

**CONFIDENTIAL BILLING DISPUTE  
SETTLEMENT AGREEMENT**

This Confidential Billing Dispute Settlement Agreement ("Agreement") is between Qwest Corporation ("Qwest") and TSS Digital Services, Inc. ("TSS"). Qwest and TSS are collectively referred to as the "Parties" and individually as a "Party".

**RECITALS**

WHEREAS, TSS and Qwest are parties to an interconnection agreement ("ICA") approved by the Washington Utilities and Transportation Commission ("Commission") in Docket No. UT-003051 on June 28, 2000, including subsequent amendments thereto.

WHEREAS, TSS has disputed four Qwest billings in Washington in a Petition for Enforcement of the ICA, filed by TSS with the Commission under Docket No. UT-073042. These "Disputed Billings" are described as:

A. In February 2007, Qwest backbilled TSS for the period from February 13, 2006 through February 20, 2007 for a DS1 circuits account and a signaling links account. Qwest claims that it was entitled to do so under the terms of the ICA. TSS disputes the billing.

B. In connection with a settlement agreement dated August, 2004, TSS claims that Qwest should have credited TSS [REDACTED] more than Qwest believes is appropriate under that agreement. TSS has withheld payment of that amount.

C. For certain dark fiber circuits installed in 2006, TSS claims that Qwest overbilled TSS for the nonrecurring charges in the amount of [REDACTED]. Qwest denies that claim.

D. TSS claims that Qwest is obligated to refund to TSS a [REDACTED] deposit that Qwest collected for an account now that TSS has discontinued service under that particular account. Qwest denied that it was obligated to refund the amount, but offered to apply the deposit amount to any past due account.

WHEREAS, Attachment A sets forth the amounts that are associated with the Disputed Billings and other TSS accounts through December 31, 2007.

WHEREAS, each Party disputes the other Party's claims but each is willing to compromise in exchange for certain payments and credits regarding the Disputed Billings.

WHEREAS, the Parties wish to resolve the foregoing billing disputes amicably without further delay or resort to costly litigation or other legal proceedings and to dismiss the Petition. Therefore, in consideration of the foregoing the Parties agree as follows:

**AGREEMENTS AND COVENANTS**

1. Qwest and TSS will cooperate to submit this Agreement to the Commission for approval, along with the pleadings and narrative required by the Commission in WAC 480-07-740. At the same time that this Agreement is filed with the Commission, TSS will file a motion to dismiss its enforcement proceeding with prejudice in Docket No. UT-073042.

2. This Agreement shall be effective on the date that the Commission enters a final order approving the Agreement ("Effective Date") and dismissing the Petition.

3. TSS will pay to Qwest [REDACTED] in full satisfaction of the amounts claimed by Qwest to be past due on Confidential Attachment A. Such payments will be made in six (6) installments. The first five payments will be [REDACTED] each, beginning on January 15, 2008. The final payment will be [REDACTED]. The payments will be applied first to BART account BC0WLPMY, then to the following BANs: 206 R810079 079; 206V010014014. If there is no Commission order approving this Agreement by that date, the payments will commence on the 15th of the first calendar month following the Effective Date of this Agreement.

4. Within one billing cycle of Qwest's receipt of the final payment, (the "Payment Date") Qwest will apply TSS's [REDACTED] deposit to BAN \_206 R810079 079.

5. Within one billing cycle of the Payment Date Qwest will credit TSS the amount of [REDACTED] to be applied to the BANs referenced in paragraph 3 above, and will credit [REDACTED] in late payment charges that have been assessed as of December 31, 2007.

If each Party does not receive the other Party's payments or credits within the time frame specified in Section 3, 4 or 5, this Agreement is void. Attachment A hereto shows the Disputed Billings and other TSS accounts as of the date of this Agreement.

6. On the Payment Date, Qwest releases, acquits, holds harmless and forever discharges TSS, its officers, directors, employees, agents, attorneys, successors, assigns, parents, subsidiaries, affiliates, shareholders, partners, insurance companies and bonding companies and each of their directors, officers, agents, attorneys, employees and representatives (collectively "TSS Released Parties") from any and all claims, demands, damages, disputes, actions, causes of action, suits, debts, duties, losses, and obligations of any kind or nature whatsoever through December 31, 2007, known or unknown, related to or arising out of the billing disputes described in this Agreement and that is the subject matter of the Petition in Docket No. UT-073042, which it has, had or may have against the TSS Released Parties, or any of them. This release shall not be construed as a release on any TSS accounts other than BC0WLPMY, and BANs: 206 R810079 079; and 206V010014014

7. On the Payment Date, TSS releases, acquits, holds harmless and forever discharges Qwest its officers, directors, employees, agents, attorneys, successors, assigns, parents, subsidiaries, affiliates, shareholders, partners, insurance companies and bonding companies and each of their directors, officers, agents, attorneys, employees and representatives and its affiliates (collectively "Qwest Released Parties") from any and all claims, demands, damages, disputes, actions, causes of action, suits, debts, duties, losses and obligations of any kind or nature whatsoever through December 31, , known or unknown, related to or arising out of the billing dispute which it has, had or may have against the Qwest Released Parties, or any of them that is the subject matter of the Petition in Docket No. UT-073042, or associated with the accounts listed in Attachment A as of the date TSS executes this Agreement.

8. The terms, conditions and provisions of this Agreement will inure to the benefit of, and are binding upon, the respective successors and subsidiaries of Qwest and TSS, and each of them.

9. Qwest and TSS each represents and warrants, that:

(a) It has full authority and the present ability to perform all of its obligations under this Agreement;

(b) It has obtained all governmental consents, approvals and authorizations required or necessary in order for it to perform all of its obligations under this Agreement;

(c) It has all requisite corporate and other legal power and authority to enter into and perform its obligations under this Agreement;

(d) It will comply with all applicable laws, rules, regulations and orders of all governmental agencies, bodies and other organizations in performing its obligations under this Agreement;

(e) Commission approval is necessary for this Agreement, and each party will take all reasonable steps necessary in order to obtain such approval; and

(f) It has not assigned, sold or transferred its right, power or authority to execute and grant the releases and enter into the covenants and agreements contained herein.

10. This Agreement constitutes the full, entire and complete understanding and agreement between Qwest and TSS and supersedes any prior understandings, agreements or representations, if any, whether written, oral or otherwise, that relate in any manner whatsoever to the Disputed Billings described in this Agreement and the Petition.

11. No term or condition of this Agreement, including without limitation the terms and conditions of this paragraph, may be amended, modified or supplemented, and no waivers or consents to departures from any of the terms and conditions of this Agreement will be effective or of any force or effect other than as will be set forth in and pursuant to a written instrument signed by both Qwest and TSS, as applicable. No waiver by either party of any default, misrepresentation or breach of any term or condition of this Agreement, whether intentional or otherwise, will be deemed to extend to any prior or subsequent default, misrepresentation or breach of any term or condition of this Agreement or in any manner affect any rights arising by reason of any such prior or subsequent default, misrepresentation or breach.

12. To the extent not governed by the Communications Act of 1934, as amended (47 USC Section 201 et seq.), this Agreement will be interpreted and construed in accordance with the laws of the State of Washington.

13. Any dispute arising out of this Agreement will be brought in the United States District Court for the Western District of Washington if it has subject matter jurisdiction over the action, and will otherwise be brought in the state courts for the State of Washington. The Parties agree that such courts have personal jurisdiction over them. Each Party, to the extent permitted by law, knowingly, voluntarily, and intentionally waives its right to a trial by jury.

14. Any notice to Qwest or TSS required or permitted under this Agreement will be in writing and will be personally served, delivered by Certified US Mail, or by a courier service. Any notice will be delivered using one of the aforementioned means and will be directed as indicated below:

If to Qwest:                      Qwest Corporation  
   Attention: Legal Department  
   1801 California Street, Suite 1000  
   Denver, Colorado 80202

If to TSS:                              TSS Digital  
   120 Union St. SE, #108  
   Olympia, Washington 98501  
   Attention: Tom Ellis

15. Qwest and TSS acknowledge and agree that they have legitimate disputes regarding the subject matter of this Agreement and that the resolutions of these disputes embodied in this Agreement represent compromises of the positions of each of them. Accordingly, Qwest and TSS deny any wrongdoing or liability that each alleges against the other and expressly acknowledge and agree that the resolutions contained in this Agreement may not and cannot be used against the other in any manner whatsoever in any forum, other than in respect of a breach of this Agreement. Further, Qwest and TSS acknowledge and agree that this Agreement does not constitute an admission by either of them of the truth, accuracy or merit of any fact, asserted principle of law, any matter, claim or cause of action alleged or asserted in any judicial, regulatory or other forum, whether past, present or future, relating to the subject matter of this Agreement. This Agreement does not constitute an admission with respect to the appropriateness or legality of any charges, billed or unbilled, whether paid or unpaid, nor does it constitute an ongoing term or condition of any interconnection agreement or otherwise. Nothing contained herein will be construed or interpreted to preclude representatives of Qwest or TSS from responding to legal process in connection with the subject matter of this Agreement; provided, that any such responding party will provide prompt notice of any such response to the other party.

16. Neither Party will, without the prior written consent of the other Party: (a) issue any public announcement regarding, or make any other disclosure of the terms of, this Agreement or (b) disclose or use (except as expressly permitted by, or required to achieve the purposes of, this Agreement) the Confidential Information of the other Party. Such consent may only be given on behalf of a Party by its Legal Department. A Party may disclose Confidential Information if required to do so by a governmental agency, by operation of law, or if necessary in any proceeding to establish rights or obligations under this Agreement, provided that the disclosing Party gives the non-disclosing Party reasonable prior written notice. "Confidential Information" means any information that is not generally available to the public, whether of a technical, business, or other nature and that: (a) the receiving Party knows or has reason to know is confidential, proprietary, or trade secret information of the disclosing Party; and/or (b) is of such a nature that the receiving Party should reasonably understand that the disclosing Party desires to protect such information against unrestricted disclosure. Confidential Information will not include information that is in the public domain through no breach of this Agreement by the receiving Party or is already known or is independently developed by the receiving Party. Notwithstanding the foregoing, if reporting or filing obligations or requirements are imposed upon Qwest by any third party or regulatory agency in connection with this Agreement, TSS agrees to assist Qwest in complying with such obligations and requirements, as reasonably required by Qwest and to hold Qwest harmless for any failure by TSS in this regard. TSS also acknowledges that Qwest may, in its sole discretion and to the extent that Qwest determines that this Agreement contains an ongoing term of interconnection, file this Agreement with a state commission pursuant to 47 U.S.C. § 252.

17. This Agreement may be executed by facsimile and in multiple counterparts, each of which will be deemed an original, but all of which will be deemed one and the same document.

IN WITNESS THEREOF, Qwest and TSS have caused this Agreement to be duly executed and delivered as of the date set forth below.

Qwest Corporation

By: 

Name: Dan E. Hult

Title: Director - Carrier Relations

Date: 1/14/08

TSS Digital Services, Inc.  
for itself and Tom Ellis

By: 

Name: Thomas Ellis

Title: CTO

Date: 1-10-08

TSS Legal Report									
Customer Name	Acct Type ID	Account	Product	Current Amount Due	31-60 Days	61-90 Days	> 90 Days	Total Amount Due	Bill Due Date
TSS	SSG	206R610078079	SPECIAL ACCESS	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	12/20/2007
TSS	SSG	206R690017017	COLLOC ATION	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	12/20/2007
TSS	SSGL	206L086017017	UDIT	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	12/20/2007
TSS	SSGL	206L090021021	LIS SPECIAL S	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	12/20/2007
TSS	343028	BCJWLPHY	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	11/01/2007
TSS	T24	206Z220628481	RSJD	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	11/22/2007
TSS	T24	206Z220628082	ZCID	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	11/22/2007

REDACTED