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6 **BEFORE THE WASHINGTON STATE**
7 **UTILITIES AND TRANSPORTATION COMMISSION**

8 WASHINGTON INDEPENDENT
9 TELECOMMUNICATIONS
10 ASSOCIATION, WASHINGTON
11 EXCHANGE CARRIER ASSOCIATION,
12 THE TOLEDO TELEPHONE CO., INC.,
13 TENINO TELEPHONE COMPANY,
14 KALAMA TELEPHONE COMPANY AND
15 HOOD CANAL TELEPHONE COMPANY,
16 d/b/a HOOD CANAL
17 COMMUNICATIONS,

18
19 **Complainants,**

20 v.

21 MCLEODUSA TELECOMMUNICATIONS
22 SERVICES, L.L.C. AND PAETEC
23 COMMUNICATIONS, INC.,

24
25 **Respondents.**

DOCKET NO. UT-111816

JOINT MOTION TO APPROVE SETTLEMENT
AGREEMENT AND DISMISS THE
COMPLAINT WITH PREJUDICE

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1. Come now the parties to this proceeding Washington Independent
Telecommunications Association, Washington Exchange Carrier Association, The Toledo
Telephone Co., Inc., Tenino Telephone Company, Kalama Telephone Company and Hood Canal
Telephone Company, d/b/a Hood Canal Communications ("Washington RLECs"), McLeodUSA

JOINT MOTION TO APPROVE SETTLEMENT
AGREEMENT AND DISMISS THE COMPLAINT WITH
PREJUDICE - 1

Law Office of
Richard A. Finnigan
2112 Black Lake Blvd. SW
Olympia, WA 98512
(360) 956-7001

1 Telecommunications Services, L.L.C. and PaeTec Communications, Inc. ("McLeod/PaeTec")
2 (Washington RLECs and McLeod/PaeTec are collectively the "Parties") and jointly file this Motion
3 to Approve Settlement Agreement and dismiss the Complaint filed in this matter with prejudice.

4 2. Attached to this Motion as Confidential Exhibit 1 is the Settlement Agreement. The
5 Settlement Agreement contains confidential information and is filed pursuant to the Protective
6 Order entered in this docket.

7 3. Attached hereto as Exhibit 2 is a Narrative which explains the Settlement Agreement
8 in summary form and requests that the Commission enter an order approving the Settlement
9 Agreement and dismissing this Complaint with prejudice.

10 4. For the reasons set forth in the Narrative and in the Settlement Agreement, the
11 Parties respectfully urge that the Commission accept the Settlement Agreement and issue an order
12 dismissing the Complaint filed in this docket with prejudice.

13 Respectfully submitted this 7th day of May, 2012.

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18 RICHARD A. FINNIGAN, WSB #6443
19 Attorney for Complainants

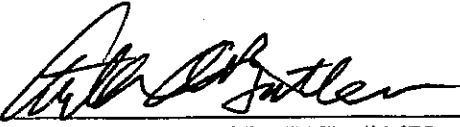
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21 _____
22 ARTHUR A. BUTLER, WSB #4678
23 Attorney for Respondents

EXHIBIT 1

SETTLEMENT AGREEMENT AND RELEASE

The Settlement Agreement consists of seven pages, the entirety of which are deemed confidential.

REDACTED

EXHIBIT 2

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11 EXCHANGE CARRIER ASSOCIATION,
12 THE TOLEDO TELEPHONE CO., INC.,
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14 KALAMA TELEPHONE COMPANY AND
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16 d/b/a HOOD CANAL
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22 MCLEODUSA TELECOMMUNICATIONS
23 SERVICES, L.L.C. AND PAETEC
24 COMMUNICATIONS, INC.,

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26 **Respondents.**

DOCKET NO. UT-111816

NARRATIVE IN SUPPORT OF SETTLEMENT
AGREEMENT

1. This Narrative is filed in support of the Settlement Agreement which accompanies this Narrative. The Settlement Agreement resolves all claims among the Parties arising out of the Complaint filed in this matter.

NARRATIVE IN SUPPORT OF SETTLEMENT
AGREEMENT - 1

Law Office of
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Olympia, WA 98512
(360) 956-7001

1 2. The Complainants are the Washington Independent Telecommunications
2 Association, Washington Exchange Carrier Association, The Toledo Telephone Co., Inc., Tenino
3 Telephone Company, Kalama Telephone Company and Hood Canal Telephone Company, d/b/a
4 Hood Canal Communications ("Washington RLECs"). The Respondents are McLeodUSA
5 Telecommunications Services, L.L.C. and PaeTec Communications, Inc. ("McLeod/PaeTec").
6 Collectively the Washington RLECs and McLeod/PaeTec may be referred to herein as "Parties" and
7 individually as a "Party."

8 3. The Complaint brought in this matter contains several allegations. The core
9 underlying premise for the Complaint is that McLeod and its parent company, PaeTec, are
10 responsible for the payment of certain intercarrier compensation monies for the termination of
11 traffic by the Washington RLECs.

12 4. The Response filed in this matter denied the allegations of the Complaint and
13 contained several defenses. These defenses include, but are not limited to, that the traffic delivered
14 to the Washington RLECs was not traffic subject to intercarrier compensation and, even if it is
15 traffic subject to intercarrier compensation, McLeod and PaeTec are not the financially responsible
16 parties.

17 5. The Settlement Agreement is filed as a confidential document. The Settlement
18 Agreement includes an agreement to settle the claims. The consideration received is not directly
19 related to the Washington RLECs' claim for intercarrier compensation. Rather, it reflects each
20 Party's evaluation of the ongoing costs of litigation, the risks of litigation inherent in each Party's
21 theories and assertions, and a desire on the part of all Parties to reach a business-to-business
22 solution that allows the Parties to focus their energies and concerns elsewhere.

23 6. The principal legal issues involved in this matter relate to the vigorously disputed
24 questions of whether VoIP-originated traffic delivered prior to the FCC's recent *Intercarrier*
25

1 *Compensation and USF Reform Order* is exempt from access charges and, if not, whether such
2 charges are payable by the intermediate, transiting carrier that hands traffic off at the terminating
3 tandem or, alternatively, by a carrier further up-stream in the transmission chain. Additionally,
4 questions arise regarding where jurisdiction lies to resolve these issues. Voluntary resolution and
5 dismissal of this matter is reasonable and in the public interest particularly in light of significant
6 uncertainty of result and substantial costs associated with litigation of these particular issues.

7 7. As consideration for this Settlement Agreement, the Washington RLECs have agreed
8 to a broad form of release and waiver of the claims contained in the Complaint filed in this matter.

9 8. Further, all Parties have agreed that they will abide by the Federal Communications
10 Commission's call signaling rules related to the population of signaling record information.

11 9. The Settlement Agreement calls for WECA to be responsible for dispensing the
12 money received among its members and McLeod/PaeTec shall have no responsibility for such
13 actions undertaken by WECA.

14 10. The Settlement Agreement contains usual form of warranties and protections for a
15 settlement of this type.

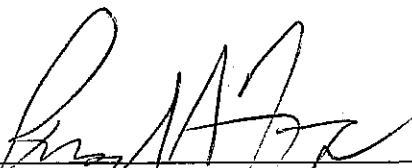
16 11. The Parties urge that the Commission approve the Settlement Agreement. Approval
17 is in the public interest because it resolves all claims in the Complaint brought in this docket in a
18 manner that is satisfactory to all of the Parties. By settling, each Party can focus its attention on
19 other matters. The settlement will also help to avoid future disputes because of the Parties'
20 agreement to abide by the Federal Communications Commission's call signaling rules related to the
21 population of signaling record information. The settlement also relieves the Commission of further
22 workload in this docket.


1 12. As can be seen by an examination of the Settlement Agreement, it does not include
2 any ongoing provision of services or facilities among the Parties that would in any way result in a
3 lessening of competition or adversely affect the delivery of service to customers.

4 13. The Parties will offer a witness or witnesses in favor of approval of the settlement, if
5 the Commission deems it necessary, but the Parties recommend that no testimony or further
6 hearings are necessary for consideration of this settlement.

7 14. Based on the foregoing, the Parties respectfully urge the Commission to accept the
8 Settlement Agreement expeditiously and enter an order in this matter dismissing the Complaint with
9 prejudice.

10 Respectfully submitted this 7th day of May, 2012.

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14 _____
15 RICHARD A. FINNIGAN, WSB #6443
16 Attorney for Complainants

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20 ARTHUR A. BUTLER, WSB #4678
21 Attorney for Respondents