



24428 - 145th Place SE ♦ Kent, WA 98042

Phone 253-639-4076 ♦ Email dotaylor@qwest.net

May 10, 2001

Nancy Donahue
Manager – Contract Negotiations
Qwest Corporation
1801 California Street
Denver, CO 80202

Dear Nancy:

As we begin negotiations for new Interconnection Agreements between Qwest and Tel West Communications, I think it would be worthwhile to explain why Tel West is looking for a new negotiated agreement, rather than simply continuing its existing contract or opting into another agreement or the Qwest SGAT. The primary reason is that Tel West has become very frustrated over the last couple of years doing business with Qwest in a number of areas, primarily in terms of service provisioning and billing. Given the low discount rates provided Tel West by Qwest, primarily in Washington and Arizona (12%) , and the very slim margin of profit these rates allow, it is extremely difficult under the best of circumstances to compete with Qwest's retail services. Moreover, when installation intervals are consistently longer for Tel West end users than for Qwest end users, and when Qwest's bills are consistently late, inaccurate, and are not provided in the agreed-upon format, it becomes virtually impossible to compete profitably.

The frustration level is so high at Tel West, in fact, that we have prepared and are ready to send a letter of complaint to the Washington Utilities Commission (attached). However, Tel West has agreed to postpone sending the letter pending the outcome of our negotiations.

Rather than sending a red-lined template of the Qwest SGAT at this time, I have decided to provide you with bullet points of Tel West's objectives for a new contract. If we can incorporate these objectives into the SGAT or some other contract template, Tel West is agreeable to doing that. Hopefully this approach will save us all a lot of time and effort.

Here are the items Tel West needs to see in its new interconnection agreement with Qwest:

1. Higher resale discount rate (18% - 20%)
2. No requirement to buy and resell unwanted products (e.g., OS/DA)
3. Volume discount for products resold in quantity (e.g., Dial Lock, DSL)
4. Payment to Tel West for Tel West's DA listings
5. Agreement that BillMate, not paper bill, is the bill of record
6. Payment to Qwest due 30 days after receipt of BillMate, or 60 days after bill date, whichever is later

7. Penalties to Qwest for not meeting terms of contract (e.g., due date parity)
8. No charge for IMA (except CTC)
9. Correct contract name from "West Tel" to Tel West Communications, LLC

Please note that Tel West has an established record of paying its bills to Qwest on time and in full, despite the problems with the bills themselves and their lateness. Tel West is very interested in continuing to have a good business relationship with Qwest, but in order to provide attractive telecommunications choices to the general public, Tel West needs to improve its competitive position relative to Qwest's provision of services to its own end users. This, of course, is the intent of the 1996 Telecom Act under which this agreement is being negotiated.

Please review these items and give me a call so we can set up a time to discuss them in detail, and to establish a schedule and format for our formal negotiations. I look forward to hearing from you soon.

Sincerely,

Donald O. Taylor
President

Attachment – Letter of Complaint to WUTC

cc: Jeff Swickard
President, Tel West Communications