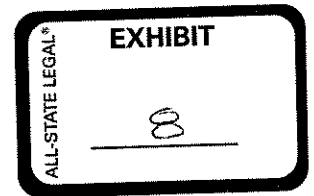


**GTE NORTHWEST INCORPORATED
INDEPENDENT CONTRACTOR AGREEMENT**



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's 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. Fraunberg
(Signature)
Robert D. Fraunberg
(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)

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, 1990



Attest:

(Seal)

Dia A. Rispoli
Assistant Secretary

SEABOARD SURETY COMPANY,

By

Michael B. Keegan
Vice-President

STATE OF NEW JERSEY ss.:
COUNTY OF SOMERSET

On this 25th day of April, 1990, 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.

FELICE M. ZUPRYCKI
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 4, 1991

(Seal)



[Signature]
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, 1992



Diana M. Klerent
Assistant Secretary

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.

COMPANIES AFFORDING COVERAGE

- COMPANY LETTER **A**
- COMPANY LETTER **B**
- COMPANY LETTER **C**
- COMPANY LETTER **D**
- COMPANY LETTER **E**

LUMBERMENS MUTUAL CASUALTY COMPANY

INSURED

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

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 CLAIMS MADE X OCCUR. OWNER'S & CONTRACTOR'S PROT.	3YL945140-01	07/01/91	UNTIL CANCELED	GENERAL AGGREGATE \$ 1,000,000 PRODUCTS-COMP/OP AGG. \$ 1,000,000 PERSONAL & ADV. INJURY \$ 1,000,000 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 ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS GARAGE LIABILITY	3ZL945140-01 OR F3B003662 (POLICIES APPLICABLE BY STATE)	07/01/91	UNTIL CANCELED	COMBINED SINGLE LIMIT \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	EXCESS LIABILITY				
	UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
A	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY	3CL945140-02 3YL945140-01	07/01/91	UNTIL CANCELED	STATUTORY LIMITS EACH ACCIDENT \$ 1,000,000 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.

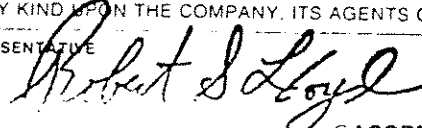
CERTIFICATE HOLDER

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

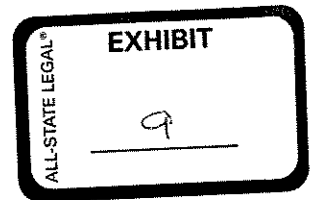
CANCELLATION

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



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 ~~Department~~ ^{State} 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:

(Signature)

Susan K. Haynes

(Typed or Printed Name)

Account Executive

(Title)

4/21/92

(Date)

AMERICAN TELEPHONE AND
TELEGRAPH COMPANY

By:

(Signature)

John Powell

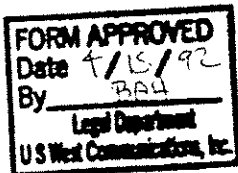
(Typed or Printed Name)

Sales V.P.

(Title)

8/12/92

(Date)



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:

<u>Annual USWC Revenue</u>	<u>Adjustment Level & New Commission Rate</u>
\$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

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 Oblige, 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.

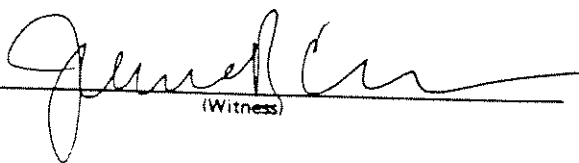
Whenever Contractor shall be, and declared by Owner to be in default under the Contract, the Owner having performed Owner's obligations thereunder, the Surety may promptly remedy the default, or shall promptly

- 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)

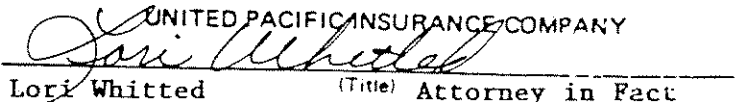
U S WEST COMMUNICATIONS, INC. (Seal)

(Principal)

(Title)



(Witness)

UNITED PACIFIC INSURANCE COMPANY


Lori Whitted (Title) Attorney in Fact

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 SURETYSHIP-----

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

James Carlstrom
Vice President

STATE OF Washington }
COUNTY OF King }

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



Pamela Young
Notary Public in and for State of Washington
Residing at Tacoma

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
Marjorie S. Hansen

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:

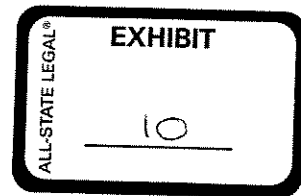
U S WEST Communications, Inc.
Manager Risk Finance & Insurance
9785 Maroon Circle, Suite 400
Englewood, CO 80112
(303) 792-4711

Signature: 

Date Issued: April 10, 1992

cc: Sue Haynes, USWC, 14506 SE 16th, Bellevue, WA 98007
206-451-5328

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.

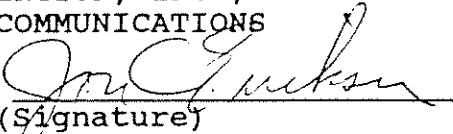
24. Bond

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

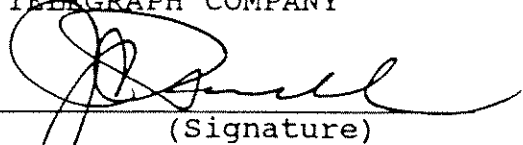
By: 
(Signature)

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 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.

COMPANIES AFFORDING COVERAGE

- COMPANY LETTER **A**
- COMPANY LETTER **B**
- COMPANY LETTER **C**
- COMPANY LETTER **D**
- COMPANY LETTER **E**

Industrial Indemnity Company

INSURED

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

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

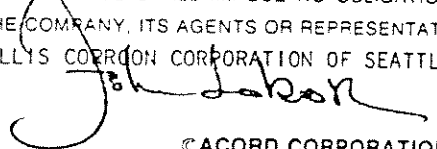
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS This certificate addresses all operations, premises, and activities of the named insured. Please see attached for special provisions.
 Re: Inmate Telephone System and Recording/Monitoring at Washington Department Correctional Institutions and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



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

B-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



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,

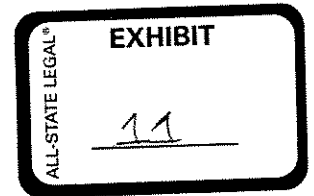
the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Boh 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

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 V/P
Title

2/14/97
Date

Contract # _____

Agent ID _____

Location # _____

Approved as to Form:

OFFICE OF THE ATTORNEY GENERAL
STATE OF WASHINGTON

Thomas F. Young
Authorized Signature

Thomas F. Young
Typed or Printed Name

Assistant Attorney General
Title

February 3, 1997
Date





Standard Delegation Of Authority

USG
(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 1AX200000

Expires 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 R Band

Social Security No. 14 48-9786

Responsibility Code 1AX 00010

Approved:

Signature [Signature]

Name John C. Powell

Title/Salary Grade F-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:

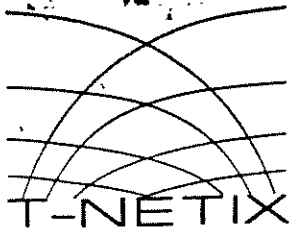
Signature _____

Name _____

Title/Salary Grade _____

Social Security No. _____

Date _____



T-NETIX, Inc.

67 Inveness 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.

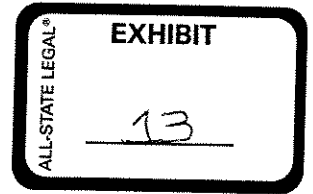


John Giannaula
VP Finance

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.

BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION



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

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 my 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 "I+" 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.

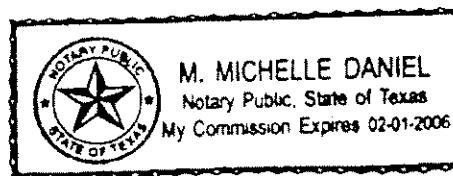
Dec 14, 2004
Date

Francis 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



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 V/P
Title

2/14/97
Date

Contract # _____

Agent ID _____

Location # _____

Approved as to Form:

OFFICE OF THE ATTORNEY GENERAL
STATE OF WASHINGTON

Thomas F. Young
Authorized Signature

Thomas F. Young
Typed or Printed Name

Assistant Attorney General
Title

February 3, 1997
Date





Standard Delegation Of Authority

USPS
(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 1AX200000

Expires 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 R Band

Social Security No. 14 48-9786

Responsibility Code 1AX 00010

Approved:

Signature [Signature]

Name John C. Powell

Title/Salary Grade F-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:

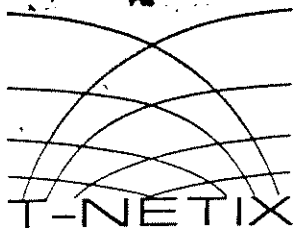
Signature _____

Name _____

Title/Salary Grade _____

Social Security No. _____

Date _____



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.

AUG 11 2000

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Request for Petition of
Waiver of Administrative Rules for

GTE NORTHWEST INC.
.....)

)
) DOCKET UT-990401
)

) ORDER GRANTING TEMPORARY
) WAIVER OF
) WAC 480-120-141(2)(b) and
) WAC 480-120-141 (7)(a)
)



On March 4, 1999 GTE Northwest Inc.(now Verizon, Northwest Inc. or "Verizon") filed a petition for a waiver of WAC 480-120-141 (7)(a); and for a waiver until January 1, 2000, of WAC 480-120-141(2)(b). Verizon explained in its petition that it sought a waiver of certain parts of the operator service rules because technology and equipment were not available at that time to comply with the Commission's newly revised rule requirements. In particular, Verizon sought an extension for compliance with WAC 480-120-141(2)(b) relating to rate quotes until January 1, 2000 to develop the technology to provide automatic verbal rate quotes from a pay phone. Verizon also asked for a waiver of WAC 480-120-141(7)(a); this section of the rule relates to the capabilities of providing emergency access to Enhanced 911 (E-911) and Public Safety Answering Points (PSAPs) providing E-911 service. Verizon claimed that due to equipment limitations, it was unable to transfer a call from an operator to a known PSAP location with a single keystroke, and at the same time provide the automatic number identification (ANI) that enables direction of emergency assistance to the correct location.

On July 28, 2000, Verizon asked for an extension to the originally-filed petition. Verizon states that it cannot complete the necessary changes to comply with WAC 480-120-141 (2)(b) until September 1, 2000.

DISCUSSION

Verbal Rate Disclosure

The Commission made significant changes to its pay phone and operator services rules in January 1999 to carry out consumer protections regarding pay phone use after deregulation of much of the pay phone industry at the federal level. The Commission's rules were revised in order to be consistent with the Telecommunications Act of 1996 and subsequent FCC orders relating to pay phones and operator services, and to ensure adequate protections for users of pay phones within Washington state. One of the major additions to the FCC's rules and subsequently the Commission's rules is the capability for a consumer to receive a verbal rate quote from the pay phone within no more than two key strokes.

In its amended petition, Verizon claims that it can comply with the verbal rate disclosure by September 1, 2000. Since the company claims compliance by September 1, 2000, only 3 weeks away, the Commission feels this is a reasonable request, as long as Staff conducts an investigation into the practices of Verizon's operator services in September 2000.

Emergency Calls

In its original petition, Verizon asked for a waiver of WAC 480-120-141(7)(a). This section of the rule relates to the capabilities of providing emergency access to E-911 and PSAPs. The rule requires that an operator service provider transfer the caller into the appropriate E-911 system and to the PSAP serving the location of the caller with a single keystroke from the operator's console. This must include automatic identification of the exact location and address from which the call is being made. This request will occur when a caller dials 0 for the operator during an emergency situation.

Verizon recognizes that the capability exists to transfer a call from an operator to a known PSAP location with a single keystroke. In its petition, it noted that it would have to provide a "speed calling-type" service to reach each of the PSAPs to which a caller could be transferred. Its original petition cited concerns about the cost required to provide trunking from each operator center to the PSAPs. Further, it indicated that to display and forward the address and location, its operators would need to access the E-911 database, which is completely separate from the Line Information Database used by Verizon's operator services.

The Commission's staff has partnered with Emergency Management personnel since the inception of this rule change in order to help pay phone service providers and operator service providers comply with this rule. Companies use current technologies in order to achieve one keystroke access to the proper PSAP. One of the intentions of the upgrade to enhanced 911 service within the state was to have a central database that includes all phone numbers and physical locations. To date all locations within Washington state have upgraded to the E-911 system.

Verizon states that the company no longer has the trunking issues, but that access to the E-911 database must be addressed. The company now states that it could have the necessary changes implemented in approximately 90 days to ensure compliance with this part of the rule.

Emergency access to the appropriate PSAP is vitally important to the safety and welfare of consumers. The Commission believes that Verizon should take the necessary steps to access the E-911 database and PSAPs in compliance with this rule by November 15, 2000. The company must report to staff specific action steps and progress to ensure full compliance with this rule. With those conditions, the Commission grants Verizon's request for a temporary waiver of WAC 480-120-141(7)(a) until November 15, 2000.

FINDINGS

THE COMMISSION FINDS:


1. Verizon Northwest Inc., a Washington corporation, is a public service company subject to the jurisdiction of this Commission under the provisions of chapter 80.28 RCW.
2. Verizon can comply with the verbal rate disclosure by September 1, 2000. Granting the waiver until September 1, 2000 of WAC 480-120-141(2)(b), which requires automatic access to rate quotes for consumers using pay phones is reasonable and should therefore be approved.
3. Verizon can comply with one keystroke access to E-911 and PSAPs by November 15, 2000. Extending time for compliance with WAC 480-120-141 (7)(a), is reasonable and therefore should be approved.

ORDER

1. The Commission grants Verizon's request for a waiver until September 1, 2000 of WAC 480-120-141(2)(b), which requires automatic access to rate quotes for consumers using pay phones. Staff is directed to conduct an investigation into the practices of Verizon's operator services in September 2000.
2. The Commission grants Verizon's request for a waiver until November 15, 2000 of WAC 480-120-141 (7)(a), one keystroke access to E-911 and PSAPs. Verizon must report to the Commission no later than November 15, 2000, describing in reasonable detail the specific action steps it has taken, and the progress of Verizon to ensure full compliance to this rule.

DATED at Olympia, Washington, and effective this 9th day of August, 2000.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION


RICHARD HEMSTAD, Commissioner


WILLIAM R. GILLIS, Commissioner

DISSENTING OPINION

MARILYN SHOWALTER, Chairwoman, dissenting -- I dissent. These rules have been in effect since January 29, 1999. No evidence has been presented why the company could not have complied with the rules by now. While I appreciate the company's willingness to comply with the rules within the next 20 (or 90) days, I do not think this is a persuasive reason why the rules should be waived for that period of time.


MARILYN SHOWALTER, Chairwoman

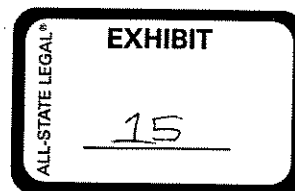
SEP 27 2000

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Request for Petition of
Waiver of Administrative Rules for

Qwest Corporation (formerly,
U S WEST Communications, Inc.)

)
) DOCKET UT-990043
)
) ORDER GRANTING FULL AND
) PARTIAL TEMPORARY WAIVER OF
) WAC 480-120-141(2)(b)
)
)



.....
On January 12, 1999, U S WEST Communications, Inc., (now, Qwest Corporation) filed a petition for a waiver of WAC 480-120-141(2)(b) governing operator services. U S WEST explained in its petition that it sought the waiver of certain parts of the rule because the technology was not available at that time to comply with the revised rule requirements. In particular, the company sought an extension for compliance with WAC 480-120-141(2)(b) for 15 months after the date of an FCC order on this very same issue to develop the technology to provide automatic verbal rate quotes from operator service providers serving pay phones.

On September 20, 2000, Qwest filed an amendment that states the company can comply, in general, with the above rule section by September 30, 2000, and seeks a waiver until that time. The company also asks for consideration as it relates specifically to services from pay phones in correctional facilities. Qwest/U S WEST is working to implement technology that restricts inmate access to live operators, yet makes rate information available to the party who receives the collect call from an inmate.

Qwest/U S WEST further seeks a temporary waiver of this rule until December 1, 2000, with regard to verbal disclosure to persons receiving collect calls from inmate pay phones in order to deploy the technology at the facilities throughout the state.

DISCUSSION

Verbal Disclosure of Rates - General

The Commission made significant changes to its pay phone and operator services rules in January 1999 to carry out consumer protections regarding pay phone use after deregulation of much of the pay phone industry at the federal level. The Commission's rules were revised in order to be consistent with the Telecommunications Act of 1996 and subsequent FCC orders relating to pay phones and operator services, and to ensure adequate protections for users of pay phones within Washington state. One of the major additions to the FCC's rules and subsequently the Commission's rules is the capability for a consumer to receive a verbal rate quote from the pay phone within no more than two key strokes.

DOCKET NO. UT-990043

PAGE 2

Qwest/U S WEST now indicates that it can comply with the verbal rate disclosure by September 30, 2000. The Commission finds that Qwest/U S WEST's operator-assisted rates have not been a source of complaints for this Commission, have not harmed the public, and therefore recommends granting a waiver, temporarily, of the verbal advice requirement of WAC 480-120-141(2)(b) until September 30, 2000. Qwest must provide a rate quote if requested by a caller. The rate quoted for the call must include any applicable surcharge. Charges to the user must not exceed the quoted rate. After September 30, 2000, Commission Staff will conduct an investigation into the practices of Qwest/U S WEST's operator services, and if Qwest/U S WEST is not able to offer verbal disclosures in compliance with the rule, it will be subject to penalties.

Verbal Disclosure of Rates - Prison Phones

This Commission's rules define a consumer as the party initiating and or paying for a call using operator services. In collect calls, both the originating and the receiving party of the call are considered consumers. Qwest/U S WEST's automated technology will prompt the called party to ask for a rate quote. Qwest/U S WEST seeks a temporary waiver of WAC 480-120-141(2)(b) until December 1, 2000, as it applies to the receiver of the collect call, when that call originates from an inmate phone at a correctional facility. The waiver is necessary in order for the Company to deploy the technology in the correctional facilities throughout the state. Qwest/U S WEST has escalated this issue to its provider for installation sooner than the end of the year, and may improve upon this commitment.

The Commission finds that this is a sound request since the Company's operator-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 December 1, 2000 only as it applies to the receiver of the collect call. Once the technology is in place by year-end, Qwest/U S WEST must always make available to the receiver of the collect call automatic access to a rate quote as required by the rule.

FINDINGS

THE COMMISSION FINDS:

1. Qwest, a Washington corporation, is a public service company subject to the jurisdiction of this Commission under the provisions of chapter 80.28 RCW.
2. Qwest can comply with the verbal rate disclosure by September 30, 2000. Granting the waiver until September 30, 2000, of the requirement, within WAC 480-120-141(2)(b), to verbally advise consumers how to receive a rate quote on an operator-assisted call is reasonable

DOCKET NO. UT-990043

PAGE 3

and should therefore be approved. Qwest must provide a rate quote if requested by a caller. The rate quoted for the call must include any applicable surcharge. Charges to the user must not exceed the quoted rate.

3. Qwest must make the verbal disclosure option available to the person receiving the call (i.e., the recipient of a collect call from an inmate) who ultimately will incur the cost of the call. The Commission grants the temporary waiver of WAC 480-120-141(2)(b) as it applies to the receiver of the collect call from a correctional facility until December 1, 2000. The company shall provide the Commission Staff with a monthly report outlining specific action steps taken to ensure statewide implementation of this technology by year end.

ORDER

1. The Commission grants Qwest's request for a waiver until September 30, 2000, of the requirement, within WAC 480-120-141(2)(b), to verbally advise consumers how to receive a rate quote on an operator-assisted call. Qwest must provide a rate quote if requested by a caller. The rate quoted for the call must include any applicable surcharge. Charges to the user must not exceed the quoted rate. Staff is directed to conduct an investigation into the practices of Qwest/U S WEST's operator services after September 30, 2000.

2. The Commission grants Qwest's request for a temporary waiver until December 1, 2000, of WAC 480-120-141(2)(b), only as it applies to the receiving party of collect calls from inmates at correctional facilities to deploy the technology necessary to enable the receiver of a collect call to have access to an automated rate quote. The company must provide the Commission Staff with a monthly report outlining specific action steps taken to ensure statewide implementation of this technology by year end.

DATED at Olympia, Washington, and effective this 27th day of September, 2000.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION


RICHARD HEMSTAD, Commissioner


WILLIAM R. GILLIS, Commissioner

DOCKET NO. UT-990043

PAGE 4

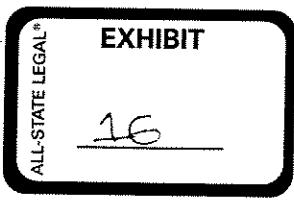
DISSENTING OPINION

MARILYN SHOWALTER, Chairwoman, dissenting -- I dissent. These rules have been in effect since January 29, 1999. No evidence has been presented why the company could not have complied with the rules by now. While I appreciate the company's willingness to comply with the rules within the next 3 (or 60) days, I do not think this is a persuasive reason why the rules should be waived for that period of time.



MARILYN SHOWALTER, Chairwoman

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



In the Matter of Request for Petition of)	
Waiver of Administrative Rules for)	DOCKET UT-990401
)	
GTE NORTHWEST, INC.)	ORDER GRANTING WAIVER IN PART
)	OF WAC RULE 480-120-141 (2)(b)
)	
.....)	

On July 28, 2000, GTE Northwest, Inc., (now Verizon Northwest Inc., or "Verizon") filed an amendment to a previously-filed petition asking for a waiver of WAC 480-120-141 (2)(b) as it relates specifically to inmate phones. Verizon seeks a permanent waiver, only at correctional facilities, and only for calls from an inmate originating an operator-assisted (collect) call, of the portion of the rule requiring automatic rate disclosure.

DISCUSSION

The Commission made significant changes to its pay phone and operator services rules in January 1999 to carry out consumer protections regarding pay phone use after deregulation of much of the pay phone industry at the federal level. The Commission's rules were revised to be consistent with the Telecommunications Act of 1996 and subsequent FCC orders relating to pay phones and operator services, and to ensure adequate protections for users of pay phones within Washington state. One of the major additions to the FCC's rules and subsequently the Commission's rules is the capability for a consumer to receive a verbal rate quote from the pay phone within no more than two key strokes. This Commission's rules define a consumer as the party initiating and or paying for a call using operator services. In collect calls, both the originating and the party on the terminating end of the call are considered consumers.

Verizon seeks a permanent waiver of that portion of the rule requiring access to the automatic rate disclosure from the party originating the operator-assisted (collect) call, when that call originates from an inmate phone at a correctional facility. Verizon had intended to utilize live operators to perform this function. However, it had concerns about harassment and fraud that can take place when an inmate has access to a live operator, and Department of Corrections also expressed similar concerns. Subsequently, Verizon learned of current automated technology that prompts the called party to ask for a rate quote. The inmate cannot initiate the rate quote, however, and that is the reason why there is a need for a limited waiver. Once the called party initiates the rate request, both the caller and the called party will hear the rate information. Either party may terminate the call by hanging up. Verizon will have this automated verbal rate prompt installed by September 1, 2000.

The Commission believes this is a reasonable request as long as Verizon always announces and makes available to the receiver of the collect call automatic access to a rate quote as required by the rule. Further, if the receiver of a collect call from an inmate chooses to access the rate prompt, both parties will hear the quoted rate.

FINDINGS

THE COMMISSION FINDS:

1. Verizon Northwest Inc., a Washington corporation, is a public service company subject to the jurisdiction of this Commission under the provisions of chapter 80.28 RCW.
2. Verizon's request for a permanent waiver of that portion of the rule requiring access to automatic rate disclosure from the party originating the operator-assisted (collect) call, when that call originates from an inmate phone at a correctional facility, is reasonable to comply with the company's and correctional facilities' concerns for protection of the public. Verizon must make the verbal disclosure option available to the person receiving the call (i.e., the recipient of a collect call from an inmate), who would ultimately incur the cost of the call.

ORDER

The Commission grants Verizon's request for a waiver of WAC 480-120-141(2)(b), only as it applies to collect calls from inmates at correctional facilities, only as it applies to the originating, not the receiving, party, and only so long as the alternative proffered by Verizon and described in this Order remain in effect.

DATED at Olympia, Washington, and effective this 9th day of August, 2000.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION


MARILYN SHOWALTER, Chairwoman


RICHARD HEMSTAD, Commissioner


WILLIAM R. GILLIS, Commissioner

SEP 27 2000

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Request for Petition of)
 Waiver of Administrative Rules for) DOCKET UT-990043
)
 Qwest Corporation (formerly,) ORDER GRANTING PERMANENT
 U S WEST Communications, Inc.) PARTIAL WAIVER OF
) WAC 480-120-141(2)(b)
)
)



On September 20, 2000, Qwest filed an amendment to a previously-filed petition asking for a waiver of WAC 480-120-141(2)(b) as it relates specifically to services from pay phones in correctional facilities. Qwest/U S WEST seeks a permanent partial waiver, only at correctional facilities, and only for calls from an inmate originating an operator-assisted (collect) call, of the portion of the rule requiring automatic rate disclosure.

DISCUSSION

The Commission made significant changes to its pay phone and operator services rules in January 1999 to carry out consumer protections regarding pay phone use after deregulation of much of the pay phone industry at the federal level. The Commission's rules were revised in order to be consistent with the Telecommunications Act of 1996 and subsequent FCC orders relating to pay phones and operator services, and to ensure adequate protections for users of pay phones within Washington state. One of the major additions to the FCC's rules and subsequently the Commission's rules is the capability for a consumer to receive a verbal rate quote from the pay phone within no more than two key strokes. And, further, the rules define a consumer as the party initiating and or paying for a call using operator services. In collect calls, both the originating and the receiving party of the call are considered consumers.

Qwest/U S WEST seeks a permanent waiver of that portion of the rule requiring access to the automatic rate disclosure from the party originating the operator-assisted (collect) call, when that call originates from an inmate phone at a correctional facility. Qwest/U S WEST has concerns about safety, security, and fraud that can take place when an inmate has access to a live operator. Department of Corrections also expressed similar concerns.

Qwest/U S WEST's automated technology will prompt the called party to ask for a rate quote. The inmate cannot initiate the rate quote, however, and that is the reason why there is a need for a limited waiver. Once the called party initiates the rate request, both the caller and the called party will hear the rate information. Either party may terminate the call by hanging up.

The Commission finds that this is a sound reason to grant a permanent partial waiver of WAC 480-120-141(2)(b) as it applies to collect calls from inmates at correctional facilities, and only as it applies to the originating, not the receiving, party.

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FINDINGS

THE COMMISSION FINDS:

1. Qwest, a Washington corporation, is a public service company subject to the jurisdiction of this Commission under the provisions of chapter 80.28 RCW.
2. Qwest's request for a permanent partial waiver of the portion of the rule requiring access to automatic rate disclosure by the party originating the collect call, when that call originates from an inmate phone at a correctional facility, is reasonable to comply with company and correctional facilities' concerns for protection of the public.

ORDER

The Commission grants Qwest's request for a permanent waiver of WAC 480-120-141(2)(b), only as it applies to collect calls from inmates at correctional facilities, only as it applies to the originating party, and only so long as the alternative proffered by Qwest and described in this Order remain in effect.

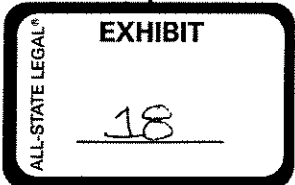
DATED at Olympia, Washington, and effective this 27th day of September, 2000.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION


 MARILYN SHOWALTER, Chairwoman


 RICHARD HEMSTAD, Commissioner


 WILLIAM R. GILLIS, Commissioner



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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF KING

SANDY JUDD, et al.,)	
)	No. 00-2-17565-5 SEA
Plaintiffs,)	
)	
vs.)	PARTIAL DECISION ON SUMMARY
)	JUDGMENT AND ORDER FOR FURTHER
AMERICAN TELEPHONE AND)	BRIEFING
TELEGRAPH COMPANY, et al.,)	
)	
Defendants.)	

THIS MATTER came before this Court on Defendant Verizon Northwest Incorporated's Motion to Dismiss Plaintiffs' First Amended Complaint. The Court has reviewed the thorough briefing and argument from all parties and concludes as follows:

There is some ambiguity in the literal wording of the statute in question. However, reading 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 Commission ("WUTC") and did not create a cause of action for actions beyond or outside of the regulations.

The pleadings contain a claim that can be read as asserting a violation of the regulations. However, plaintiffs' briefing, recitation of facts and oral argument in no way allege

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1 violations of the regulations. Instead, they challenge the
2 validity and sufficiency of the WUTC regulations, exclusions and
3 waivers.

4
5 This proceeding is not the proper one for a challenge to
6 the WUTC action. The Administrative Procedure Act governs such
7 a challenge and the State would need to be a party to the
8 action. It was suggested at oral argument that if the agency
9 had clearly exceeded the bounds of its authority and had issued
10 regulations that were "void" as a result, that such issue could
11 be raised in this Court. Although the Court may indeed have the
12 ultimate authority to void regulations issued "outside the
13 statutory authority of jurisdiction of the agency," such still
14 has to be done pursuant to the provisions of the APA.

15
16 Plaintiffs have not provided authority for why they can
17 litigate a challenge to the regulations in this proceeding. The
18 case cited, Ward v. LaMonico, 47 Wn. App. 373 (1987), was
19 decided approximately two years before the effective date of
20 current RCW 34.05.510 establishing the exclusive means of
21 judicial review of agency action.

22
23 For the reasons cited by Defendants WUTC, the defendants
24 are all entitled to be dismissed from this action unless it is
25 alleged that they have actually violated any WUTC regulation.

1 If such is alleged, this matter should be stayed and that issue
 2 referred to the agency for determination of a violation under
 3 the doctrine of primary jurisdiction.
 4

5 The Court will defer entry of orders of dismissal for ten
 6 days. Plaintiffs may submit within such time a supplemental
 7 brief (not to exceed 10 pages) regarding an assertion of
 8 violations of the regulations. Defendants shall have 5 days to
 9 respond, plaintiffs 2 days to reply. Thereupon, the Court will
 10 either dismiss or stay and refer to the WUTC without further
 11 oral argument.
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13 DATED this 10th day of October, 2000.
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 16 JUDGE J. KATHLEEN LEARNED
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