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Ms. Kim Czak
Director Carrier Services
Electric Lightwave

RE: VNXX on LIS Trunks

Dear Kim,

This is in response to ELI's letter dated 4/18/05 and subsequent conference calls related to the VNXX dispute that is currently being discussed.

Your statement regarding the location of ELI's switches is correct in that, by and of itself, the switch location is not relevant to whether the call is originating and terminating in the same local calling area (and no where is Qwest asserting that ELI's network architecture should mirror an ILEC's). Unfortunately, ELI fails to acknowledge or understand Qwest's position that, according to the definitions of the interconnection agreements (as cited in your memo, Part C, Reciprocal Traffic Exchange, Trunking Requirements, para 2.2.8.7), **what is relevant** is the location of the originating and terminating **end users**. Qwest has consistently stated that, if ELI can show that it is carrying the traffic from the switch location back to an end user **in the same local calling area as the originating caller**, then Qwest would agree that those calls would not be VNXX and Qwest would appropriately pay reciprocal compensation for that traffic. As to ELI's statement that it bears the cost of transporting calls from the rate center where the call originates to ELI's switch, nothing could be further from the actual facts. In utilizing a VNXX architecture, ELI forces Qwest to pay facilities-related charges for carrying this non-local traffic from the POI with ELI to distant local calling areas. In addition, although Qwest receives no incremental revenue for this non-local traffic, ELI appears to claim that it is entitled to reciprocal compensation for this traffic, thus making ELI's statement completely contrary to the actual facts. The additional costs that Qwest incurs are uncompensated for, and Qwest does reserve its rights to seek any compensation that may be appropriate for this use of Qwest facilities to carry what is essentially toll traffic.

ELI's analysis of the interconnection agreement definitions of Exchange Service (EAS/Local) traffic is also exactly contrary to a reasonable interpretation of the language. Just as the location of ELI's switch is irrelevant to the type of traffic that a certain call would fall under, so is the location of the POI between ELI and Qwest identically irrelevant. The very definitional language ELI cites in its letter, reflecting Part A, General Terms, Definitions, para 2.22 of the interconnection agreements, shows again exactly why Qwest considers the traffic at issue to be VNXX. The referenced EAS/local serving areas are defined by geographic exchanges, not by NPA/NXXs. Unless ELI claims that it is taking the traffic from its switch location back to an end user located in the same local calling area as the originating caller, it cannot be more clear that the call is not properly defined as Exchange Service (EAS/Local). It remains Qwest's position that it is the locations of the originating and terminating end users that is relevant to this analysis, and ELI has at this point shown nothing that would indicate that the traffic at issue is carried by ELI to end users in the same local calling areas as the originating callers.

Likewise, ELI continues to attempt to compare and attempt to rationalize that the Qwest position on VNXX is contrary to Qwest's own FX service offering, and that ELI is somehow conceptually competitively disadvantaged by Qwest's demands under the VNXX dispute, while offering a competing FX service. Qwest earlier provided a series of Q&A's that clearly demonstrates that its FX service is completely

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different in both the way the service is offered, as well as in terms of the costs of providing the FX service to both end user customers and interexchange carriers that I will not repeat here. Knowing that we both understand each other's position in regards to VNXX vs. FX discussion, and respectfully agreeing to disagree, Qwest is willing to move forward in an effort to resolve this aspect of the dispute by agreeing to a compensation plan that allows for parity of access payments. To the future extent that Qwest charges ELI an access element for the VNXX traffic in dispute, Qwest will balance that concept and be willing to compensate ELI an originating access element for calls that ELI end users place to Qwest FX numbers. If this concept is acceptable to ELI, there are some volume tracking technical aspects that will need to be worked out so that the minutes are appropriately identified as subject to the access compensation method and removed from the local reciprocal compensation methods to prevent double billing on both sides. Qwest believes this a reasonable and balanced appropriate approach to the concept of ELI's competitive concerns.

As we talked, and Qwest would be happy to take you through in more detail, the sample called numbers we provided earlier, but for clarity sake, that list was based on a historical sample of called numbers that were driving a lot of the traffic Qwest is concerned about. We agree that some of those numbers may be disconnected currently, and yet we may have not included some numbers that may be involved in the dispute, rather the list of called numbers were provided as an aid to ELI to assist ELI in trying to understand our concerns, and do not drive the actual dollars being withheld in dispute. That withholding is based on the actual MoU relationships that are contained in the trunk spreadsheets we provided, which identifies the suspect VNXX MoU. We can provide you detail on the actual calculation of the monthly withholding as it is derived from the MoU trunk data spreadsheets if you wish.

Qwest is willing to continue to discuss the VNXX issue with ELI. If ELI can show that it is carrying the traffic from its switch location back to an end user in the same local calling area as the originating caller, then Qwest would agree that the dispute is resolved. If that cannot be demonstrated, we think the compromise compensation position put forth above in regards to ELI's FX arguments is appropriate; but until we reach resolution on a business basis, or other available dispute resolution paths, Qwest will continue to treat this as an open and active dispute.

Sincerely,

Dan Hult