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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

SETTLEMENT AGREEMENT

PARTIES

1 The Parties to this Settlement Agreement are Commission Staff (Staff), and
Covad Communications Company (Covad), a competitive local exchange carrier
(CLEC).

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) 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 Covad and several other telecommunication companies. The Commission alleged that Covad failed to file and seek Commission approval for agreements dated January 3, 2002 (Agreement 16A) and April 19, 2000 (Agreement 7A) (hereinafter referred to as “Covad Agreements”), between Covad and Qwest Corporation, 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 filed a Motion for Summary Disposition. Staff argued CLECs, including Covad, are legally obligated to file and seek Commission approval for Interconnection Agreements, including Covad Agreements dated January 3, 2002, and April 19, 2000. Order Number 05 granted in part Staff’s Motion for Summary Disposition.

SPECIFIC TERMS

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

6 1. Covad agrees to be bound by the terms of Commission Order
Number 05, attached hereto and incorporated by reference.

7 2. For the purposes of this Settlement Agreement only and in the
interests of settling the disputes between the Parties, Covad admits that the
Covad Agreements constitute Interconnection Agreements under current FCC
and WUTC rules and orders. Covad believed at the time Covad entered into the
Covad Agreements with Qwest that Qwest was the only party obligated to file
Interconnection Agreements.

8 3. Based on Commission Order Number 05, Covad admits it has a
legal obligation to file with and seek Commission approval for all
Interconnection Agreements.

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

10 5. Covad agrees that if an Interconnection Agreement is presently in
existence and not yet filed for approval, Covad will file the Interconnection

Agreement within thirty (30) days of approval of this Settlement Agreement by the Commission.

11 6. Covad 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.

12 7. Covad agrees to pay and the Commission agrees to accept a penalty of two thousand (\$2,000.00) dollars in compromise and settlement of this dispute.

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

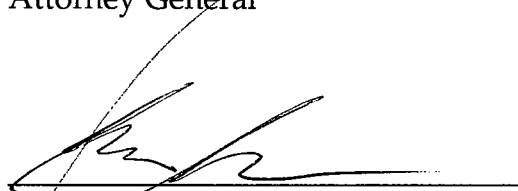
18 This Settlement Agreement and the attachments are presented to the Commission under WAC 480-07-730 - 750 for the Commission’s approval. If this

Settlement Agreement is approved, it would constitute a full settlement of all issues raised against Covad in the Complaint and Amended Complaint by the Commission.

DATED this _____ day of DATE, 2004.

CHRISTINE O. GREGOIRE
Attorney General

COVAD COMMUNICATIONS .
COMPANY



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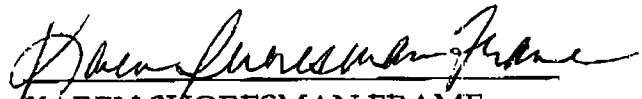
Settlement Agreement is approved, it would constitute a full settlement of all issues raised against Covad in the Complaint and Amended Complaint by the Commission.

DATED this 29th day of July, 2004.

CHRISTINE O. GREGOIRE
Attorney General

COVAD COMMUNICATIONS .
COMPANY

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