

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

NARRATIVE (AT&T
COMMUNICATIONS
OF THE PACIFIC NORTHWEST,
INC., TCG SEATTLE & TCG
OREGON SETTLEMENT
AGREEMENT)

Parties to the Settlement Agreement

1 The Parties to this Settlement Agreement are Commission Staff (“Staff”), and AT&T Communications of the Pacific Northwest, TCG Seattle, **and TCG Oregon on behalf of Teleport Communications Group, Inc. and AT&T Corp. (collectively “AT&T”).** Staff and AT&T are referred to herein as “Parties” or individually as “Party.”

Scope of the Underlying Dispute

2 On August 13, 2003, and August 15, 2003, respectively, the Washington Utilities and Transportation Commission (“Commission”) issued a complaint and

an amended complaint against AT&T and several other telecommunication companies. The Commission, through its Staff, alleged that AT&T failed to file and seek Commission approval for an Interconnection Agreement, 26A, executed March 13, 2000 ("Agreement 1"), between AT&T and U S WEST Communications, Inc. now Qwest Corporation ("Qwest"), an incumbent local exchange carrier. The Commission, through its Staff, further alleged that Qwest violated RCW 80.36.150 & 170, among other things, by failing to file Agreement 11B, executed April 24, 2000, between AT&T and Qwest ("Agreement 2").

Scope of the Settlement and its Principal Aspects

3 For purposes of this Settlement Agreement only and in the interests of settling the disputes between the Parties, AT&T admits that the Agreement 1 constitutes an Interconnection Agreement under current law. AT&T, however, emphasizes that at the time it entered into the Agreement, AT&T believed, based on the law in existence at the time, and the type of agreement at issue, that the Agreement did not require filing with the Commission..

4 In order to ensure an understanding of any future obligations with regard to Interconnection Agreements, AT&T admits it currently has a legal obligation to file and seek Commission approval for all Interconnection Agreements, agrees to file and seek Commission approval for all future Interconnection Agreements within thirty days of execution, and agrees to be bound by the obligations of the Settlement

Agreement or future obligations imposed by statute or rule, whichever are stricter. AT&T also agrees to file any unfiled Interconnection Agreements. For purposes of the settlement agreement Staff admits that Agreement 2 is not an interconnection agreement subject to the filing requirements.

The Settlement Serves the Interests of the Parties and the Public Interest

5 Order Number 05 in this docket fairly lays out the obligations of both Qwest and competitive local exchange carriers regarding the filing of Interconnection Agreements for approval by the Commission. In this Settlement Agreement, AT&T accepts the terms of Order Number 05 and agrees to be bound by strict obligations with regard to filing Interconnection Agreements for approval with Commission.

6 The terms of the Settlement Agreement serve the public interest, the interests of Commission Staff, and the interests of AT&T by providing a mechanism by which all parties understand future obligations under the law. Although the payment provided is small in proportion to the overall harm that may have been caused by Qwest and others in the Complaint and Amended Complaint, the settlement is in the interest of all parties and the public considering the willingness of AT&T to own up to its obligation, the culpability of AT&T in failing to recognize its duty to file, the strong deterrent effect of the payment when it is coupled with the other terms of the Settlement Agreement, AT&T's bargaining position in relation to Qwest, and the fact that one Agreement is at issue.

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AT&T has played a very small part of the larger picture of known unfiled Interconnection Agreements in the State of Washington. *See* Exhibit A to Order No. 05. This Settlement Agreement recognizes that while AT&T may have simply misunderstood its obligation to file Interconnection Agreements, the broad consequences of AT&T's and other companies' failure to file agreements may have damaged the telecommunications marketplace in Washington and frustrated the purposes of the Telecommunications Act of 1996. The Settlement Agreement also recognizes that competitive local exchange carriers like AT&T are at a disadvantage when negotiating agreements with an incumbent local exchange carrier with the market share, power and resources of Qwest, and that such competitive local exchange carriers' culpability is commensurately lower. The scope of AT&T's obligations under the Settlement Agreement coupled with the payment ensures that any future agreements will be filed in compliance with the law.

Legal Points

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Pursuant to Order Number 05, the only issue remaining to be litigated with regard to AT&T is the second cause of action to the Amended Complaint in which the Commission alleges that 47 U.S.C. § 252(e) requires state commission approval of agreements between incumbent local exchange carriers and other telecommunications companies for interconnection, services, or network elements. Under RCW 80.04.380 the Commission may issue penalties of up to one thousand

dollars (\$1000) per violation of 47 U.S.C. § 252(e) with each day of a continuing violation constituting a separate and distinct offense. Rather than litigate this matter, the parties agree to the Settlement Agreement for the reasons discussed above.

DATED this _____ day of September, 2004.

CHRISTINE O. GREGOIRE
Attorney General

DAVIS WRIGHT TREMAINE

CHRISTOPHER G. SWANSON
Assistant Attorney General
Washington Utilities and
Transportation Commission
(360) 664-1220

DANIEL WAGGONER
2600 Century Square
1501 Fourth Avenue
Seattle, WA 98101-1688
(206) 622-3150

LETTY S.D. FRIESEN
Senior Attorney for AT&T Corp.
1875 Lawrence Street, Suite 1500
Denver, Colorado 80202
Attorney for AT&T Communications
of the Pacific Northwest, TCG Seattle
& TCG Oregon