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STATE OF WASHINGTON
UTIL. AND TRANSP.
COMMISSION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Petitioners,

v.

ADVANCED TELECOM GROUP, INC.,
et al,

Respondents.

DOCKET NO. UT-033011

XO SETTLEMENT AGREEMENT

PARTIES

1 The Parties to this Settlement Agreement are Commission Staff ("Staff"), and XO
Washington, Inc., f/k/a NEXTLINK Washington, Inc. ("XO") (collectively "Parties" or
individually "Party").

INTRODUCTION

2 The Parties stipulate to this Settlement Agreement to resolve all matters in
dispute between them regarding the Washington Utilities and Transportation

Commission ("Commission" or "WUTC") Complaint and Amended Complaint in this docket. The Parties request a Commission order approving this Settlement Agreement.

DEFINITIONS

3 The term "Interconnection Agreement" as used in this Settlement Agreement shall include any agreement required to be filed and/or approved by the Commission pursuant to RCW 80.36.150 and 47 U.S.C. § 252. "Interconnection Agreement" shall also include any future agreement required to be filed and/or approved by then existing law.

PROCEDURAL HISTORY

4 On August 13, 2003, and August 15, 2003, respectively, the Commission issued a complaint and an amended complaint against XO and several other telecommunications companies. The Commission alleged that XO failed to file and seek Commission approval for Interconnection Agreements 36A, dated May 12, 2000, and 40A, dated December 31, 2001 ("Agreements"), between XO and Qwest Corporation ("Qwest"), an incumbent local exchange carrier, as required by 47 U.S.C. § 252(a)(1), (e), and RCW 80.36.150. On November 7, 2003, Staff and XO filed opposing Motions for Summary Disposition. Staff argued competitive local exchange carriers ("CLECs"), including XO, are legally obligated to file and seek Commission approval for Interconnection Agreements, while XO argued Staff had no cause of action against it. Order Number 5 granted Staff's Motion for Partial Summary Disposition and granted in part and denied

in part XO's Motion for Summary Disposition.

SPECIFIC TERMS

5 Staff and XO agree to the following terms and conditions:

6 1. XO accepts and agrees to be bound by the terms of Commission Order
Number 05.

7 2. For the purposes of this Settlement Agreement only and in the interests of
settling the disputes between the Parties, XO admits that the Agreements constitute
Interconnection Agreements under current FCC and WUTC rules and orders, but XO
emphasizes that at the time it entered into each Agreement, XO believed, based on the
law in existence at the time, that the Agreements did not constitute Interconnection
Agreements and that Qwest was the only party obligated to file Interconnection
Agreements.

8 4. XO admits that under current WUTC rules and orders it shares a legal
obligation to file and seek Commission approval for all Interconnection Agreements.

9 5. XO accepts its shared obligation to file and seek Commission approval for
all future Interconnection Agreements in compliance with this Settlement Agreement
and then existing law. XO agrees that all Interconnection Agreements shall be filed
within thirty (30) days of execution.

10 6. XO agrees that if an Interconnection Agreement is presently in existence
and not yet filed for approval, the Interconnection Agreement will be filed within forty-
five (45) days of approval of this Settlement Agreement by the Commission.

11 7. XO agrees that if a conflict arises between the law in existence in the future
and the terms of this Settlement Agreement, the stricter obligation shall control, unless
complying with the stricter obligation would result in a violation of the law, in which
case the then existing law would control. Either Party may give the other Party written
notice of its belief that a change in the law has affected this Settlement Agreement. The
Parties agree to meet and negotiate in good faith to bring this Settlement Agreement
into compliance with existing law. If the Parties cannot reach agreement within sixty
(60) days of the date notice was given that a change in the law has occurred, either Party
may petition any state or federal court in Washington State for appropriate relief.

12 8. XO agrees to pay the Commission two thousand dollars (\$2,000) in
settlement in this proceeding.

GENERAL TERMS

13 The Parties stipulate to the following general terms of the Settlement Agreement:

14 1. The Parties agree to use their best efforts to secure the approval by the
Commission and, as necessary, other parties to this proceeding, of the Specific Terms of
this Settlement Agreement. The Parties understand that the Specific Terms listed do not

apply unless approved by the Commission.

15 2. The Settlement Agreement represents an integrated resolution of issues. Accordingly, the Parties recommend that the Commission adopt this Settlement Agreement in its entirety. Each party reserves the right to withdraw from the Settlement Agreement if the Commission does not approve the Settlement Agreement in its entirety or conditions approval of the Settlement Agreement on material revisions to its terms and conditions.

16 3. The Parties agree to cooperate to assure compliance with WAC 480-07-730 – 750, including providing at least one witness at the time the Settlement Agreement is presented to the Commission to provide testimony in support of the Settlement Agreement and answer any questions the Commission may have. The Parties agree to cooperate, in good faith, in the development of such other information as may be necessary to support and explain the basis of this Settlement Agreement, and to supplement the record accordingly.

17 4. The Parties enter into this Settlement Agreement to avoid further expense, uncertainty, and delay in resolving the issues between them in this docket. By executing this Settlement Agreement, the Parties shall not be deemed to have accepted or consented to the facts, principles, methods, or theories employed in arriving at the Settlement Agreement. The Parties shall not use, advocate or otherwise employ – itself

or in conjunction with any other individual or entity – this Settlement Agreement for disputing, arguing, or resolving any issues in any other proceeding.

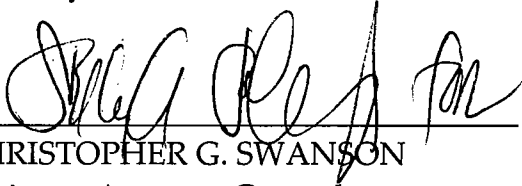
REQUEST FOR APPROVAL

18

This Settlement Agreement and the attachments are presented to the Commission under WAC 480-07-730 - 750 for the Commission's approval. If this Settlement Agreement is approved, it would constitute a full settlement of all issues raised against XO in the Complaint and Amended Complaint by the Commission.

DATED this 30th day of July, 2004.

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DATED this 30th day of July, 2004.

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