

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of

THE CENTURYLINK COMPANIES –
QWEST CORPORATION; CENTURYTEL
OF WASHINGTON; CENTURYTEL OF
INTERISLAND; CENTURYTEL OF
COWICHE; AND UNITED TELEPHONE
COMPANY OF THE NORTHWEST

To be Regulated Under an Alternative Form of
Regulation Pursuant to RCW 80.36.135.

DOCKET NO. UT-130477

**SETTLEMENT AGREEMENT AND
STIPULATION BETWEEN
PETITIONERS AND THE DoD/FEA**

1 This Settlement Agreement and Stipulation (“Agreement”) is entered into between the petitioning CenturyLink companies (“CenturyLink”) and the U.S. Department of Defense and All Other Federal Executive Agencies (“DoD/FEA”) (collectively “Parties” or individually a “Party”).

A. BACKGROUND

2. On April 1, 2013, CenturyLink filed with the Washington Utilities and Transportation Commission (“the Commission”) a Petition to be Regulated under an Alternative Form of Regulation (“AFOR”). CenturyLink submitted Direct Testimony on April 1, 2013. DoD/FEA was granted intervenor status on May 1, 2013. The Parties subsequently engaged in settlement discussions to address DoD/FEA’s contested issues and now enter

voluntarily into this Agreement to resolve all contested issues among the Parties in the proceeding and to expedite the orderly disposition of this proceeding. CenturyLink has also entered into a settlement agreement with Commission Staff ("Staff") and the Office of Public Counsel ("Public Counsel").

B. NATURE OF AGREEMENT

- 3 This Agreement is a "Multiparty Settlement" within the meaning of WAC 480-07-730(3). The Parties agree that this Agreement resolves all contested issues among them in this docket, that the AFOR as modified by the settlement with Commission Staff and Public Counsel is in the public interest (conditioned upon the approval of this Agreement by the Commission), and thus that the Commission should approve that plan of AFOR. The Parties further understand that DoD/FEA and CenturyLink have agreed to the terms of this Agreement based upon the Commission's approval of the AFOR. The Parties further understand that this Agreement is subject to Commission approval and that any parties opposed to the Commission's adoption of the Agreement retain certain rights under WAC 480-07-740(2)(c).

C. POSITIONS ARE NOT CONCEDED

- 4 In reaching this Agreement, no Party accedes to any particular argument made by any other Party.

D. AGREED CONDITIONS ON APPROVAL OF THE TRANSACTION

- 5 All of the conditions agreed upon by the Parties are set forth in Attachment 1 to this Agreement. All conditions in Attachment 1 apply for five years following the approval of the Settlement by the Commission, unless otherwise specifically noted in the condition in Attachment 1.

E. EFFECTIVE DATE

- 6 The effective date of the Agreement is the date the Agreement is approved, without change, by Commission order. Notwithstanding the effective date of the Agreement as a whole, Sections G and H below, which require the Parties to support the Agreement before the Commission and govern publicity regarding the Agreement, are effective on August 23, 2013.
- 7 In the event the Commission rejects this Agreement, the provisions of WAC 480-07-750(2)(a) apply, with an extension to allow for the filing of responsive testimony to CenturyLink's Petition. In the event the Commission accepts the Agreement upon conditions not proposed herein, or alters or rejects any portion of the Agreement, the procedures set forth in Section I below shall apply.

F. FILING OF THE AGREEMENT

- 8 CenturyLink will file this Agreement, and the Parties hereby state that the Agreement is the complete and final resolution of all contested issues raised by DoD/FEA in this proceeding. The Parties will offer one or more witnesses during the hearings in support of this Agreement.

G. SUPPORT OF THE AGREEMENT

- 10 All Parties agree to use their best efforts to support the Agreement as a settlement of all contested issues in the pending proceeding. At a minimum, the Parties will provide supporting witnesses to: (a) sponsor the Agreement at a Commission hearing if so required; (b) state that the Agreement resolves the Parties' contested issues in this proceeding; (c) provide such other evidence or briefing that the Commission may require pursuant to WAC 480-07-740(2); and (d) state that the AFOR plan reflected in the settlement with Staff and Public Counsel is in the public interest (conditioned upon the approval of this Agreement by the Commission). No Party to this Agreement or their

agents, employees, consultants or attorneys will engage in any advocacy contrary to this Agreement or support any other party's proposed conditions to the AFOR or opposition to this Agreement before the Commission or otherwise in this proceeding.

H. PUBLICITY

11 All Parties agree: (1) to provide all other Parties the right to review and approve in advance of publication any and all announcements or news releases that any other Party intends to make about the Agreement (with the right of review to include a reasonable opportunity to request changes to the text of such announcements) and (2) to include in any news release or announcement a statement that AFOR plan associated with the Staff and Public Counsel settlement agreement is in the public interest.

I. PROCEDURE IF THE COMMISSION ALTERS OR REJECTS ANY PORTION OF THE AGREEMENT

12 In the event the Commission alters or rejects this Agreement or the agreement with Staff and Public Counsel, the Parties propose that the Commission decide all contested issues as explained in Section E. In the event the Commission accepts the Agreement upon conditions not proposed herein, each Party reserves its right, upon written notice to the Commission and the parties within five (5) business days of the Commission's Order, to state its rejection of the conditions and withdrawal from the Agreement with the effect of respectfully requesting the Commission decide all contested issues as provided above.

J. THE AGREEMENT AS PRECEDENT

13 The Parties have entered into this Agreement to avoid further expense, inconvenience, uncertainty and delay. Nothing in this Agreement (or any testimony, presentation or briefing in this proceeding) shall be asserted or deemed to mean that a Party agreed with or adopted another Party's legal or factual assertions in this proceeding. The limitations

in this paragraph shall not apply to any proceeding to enforce the terms of this Agreement or any Commission order adopting this Agreement in full.

14 Because this Agreement represents a compromise position of the Parties in this Commission's proceeding, the Parties agree that no conduct, statements or documents disclosed in the negotiation of the Agreement shall be admissible as evidence in this or any other proceeding. This paragraph does not apply to non-privileged, publicly available documents.

15 Furthermore, because this Agreement represents a compromise position of the Parties in this Commission's proceeding, no Party may use this Agreement or the testimonies or pleadings and briefs of any other Party in this proceeding as precedent on the appropriateness of the positions of that other Party in any other proceeding.

K. ENTIRE AGREEMENT

16 The Parties acknowledge that this Agreement is the product of negotiations and compromise and shall not be construed against any Party on the basis that it was the drafter of any or all portions of this Agreement. This Agreement constitutes the Parties' entire agreement on all matters set forth herein, and it supersedes any and all prior oral and written understandings or agreements on such matters that previously existed or occurred in this proceeding, and no such prior understanding or agreement or related representations shall be relied upon by the Parties.

L. MANNER OF EXECUTION

17 This Agreement is considered executed when all Parties sign the Agreement. A designated and authorized representative may sign the Agreement on a Party's behalf. The Parties may execute this Agreement in counterparts. If the Agreement is executed in counterparts, all counterparts shall constitute one agreement. A faxed or electronic transmission signature page containing the signature of a Party is acceptable as an

original signature page signed by that Party. Each Party shall indicate the date of its signature on the Agreement.

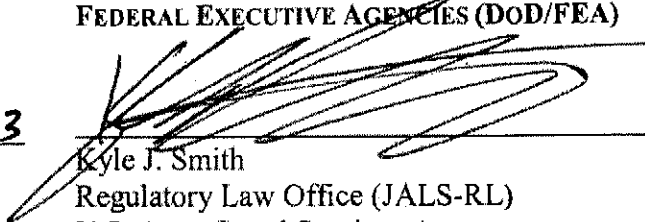
DATED this 23 day of August, 2013.

CENTURYLINK

U.S. DEPARTMENT OF DEFENSE AND ALL OTHER
FEDERAL EXECUTIVE AGENCIES (DOD/FEA)

 8/23/13

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ATTACHMENT 1

1. DEFINITIONS.

As used in this Agreement certain terms shall have the meanings stated below:

- (a) “Washington Regulated Services” shall mean intrastate telecommunications services that are contained in CenturyLink’s effective tariffs on file at the Washington Utilities and Transportation Commission (“Commission”) as of the Effective Date.
- (b) “Current Contract” shall mean any contract now in effect between CenturyLink that is limited to providing Washington Regulated Services to DoD/FEA locations in the State of Washington.
- (c) “Successor Contracts” shall mean contracts awarded during the “Rate Protection Period.”
- (d) “Effective Date” shall mean the date the Agreement is approved, without change, by Commission order.
- (e) “Rate Protection Period” shall mean the five year period that commences upon the Effective Date.
- (f) “DoD/FEA”: U.S. Department of Defense and All Other Federal Agencies including all entities and components of the Federal government (both military and nonmilitary).
- (g) “CenturyLink”: the petitioning CenturyLink companies in Docket No. UT-130477.

2. RATE PROTECTION COMMITMENT

In the event that during the Rate Protection Period DoD/FEA solicits bids for procurement of telecommunications services for Washington locations where CenturyLink is the incumbent local exchange carrier but not the existing contract awardee, CenturyLink commits to bid on the procurement.

In the event that during the Rate Protection Period DoD/FEA solicits bids for procurement of telecommunications services for the same location as a Current Contract, CenturyLink will (i) bid on the procurement, (ii) and, to the extent such bid is for Washington Regulated Services included in the Current Contract, the CenturyLink bid shall offer rates, terms, and conditions for such Washington Regulated Services that shall be no higher or less advantageous than the rates, terms and conditions provided under the Current Contract. This commitment shall apply to bids during the Rate Protection Period

for all Successor Contracts. This commitment shall not apply to mandatory fees and charges ordered by the Commission and Federal Communications Commission authorized charges. Nothing in this commitment is intended to prevent CenturyLink from aggressively competing on new bids, *i.e.*, offering lower prices or more favorable terms and conditions in future bids than those in Current Contracts or where CenturyLink is the incumbent LEC.

3. TARIFF AVAILABILITY COMMITMENT

As a result of the approval of the AFOR, CenturyLink will withdraw existing Washington tariffs governing business services in Washington, and will place those service offerings in a catalog.¹ CenturyLink agrees to provide a copy of the tariff(s) that was/were in effect immediately preceding this withdrawal to DoD/FEA.

In the event that (a) DoD/FEA solicits bids for procurement of Washington Regulated telecommunications services for the same locations as the Current Contracts, or (b) Washington Regulated services are procured by DoD/FEA via CenturyLink tariffs or catalogs where CenturyLink is the incumbent LEC, CenturyLink will offer rates, terms, and conditions to the DoD/FEA that shall be no higher or less advantageous than the rates, terms and conditions provided under the contracts, tariffs, or catalogs, respectively, in effect immediately preceding the Effective Date of this Settlement Agreement. This commitment will remain in place for the Rate Protection Period.

4. SERVICE QUALITY

CenturyLink commits that all service quality requirements that are part of any DoD/FEA contract or applicable Commission rule or order shall be applicable to the service provided to the DoD/FEA under this Agreement.

5. REVENUE COMMITMENT

This Agreement is contingent on the DoD/FEA in Washington maintaining total service levels that result in billings by CenturyLink that are at least 90% of the average quarterly billings for the four quarters preceding the date of this Agreement. If, after notice from CenturyLink the total service billings remain continuously below the 80% level for 180 days, then this Agreement may be terminated by CenturyLink.

The Commission's approvals of this Agreement and of the CenturyLink AFOR are conditions precedent to this Agreement.

¹ Note that the CenturyLink QC (legacy Qwest) business services were moved to the catalog at various points over the years, including as a result of competitive classification petitions for specific services beginning in 1999, and then in 2008 as a result of the Qwest AFOR in Docket No. UT-061625.