

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	DOCKET NO. UT-011329
	)	
Complainant,	)	
	)	
v.	)	SETTLEMENT AGREEMENT
	)	
QWEST CORPORATION	)	
	)	
Respondent.	)	
.....	)	

Qwest Corporation (Qwest) and the Staff of the Washington Utilities and Transportation Commission (Staff)(collectively, “the Parties”) have reached agreement on certain issues raised by the Complaint and wish to present their agreement on these issues for the Commission’s consideration. The Parties therefore adopt the following Agreement. The Parties enter into this Agreement voluntarily to resolve the matters in dispute between them and to expedite the orderly disposition of this matter.

**AGREEMENT**

Now, therefore, the parties hereby agree as follows:

**I. RESOLUTION OF ISSUES RAISED IN THE COMPLAINT**

**A. Scope of Agreement**

Staff and Qwest agree that the terms of this Agreement resolve, between them, all contested issues in this proceeding before the Commission. Nothing in this Agreement shall be construed to limit or bar any other entity from pursuing available legal remedies against Qwest or to limit or bar Qwest from asserting any defenses to such claims. This Agreement resolves all

issues raised by the Complaint and except as specifically set forth herein, nothing in this Agreement shall be cited or construed as precedent or as indicative of the parties' positions on any of the issues resolved. This limitation shall not apply to any proceeding to enforce the terms of this Agreement or any Commission Order fully adopting this Agreement.

## **B. Support of Agreement**

Qwest and Staff shall cooperate in submitting this Agreement promptly to the Commission for consideration, and shall support adoption of this Agreement in proceedings before the Commission, through testimony or briefing, as resolution of the issues included in the Complaint. No party to this Agreement or its agents, employees, consultants or attorneys will engage in any advocacy contrary to the Commission's adoption of this Agreement in resolution of the issues included in the Complaint. Qwest and Staff shall make available a witness or witnesses in support of this Agreement, if a hearing is determined to be necessary by the Commission.

## **II. TERMS OF AGREEMENT**

### **A. Compliance with Commission Rules and Laws**

Qwest will comply with all Commission rules and Washington statutes. Consistent with its code of conduct, Qwest will dismiss any employee who willfully violates such rules or laws. Qwest has conducted an internal investigation regarding the allegations in this complaint and has determined that no employee responsible for the failure to file the CLP remains with the company. Any remaining employee who made the decision to intentionally not file the Customer Loyalty Program contract provision shall be subject to appropriate disciplinary action, up to and including dismissal.

A company-wide announcement will be made disclosing the allegations in this complaint, and the fact that the company was found to have violated the law and was fined \$100,000 for providing a discount without filing its terms with the Commission. The notice shall also state that the allegation was made that the failure to file was intentional, that such conduct is not acceptable to Qwest and is a violation of company policy, that the responsible employees no

longer work for Qwest in any capacity, and that any such conduct in the future will result in appropriate disciplinary action up to and including dismissal.

The business unit officer responsible for this service will specifically disclose the behavior associated with this complaint to all his or her employees and reinforce the message described in the paragraph above.

## **B. Remedy**

Staff and Qwest will request that the Commission issue an order, as settlement of the issues raised in the Complaint, that includes the following provisions:

- ◆ A finding that Qwest violated RCW 80.36.150, RCW 80.36.170, RCW 80.36.180, and WAC 480-80-330. The violations of RCW 80.36.170 and 80.36.180 are the result of Qwest's failure to file the amendment to the contract.
- ◆ A total penalty against Qwest of \$150,000, for violation of RCW 80.36.150, RCW 80.36.170, RCW 80.36.180, and WAC 480-80-330.
- ◆ Of the \$150,000 penalty amount, \$100,000 is ordered due and payable 15 days after the Commission issues its order.
- ◆ The remaining \$50,000 penalty amount will be suspended for one year and mitigated to zero at that time if:
  - Qwest certifies that its offering and provision of Centrex services is and has been during the previous year in compliance with the statutes and rules that are the subject of this proceeding. The compliance certification will be signed by a corporate officer, acting as agent for Qwest, who has personal knowledge that Qwest's Centrex service is in compliance with the statutes and rules; and
  - Staff has made no other allegations of violations relating to Qwest's Centrex services. Nothing in this provision shall preclude the Commission from mitigating the remaining \$50,000 penalty if the Commission does not accept Staff's allegations.

**C. Compliance Regarding Other Rules**

Qwest will comply with all applicable Commission rules. This Agreement does not preclude the Commission from pursuing penalties for violations of Commission rules not related to the specific allegations set forth in the Complaint.

**III. GENERAL PROVISIONS**

**A. Effective Date of Agreement**

This Agreement is an integrated document that shall become effective when executed, and the parties shall recommend that the Commission adopt this Agreement in its entirety. In the event that the Commission rejects all or any portion of this Agreement as resolving the issues within the Complaint, each party reserves the right to withdraw from this Agreement by written notice to the other party and the Commission. In such case, neither party to this Agreement shall be bound or prejudiced by the terms of this Agreement, and either party shall be entitled to seek reconsideration of the Commission Order rejecting all or any portion this Agreement, file any testimony it chooses, cross-examine witnesses, and in general to put on such case as it deems appropriate. If this Agreement does not become effective according to its terms, it shall be null and void.

**B. Execution in Counterparts**

This Agreement may be executed by the Parties in counterparts and as executed shall constitute one agreement. Copies sent by facsimile are as effective as original documents.

**C. Necessary Actions**

The Parties shall take all actions necessary and appropriate to carry out this Agreement.

**D. Entire Agreement**

This Agreement constitutes the parties' entire agreement on all matters set forth herein and supersedes any and all prior oral and written agreement on such matters that previously existed or occurred. The parties acknowledge that this Agreement is the product of negotiations

and compromise and shall not be construed against either party on the basis that it was the drafter of any or all portions of this Agreement.

CHRISTINE O. GREGOIRE  
Attorney General

QWEST CORPORATION

---

Shannon Smith  
Assistant Attorney General  
Counsel for Commission Staff

---

Steve Davis  
Senior Vice-President Policy and Law

Dated: \_\_\_\_\_, 2002.

---

Teresa Taylor  
Senior Vice-President

---

Theresa Jensen  
Director – Washington Policy and Law

Dated: \_\_\_\_\_, 2002