On

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Also enclosed is an extra copy of this filing. Please date stamp the additional copy and return in the enclosed self-addressed stamped envelope. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Lauraine Harding". The signature is written in black ink and is positioned above the printed name.

Lauraine Harding

Enclosures

CC: Qwest Corporation, Law Department
Counsel, Interconnection
1801 California Street, 51st Floor
Denver, CO 80202

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STATE OF WASHINGTON
UTILITY COMMISSION

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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Request for Approval of Second)
Amendment to Interconnection Agreement) Docket No.
Between McLeodUSA Telecommunications)
Services, Inc. and Qwest Corporation) REQUEST FOR APPROVAL OF
) SECOND AMENDMENT TO SGAT
) AGREEMENT
)

I. INTRODUCTION

Pursuant to Section III of the Interpretive and Policy Statement Regarding Negotiation, Mediation, Arbitration, and Approval of Agreements under the Telecommunications Act of 1996 ("Interpretive and Policy Statement") issued by this Commission in Docket No. UT-960269, Qwest Corporation ("Qwest"), formerly U S WEST Communications, Inc., and McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") hereby submit for approval by the Washington Utilities and Transportation Commission ("Commission" or "WUTC") the attached Second Amendment to the Statement of Generally Available Terms ("SGAT") Agreement that McLeodUSA entered into (the "Amendment"). This amendment was executed on October 26,

REQUEST FOR APPROVAL
OF SECOND AMENDMENT

McLeodUSA
6400 C Street SW
Cedar Rapids, IA 52406
Telephone: (319) 790-6480
Facsimile: (319) 790-7901

1 2000. This Amendment supplements the original SGAT Agreement between Qwest and
2 McLeodUSA, which was approved by the Commission on August 30, 2000 in Docket No. UT-
3 993007. This Amendment modifies sections of the original Agreement by adding terms,
4 conditions and rates for the business-to-business relationship between Qwest and McLeodUSA.

5 The Agreement set forth the terms, conditions and prices for interconnection, unbundled
6 elements, ancillary services and resale of telecommunications services which Qwest has offered
7 to every Competitive Local Exchange Carrier ("CLEC") in the state of Washington. The
8 Agreement stated that Qwest would provide these terms and conditions to McLeodUSA in each
9 LATA in which both entities operate within the state of Washington.

10 This Amendment was reached through voluntary negotiations between representatives of
11 both companies. It is submitted for approval pursuant to Section 252(e) of the Communications
12 Act of 1934, as amended by the Telecommunications Act of 1996 (the "Act") and the
13 requirements of the Commission's Interpretive and Policy Statement.

14 II. REASONS FOR APPROVAL

15 Section 252(e)(2) of the Act directs that a state commission may reject an Agreement
16 reached through negotiation and/or arbitration only if the Commission finds that:

- 17 1) The Agreement (or portions thereof) discriminates against a
18 telecommunications carrier not a party to the Agreement; or
- 19 2) The implementation of such Agreement or portion is not consistent with the
20 public interest, convenience and necessity.

21 Qwest and McLeodUSA respectfully submit that the Amendment provides no basis for
22 either of these findings and thus request that the Commission approve the Amendment
23 expeditiously.

1 First, the Amendment does not discriminate against any other telecommunications
2 carrier. The Parties submit that the terms of this Amendment are not more favorable than terms
3 provided to other carriers.

4 Second, the Amendment is consistent with the public interest as identified in the pro-
5 competitive policies of the state of Washington, the WUTC, the U.S. Congress and the Federal
6 Communications Commission. In addition, because this Agreement does not discriminate
7 against any other telecommunications carrier, state law policies prohibiting unreasonable
8 discrimination are preserved by approval of this Amendment.

9 For the foregoing reasons, Qwest and McLeodUSA submit that approval of this
10 Amendment is warranted because it satisfies the state and federal criteria for approval.

11 **III. UNDERSTANDING AND AGREEMENT OF PARTIES**

12 With respect to the Amendment, the Parties understand and agree that this amendment
13 modifies sections of the original agreement regarding the business-to-business relationship
14 between Qwest and McLeodUSA. This Amendment is effective October 1, 2000 through
15 December 31, 2003.

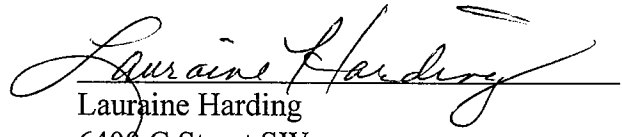
16 **IV. CONCLUSION**

17 For the foregoing reasons, Qwest and McLeodUSA respectfully request expeditious
18 approval of the Amendment. Both Parties request approval earlier than the 90 day time period
19 allowed for by the Interpretive and Policy Statement.

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Respectfully submitted this 4th day of January 2001.

McLeodUSA



Lauraine Harding
6400 C Street SW
Cedar Rapids, IA 52406
(319) 790-6480

**Amendment No. 2 to the Interconnection Agreement
Between
McLeodUSA Telecommunications Services, Inc.
and
Qwest Corporation
f.k.a. U S WEST Communications, Inc.
for the State of Washington**

This Amendment No. 2 ("Amendment") is made and entered into by and between McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") and Qwest Corporation f.k.a. U S WEST Communications, Inc. ("Qwest").

RECITALS

WHEREAS, McLeodUSA and Qwest entered into a Statement of Generally Available Terms ("SGAT") Agreement for service in the state of Washington which was approved by the Commission on August 30, 2000 (the "Agreement"); and

WHEREAS, McLeodUSA and Qwest desire to amend the Agreement by adding the terms, conditions and rates contained herein.

AGREEMENT

NOW THEREFORE, in consideration of the mutual terms, covenants and conditions contained in this Amendment and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Amendment Terms.

This Amendment is made in order to add terms, conditions and rates for the business-to-business relationship as set forth in Amendment 2 and Attachment 3.2 attached hereto and incorporated herein.

2. Effective date.

This Amendment shall be deemed effective upon approval by the appropriate state Commission; however, the Parties agree to implement the provisions of this Amendment effective October 1, 2000.

3. Further Amendments.

Except as modified herein, the provisions of the Agreement shall remain in full force and effect. Neither the Agreement nor this Amendment may be further amended or altered except by written instrument executed by an authorized representative of both parties.

AMENDMENT 2

INTERCONNECTION AGREEMENT AMENDMENT TERMS

This Amendment Agreement ("Amendment") is made and entered into by and between McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") and Qwest Corporation ("Qwest") (collectively, the "Parties") on this 26th day of October, 2000.

The Parties agree to file this Amendment as an amendment all Interconnection Agreements ("Agreements" and, singularly, "Agreement") between them, now in effect or entered into prior to December 31, 2003, with the Amendment containing the following provisions:

1. This Amendment is entered into between the Parties based on the following conditions, and such conditions being integrally and inextricably are a material part of this agreement:

1.1 McLeodUSA purchased, as of the end of 1999 over 200,000 local exchange lines for resale from Qwest (throughout the 14-state area where Qwest is an incumbent local exchange carrier).

1.2 Qwest and McLeodUSA currently have an agreement, on a region-wide basis, for the exchange of local traffic, including Internet-related traffic, on a "bill and keep" basis, that provides for the mutual recovery of costs through the offsetting of reciprocal obligations for local exchange traffic which originates with a customer of one company and terminates to a customer of the other company, provided however, that these provisions will not affect or avoid the obligations to pay the rates set out on Attachment 3.2.

1.3 The Parties wish to establish a business-to-business relationship and have agreed that they will attempt to resolve all differences or issues that may arise under the Agreements or this Amendment under the escalation process to be established between the parties, and modified if appropriate.

1.4 The Parties agree that the terms and conditions contained in this Amendment are based on current characteristics of McLeodUSA, which includes service to business and Centrex-related customers and includes a fair representation of all businesses, with no large proportion of usage going to a particular type of business.

1.5 The Parties agree that the terms and conditions contained in this Amendment are based on the characteristics of McLeodUSA's traffic patterns, which does not include identifiable usage by any particular type of user.

1.6 This Amendment shall be deemed effective on October 1, 2000, subject to approval by the appropriate state commissions, and the parties agree to implement the terms of the Amendment effective October 1, 2000. This Amendment will be

AMENDMENT 2

incorporated in any future Agreements, but nothing in any new Agreement will extend the termination date of this Amendment or its terms beyond the term provided herein. Nothing in this Amendment will extend the expiration date of any existing interconnection agreement. This Amendment and the underlying Agreement shall be binding on Qwest and McLeodUSA and their subsidiaries, successors and assigns.

1.7 In interpreting this Amendment, all attempts will be made to read the provisions of this Amendment consistent with Agreements and all effective amendments. In the event that there is a conflict between this Amendment and an Agreement or previous amendments, the terms and conditions of this Amendment shall supersede all previous documents.

1.8 Except as modified herein, the provisions of the Agreements shall remain in full force and effect. Neither the Agreements nor this Amendment may be further amended or altered except by written instrument executed by an authorized representative of both Parties. This specifically excludes amendments resulting from regulatory or judicial decisions regarding pricing of unbundled network elements, which shall have no effect on the pricing offered under this Amendment, prior to termination of this Amendment.

1.9 The Parties intending to be legally bound have executed this Amendment effective as of October 1, 2000, in multiple counterparts, each of which is deemed an original, but all of which shall constitute one and the same instrument.

1.10 Unless terminated as provided in this section, the initial term of this Amendment is from the date of signing until December 31, 2003 ("Initial Term") and this Amendment shall thereafter automatically continue until either party gives at least six (6) months advance written notice of termination. This Amendment can only be terminated during the Initial Term in the event the Parties agree.

1.11 In the event of termination, the pricing, terms, and conditions for all services and network elements purchased under this Amendment shall immediately be converted, at the option of McLeodUSA, to either other prevailing prices for combinations of network elements, or to retail services purchased at the prevailing wholesale discount. In either case, if and to the extent conversion of service is necessary, reasonable and appropriate cost-based nonrecurring charges will apply.

1.12 All factual preconditions and duties set forth in this Amendment are, are intended to be, and are considered by the parties to be, reasonably related to, and dependent upon each other.

1.13 To the extent any Agreement does not contain a force majeure provision, then if either party's performance of this Amendment or any obligation under this Amendment is prevented, restricted or interfered with by causes beyond such parties reasonable control, including but not limited to acts of God, fire, explosion, vandalism

AMENDMENT 2

which reasonable precautions could not protect against, storm or other similar occurrence, any law, order, regulation, direction, action or request of any unit of federal, state or local government, or of any civil or military authority, or by national emergencies, insurrections, riots, wars, strikes or work stoppages or vendor failures, cable cuts, shortages, breach or delays, then such party shall be excused from such performance on a day-to-day basis to the extent of such prevention, restriction or interference (a "Force Majeure").

1.14 Neither party will present itself as representing or jointly marketing services with the other, or market its services using the name of the other party, without the prior written consent of the other party.

2. In consideration of the agreements and covenants set forth above and the entire group of covenants provided in section 3, all taken as a whole and fully integrated with the terms and conditions described below and throughout this Amendment, with such consideration only being adequate if all such agreements and covenants are made and are enforceable, McLeodUSA agrees to the following:

2.1 To pay Qwest \$43.5 million to convert to the Platform described herein and in Attachment 3.2.

2.2 Based on all the terms and conditions contained herein, McLeodUSA may also purchase DSL and voice mail (at full retail rates) from Qwest for resale.

2.3 During each of the three calendar years of this Amendment, to maintain for the purpose of providing service to McLeodUSA's customers, no fewer than 275,000 local exchange lines purchased from Qwest, and to maintain on Qwest local exchange lines to end users at least seventy percent (70%) (in terms of physical non-DS1/DS3 facilities) of McLeodUSA's local exchange service in the region where Qwest is the incumbent local exchange service provider. In addition, beginning in 2001, at least 1000 lines will be maintained in each state (including no less than 125,000 lines in the state of Iowa) in which Qwest is the incumbent local exchange service provider. For purposes of this provision, local exchange lines purchased include lines purchased for resale and unbundled loops, whether purchased alone or in combination with other network elements. This minimum line commitment will be reduced proportionally in the event Qwest sells any exchanges where it is currently the incumbent local exchange service provider.

2.4 To place orders for the product offered in this amendment, and for features associated with the product, using (at McLeodUSA's option) primarily through either IMA or EDI electronic interfaces offered by Qwest.

2.5 To remain on a "bill and keep" basis for the exchange of local traffic and

AMENDMENT 2

Internet-related traffic, with Qwest, throughout the territories where Qwest is currently the incumbent local exchange service provider until December 31, 2002.

2.6 To enter into and maintain interconnection agreements, or one regional agreement, covering the provision of Products in each state of the entire territory where Qwest is the incumbent local exchange service provider.

2.7 To provide Qwest accurate daily working telephone numbers of McLeodUSA customers to allow Qwest to provide daily usage information to McLeodUSA so that McLeodUSA can bill interexchange or other companies switched access or other rates as appropriate.

2.8 To provide Qwest with rolling 12 month forecasted line volumes to the central office level for unbundled loops, and otherwise where marketing campaigns are conducted, updated quarterly.

2.9 To hold Qwest harmless in the event of disputes between McLeodUSA and other carriers regarding the billing of access or other charges associated with usage measured by a Qwest switch; provided that Qwest agrees to cooperate in any investigation related to such a dispute to the extent necessary to determine the type and accuracy of such usage.

3. In consideration of the agreements and covenants set forth above and the entire group of covenants provided in section 2, all taken as a whole and fully integrated with the terms and conditions described below and throughout this Amendment, with such consideration only being adequate if all such agreements and covenants are made and are enforceable, Qwest agrees to the following:

3.1 To waive and release all charges associated with conversion from resold services to the unbundled network platform and for terminating McLeodUSA contracts for services purchased from Qwest for resale as described in this amendment.

3.2 To provide throughout the term of this Amendment the Platform and Products described herein and in Attachment 3.2, regardless of regulatory or judicial decisions on components of an unbundled network element platform, upon the rates, terms and conditions described herein and in Attachment 3.2.

3.3 To provide daily usage information to McLeodUSA, for the working telephone numbers supplied to Qwest by McLeodUSA, so that McLeodUSA can bill interexchange or other companies switched access or other rates as appropriate.

3.4 To remain on a "bill and keep" basis for the exchange of local traffic and Internet-related traffic with McLeodUSA, throughout the territories where Qwest is currently the incumbent local exchange service provider until December 31, 2002.

3.5 To provide (at McLeodUSA's option) IMA and EDI electronic interfaces to adequately support the product described in section 3.2.

**McLeodUSA Telecommunications
Services, Inc.**


Authorized Signature

Blake O. Fisher
Name Printed/Typed

Group Vice President
Title

October 26, 2000
Date

Qwest Corporation

Authorized Signature

Name Printed/Typed

Title

October 26, 2000
Date

3.5 To provide (at McLeodUSA's option) IMA and EDI electronic interfaces to adequately support the product described in section 3.2.

**McLeodUSA Telecommunications
Services, Inc.**

Authorized Signature

Blake D. Fisher
Name Printed/Typed

Group Vice President
Title

October 26, 2000
Date

Qwest Corporation



Authorized Signature

GREGORY M. CASEY
Name Printed/Typed

EXEC. VP.
Title

October 26, 2000
Date

Attachment 3.2

- I. Performance by McLeodUSA of the covenants and agreements in section 2 of the Amendment to which this Attachment is a part.
- II. Performance by Qwest of the covenants and agreements in section 3 of the Amendment to which this Attachment is a part.
- III. State recurring rates for lines, adjustments, charges, other terms and conditions, included and excluded platform features, are at the end of this attachment, and are subject to and clarified by the following:
 - A. In determining state-wide usage McLeodUSA agrees to allow Qwest to audit its records of usage of the platform on a quarterly basis. If average usage exceeds the 525 minutes per month for a three month period, or the agreed upon measurement period, on a state-by-state basis, all platform service shall be increased by the appropriate increment. The first increment audit will be conducted during December 2000. If average usage is above 525 minutes on a state-wide basis, the incremental usage element will not be applied for January, February and March usage, or the agreed upon measurement period. The second incremental audit will be conducted in March of 2001 based upon December, January and February usage, or the agreed upon measurement period. If the average usage is above 525 minutes for that quarter, then the appropriate increment usage element(s) will be applied to April, May and June usage, or the agreed upon measurement period. All audits will follow on a rolling quarterly basis, and all increments shall be applied on a rolling basis at the state level.
 - B. The rates provided for by this platform do not apply to usage associated with toll traffic. Additional local usage charges will apply to usage associated with toll traffic.
 - C. Platform rates include only one primary listing per telephone number.
 - D. Rates for voice messaging and DSL service are retail rates and are offered conditioned on paragraph I above where such services are available.
 - E. Rates associates with miscellaneous charges, or governmental mandates, such as local number portability, shall be passed through to McLeodUSA.
 - F. The Platform rates provided for in this Amendment shall only apply to additions to existing CENTREX common blocks established prior to October 1, 2000, and only apply to business local exchange customers served through this unbundled network element platform where facilities exist. Appropriate charges for any new CENTREX-related services or augments where facilities do not exist will apply. This Amendment only

Attachment 3.2

applies to platform services provided for business users and users of existing CENTREX common blocks. Qwest will not provide McLeodUSA any new CENTREX common blocks. Appropriate nonrecurring charges will apply to any disconnects, charges or additions to this platform. These rates do not apply to basic residential exchange (1FR) service.

- G. Any features or functions not explicitly provided for in this Amendment shall be provided only for a charge (both recurring and nonrecurring), based upon Qwest's rates to provide such service in accordance with the terms and conditions of the appropriate tariff or Agreement for the applicable jurisdiction.

PRICES FOR OFFERING

	Platform recurring	Additional charge for each 50 Minute increment > 525 MOU/Month
AZ	30.80	0.280
CO	34.00	0.295
IA	26.04	0.270
ID	33.15	0.295
MN	27.00	0.205
MT	34.95	0.300
ND	28.30	0.260
NE	35.95	0.300
NM	27.15	0.140
OR	26.90	0.170
SD	29.45	0.345
UT	22.60	0.270
WA	24.00	0.195
WY	33.40	0.360

FEATURES INCL IN FLAT RATED UNE-BUSINESS

Call Hold
Call Transfer
Three-Way Calling
Call Pickup
Call Waiting/Cancel Call Waiting
Distinctive Ringing
Speed Call Long - Customer Change
Station Dial Conferencing (6-Way)
Call Forwarding Busy Line
Call Forwarding Don't Answer
Call Forwarding Variable
Call Forwarding Variable Remote
Call Park (Basic - Store & Retrieve)
Message Waiting Indication A/V

Attachment 3.2

FEATURES INCL IN EXISTING CENTREX COMMON BLOCKS

Call Hold
Call Transfer
Three-Way Calling
Call Pickup
Call Waiting/Cancel Call Waiting
Distinctive Ringing
Speed Call Long - Customer Change
Station Dial Conferencing (6-Way)
Call Forwarding Busy Line
Call Forwarding Don't Answer
Call Forwarding Variable
Call Park (Basic - Store & Retrieve)
Message Waiting Indication A/V
Centrex Management System (CMS)
Station Mssg Detail Recording (SMDS)
Data Call Protection
Hunting Billing
Individual Line Billing
Intercept
Intrasystem Calling
Intercom
Night Service
Outgoing Trunk Queuing
Line Restrictions
Touch Tone
Directed Call Pickup
AIOD
Dial 0
Automatic Call Back Ring Again
Direct Inward Dialing
Direct Outward Dialing
Executive Busy Override
Last Number Redial
Make Set Busy
Network Speed call
Primary Listing