

Law Office of
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May 21, 2004

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: LocalTel v. AT&T; Docket No. UT-040018 – Settlement Agreement
and Motion to Dismiss All Claims with Prejudice

Dear Ms. Washburn:

Enclosed you will find the original and nineteen copies of the above-referenced Settlement Agreement and Motion to Dismiss. The parties have reached agreement on all claims and request that the Commission enter an order accepting the Settlement Agreement and dismissing all claims with prejudice.

Pursuant to WAC 480-07-730(1), the basis for this settlement is that the parties have reached full resolution of the matters in dispute between them. The parties believe it is in the public interest to accept this settlement in the interest of promoting voluntary settlements among parties and the conservation of the Commission's resources.

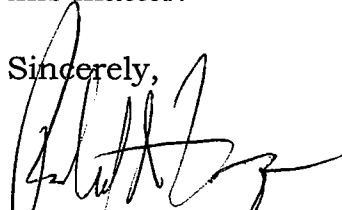
The parties request that the Commission waive WAC 480-07-740 and consider the settlement based upon the Motion presented with this letter. Further, the parties request that the Commission waive any timing requirements for motions contained in WAC 480-07-375 since this is an agreed Motion.

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Ms. Carole J. Washburn
May 21, 2004
Page 2

Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Finnigan', written over the word 'Sincerely,'.

RICHARD A. FINNIGAN

RAF/km
Enclosures

cc: ALJ Mace
Letty Friesen
John Seabeck

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

COMPUTER 5*, INC., d/b/a
LOCALTEL COMMUNICATIONS,

Complainant,

v.

AT&T COMMUNICATIONS OF THE
PACIFIC NORTHWEST, INC.,

Respondent.

DOCKET NO. UT-040018

SETTLEMENT AGREEMENT
AND MOTION TO DISMISS ALL
CLAIMS WITH PREJUDICE

PARTIES

1. This Settlement Agreement ("Agreement") is entered into by and between Computer 5*, Inc. d/b/a LocalTel Communications ("LocalTel"), and AT&T Communications of the Pacific Northwest, Inc. ("AT&T") as of the date set forth below.

INTRODUCTION

2. The Parties enter into this Settlement Agreement to resolve all matters in dispute between them in this docket. LocalTel and AT&T respectfully request that the Commission issue an order dismissing this matter with prejudice as to all matters.

PROCEDURAL HISTORY

3. On January 7, 2004, LocalTel filed a Complaint against AT&T alleging that AT&T had failed to pay originating and terminating switched access charges to LocalTel. On January 28, 2004, AT&T filed its Answer, which included one or more Counterclaims alleging, among other things, that LocalTel's originating and terminating access charges violated both Federal Communication Commission's and Washington Utilities and Transportation Commission's rules.

SPECIFIC TERMS

4. The Parties agree to the following terms and conditions:

5. LocalTel and AT&T have negotiated a resolution of switched access charges for all switched access services provided through the January 31, 2004 by LocalTel to AT&T. As a result of that resolution, AT&T agrees to pay LocalTel \$450.48. Upon execution of this agreement, both Parties will release each other from all claims related to any disputes regarding switched access services provided by LocalTel to AT&T through January 31, 2004. Furthermore, by agreeing to such resolution, neither party in any way admits any of the allegations contained in either party's pleadings.

6. For the period from February 1, 2004 through December 31, 2005, the Parties agree to enter into an agreement based on AT&T's CLEC Letter of Agreement ("LOA") on or after May 14, 2004. The specific rate for intrastate access in such

agreement will be the Washington Exchange Carrier Associations' ("WECA") rate, as contained in WECA's tariff on file with the Commission. The rate for interstate access shall be as described in the LOA.


7. This Agreement sets forth the entire understanding between the parties and fully supersedes any and all prior agreements and/or understandings, oral or written, between the parties pertaining to the disputes that form the subject matter of this Agreement.

REQUEST FOR ENTRY OF ORDER

8. Based on the foregoing, the Parties respectfully request that the Commission enter the attached Order of Dismissal with prejudice.

DATED this 14th day of May, 2004.

Prescribed by:


Richard A. Finnigan
Attorney for LocalTel


Letty S.D. Friesen
Attorney for AT&T Communications
of the Pacific Northwest, Inc.

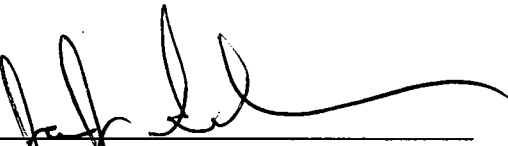
Each of the individuals signing this Agreement on behalf of a party warrants that he or she

has the authority to sign the Agreement and thereby to bind the parties on whose behalf he or she signs.

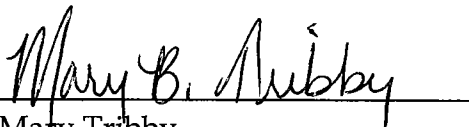
Settlement Agreement entered into by:

Computer 5*, Inc. d/b/a
LocalTel Communications

AT&T Communications of the
Pacific Northwest, Inc.



John J. Seabeck
Vice President
343 Grant Road
East Wenatchee, Washington 98802
(509) 884-6291



Mary Tribby
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