

TC99-017

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TC99-017

DOCKET NO.

In the Matter of

IN THE MATTER OF THE FILING BY U
S WEST COMMUNICATIONS, INC. FOR
APPROVAL OF AN
INTERCONNECTION AGREEMENT
BETWEEN U S WEST
COMMUNICATIONS, INC. AND DIECA
COMMUNICATIONS, INC. D/B/A COVAD
COMMUNICATIONS COMPANY

Public Utilities Commission of the State of South Dakota

DATE

MEMORANDA

2/22/99 Filed andocketed;
2/23/99 At Public Hearing;
2/23/99 Staff Analysis and Recommendation;
11/15/99 Released Page 117;
11/18/99 Order Approving Agreement;
11/18/99 Docket Closed.

U S WEST, Inc.
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Denver, Colorado 80202
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USWEST

Todd L. Landy
Senior Attorney

February 19, 1999

RECEIVED

FEB 22 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSIONVia Overnight Delivery

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

Re: Filing of Interconnection Agreement between DIECA Communications, d/b/a
Covad Communications Company and U S WEST Communications, Inc.

Pursuant to 20:10:32:21 of the Admin. Rules of South Dakota enclosed for filing is an original and ten (10) copies of the Interconnection Agreement between U S WEST Communications, Inc. ("U S WEST") and DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad") for approval by the Commission. The Agreement is a negotiated agreement setting forth the terms, conditions and prices under which U S WEST agrees to provide (a) services for resale, (b) certain unbundled network elements, ancillary functions and additional features to Covad (collectively referred to as "Network Elements") for Covad's offering and provisioning of telecommunications services. The Agreement also sets forth the terms, conditions and prices under which the parties agree to interconnect and pay reciprocal compensation for the exchange of local traffic.

The Agreement does not discriminate against other telecommunications carriers, and the Agreement is consistent with the FCC's guidelines for negotiation and performance. Additionally, other telecommunications carriers have the option to adopt any negotiated or arbitrated agreement approved by the Commission.

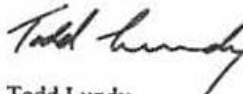
The Agreement is consistent with the public interest as identified in the state statutes of South Dakota, the Commission's rules, the federal Telecommunications Act of 1996, and rules of the Federal Communications Commission. Expedient approval of this Agreement will enable Covad to enter the local exchange market and provide customers with increased choices among local exchange services.

February 19, 1999

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Covad has authorized U S WEST to submit this Agreement on Covad's behalf.

Very truly yours,



Todd Lundy

/kt
Enclosures

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TC99-017

**INTERCONNECTION
AGREEMENT**

BETWEEN

U S WEST COMMUNICATIONS, INC.

AND

COVAD COMMUNICATIONS COMPANY

FOR

SOUTH DAKOTA

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INTERCONNECTION AGREEMENT

This Interconnection Agreement, made as of the 15th day January, 1999, is between DIECA Communications, Inc., a Virginia Corporation, d/b/a Covad Communications Company ("Covad") and U S WEST Communications, Inc. ("USWC"), a Colorado corporation.

1. RECITALS

- 1.1 Pursuant to this Interconnection Agreement ("Agreement"), Covad Communications Company ("Covad"), a Competitive Local Exchange Carrier and USWC, an Incumbent Local Exchange Carrier (collectively, the "Parties" and individually, a "Party") will enter into certain arrangements in the state of South Dakota. This Agreement includes terms, conditions, and prices for network interconnection, and Covad's access to USWC's unbundled network elements, ancillary network services, and retail services available for resale. Pursuant to this Interconnection Agreement Covad and USWC, collectively "the Parties", will extend certain arrangements to one another within each LATA in which they both operate within the state of South Dakota. This Agreement is a combination of agreed terms and terms imposed by arbitration under Section 252 of the Communications Act of 1934, as modified by the Telecommunications Act of 1996 ("the Act"), and as such does not necessarily represent the position of either Party on any given issue. The Parties enter into this Agreement without prejudice to any position they may have taken previously, or may take in the future in any legislative, regulatory, or other public forum addressing any matters, including matters related to the types of arrangements prescribed by this Agreement. Nevertheless, the Parties shall fully honor the terms of the Agreement, regardless of their respective advocacy positions subject to modification of this Agreement pursuant to a change in the law.
- 1.2 This Agreement is entered into as a result of both private negotiations between the Parties and the incorporation of some of the results of arbitrated decisions by the Commission, acting pursuant to Section 252 (b) of the Act, and involving interconnection agreements of other parties. The Parties have included for convenience certain rates, terms or conditions in this Agreement which reflect rates, terms or conditions established in some or all of those other arbitrations. Covad acknowledges: (1) that those rates, terms or conditions are extended only because of the arbitrated results in other dockets, (2) that USWC intends to appeal certain of those decisions, and (3) that any negotiations, appeal, stay, injunction or similar proceeding impacting the applicability of those rates, terms or conditions to the local service providers who were parties to those arbitrations may impact the applicability of those rates, terms or conditions to Covad. The Parties further recognize that certain provisions of this Agreement are subject to the generic proceedings by the Commission addressing the services in this Agreement. Nevertheless, the Parties shall fully honor the terms of the Agreement, regardless of their respective advocacy positions subject to modification of this Agreement pursuant to a change in the law.

- 1.3. The Parties have agreed to certain provisions in this Agreement, based, in large part, on the existing state of the law, rules, regulations and interpretations thereof, as of the date hereof (the "Existing Rules"). To the extent that certain of the Existing Rules are changed and modified, including changes pursuant to Section 1.2, and it reasonably appears that the Parties would have negotiated and agreed to different term(s), condition(s), or covenant(s) than as contained herein had such change or modification been in existence before execution hereof, then the Parties will meet as required and confer in good faith to renegotiate the terms of this Agreement which may be amended to reflect such different term(s), condition(s), or covenant(s). Where the Parties fail to agree upon such an amendment, it shall be resolved in accordance with the Dispute Resolution provision of this Agreement. Nevertheless, the Parties shall fully honor the terms of the Agreement, regardless of their respective advocacy positions subject to modification of this Agreement pursuant to a change in the law. Nothing in this paragraph shall be construed as a waiver by either Party of any of its property rights in this Agreement.

2. SCOPE OF AGREEMENT

- 2.1 This Agreement sets forth the terms, conditions and prices under which USWC agrees to provide (a) services for resale (hereinafter referred to as "Local Services") (b) certain unbundled network elements, ancillary functions and additional features to Covad (hereinafter collectively referred to as "Network Elements") for the purposes of Covad's offering and provisioning of telecommunications services. The Agreement also sets forth the terms, conditions and prices under which the Parties agree to interconnect and pay reciprocal compensation for the exchange of local traffic between USWC and Covad. Nothing in this Agreement shall prohibit either Party from using the other Party's services and facilities to provide telecommunications originating or terminating services for information services provided by either Party or a third party. Unless otherwise provided in this Agreement, the Parties will perform all of their obligations hereunder throughout, to the extent provided in the Appendices attached hereto. The Agreement includes all accompanying Appendices.
- 2.2 In the performance of their obligations under this Agreement, the Parties shall act in good faith and consistently with the intent of the Act. Where notice, approval or similar action by a Party is permitted or required by any provision of this Agreement, (including, without limitation, the obligation of the Parties to further negotiate the resolution of new or open issues under this Agreement) such action shall not be unreasonably delayed, withheld or conditioned.

3. DEFINITIONS

- 3.1 "Access Service Request" or "ASR" means the industry standard forms and supporting documentation used for ordering Access Services. The ASR will be used to order trunking and facilities between Covad and USWC for Local Interconnection Service.
- 3.2 "Access Services" refers to the tariffed interstate and intrastate switched access and private line transport services (including special access services) offered for the origination and/or termination of interexchange traffic (see each Party's appropriate state and interstate access tariffs).
- 3.3 "ADSL" or "Asymmetrical Digital Subscriber Line" means a transmission technology which transmits an asymmetrical digital signal using one of several transmission methods (for example, carrier - less AM/PM discrete multi-tone, or discrete wavelet multi-tone).
- 3.3 "Act" means the Communications Act of 1934 (47 U.S.C. 151 et seq.), as amended by the Telecommunications Act of 1996, and as from time to time interpreted in the duly authorized rules and regulations of the FCC or a Commission within its state of jurisdiction.
- 3.4 "Automatic Number Identification" or "ANI" means a Feature Group D signaling parameter which refers to the number transmitted through a network identifying the billing number of the calling party.
- 3.5 "Basic Exchange Switched Features" are optional end user switched services that include, but are not necessarily limited to: Automatic Call Back; Call Trace; Caller ID and Related Blocking Features; Distinctive Ringing/Call Waiting; Selective Call Forward; Selective Call Rejection.
- 3.6 "Basic Exchange Telecommunications Service" means a service offered to end users which provides the end user with a telephonic connection to, and a unique local telephone number address on, the public switched telecommunications network, and which enables such end user to generally place calls to, or receive calls from, other stations on the public switched telecommunications network. Basic residence and business line services are Basic Exchange Telecommunications Services. As used solely in the context of this statement and unless otherwise agreed, Basic Exchange Telecommunications Service includes access to ancillary services such as 911, directory assistance and operator services.
- 3.7 "BLV/BLVI Traffic" means an operator service call in which the caller inquires as to the busy status of or requests an interruption of a call on another end user's Basic Exchange Telecommunications Service line.

- 3.8 "Calling Party Number" or "CPN" is a Common Channel Signaling (CCS) parameter which refers to the number transmitted through a network identifying the calling party. Reference Technical Pub. 77342.
- 3.9 "Central Office Switch" means a switch used to provide telecommunications services, including, but not limited to:
- 3.9.1 "End Office Switches" which are used to terminate end user station loops for the purpose of interconnecting to each other and to trunks; and
- 3.9.2 "Tandem Office Switches" which are used to connect and switch trunk circuits between and among other Central Office Switches. Access tandems provide connections for exchange access and toll traffic while local tandems provide connections for local/EAS traffic.
- 3.10 "Collocation" means an arrangement whereby Covad's facilities are terminated in its equipment necessary for interconnection or for access to Network Elements on an unbundled basis which has been installed and maintained at the premises of a USWC. Collocation may be "physical", "virtual", or "common". In "Physical Collocation," Covad installs and maintains its own equipment in USWC's premises. In "Virtual Collocation," USWC installs and maintains Covad's equipment in USWC's premises. In "Common Collocation," Covad installs and maintains its own equipment in USWC's premises without the use of a cage.
- 3.11 "Commission" means the relevant state regulatory commission with jurisdiction over USWC's telecommunications services in that state.
- 3.12 "Common Channel Signaling" or "CCS" means a method of digitally transmitting call set-up and network control data over a special signaling network fully separate from the public voice switched network elements that carry the actual call. The CCS used by the Parties shall be Signaling System 7.
- 3.13 "Competitive Local Exchange Carrier" (CLEC) means an entity authorized to provide Local Exchange Service that does not otherwise qualify as an Incumbent Local Exchange Carrier (ILEC).
- 3.14 "Digital Signal Level" means one of several transmission rates in the time division multiplexing hierarchy.
- 3.15 "Digital Signal Level 0" or "DS0" means the 64 Kbps zero-level signal in the time-division multiplex hierarchy.
- 3.16 "Digital Signal Level 1" or "DS1" means the 1.544 Mbps first-level signal in the time-division multiplex hierarchy. In the time-division multiplexing hierarchy of the telephone network, DS1 is the initial level of multiplexing.

- 3.17 "Digital Signal Level 3" or "DS3" means the 44.736 Mbps third-level in the time-division multiplex hierarchy. In the time-division multiplexing hierarchy of the telephone network, DS3 is defined as the third level of multiplexing.
- 3.18 "Exchange Message Record" or "EMR" is the standard used for exchange of telecommunications message information between telecommunications providers for billable, non-billable, sample, settlement and study data. EMR format is contained in BR-010-200-010 CRIS Exchange Message Record, a Bellcore document that defines industry standards for exchange message records.
- 3.19 "Extended Area Service (EAS)/Local Traffic" means traffic that is originated by an end user of one Party and terminates to an end user of the other Party as defined in accordance with USWC's then current EAS/local serving areas, as determined by the Commission.
- 3.20 "HDSL" or "High-Bit Rate Digital Subscriber Line" means a two-wire or four-wire transmission technology which typically transmits a DS1-level signal (or, higher level signals with certain technologies), using 2 Binary/1 Quaternary ("2B1Q").
- 3.21 "Integrated Digital Loop Carrier" means a subscriber loop carrier system, which integrates within the switch at a DS1 level (twenty-four (24) local Loop transmission paths combined into a 1.544 Mbps digital signal).
- 3.22 "Interexchange Carrier" or "IXC" means a carrier that provides, directly or indirectly, interLATA or IntraLATA Toll services.
- 3.23 "IntraLATA Toll" is defined in accordance with USWC's current intraLATA toll serving areas, as determined by the Commission.
- 3.24 "Integrated Services Digital Network" or "ISDN" means a switched network service that provides end-to-end digital connectivity for the simultaneous transmission of voice and data. Basic Rate Interface-ISDN (BRI-ISDN) provides for a digital transmission of two 64 Kbps bearer channels and one 16 Kbps data channel (2B+D). Primary Rate Interface - ISDN (PRI-ISDN) provides a digital transmission of 23 bearer channels and one data channel (23+D). "IDSL" means a Covad service using Covad's digital subscriber line equipment collocated in USWC's premises over loops provided by USWC and providing the same or similar functionality as ISDN.
- 3.25 "Local Loop Transmission" or "Loop" means the entire transmission path which extends from the network interface or demarcation point at an end user's premises to the Main Distribution Frame or other designated frame or panel in USWC's Wire Center which serves the end user.
- 3.26 "Main Distribution Frame" or "MDF" means the distribution frame of USWC providing the Loop used to interconnect cable pairs and line and trunk equipment terminals on a switching system.

- 3.27 "MECAB" refers to the Multiple Exchange Carrier Access Billing (MECAB) document prepared by the Billing Committee of the Ordering and Billing Forum (OBF), that functions under the auspices of the Carrier Liaison Committee of the Alliance for Telecommunications Industry Solutions. The MECAB document, published by Bellcore as Special Report SR-BDS-000983, contains the recommended guidelines for the billing of an Access Service provided by two or more LECs (including a LEC and a Covad) or by one LEC in two or more states within a single LATA.
- 3.28 "MECOD" refers to the Multiple Exchange Carriers Ordering and Design (MECOD) Guidelines for Access Services - Industry Support Interface, a document developed by the Ordering/Provisioning Committee under the auspices of the Ordering and Billing Forum (OBF), that functions under the auspices of the Carrier Liaison Committee of the Alliance for Telecommunications Industry Solutions. The MECOD document, published by Bellcore as Special Report SR STS-002643, establishes recommended guidelines for processing orders for Access Service that is to be provided by two or more LECs (including a LEC and a CLEC). It is published by Bellcore as SRBDS 00983.
- 3.29 "Meet-Point Billing" or "MPB" refers to an arrangement whereby two LECs (including a LEC and CLEC) jointly provide Switched Access Service to an Interexchange Carrier, with each LEC (or CLEC) receiving an appropriate share of the transport element revenues as defined by their effective access tariffs.
- 3.30 "Mid-Span Meet" is a Point of Interconnection between two networks, designated by two Telecommunications Carriers, at which one carrier's responsibility for service begins and the other carrier's responsibility ends.
- 3.31 "Network Element" means a facility or equipment used in the provision of a telecommunications service. Network Element includes features, functions, and capabilities that are provided by means of such facility or equipment, including subscriber numbers, databases, signaling systems, and information sufficient for billing and collection or used in the transmission, routing, service monitoring, maintenance or other provision of a telecommunications service.
- 3.32 "North American Numbering Plan" or "NANP" means the numbering plan used in the United States that also serves Canada, Bermuda, Puerto Rico and certain Caribbean Islands. The NANP format is a 10-digit number that consists of a 3-digit NPA code (commonly referred to as the area code), followed by a 3-digit NXX code and 4-digit line number.
- 3.33 "NXX" means the fourth, fifth and sixth digits of a ten-digit telephone number.
- 3.34 "Party" means either USWC or Covad and "Parties" means USWC and Covad.

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- 3.35 "Point of Interface", "Point of Interconnection", or "POI" is a mutually agreed upon point of demarcation where the exchange of traffic between two LECs (including a LEC and a CLEC) takes place.
- 3.36 "Port" means a termination on a Central Office Switch that permits end users to send or receive telecommunications services over the public switched network, but does not include switch features or switching functionality.
- 3.37 "Rate Center" means the specific geographic point and corresponding geographic area which are associated with one or more particular NPA-NXX codes which have been assigned to a LEC (or CLEC) for its provision of basic exchange telecommunications services. The "rate center point" is the finite geographic point identified by a specific V & H coordinate, which is used to measure distance-sensitive end user traffic to/from, the particular NPA-NXX designations associated with the specific Rate Center. The "rate center area" is the exclusive geographic area identified as the area within which the LEC (or CLEC) will provide Basic Exchange Telecommunications Service bearing the particular NPA-NXX designations associated with the specific Rate Center. The Rate Center point must be located within the Rate Center area.
- 3.38 "Reseller" is a category of local exchange service provider that obtains dial tone and associated telecommunications services from another provider through the purchase of bundled finished services for resale to its end users.
- 3.39 "Routing Point" means a location that a LEC or CLEC has designated on its own network as the homing (routing) point for traffic, bearing a certain NPA-NXX designation, that is inbound to Basic Exchange Telecommunications Services provided by the LEC or CLEC. The Routing Point is employed to calculate mileage measurements for the distance-sensitive transport element charges of Switched Access Services. Pursuant to Bellcore Practice BR 795-100-100, the Routing Point may be an "End Office" location, or a "LEC Consortium Point of Interconnection". Pursuant to that same Bellcore Practice, examples of the latter shall be designated by a common language location identifier (CLLI) code with (x)KD in positions 9, 10, 11, where (x) may be any alphanumeric A-Z or 0-9. The above referenced Bellcore document refers to the Routing Point as the Rating Point. The Rating Point/Routing Point must be located within the rate center area.
- 3.40 "Service Control Point" or "SCP" means a signaling end point that acts as a database to provide information to another signaling end point (i.e., Service Switching Point or another SCP) for processing or routing certain types of network calls. A query/response mechanism is typically used in communicating with an SCP.
- 3.41 "Signaling Transfer Point" or "STP" means a signaling point that performs message routing functions and provides information for the routing of messages between signaling end points. An STP transmits, receives and processes Common Channel Signaling ("CCS") messages.

- 3.42 Single Point of Termination frame ("SPOT frame") is an intermediate distribution frame or appropriate cross connect device which is the standard demarcation point between Covad and USWC owned network facilities and equipment, as well as, the demarcation point between USWC's unbundled network elements and Covad's collocated equipment.
- 3.43 "Switched Access Service" means the offering of transmission or switching services to Telecommunications Carriers for the purpose of the origination or termination of telephone toll service. Switched Access Services include: Feature Group A, Feature Group B, Feature Group D, 800/888 access, and 900 access and their successors or similar Switched Access services.
- 3.44 "Tariff" as used throughout this Agreement refers to USWC interstate tariffs and state tariffs, price lists, price schedules and catalogs.
- 3.45 "Telecommunications Carrier" means any provider of telecommunications services, except that such term does not include aggregators of telecommunications services (as defined in Section 226 of the Act). A Telecommunications Carrier shall be treated as a common carrier under the Act only to the extent that it is engaged in providing telecommunications services, except that the Commission shall determine whether the provision of fixed and mobile satellite service shall be treated as common carriage.
- 3.46 "Traffic Type" is the characterization of intraLATA traffic as "local" (local includes EAS), or "toll" which shall be the same as the characterization established by the the appropriate state commission for the incumbent LEC.
- 3.47 "Wire Center" denotes a building, or space within a building, that serves as an aggregation point on a given carrier's network, where transmission facilities are connected or switched. Wire Center can also denote a building where one or more Central Offices, used for the provision of Basic Exchange Telecommunications Services and Access Services, are located. However, for purposes of Collocation Service, Wire Center shall mean those points eligible for such connections as specified in the FCC Docket No. 91-141, and rules adopted pursuant thereto.
- 3.48 "xDSL" refers to a set of service enhancing copper technologies, including but not limited to Asymmetric Digital Subscriber Loop (ADSL), High Bit Rate, or Hybrid, Digital Subscriber Loop (HDSL) and Integrated Digital Subscriber Loop (IDSL), that are designed to provided digital communications services over copper Loops, either in addition to or instead of normal analog voice service. xDSL Loops means Loops that have been conditioned, if necessary and at the appropriate charge if any, by USWC to carry the appropriate xDSL signals.
- 3.49 Terms not otherwise defined here, but defined in the Act or in regulations implementing the Act, shall have the meaning defined there.

4. RATES AND CHARGES GENERALLY

- 4.1. For Interconnection, Resold Services and Unbundled Network Elements, Covad and USWC agree to use state-specified permanent rates where established, or where no state-specified permanent rate exists, Covad agrees to use the state-specified interim rates where established. Where no state-specified permanent or interim rates exist, Covad agrees to use the ordered and approved AT&T rates as interim rates until such time as the state Commission issues an order in a generic proceeding or arbitration, implementing approved rates, whether those approved rates are interim or final. Upon issuance of the order, USWC will move Covad to such approved rates for those states and true up the amounts charged to that point not to exceed 12 months. If either interim, permanent or approved AT&T rates are later modified on appeal, on a retroactive basis, an additional true up will occur to that point not to exceed 12 months. For purposes of this agreement, "Rates" include rate structure.
- 4.2. Sections of this Agreement referring to TELRIC are agreements in principle on their use of TELRIC. References to TELRIC in this agreement include the condition that the Parties do not necessarily agree to a specific TELRIC methodology. The Parties agree to utilize the specific methodology that is ultimately ordered by the arbitrators/regulators.
- 4.3. USWC will not charge Covad any non-recurring charges incurred as a result of USWC implementing network redesigns/reconfigurations or electronic system redesign/reconfigurations solely initiated by USWC to its own network or systems. However, any redesign or reconfiguration expenses required by a regulatory body where the regulatory body orders a cost-sharing arrangement may be billed as appropriate on a non-discriminatory basis to Covad.
- 4.4. Prices for termination and transport of traffic, interconnection, access to unbundled network elements, and ancillary services are set forth in Appendix A. The Parties agree that Covad shall only pay the specific charges set forth in Appendix A; provided however, USWC will only be required to provide those services or elements as set forth in Appendix A. The Parties agree that all charges for Loops, Dedicated Transport and Collocation are expressly set forth in Appendix A. In the event the Parties have inadvertently made errors in Appendix A, the Parties agree to mutually correct such errors expeditiously.
- 4.5. USWC's wholesale discounts for resale services are set forth in Appendix A.
- 4.6. The underlying provider of a resold service shall be entitled to receive, from the purchaser of switched access, the appropriate access charges pursuant to its then effective switched access tariff. For the purposes of this paragraph, Unbundled Elements as defined in this agreement and the Act are not considered as resold services.

- 4.7. All Individual Case Basis (ICB), or Time and Material based charges will be accompanied by sufficient documentation to verify charges when billed.

5. RECIPROCAL TRAFFIC EXCHANGE

5.1 Scope

Reciprocal traffic exchange addresses the exchange of traffic between Covad end users and USWC end users. If such traffic is local, the provisions of this Agreement shall apply. Where either Party acts as an IntraLATA Toll provider or interLATA Interexchange Carrier (IXC) or where either Party interconnects and delivers traffic to the other from third parties, each Party shall bill such third parties the appropriate charges pursuant to its respective tariffs or contractual offerings for such third party terminations. Absent a separately negotiated agreement to the contrary, the Parties will directly exchange traffic between their respective networks, without the use of third party transit providers.

5.2 Traffic Types

The Traffic Types to be exchanged under this Agreement include:

- 5.2.1 EAS/Local Traffic as defined above.
- 5.2.2 IntraLATA Toll traffic as defined above.
- 5.2.3 Switched Access traffic, or interLATA toll traffic, as specifically defined in USWC's state and interstate Switched Access Tariffs, and generally identified as that traffic that originates at one of the Party's end users and terminates at an IXC point of presence, or originates at an IXC point of presence and terminates at one of the Party's end users, whether or not the traffic transits the other Party's network.
- 5.2.4 Transit traffic is any traffic other than Switched Access, that originates from one Telecommunications Carrier's network, transits another Telecommunications Carrier's network, and terminates to yet another Telecommunications Carrier's network.

Transit service provides the ability for a Telecommunications Carrier to use its connection to a local or access tandem for delivery of calls that originate with a Telecommunications Carrier and terminate to a company other than the tandem company, such as another CLEC, an existing LEC, or a wireless carrier. In these cases, neither the originating nor terminating end user is a customer of the tandem Telecommunications Carrier. The tandem Telecommunications Carrier will accept traffic originated by a Party and will terminate it at a Point of Interconnection

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with another local, intraLATA or interLATA network Telecommunications Carrier. This service is provided through local and access tandem switches.

5.2.5 Ancillary traffic includes all traffic destined for ancillary services, or that may have special billing requirements, including, but not limited to the following:

- 5.2.5.1 Directory Assistance
- 5.2.5.2 911/E911
- 5.2.5.3 Operator call termination (busy line interrupt and verify)
- 5.2.5.4 800/888 database dip
- 5.2.5.5 LIDB
- 5.2.5.6 Information services requiring special billing.

5.2.6 Unless otherwise stated in this Agreement, ancillary traffic will be exchanged in accordance with whether the traffic is EAS/Local, IntraLATA Toll, or Switched Access.

5.3 Types of Exchanged Traffic

5.3.1 Termination of Local Traffic.

Local traffic will be terminated as Local Interconnection Service (LIS).

5.3.2 Transport of Local Traffic

As negotiated between the Parties, the exchange of local traffic between the Parties may occur in several ways:

- 5.3.2.1 While the Parties anticipate the use of two way trunks for the delivery of local traffic, either Party may elect to provision its own one-way trunks for delivery of local traffic to be terminated on the other Party's network.
- 5.3.2.2 The Parties may elect to purchase transport services from each other or from a third party. Such transport delivers the originating Party's local traffic to the terminating Party's end office or tandem for call termination. Transport may be purchased as either tandem switched transport or direct trunk transport.
- 5.3.2.3 Based on forecasted traffic at Covad's busy hour in CCS, where there is a DS1's worth of traffic (512 CCS) between the Covad switch and a USWC end office, the traffic will be moved to a dedicated (i.e., direct) trunk group from the Covad switch directly to the USWC end office. To the extent that Covad has established a Collocation

arrangement at a USWC end office location, and has available capacity, the Parties agree that Covad shall provide two-way direct trunk facilities, when required, from that end office to the Covad switch. In all other cases, the direct facility may be provisioned by USWC or Covad or a third party. If both Covad and USWC desire to provision the facility and cannot otherwise agree, the Parties may agree to resolve the dispute through the submission of competitive bids.

5.3.3 Transit Traffic.

5.3.3.1 USWC will accept traffic originated by Covad and will terminate it at a Point of Interconnection with another CLEC, LEC, IXC, or wireless carrier. USWC will provide this transit service through local and access tandem switches. Covad may also provide USWC with transit service.

5.3.3.2 The Parties expect that all networks involved in transporting transit traffic will deliver calls to each involved network with CCS/SS7 protocol and the appropriate ISUP/TCAP message to facilitate full interoperability and billing functions. In all cases, the originating company is responsible to follow the EMR standard and to exchange records with both the transiting company and the terminating company, to facilitate the billing process to the originating network.

5.3.3.3 The Parties will use industry standards developed to handle the provision and billing of Switched Access by multiple providers (MECAB, MECOD and the Parties' FCC tariffs), including the one-time provision of notification to Covad of the billing name, billing address and carrier identification codes of all Interexchange Carriers originating or terminating at each USWC access tandem.

5.3.4 Toll Traffic.

Toll traffic routed to an access tandem, or directly routed to an end office, will be terminated as Switched Access Service. Traffic terminated at the access tandem will be routed to the end offices within the LATA that subtend the USWC access tandem switch. Switched Access Service also allows for termination at an end office or tandem via direct trunked circuits provisioned either by USWC or Covad.

5.4 Rate Structure

5.4.1 Local Traffic

5.4.1.1 Call Termination

- 5.4.1.1.1 The Parties agree that call termination rates as described in Appendix A will apply reciprocally for the termination of EAS/Local traffic per minute of use. If the exchange of EAS/Local traffic between the Parties is within +/- 5% of balance (as measured monthly), the Parties agree that their respective call termination charges will offset one another, and no compensation will be paid. The Parties agree to perform monthly joint traffic audits, based upon mutually agreeable measurement criteria and auditing standards. In the event that the exchange of traffic is not in balance as described above, the call termination charges in Appendix A will apply.
- 5.4.1.1.2 For traffic terminated at a USWC or Covad end office, the end office call termination rate in Appendix A shall apply.
- 5.4.1.1.3 For traffic terminated at a USWC or Covad tandem switch, the tandem switched rate and the tandem transmission rate in Appendix A shall apply in addition to the end office call termination rate described above.
- 5.4.1.1.4 The Parties acknowledge that Covad will initially serve all of its end users within a given LATA through a single Covad switch. The Parties also acknowledge that Covad may, in the future, deploy additional switches in each LATA. For purposes of call termination, the initial Covad switch shall be treated as an end office switch.
- 5.4.1.1.5 For purposes of call termination, this Agreement recognizes the unique status of traffic originated by and terminated to enhanced service providers. These parties have historically been subject to an access charge exemption by the FCC which permits the use of Basic Exchange Telecommunications Service as a substitute for Switched Access Service. Until any reform affecting enhanced service providers is

accomplished, the Parties agree to exempt traffic originated to and terminated by enhanced service providers from the reciprocal compensation arrangements of this Agreement.

- 5.4.1.1.6 Neither Party shall be responsible to the other for call termination charges associated with third party traffic that transits such Party's network.

5.4.2 Transport

- 5.4.2.1 If the Parties elect to each provision their own one-way trunks to the other Party's end office for the termination of local traffic, each Party will be responsible for its own expenses associated with the trunks and no transport charges will apply. Call termination charges shall apply as described above.
- 5.4.2.2 If one Party desires to purchase direct trunk transport from the other Party, the following rate elements will apply. Transport rate elements include the direct trunk transport facilities between the POI and the terminating Party's tandem or end office switches. The applicable rates are described in Appendix A.
- 5.4.2.3 Direct trunk transport facilities are provided as dedicated DS3 or DS1 facilities without the tandem switching functions, for the use of either Party between the Point of Interconnection and the terminating end office or tandem switch.
- 5.4.2.4 If the Parties elect to establish two-way direct trunks, the compensation for such jointly used 'shared' facilities shall be adjusted as follows. The nominal compensation shall be pursuant to the rates for direct trunk transport in Appendix A. The actual rate paid to the provider of the direct trunk facility shall be reduced to reflect the provider's use of that facility. The adjustment in the direct trunk transport rate shall be a percentage that reflects the provider's relative use (i.e., originating minutes of use) of the facility in the busy hour.
- 5.4.2.5 Multiplexing options are available at rates described in Appendix A.

5.4.3 Toll Traffic.

Applicable Switched Access Tariff rates, terms, and conditions apply to toll traffic routed to an access tandem, or directly to an end office. Relevant rate elements include Direct Trunk Transport or Tandem Switched Transport, Interconnection Charge, Local Switching, and Carrier Common Line, as appropriate.

5.4.4 Transit Traffic.

Applicable Switched Access, Type 2 or LIS transport rates apply for the use of USWC's network to transport transit traffic. For transiting local traffic, the applicable local transit rate applies to the originating Party per Appendix A. For transiting toll traffic, the Parties will charge the applicable Switched Access rates to the responsible carrier. For terminating transiting wireless traffic, the Parties will charge their applicable rates to the wireless provider. For transiting wireless traffic, the Parties will charge each other the applicable local transit rate.

5.5 LIS Interface Code Availability And Optional Features

5.5.1 Interface Code Availability.

Supervisory signaling specifications, and the applicable network channel interface codes for LIS trunks, are the same as those used for Feature Group D Switched Access Service, as described in the Parties' applicable Switched Access Tariffs.

5.5.2 Switching Options.

5.5.2.1 Inband MF or SS7 Out of Band Signaling.

Inband MF signaling and SS7 Out of Band Signaling are available for LIS trunks. MF signaling or SS7 Out-of-Band Signaling must be requested on the order for the new LIS trunks. Provisioning of the LIS trunks equipped with MF signaling or SS7 Out of Band Signaling is the same as that used for Feature Group D Switched Access. Common Channel Signaling Access Capability Service, as set forth in this Agreement, must be ordered by Covad when SS7 Out-of-Band Signaling is requested on LIS trunks.

5.5.2.2 Clear Channel Capability.

Clear Channel Capability permits 24 DS0-64 Kbit/s services or 1.536 Mbit/s of information on the 1.544 Mbit/s line rate. Clear Channel Capability is available for LIS trunks equipped with SS7 Out-of-Band Signaling. Clear

Channel Capability is only available on trunks to USWC's access tandem switch or USWC's end office switches (where available); (Clear Channel Capability is not available on trunks to USWC's local tandem switches or end offices where it is currently not deployed. Covad agrees to use the Bona Fide Request process to request clear channel capability for such additional switches. Prices for such additional Clear Channel Capability, if any, will be established through the BFR Process). Clear Channel Capability must be requested on the order for the new LIS trunks. The provisioning of the LIS trunks equipped with Clear Channel Capability is the same as that used for Feature Group D Switched Access Service. USWC will provide Covad with a listing of USWC end offices, local tandems and access tandems equipped with Clear Channel Capability.

5.6 Measuring Local Interconnection Minutes

5.6.1 Measurement of terminating local interconnection minutes begins when the terminating LIS entry switch receives answer supervision from the called end user's end office indicating the called end user has answered. The measurement of terminating call usage over LIS trunks ends when the terminating LIS entry switch receives disconnect supervision from either the called end user's end office, indicating the called end user has disconnected, or Covad's Point of Interconnection, whichever is recognized first by the entry switch.

5.6.2 USWC and Covad are required to provide each other the proper call information (e.g., originating call party number and destination call party number, etc.) to enable each Party to issue bills in a complete and timely fashion.

5.7 Testing

5.7.1 Acceptance Testing

At the time of installation of an LIS trunk group, and at no additional charge, the Parties will cooperatively test the same parameters tested for terminating Feature Group D Switched Access Service. See USWC's applicable Switched Access Tariff for the specifications.

5.7.2 Testing Capabilities

5.7.2.1 Terminating LIS testing is provided where equipment is available, with the following test lines: seven-digit access to balance (100 type), milliwatt (102 type), nonsynchronous or synchronous, automatic transmission

measuring (105 type), data transmission (107 type), loop-around, short circuit, open circuit, and non-inverting digital loopback (108 type).

- 5.7.2.2 In addition to LIS acceptance testing, other tests are available (e.g., additional cooperative acceptance testing, automatic scheduled testing, cooperative scheduled testing, manual scheduled testing, and non-scheduled testing) at the applicable tariff rates.

5.8 Ordering

- 5.8.1 When ordering LIS, the ordering Party shall specify on the service order: 1) the type and number of Interconnection facilities to terminate at the Point of Interconnection in the serving wire center; 2) the type of interoffice transport, (i.e., Direct Trunk Transport or Tandem Switched Transport); 3) the peak busy hour CCS from the Covad end office; 4) the number of trunks to be provisioned at a local exchange office or tandem; 5) and any optional features. When the ordering Party requests facilities, routing, or optional features different than those determined to be available, the Parties will work cooperatively in determining an acceptable configuration, based on available facilities, equipment and routing plans.
- 5.8.2 When the ordering Party initially orders a DS3 Interconnection facility, in conjunction with Tandem Switched Transport to a tandem, or DS3 Direct Trunk Transport facilities to a tandem or local exchange office, the provider will forward the appropriate DS1 facility record information necessary to identify the circuit facility assignment. On subsequent orders utilizing existing DS3 Interconnection facilities, or DS3 Direct Trunk Transport facilities, the provider will assign the DS1 facility to the DS3 Interconnection facility or DS3 Direct Trunk Transport facility, as directed by the ordering Party.
- 5.8.3 A joint planning meeting will precede Covad and USWC trunking orders. These meetings will result in the transmittal of Access Service Requests (ASRs) to initiate order activity. A Party requesting tandem Interconnection will provide its best estimate of the traffic distribution to each end office subtending the tandem.
- 5.8.4 Service intervals and due dates for the initial establishment of trunking arrangements at each location of Interconnection between the Parties will be determined on an individual case basis.
- 5.8.5 Service intervals and due dates for the establishment of subsequent trunking arrangements for Interconnection between the Parties, will be in accordance with the guidelines for LIS.

5.9 Billing Arrangements

- 5.9.1 USWC and Covad desire to submit separate bills, pursuant to their separate tariffs, to Interexchange Carriers for their respective portions of jointly provided Switched Access Service.

Based on the negotiated POI, the Parties will agree on a meet point percentage to enable the joint provisioning and billing of Switched Access Services to third parties in conformance with the Meet-Point Billing guidelines adopted by and contained in the Ordering and Billing Forum's MECAB and MECOD documents and referenced in USWC's Switched Access Tariffs. The Parties understand and agree that MPB arrangements are available and functional only to/from Interexchange Carriers who directly connect with the tandem(s) that Covad sub-tends in each LATA.

- 5.9.2 The Parties will use reasonable efforts, individually and collectively, to maintain provisions in their respective federal and state access tariffs (if any), and/or provisions within the National Exchange Carrier Association ("NECA") Tariff No. 4, or any successor tariff (if any), sufficient to reflect this MPB arrangement, including MPB percentages.
- 5.9.3 As detailed in the MECAB document, Covad and USWC will exchange all information necessary to bill third parties for Switched Access Services traffic jointly handled by Covad and USWC via the meet point arrangement in a timely fashion. Information shall be exchanged in Exchange Message Record ("EMR") format (Bellcore Standard BR 010-200-010, as amended) on magnetic tape or via a mutually acceptable electronic file transfer protocol. The Parties will exchange records pursuant to this paragraph without additional compensation.
- 5.9.4 The Parties will agree upon reasonable audit standards and other procedures as required to ensure billing accuracy.
- 5.9.5 Each Party will bill the IXCs the appropriate rate elements in accordance with their respective interstate and intrastate tariffs, as follows:

<u>Rate Element</u>	<u>Billing Company</u>
Carrier Common Line	Dial Tone Provider
Local Switching	Dial Tone Provider
Interconnection Charge	Dial Tone Provider
Local Transport Termination	Based on negotiated BIP
Local Transport Facility (also called Tandem Transmission per mile)	Based on negotiated BIP
Tandem Switching	Access Tandem Provider
Entrance Facility	Access Tandem Provider

- 5.9.6 For originating 800/888 traffic routed to an access tandem, the tandem provider will perform 800/888 database inquiry and translation functions and bill the inquiry charge and translation charge (if any) to the Interexchange Carrier pursuant to tariff. For all originating 800/888 database inquiry and translation functions, the charges will be billed to the Interexchange Carrier transporting the call.

5.10 Mileage Measurement

Where required, the mileage measurement for LIS facilities and trunks is determined in the same manner as the mileage measurement for Feature Group D Switched Access Service.

5.11 Construction Charges

If applicable, construction charges will apply as detailed in the Construction Charges section of this Agreement.

6. INTERCONNECTION

6.1 Exchange of Local Traffic

- 6.1.1 Interconnection is the linking of the USWC and Covad networks for the mutual exchange of traffic and for Covad access to unbundled Network Elements. Interconnection does not include the transport and termination of traffic. Interconnection is provided by Virtual or Physical Collocation, entrance facilities or Mid-Span Meet arrangements.

- 6.1.2 USWC will provide Interconnection at the line side of the local switch, the trunk side of the local switch, trunk interconnection points of the tandem switch, central office cross-connect points, including cross-connection of USWC Loops to Covad equipment and USWC dedicated transport to Covad equipment as described in Sections 7.4 and 7.5 below, and the location of the signaling transfer points necessary to exchange traffic and access call related databases.

6.2 Mid-Span Meet POI

- 6.2.1 A Mid-Span Meet POI is a negotiated point of interface, limited to the interconnection of facilities between one Party's switch and the other Party's switch. The actual physical Point of Interface and facilities used will be subject to negotiations between the Parties. Each Party will be responsible for its portion of the build to the Mid-Span Meet POI, if the meet point arrangement is used exclusively for the exchange of local traffic.

6.2.2 If the Mid-Span Meet arrangement is to be used for access to unbundled Network Elements, Covad must pay the portion of the economic costs of the Mid-Span Meet arrangement used by Covad for access to unbundled Network Elements.

6.3 Collocation

Interconnection may be accomplished through either Virtual, Physical, or Common Collocation. The terms and conditions under which Collocation will be available are described in the Collocation section of this Agreement.

6.4 Entrance Facility (EF2)

Interconnection may be accomplished through the provision of an entrance facility. An entrance facility extends from the serving Wire Center of the provider to the other Party's switch location. Entrance facilities may not extend beyond the area described by the provider's serving Wire Center. The rates for entrance facilities (EF2) are provided in Appendix A. Entrance facilities may not be connected to USWC's unbundled Network Elements; provided however, USWC shall connect USWC unbundled Network Elements, including dedicated transport, to Covad's collocated equipment as provided for in Entrance Facility (EF1).

6.5 Quality of Interconnection

USWC will not, for the purpose of Interconnection, provide to Covad less favorable terms and conditions than USWC provides itself or in a manner less efficient than it would impose on itself. The quality of Interconnection will be at least equal to that of USWC.

Both Parties agree to manage their network switches in accordance with the Bellcore LSSGR.

6.6 Points of Interface (POI)

Upon the request for specific point to point routing, USWC will make available to Covad information indicating the location and technical characteristics of USWC's network facilities. The following alternatives are negotiable: (1) a DS1 or DS3 entrance facility; (2) Virtual Collocation; (3) Physical Collocation; (4) Common Collocation, and (5) negotiated Mid-Span Meet facilities. Each Party is responsible for providing its own facilities up to the Mid-Span Meet POI. The Parties will negotiate the facilities arrangement between their networks.

6.7 Trunking Requirements

6.7.1 The Parties agree to provide designed Interconnection facilities that meet the same technical criteria and service standards, such as probability of

blocking in peak hours and transmission standards, in accordance with industry standards.

- 6.7.2 Two-way trunk groups will be established wherever possible. Exceptions to this provision will be based on billing, signaling, and network requirements. For example, (1) billing requirements - switched access vs. local traffic, (2) signaling requirements - MF vs. SS7, and (3) network requirements - directory assistance traffic to TOPS tandems. The following is the current list of traffic types that require separate trunk groups, unless specifically otherwise stated in this Agreement.

- 6.7.2.1 IntraLATA Toll and Switched Access trunks
- 6.7.2.2 EAS/Local trunks
- 6.7.2.3 Directory Assistance trunks
- 6.7.2.4 911/E911 trunks
- 6.7.2.5 Operator services trunks
- 6.7.2.6 Commercial Mobile Radio Service/Wireless traffic for which Covad serves as the transit provider between the CMRS provider and USWC.
- 6.7.2.7 Transit IntraLATA Toll
- 6.7.2.8 Transit local
- 6.7.2.9 Meet-Point Billing Trunks (for the joint provision of Switched Access)
- 6.7.2.10 Mass calling trunks, if applicable

- 6.7.3 Trunk group connections will be made at a DS1 or multiple DS1 level for exchange of EAS/Local, IntraLATA Toll, wireless/Commercial Mobile Radio Service, and Switched Access traffic. Ancillary service trunk groups will be made below a DS1 level, as negotiated.

- 6.7.4 The Parties will provide Common Channel Signaling (CCS) to one another, where available, in conjunction with all EAS/Local trunk circuits. All CCS signaling parameters will be provided including Calling Party Number (CPN), originating line information (OLI), calling party category, charge number, etc. All privacy indicators will be honored.

- 6.7.5 Where CCS is not available, in-band multi-frequency (MF) wink start signaling will be provided. When the Parties interconnect via CCS for jointly provided Switched Access Service, the tandem provider will provide MF/CCS interworking as required for Interconnection with Interexchange Carriers who use MF signaling.

- 6.7.6 The Parties will follow all Ordering and Billing Forum adopted standards pertaining to CIC/OZZ codes.

- 6.7.7 USWC will cooperate in the provision of TNS (Transit Network Selection) for the joint provision of Switched Access Service.

6.7.8 The Parties shall terminate EAS/Local traffic exclusively on EAS/Local trunk groups. No EAS/Local trunk groups shall be terminated on USWC's access tandems.

6.7.9 The Parties agree to terminate local traffic in the same EAS/Local area as such traffic originated.

6.8 Interconnection Forecasting

6.8.1 The Parties agree that during the first year of Interconnection, joint forecasting and planning meetings will take place no less frequently than once per quarter.

6.8.2 The Parties shall establish joint forecasting responsibilities for traffic utilization over trunk groups. Intercompany forecast information must be provided by the Parties to each other four times a year. The quarterly forecasts shall include forecasted requirements for each trunk group identified in Paragraph 6.7.2 of this Section. In addition, the forecast shall include, for tandem-switched traffic, the quantity of tandem-switched traffic forecasted for each subtending end office. The Parties recognize that, to the extent historical traffic data can be shared between the Parties, the accuracy of the forecasts will improve. Forecasts shall be for a minimum of three (current and plus-1 and plus-2) years and shall include:

6.8.2.1 The use of Common Language Location Identifier (CLLI-MSG), which are described in Bellcore documents BR 795-100-100 and BR 795-400-100;

6.8.2.2 A description of major network projects anticipated for the following six months that could affect the other Party. Major network projects include trunking or network rearrangements, shifts in anticipated traffic patterns, or other activities that are reflected by a significant increase or decrease in trunking demand for the following forecasting period. This planning will include the issues of network capacity, forecasting and compensation calculation, where appropriate.

6.8.3 If differences in quarterly forecasts of the Parties vary by more than 24 additional DS0 two-way trunks for each local interconnection trunk group, the Parties shall meet to reconcile the forecast to within 24 DS0 trunks.

6.8.4 If a trunk group is under 75 percent of centum call seconds (ccs) capacity on a monthly average basis for each month of any three month period, either Party may request to resize the trunk group, which resizing will not

be unreasonably withheld. If a resizing occurs, the trunk group shall not be left with less than 25 percent excess capacity.

- 6.8.5 Each Party shall provide a specified point of contact for planning, forecasting and trunk servicing purposes.

6.9 Service Interruptions

- 6.9.1 Standards and procedures for notification of trunk disconnects will be jointly developed by the Parties. Neither Party shall be expected to maintain active status for a trunk disconnected by the other Party for an extended or indefinite period of time. Collectively, the Parties will use their best good faith efforts to complete and agree on such plan.
- 6.9.2 With respect to traffic exchanged by the Parties, the characteristics and methods of operation of any circuits, facilities or equipment of either Party connected with the services, facilities or equipment of the other Party pursuant to this Agreement shall not: 1) interfere with or impair service over any facilities of the other Party; its affiliated companies, or its connecting and concurring carriers involved in its services; 2) cause damage to their plant; 3) violate any applicable law or regulation regarding the invasion of privacy of any communications carried over the Party's facilities; or 4) create hazards to the employees of either Party or to the public. Each of these requirements is hereinafter referred to as an "Impairment of Service".
- 6.9.3 With respect to local traffic exchanged by the Parties, if either Party causes an Impairment of Service, as set forth in this Section, the Party whose network or service is being impaired (the "Impaired Party") shall promptly notify the Party causing the Impairment of Service (the "Impairing Party") of the nature and location of the problem. The Impaired Party shall advise the Impairing Party that, unless promptly rectified, a temporary discontinuance of the use of any circuit, facility or equipment may be required. The Impairing Party and the Impaired Party agree to work together to attempt to promptly resolve the Impairment of Service. If the Impairing Party is unable to promptly remedy the Impairment of Service, the Impaired Party may temporarily discontinue use of the affected circuit, facility or equipment.
- 6.9.4 To facilitate trouble reporting and to coordinate the repair of the service provided by each Party to the other under this Agreement, each Party shall designate a Trouble Reporting Control Office (TRCO) for such service.
- 6.9.5 Where new facilities, services and arrangements are installed, the TRCO shall ensure that continuity exists and take appropriate transmission measurements before advising the other Party that the new circuit is ready for service.

6.9.6 Each Party shall furnish a trouble reporting telephone number for the designated TRCO. This number shall give access to the location where facility records are normally located and where current status reports on any trouble reports are readily available. Alternative out-of-hours procedures shall be established to ensure access to a location that is staffed and has the authority to initiate corrective action.

6.9.7 Before either Party reports a trouble condition, each shall use its best efforts to isolate the trouble to the other's facilities.

6.9.7.1 In cases where a trouble condition affects a significant portion of the other's service, the Parties shall assign the same priority provided to other interconnecting carriers.

6.9.7.2 The Parties shall cooperate in isolating trouble conditions.

7. COLLOCATION

7.1 General Description

7.1.1 Collocation allows Covad to obtain dedicated space in a USWC Wire Center and to place equipment in such spaces to interconnect with the USWC network. Covad may request Collocation at other USWC locations not otherwise specified in this Agreement pursuant to the BFR Process or through additional Interconnection negotiations under the Act. USWC will provide the resources necessary for the operation and economical use of collocated equipment. USWC designated POIs for network interconnection can be established for Virtual, Common, or Physical Collocation arrangements.

7.1.2 Except when Covad purchases USWC's unbundled network transmission elements, or the services or facilities of another carrier, Covad will construct its own fiber optic cable to the USWC-designated Point of Interconnection. USWC will extend Covad's fiber optic cable from the POI to the cable vault within the Wire Center. For the purposes of Collocation, the POI shall be that point outside the USWC central office where the Covad and USWC fibers meet. If necessary, USWC may bring the cable into compliance with USWC internal fire code standards and extend the cable to the collocated space.

7.1.3 Covad will be provided two points of entry into the USWC Wire Center only when there are at least two existing entry points for USWC cable and when there are vacant entrance ducts in both. USWC will promptly remove any unused cabling to free up entrance ducts when no other ducts are available. Cable entry will be limited to fiber facilities.

- 7.1.4 Covad may collocate transmission equipment to terminate basic transmission facilities. In addition, Covad may collocate any transmission equipment used or useful to it in accessing or managing unbundled network elements, including, but not limited to, digital subscriber line access multiplexers ("DSLAMs"). Covad may request Collocation of other equipment pursuant to the BFR Process or through additional Interconnection negotiations under the Act. When Covad installs equipment, Covad must identify what equipment will be installed, to the extent reasonably necessary for USWC to determine the required power, floor loading, heat release, environmental particulate level, and HVAC requirements.
- 7.1.5 USWC believes that it is currently not required by law or FCC regulations or decisions to allow Collocation of switching equipment. To the extent that the law is changed to require Collocation of switching and/or ATM equipment, USWC will allow Covad to collocate such equipment unless/until such requirement is stayed or reversed on appeal. Upon the issuance of an FCC decision requiring that ILECs permit CLECs to collocate equipment with switching and/or ATM functionalities, USWC shall permit Covad to collocate ATM equipment and related equipment. In the event Covad collocates switching equipment pursuant to a change in the law, and such law is subsequently permanently stayed or reversed on appeal, Covad will remove all collocated switching equipment at its own expense within one hundred eighty (180) days of such stay or reversal and USWC shall cooperate fully with Covad by providing timely dedicated transport connections and taking any other reasonably required steps to relocate such equipment in a manner that does not disrupt any of Covad's existing services.
- 7.1.6 Nothing in this part shall be construed to limit Covad's ability to obtain Virtual, Common, and Physical Collocation in a single location.

7.2 Virtual Collocation

- 7.2.1 USWC shall provide Virtual Collocation for the purpose of Interconnection or access to unbundled Network Elements subject to the rates, terms and conditions of this Agreement.
- 7.2.2 Covad will not have physical access to the USWC wire center building pursuant to a Virtual Collocation arrangement.
- 7.2.3 Covad will be responsible for obtaining and providing to USWC administrative codes, e.g., common language codes, for all equipment specified by Covad and installed in Wire Center buildings.

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- 7.2.4 Covad will be responsible for payment of training of USWC employees for the maintenance, operation and installation of Covad's virtually collocated equipment when that equipment is different than the equipment used by USWC.
 - 7.2.5 Covad will be responsible for payment of charges incurred in the maintenance and/or repair of Covad's virtually collocated equipment.
 - 7.2.6 USWC does not guarantee the reliability of Covad's virtually collocated equipment.
 - 7.2.7 Covad is responsible for ensuring the functionality of virtually collocated SONET equipment provided by different manufacturers.
 - 7.2.8 Maintenance Labor, Inspector Labor, Engineering Labor and Equipment Labor business hours are considered to be Monday through Friday, 8:00am to 5:00pm (local time) and after business hours are after 5:00pm and before 8:00am (local time), Monday through Friday, all day Saturday, Sunday and holidays.
 - 7.2.9 Covad will transfer possession of Covad's virtually collocated equipment to USWC via a no cost lease. The sole purpose of the lease is to provide USWC with exclusive possessory rights to Covad's virtually collocated equipment. Title to the Covad virtually collocated equipment shall not pass to USWC.
 - 7.2.10 Installation and maintenance of Covad's virtually collocated equipment will be performed by USWC or a USWC authorized vendor.
 - 7.2.11 Covad shall ensure that upon receipt of the Covad virtually collocated equipment by USWC, all warranties and access to ongoing technical support are passed through to USWC, all at Covad's expense. Covad shall advise the manufacturer and seller of the virtually collocated equipment that Covad's equipment will be possessed, installed and maintained by USWC.
 - 7.2.12 Covad's virtually collocated equipment must comply with the Bellcore Network Equipment Building System (NEBS) Generic Equipment Requirements TR-NWT-000063, USWC Wire Center environmental and transmission standards and any statutory (local, state or federal) and/or regulatory requirements in effect at the time of equipment installation or that subsequently become effective. Covad shall provide USWC interface specifications (e.g., electrical, functional, physical and software) of Covad's virtually collocated equipment.
 - 7.2.13 USWC may restrict the type of virtually collocated equipment. USWC will only permit basic transmission terminating equipment to be virtually collocated by Covad. Covad may request Collocation of other equipment

pursuant to the BFR Process or through additional Interconnection negotiations under the Act.

- 7.2.14 Covad must specify all software options and associated plug-ins for its virtually collocated equipment.
- 7.2.15 Covad is responsible for purchasing and maintaining a supply of spares. Upon failure of Covad's virtually collocated equipment, Covad is responsible for transportation and delivery of maintenance spares to USWC at the Wire Center housing the failed equipment.

7.3 Physical Collocation

- 7.3.1 USWC shall provide to Covad Physical Collocation of equipment necessary for Interconnection or for access to unbundled Network Elements, except that USWC may provide for Virtual Collocation if USWC demonstrates to the Commission that Physical Collocation is not practical for technical reasons or because of space limitations, as provided in Section 251(c)(6) of the Act. USWC shall provide such Collocation for the purpose of Interconnection or access to unbundled Network Elements, except as otherwise mutually agreed to in writing by the Parties or as required by the FCC or the appropriate Commission subject to the rates, terms and conditions of this Agreement.
- 7.3.2 Where Covad is virtually collocated in a premises which was initially prepared for Virtual Collocation, Covad may elect to (i) retain its Virtual Collocation in that premises and expand that Virtual Collocation according to the rates, terms and conditions of this Agreement, or (ii) unless it is not practical for technical reasons or because of space limitations, convert its Virtual Collocation at such premises to Physical Collocation, in which case Covad shall coordinate the construction and rearrangement with USWC of its equipment (IDLC and transmission) and circuits for which Covad shall pay USWC at applicable rates, and pursuant to the other terms and conditions in this Agreement. In addition, all applicable Physical Collocation recurring charges shall apply.
- 7.3.3 Covad will be allowed access to the POI on non-discriminatory terms. Covad owns and is responsible for the installation, maintenance and repair of its transmission equipment located within the space rented from USWC.
- 7.3.4 Covad must use leased space promptly and may not warehouse space for later use or sublease to another provider. Physical Collocation is offered in Wire Centers on a space-available, first come, first-served basis.

- 7.3.5 The minimum standard leasable amount of floor space is 100 square feet. Covad must efficiently use the leased space; no more than 50% of the floor space may be used for storage cabinets and work surfaces. The Commission will be the final arbitrator in points of dispute between the Parties. USWC shall accommodate Covad's request for physical Collocation ahead of any other entity to the extent that Covad's request for physical Collocation preceded the request of such other entity. The Commission will be the final arbitrator in points of dispute between the Parties with respect to the availability of Collocation space.
- 7.3.6 Covad's leased floor space will be separated from other competitive providers and USWC space through a cage enclosure except in the case of common Collocation. Covad may elect to have USWC construct the enclosure, or choose from USWC approved contractors to construct the cage, meeting USWC's installation Technical Publication 77350. Covad must determine at the time of application whether USWC or an approved contractor will construct the cage enclosure.
- 7.3.7 The following standard features will be provided by USWC:
- 7.3.7.1 Heating, ventilation and air conditioning.
 - 7.3.7.2 Smoke/fire detection and any other building code requirement.
- 7.3.8 USWC Responsibilities.
- 7.3.8.1 Design the floor space within each wire center which will constitute Covad's leased space.
 - 7.3.8.2 Ensure that the necessary construction work is performed to build Covad's leased physical space and the riser from the vault to the leased physical space.
 - 7.3.8.3 Develop a quotation specific to Covad's request.
 - 7.3.8.4 Extend USWC-provided and owned fiber optic cable from the POI through the cable vault and extend the cable to Covad's leased physical space or place the cable in fire retardant tubing prior to extension to Covad's leased physical space.
 - 7.3.8.5 Installation and maintenance and all related activity necessary to provide channel termination between USWC's and Covad's equipment.
 - 7.3.8.6 Work cooperatively with Covad in matters of joint testing and maintenance.

- 7.3.8.7 USWC shall install and pre-provision copper cable from USWC's cross connect device to Covad's mini-MDF, where present, in its Collocation space.

7.3.9 Covad Responsibilities

- 7.3.9.1 Determine who constructs the cage, when requested by Covad, or enclosure for the physical space.
- 7.3.9.2 Where applicable, procure, install and maintain all fiber optic facilities up to the USWC designated POI.
- Where applicable, procure and provide all necessary fiber interconnection cable and connectors from the USWC fiber distribution panel and the cage enclosure.
- Where applicable, procure and provide all necessary cable and connectors from the Collocation space to the USWC cross connection device.
- 7.3.9.3 Install, maintain, repair and service all Covad's equipment located in the leased physical space.
- 7.3.9.4 Ensure that all equipment installed by Covad complies with Bellcore Network Equipment Building System Generic Equipment requirements, USWC Wire Center environmental and transmission standards, and any statutory (local, federal, or state) or regulatory requirements in effect at the time of equipment installation or that subsequently become effective.
- 7.3.10 Once Covad has accepted its leased physical space and has made its final payment USWC will provide Covad with Common Language Location Identifier ("CLLI") code assignments as soon as the Trunk Integrated Record Keeping System ("TIRKS") data base is updated with Covad's information. Thereafter, Covad may order its DS0, DS1, DS3 or other Expanded Interconnection Channel Terminations.
- 7.3.11 USWC shall provide Covad dark fiber as an unbundled network element at a cost-based price to be determined by the Commission. Covad may not extend USWC dark fiber to Covad's leased physical space or connect DS1/DS3 Channel Terminations to USWC dark fiber.
- 7.3.12 If, at any time, USWC reasonably determines that the equipment or the installation does not meet standard industry requirements, such failure being due to actions of Covad or its agents, Covad will be responsible for the costs associated with the removal, modification to, or installation of

the equipment to bring it into compliance. If Covad fails to correct any non-compliance within thirty (30) days or as soon as reasonably practical after the receipt of written notice of the non-compliance, USWC may have the equipment removed or the condition corrected at Covad's expense.

- 7.3.13 If, during installation, USWC reasonably determines that Covad activities or equipment are unsafe, non-industry standard or in violation of any applicable laws or regulations, USWC has the right to stop work until the situation is remedied. If such conditions pose an immediate threat to the safety of USWC employees, interfere with the performance of USWC's service obligations, or pose an immediate threat to the physical integrity of the conduit system or the cable facilities, USWC may perform such work and/or take action as is necessary to correct the condition at Covad's expense.

Covad may order and USWC shall provide a regular business line at Covad's expense at the collocated space.

USWC will inform Covad by telephone of any emergency related activity that USWC or its subcontractors may be performing which could potentially affect the equipment in the collocated space occupied by Covad.

USWC shall construct the collocated space in compliance with the agreed upon request for cable holes, ground bars, doors, and convenience outlets, etc. Any deviation to the agreed upon request must be approved by Covad.

USWC will provide Covad with reasonable notice of scheduled AC or DC power work or related activity in the collocated facility that will or might cause an outage or any type of power disruption to Covad equipment located in the USWC facility. USWC will notify Covad immediately of any emergency power activity that would impact Covad equipment.

USWC will take Covad requests for Collocation space into account when renovating existing facilities and constructing new facilities.

Other than reasonable security restrictions, USWC shall place no restriction on access to the Covad collocated space by Covad's employees and designated agents. Such space shall be available to Covad designated agents twenty-four (24) hours per day each day of the week. In no case shall any reasonable security restrictions be more restrictive than those USWC places on their own personnel. An Inspector call-out may be required after normal business hours.

7.4 Common Collocation

- 7.4.1 Common Collocation is a form of physical Collocation that is provided by USWC to Covad in a non-caged area of a USWC central office. Covad may order Common Collocation space on a single frame bay increment. USWC's standard equipment bay configurations will apply. USWC shall provide such space in an efficient manner that minimizes the time and costs. For example, USWC shall provide space, where available, in existing USWC line ups, under existing cable racking and ironwork, where there is existing HVAC and proximately available power supplies.
- 7.4.2 Covad may place and maintain its own equipment in Common Collocation space at its own expense. Common Collocation will allow Covad to connect its facilities to USWC unbundled elements via the SPOT frame where such a frame exists. USWC shall not be required to build a SPOT frame in any central office.
- 7.4.3. Covad may submit a request for multiple bay space and, where available, USWC will provide such capability in adjacent bays. When contiguous space is not available, bays may be co-mingled with other CLEC or USWC equipment bays. Covad may request through the USWC Space Reclamation Policy as approved by the Commission, a price quote to rearrange USWC equipment to provide Covad with adjacent space.

7.5 CLEC Combination of Unbundled Network Elements

7.5.1 General Description

- 7.5.1.1 The SPOT frame is located in common space within USWC's Central Office. The SPOT frame consists of DS0, DS1, DS3 tie cables, terminations on the SPOT frame and terminations on the applicable USWC frame.
- 7.5.1.2 USWC agrees to perform the cross connects for Covad at the appropriate cross connect device, as described in Section 7.5.1.2.1 below, subject to all of the provisions of this section. The Parties agree that there is a difference between recombining all USWC unbundled Network Elements and combining some USWC unbundled Network Elements with Covad's collocated equipment. Among other things, however, the Parties disagree as to whether both recombining all or combining some unbundled Network Elements are within the scope of the pending appeal to the Supreme Court of the 8th Circuit Court of Appeals decision regarding combinations of unbundled Network Elements. Notwithstanding this disagreement, USWC agrees that Covad is entitled to certainty in its relationship with USWC as to combination of some USWC unbundled Network Elements to

Covad's collocated equipment. Thus, without waiving any of their legal rights, factual contentions, or arguments concerning the proper application of fact and law, the Parties agree that USWC will perform the cross connects for Covad, as described in Section 7.5.1.2.1 below, until the date of the Supreme Court's ruling on the 8th Circuit Court of Appeals decision, December 31, 2000, or the date the arbitration discussed below, if any, is concluded, whichever date is the last to occur. Responsibility for cross connects after this date must be renegotiated by the Parties, and either Party may seek renegotiation of responsibility for cross connects as early as June 1, 2000. In the event the Parties cannot agree as to responsibility for cross connects during such renegotiation, the Parties agree to: (1) arbitrate the issue under the Dispute Resolution clause of this Agreement; and (2) take all reasonable steps to ensure resolution of the arbitration by December 31, 2000; provided, however, that USWC will continue to perform the cross connects for Covad until the arbitration is concluded. In the event the Parties do not mutually agree to a different arrangement by December 31, 2000 and neither Party invokes the Dispute Resolution clause then USWC will continue to perform the cross connections as set forth herein.

- 7.5.1.2.1 USWC shall perform the cross connects of USWC unbundled Loops and Dedicated Transport to Covad collocated equipment utilizing the Expanded Interconnection Channel Terminations ("EICTs") on the appropriate cross connect device. The Parties agree that the charges for such cross connections (EICT) are included in Appendix A. Covad and USWC agree that Covad will cross connect USWC unbundled Network Elements to USWC unbundled Network Elements at the appropriate cross connect device. The Parties shall work cooperatively to ensure that Covad orders and USWC provisions unbundled Loops and Dedicated Transport in conjunction with their corresponding EICT, in which case the EICT nonrecurring charge is waived.
- 7.5.1.3 USWC will provide Covad with access to the Central Office for the purpose of running jumpers on the SPOT frame when needed to install, maintain, operate or upgrade Covad equipment. This access will be equal to the access USWC provides itself for similar purposes.
- 7.5.1.4 The SPOT frame or the applicable USWC frame will be the location where all USWC unbundled Network Elements and USWC's equipment are terminated. Covad may run jumpers on the SPOT frame to make connections in two basic types of configurations:

USWC unbundled Network Elements to USWC unbundled Network Elements;

Covad's equipment to another Co-Provider's equipment.

- 7.5.1.5 The SPOT frame is the standard demarcation point between Covad and USWC owned network facilities and equipment as well as the demarcation between unbundled Network Elements. This demarcation point can be used as the designated test point for Covad. The demarcation point shall include an acceptable non-intrusive connector block equipped with continuity coils for testing, such that a jumper lift will not normally be required. Any modification to this testing capability shall be mutually agreed upon by the Parties.

7.5.2 Charges

- 7.5.2.1 The nonrecurring rates for the SPOT frame recover USWC's expenses (including engineering and installation) for all DS0, DS1, DS3 terminations, including tie cables, SPOT frame terminations, and terminations on the applicable USWC frame.
- 7.5.2.2 The recurring rate element for the SPOT frame recovers USWC's expense for the maintenance and administration for all DS0, DS1, DS3 terminations, including tie cables, SPOT frame terminations, and termination on the applicable USWC frame.
- 7.5.3 All USWC terminations on the SPOT frame will be given a frame address. USWC will establish and maintain frame address records for USWC's terminations. USWC will provide the frame address to Covad for each USWC unbundled Network Element ordered and will maintain assignment records of such USWC unbundled Network Elements (Loop, local switching, etc.) and terminations (tie cable pair) on the SPOT frame.
- 7.5.4 Covad will maintain assignment records for the terminations of Covad's equipment on the SPOT frame or applicable USWC frame. Covad will maintain the assignment records for those frame addresses involved in connecting Covad's equipment to USWC unbundled Network Elements and the USWC unbundled Network Elements connected to USWC unbundled Network Elements. Covad will transmit to USWC the appropriate frame assignment information for the cross connect on the unbundled Loop order.

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7.5.5 Covad will be required to make the jumper wire connection between frame addresses to complete Covad's circuit where Covad seeks to combine USWC Unbundled Network Elements to each other and not to Covad's collocated equipment. Where Covad seeks to connect its equipment to USWC's Unbundled Network Elements, USWC shall run all necessary jumpers and make all cross connections.

7.5.6 Ordering

7.5.6.1 When Covad submits a Collocation request, USWC will respond confirming space availability for such request within twenty one (21) calendar days, or sooner, on a best effort basis. Within thirty (30) business days of USWC providing the space availability confirmation to Covad, Covad will accept or reject the USWC confirmation. Acceptance by Covad shall require payment to USWC, fifty percent (50%) of the flat rated charges set forth in Appendix A; the remaining fifty percent (50%) shall be paid upon delivery of the Common Collocation space to Covad.

7.5.6.2 Pursuant to the completion of the requirements specified in Section 7.5.6.1, above, the common Collocation space shall be made available where space and power are readily available within 45 calendar days. Where space or power are not readily available, the common Collocation space shall be made available in 90 calendar days. USWC shall use its best efforts to deliver fifty percent (50%) of all Common Collocation space orders in batches of ten (10) or more central offices within the 45 day interval set forth above.

7.5.6.3 As part of the ordering process, Covad will provide at a minimum a one-year forecast for each wire center in which it intends to utilize the SPOT frame. Included in this forecast will be the termination type (DS0, DS1, DS3) and the quantity of each termination required. SPOT frame terminations must be ordered in multiples of the following quantities:

- 100 DSO terminations
- 28 DS1 terminations
- 1 DS3 termination

7.5.7 Covad Trunking Architecture

7.5.7.1 General Description. Covad shall utilize the Custom Routing functionality of the port and combine this

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functionality with Dedicated Transport and unbundled tandem switching to create a local message trunk network.

7.5.7.2 Responsibility of Covad. Covad must determine local trunk capacity requirements, direct or tandem routed trunking, provide call routing instructions to the USWC, and provide quantity and forecasts of trunks per each A and Z location. The Covad has complete responsibility for the design and engineering of its trunking network. All connections between the unbundled port and Dedicated Transport shall be made consistent with the SPOT rebundling requirements as set forth in this Agreement.

7.5.7.3 Responsibility of USWC. Upon receipt of Covad routing instructions, the USWC will establish custom routing tables to direct traffic to the specific local trunk group as designated by Covad. U S WEST will incorporate Covad forecasts for trunk requirements consistent with U S WEST's forecasting practices.

7.6 Collocation Rate Elements

7.6.1 Common Rate Elements

The following rate elements specified in Appendix A are common to Virtual, Common, and Physical Collocation:

- 7.6.1.1 Quote Preparation Fee. This covers the work involved in verifying space and developing a quotation for Covad for the total costs involved in its Collocation request.
- 7.6.1.2 Entrance Facility (EF1). Provides for fiber optic cable on a two-fiber basis from the Point of Interconnection utilizing USWC owned, conventional single mode type of fiber optic cable to the collocated equipment (for Virtual Collocation) or to the leased space (for Physical Collocation). Entrance facility includes riser, fiber placement, entrance closure, conduit/innerduct, and core drilling.
- 7.6.1.3 Cable Splicing. Represents the labor and equipment to perform a subsequent splice to the Covad provided fiber optic cable after the initial installation splice. Includes per-setup and per-fiber-spliced rate elements.
- 7.6.1.4 -48 Volt Power. Provides -48 volt power to the Covad collocated equipment. Charged on a per ampere basis.

- 7.6.1.5 48 Volt Power Cable. Provides for the transmission of -48 volt DC power to the collocated equipment. It includes engineering, furnishing and installing the main distribution bay power breaker, associated power cable, cable rack and local power bay to the closest power distribution bay. It also includes the power cable (feeders) A and B from the local power distribution bay to the leased physical space (for Physical and Common Collocation) or to the collocated equipment (for Virtual Collocation).
- 7.6.1.6 Inspector Labor. Provides for the USWC qualified personnel necessary when Covad requires access to the Point of Interconnection after the initial installation or access to its physical Collocation floor space, where an escort is required. A call-out of an inspector after business hours is subject to a minimum charge of four hours. The minimum call-out charge shall apply when no other employee is present in the location, and an 'off-shift' USWC employee (or contract employee) is required to go 'on-shift' on behalf of Covad.
- 7.6.1.7 Interconnection Channel Regeneration. Required when the distance from the leased physical space (for Physical Collocation or Common Collocation) or from the collocated equipment (for Virtual Collocation) to the USWC network is of sufficient length to require regeneration.
- 7.6.1.8 Collocation Cross Connection. Covad may cross connect its facilities at its Collocation premises with the facilities of another carrier also collocated at the same serving wire center through a USWC-provided SPOT. A SPOT charge set forth in Appendix A to connect two collocated carriers within the same serving wire center will be assessed by USWC. The cross connect is between like intermediary frames (e.g., DS0, DS1) within USWC's serving wire center. The monthly recurring charge and a nonrecurring installation charge set forth in Appendix A will apply, and both will be billed to the specific carrier requesting the cross connect.
- 7.6.1.9 Collocation Single Point of Termination (SPOT). A charge associated with the installation, change and maintenance of Covad's equipment on the USWC SPOT cross-connect bay or frame within a wire center. Recurring and nonrecurring charges are assessed per two-wire pair, per Analog PLTS/DDS termination, Unbundled Network terminations, and per termination for each DS1 or DS3 requested, as set forth in Appendix A.

7.6.1.10 Collocation Cable Racking. A nonrecurring charge for cable racking required between Covad's equipment and USWC's SPOT. Cable Racking is assessed on a per foot basis for each two-wire pair, per Analog PLTS/DDS termination, Unbundled Network terminations and per termination for each DS1 or DS3 requested.

7.6.1.11 Collocation Grounding. A charge associated with providing grounding for Covad's cage enclosure and equipment. Recurring and nonrecurring charges are assessed per foot to Covad's cage enclosure.

7.6.2 Physical/Common Collocation Rate Elements

The following rate elements, as specified in Appendix A, apply only to Physical and Common Collocation arrangements:

7.6.2.1 Floor Space Rental. Provides the monthly rent for the leased physical space, property taxes and base operating cost without -48 volt DC power. Includes convenience 110 AC, 15 amp electrical outlets provided in accordance with local codes and may not be used to power transmission equipment or -48 volt DC power generating equipment. Also includes maintenance for the leased space; provides for the preventative maintenance (climate controls, filters, fire and life systems and alarms, mechanical systems, standard HVAC); biweekly housekeeping services (sweeping, spot cleaning, trash removal) of the USWC wire center areas surrounding the leased physical space and general repair and maintenance.

7.6.2.1.1 USWC agrees to apply flat recurring and nonrecurring charges for Common Collocation as set forth in Appendix A for the standard two (2), four (4), and six (6) bay configurations described below. These are interim charges. The Parties agree to meet and confer on or before June 30, 1999 in an effort to establish permanent flat nonrecurring and recurring charges for such standard configurations. All prior payments made by Covad to USWC for common collocation in the standard configurations shall be trued up to reflect the permanent charges agreed to by the Parties. In the event the Parties cannot reach voluntary agreement on permanent charges, either Party may invoke the Dispute Resolution provision of this Agreement to establish permanent charges. Upon

request by Covad, USWC shall provide Covad with the relevant invoices for all charges incurred by USWC in providing Common Collocation to Covad.

For Common Collocation the nonrecurring charge and recurring charges set forth in Appendix A are based on the following elements:

Covad's standard bay configuration consists of two (2), four (4), or six (6) bays. Each bay is 7 feet high, 26 inches wide, 15 inches deep and requires a 2.5 inch spacer on either side of the uprights. The bay space also entails an appropriate front and back aisle space component; normally this requires a 36-inch front aisle and 24-inch back aisle. Any equipment bays built to dimension larger than these will require a new space calculation and charge since such bays cannot be accommodated in a standard transmission space footprint. The standard two (2) and four (4) bay configuration will consist of one 40 amp power cable including both A and B feeds and associated ground. The standard six (6) bay configuration will consist of two 40 amp power cables including both A and B feeds and associated ground. The nonrecurring charge for bay configuration includes all charges for any quote preparation, ironwork, cable racking, HVAC and all other space related charges, in addition to charges for customary central office lighting and AC outlets.

When Covad seeks to collocate ATM equipment as described in Section 7.1.5, the Parties shall cooperate fully with each other in order for USWC to provide appropriate Collocation space to Covad for the Collocation of such equipment at a mutually acceptable cost base nonrecurring charge. The recurring charges shall be the same as set forth in Appendix A on a pro rata basis for the square footage occupied by the equipment.

7.6.2.2

Enclosure Buildout. Except for Common Collocation, the Cage Enclosure Buildout element includes the material and labor to construct the enclosure. Covad may choose from USWC approved contractors to construct the cage, in accordance with USWC's installation Technical Publication 77350. It includes a nine foot cage enclosure, air conditioning (to support Covad loads specified), lighting

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(not to exceed 2 watts per square foot), and convenience outlets (3 per cage or number required by building code). Also provides for humidification, if required. Pricing for the Enclosure Buildout will be provided on an individual basis due to the uniqueness of Covad's requirements, central office structure and arrangements.

7.6.3 Virtual Collocation Rate Elements

The following rate elements, as specified in Appendix A, apply uniquely to Virtual Collocation:

- 7.6.3.1 Maintenance Labor -- Provides for the labor necessary for repair of out of service and/or service-affecting conditions and preventative maintenance of the Covad virtually collocated equipment. Covad is responsible for ordering maintenance spares. USWC will perform maintenance and/or repair work upon receipt of the replacement maintenance spare and/or equipment for Covad. A call-out of a maintenance technician after business hours is subject to a minimum charge as specified above.
- 7.6.3.2 Training Labor -- Provides for the billing of vendor-provided training for USWC personnel on a metropolitan service area basis, necessary for Covad virtually collocated equipment which is different from USWC provided equipment. USWC will require three USWC employees to be trained per metropolitan service area in which the Covad virtually collocated equipment is located. If, by an act of USWC, trained employees are relocated, retired, or are no longer available, USWC will not require Covad to provide training for additional USWC employees for the same virtually collocated equipment in the same metropolitan area. The amount of training billed to Covad will be reduced by half, should a second collocator in the same metropolitan area select the same virtually collocated equipment as Covad.
- 7.6.3.3 Equipment Bay -- Provides mounting space for the Covad virtually collocated equipment. Each bay includes the 7 foot bay, its installation, all necessary environmental supports. Mounting space on the bay, including space for the fuse panel and air gaps necessary for heat dissipation is limited to 78 inches. The monthly rate is applied per shelf.

- 7.6.3.4 Engineering Labor -- Provides the planning and engineering of the Covad virtually collocated equipment at the time of installation, change or removal.
- 7.6.3.5 Installation Labor -- Provides for the installation, change or removal of the Covad virtually collocated equipment.

7.7 Collocation Installation Intervals:

The following intervals are common to both Virtual and Physical Collocation:

- 7.7.1 Acknowledgment of Floor Space Availability. Within fifteen days of the receipt by USWC from Covad of a Request for Collocation, USWC will notify Covad whether sufficient floor space is available to accommodate Covad's request.
- 7.7.2 Quote Preparation. Within twenty-five business days of Covad's receipt of space availability by USWC, USWC will provide Covad with a written quotation containing all nonrecurring charges for the requested Collocation arrangement.
- 7.7.3 Quote Acceptance. Within thirty days of the receipt by Covad of the USWC quotation, Covad will accept the USWC proposed quotation. Acceptance shall require payment to USWC of fifty percent of the non-recurring charges provided on the quotation.
- 7.7.4 Completion of Enclosure Construction (Physical Collocation only). Within 90 days of the acceptance of the quotation by Covad, the construction of the necessary cage enclosure shall be completed, subject to any delays caused by government agencies beyond USWC's control. At this time, the leased floor space will be available to Covad for installation of its collocated equipment.
- 7.7.4 Completion of Enclosure Construction (Physical Collocation only). Within 90 days of the acceptance of the quotation by Covad's, the construction of the necessary cage enclosure shall be completed, subject to any delays caused by government agencies beyond USWC's control. At this time, the leased floor space will be available to Covad for installation of its collocated equipment.
- 7.7.5 Completion of Collocated Equipment Installation (Virtual Collocation only) -- USWC shall complete the installation of Covad's collocated equipment within 90 days of USWC's receipt of Covad's collocated equipment. The installation of line cards and other minor modifications shall be performed by USWC on intervals equivalent to those that USWC applies to itself, but in no instance shall any such interval exceed 90 days.

- 7.7.6 Microwave Collocation. USWC will make available to Covad, at Covad's option, the right to place wireless, antenna and dish transmission facility on the roof(s) of each building in which USWC has a local or access tandem for end office to which Covad seeks to interconnect. Microwave rooftop Collocation is for the purposes of interconnection to that switch associated with that rooftop and access to unbundled network elements only. The location of said equipment will be permitted except where it is not practical for tech reasons, including city/county building zoning and electric code, Network Equipment Building System (NEBS) standards, or because of space limitations. Additionally, Covad is not permitted to construct a tower on these buildings, but may lease space on any existing USWC owned and/or controlled tower. A tower specifically does not include a typical Covad wireline installation. Spare microwave tower space will be accessed in terms of physical and structural loading constraints. Microwave frequency use will be limited by frequency availability to avoid Radio Frequency Interference. Compensation for radio frequency inquiry to the extent necessary and for the placement of microwave equipment and associated cabling will be in an individual case basis (ICB), unless otherwise covered by tariff, which may include without limitation cost associated with any tower or building structural modifications required to provide for the placement of microwave equipment or cabling. The price charged by USWC to Covad for such Collocation shall be the same price that USWC charges other similarly situated CLECs for the same service. Covad agrees to reciprocity relative to the aforementioned paragraph.

8. UNBUNDLED ACCESS/ELEMENTS

8.1 General Terms

- 8.1.1 USWC agrees to provide the following unbundled Network Elements which are addressed in more detail in later sections of this Agreement: 1) local Loop, 2) local and tandem switches (including all vertical switching features provided by such switches), 3) interoffice transmission facilities, 4) network interface devices, 5) signaling and call-related database facilities, 6) operations support systems functions, and 7) operator and directory assistance functions.
- 8.1.2 This Agreement provides for the provision of unbundled Network Elements to Covad which Covad may connect or combine for the purpose of offering finished retail services. USWC will not combine USWC's unbundled Network Elements to provide a finished service to Covad. USWC agrees, however, to offer finished retail services to Covad for resale pursuant to the Resale section of this Agreement.

- 8.1.3 USWC will not restrict the types of telecommunications services Covad may offer through unbundled elements, nor will it restrict Covad from combining elements with any technically compatible equipment Covad owns. USWC will provide Covad with the same features, functions and capabilities of a particular element that USWC provides to itself, so that Covad can provide any telecommunications services that can be offered by means of the element.

8.2 Description of Unbundled Elements

8.2.1 Tandem Switching

USWC will provide a tandem switching element on an unbundled basis. The tandem switch element includes the facilities connecting the trunk distribution frames to the switch, and certain switching functions, including those facilities that establish a temporary transmission path between two other switches, but not including the transport needed to complete the call. The definition of the tandem switching element also includes the functions that are centralized in tandems rather than in separate end office switches, such as call recording, the routing of calls to operator services, and signaling conversion functions.

8.2.2 Dedicated Transport

USWC will provide to Covad dedicated transmission facilities ("Dedicated Transport") as set forth herein. Dedicated Transport is defined consistent with § 51.319(d)(1)(i) of the FCC's regulations, 47 CFR and the FCC's First Report and Order, CC-Docket 96-98 dated August 8, 1996, § 51.319(d)(1)(i), as ILEC transmission facilities dedicated to a particular customer or carrier that provide telecommunications between wire centers owned by USWC or CLECs, or between switches owned by USWC or CLECs. USWC shall cooperate with adjacent ILECs to provide Dedicated Transport to Covad, up to USWC boundaries, with the adjacent ILECs. For billing purposes, USWC shall provide such Dedicated Transport to the Billing Interconnection Point ("BIP") between USWC and such adjacent ILECs. Covad may establish carrier POPS at its customer premises pursuant to the applicable FCC regulations. USWC shall not be required to construct new fiber optic or metallic based facilities for Covad between USWC locations and Covad's designated POP with respect to such POP except in the ordinary course of business.

8.2.3 Digital Cross Connect System.

USWC will provide Covad with access to mutually agreed upon digital cross-connect system (DCS) points.

8.2.4 Unbundled Loops

8.2.4.1 Service Description

8.2.4.1.1 An Unbundled Loop establishes a transmission path between a central office distribution frame (or equivalent) up to, and including, USWC's network interface device (NID) and/or demarcation point. For existing Loops, the inside wire connection to the NID, and/or demarcation point, will remain intact. Covad shall be responsible for performing its own inside wire and CPE provisioning functions. USWC shall deliver any USWC unbundled Loop ordered by Covad to the NID or equivalent. The last provisioning Party will make the correct connection on its side of the NID.

8.2.4.1.2 Basic Unbundled Loops are available as a two-wire or four-wire, point-to-point configuration suitable for local exchange type services within the analog voice frequency range of 300 to 3000 Hz. For the two-wire configuration, Covad is requested to specify Loop start or ground start option. The actual Loop facilities that provide this service may utilize various technologies or combinations of technologies. Basic Unbundled Loops provide an analog facility to Covad.

USWC shall provide to Covad two-wire and four-wire Loops, conditioned if necessary, such that they are capable of carrying digital signals. When Covad orders a conditioned Loop USWC will, remove load coils from the Loop or Loops up to 25 pairs in the same binder group and up to 3 load coil locations and remove any bridged taps on the same Loop(s) up to 25 pairs per Loop in the same binder group if they are spare and available.

The above work operation will be considered one occurrence and will carry the agreed charge if and as expressly ordered by the Commission. Any additional work required will be billed, if appropriate, as an additional occurrence by single load coil locations and underground splice entered.

Any rearrangement of cable pairs needed beyond 3 load coil locations to provision the service requested by Covad will be charged by the hour for

engineering and splicing. This and all additional work will be engineered and completed through a routine engineering work order and designed by USWC's design engineering department.

Where DLC currently exists in USWC's network, and copper facilities parallel that same route, and where facilities exist, then digital capable Loops for Covad will be provisioned on the copper facility, at Covad's option.

8.2.4.1.2.1 When Covad requests a nonloaded Unbundled Loop and there are none available, USWC will dispatch a technician to remove load coils and excess bridge taps (i.e., "deload" and condition the Loop) in order to make a Loop available.

8.2.4.1.2.2 If Covad orders multiplexing, Covad will be responsible for notifying USWC of the multiplexing channel plug requirements and settings Covad desires to be established. If Covad wishes to establish a standard setting for all such multiplexing, the BFR process shall be used to document that request. The multiplexing channel plug requirements and settings may also be established on a case by case basis.

8.2.4.1.2.3 If Covad orders multiplexing, Covad will be responsible for notifying USWC of the multiplexing channel plug requirements and settings Covad desires to be established. If Covad wishes to establish a standard setting for all such multiplexing, the BFR process shall be used to document that request. The multiplexing channel plug requirements and settings may also be established on a case by case basis.

8.2.4.2 Unbundled Loops are provided in accordance with the specifications, interfaces and parameters described in the appropriate Technical Reference Publications. USWC's sole obligation is to provide and maintain Unbundled Loops in accordance with such specifications, interfaces and parameters. USWC does not warrant that Unbundled Loops are compatible with any specific facilities or equipment or can be used for any particular purpose or service. Transmission characteristics may vary depending

on the distance between Covad's end user and USWC's end office and may vary due to characteristics inherent in the physical network. USWC, in order to properly maintain and modernize the network, may make necessary modifications and changes to the Network Elements in its network on an as needed basis. Such changes may result in minor changes to transmission parameters. Changes that affect network interoperability require advance notice pursuant to the Notice of Changes section of this Agreement.

8.2.4.3

USWC's sole obligation is to provide and maintain Unbundled Loops in accordance with such specifications, including conditioned or unconditioned status, interfaces and parameters. USWC does not warrant that Unbundled Loops are compatible with any specific facilities or equipment or can be used for any particular purpose or service. Transmission characteristics may vary depending on the distance between Covad's end user and USWC's end office and may vary due to characteristics inherent in the physical network. USWC, in order to properly maintain and modernize the network, may make necessary modifications and changes to the Network Elements in its network on an as needed basis. Such changes may result in minor changes to transmission parameters. Changes that affect network interoperability require advance notice pursuant to the Notice of Changes section of this Agreement.

8.2.4.3.1

Digital Capable Loops -. Basic rate ISDN, xDSL and DS1 capable Loops. USWC shall provide Covad with the appropriate NC/NCI ordering codes or information through its technical publications, purchased by Covad, for each of the Digital Capable Loops listed above. These Loops should only be requested when the 2/4 wire non-loaded Loop is either not available or the non-loaded Loop does not meet the technical parameters of Covad's service(s). USWC reserves the right to limit the provisioning of BRI and/or DS1 capable Loops in some areas served by Loop facilities and/or transmission equipment that are not compatible with BRI and/or DS1 service. USWC reserves the right to make some cables unavailable to Covad based on spectrum management considerations. USWC's reservation of rights set forth herein shall only be exercised on a nondiscriminatory basis, i.e. to the same extent that USWC provisions or restricts facilities for itself and others. USWC may utilize repeatered or repeater-less ISDN technology to provide the ISDN Loop to Covad. End

to end Loop performance is still contingent upon the underlying make-up of the existing Loop. The Parties shall cooperate fully to establish ordering processes, including ordering codes, so that Covad may correctly order and USWC may efficiently provision and install the digital capable Loops. Unbundled digital Loops are transmission paths capable of carrying specifically formatted and line coded digital signals from the NI on an end user's premises to a USWC CO-NI. The cross connection of digital capable Loops from USWC frames to Covad's equipment shall be provided to continue the transmission capability of such Loop pursuant to Section 7.5.1.2.1. Unbundled digital Loops may be provided using a variety of transmission technologies including but not limited to metallic wire, metallic wire based digital Loop carrier and fiber optic fed digital carrier systems. USWC will determine the specific transmission technology by which the Loop will be provided. Such technologies are used singularly or in tandem in providing service. DC continuity is not inherent in this service. The Parties acknowledge that the FCC in a pending NPRM, as well as state commissions in their own proceedings, are addressing issues pertaining to the deployment of DSL technologies by CLECs through ILEC digital Loop carrier systems. To the extent required by the FCC or the Commission, USWC shall unbundle network elements or facilities in a non-discriminatory manner.

8.2.4.4 Facilities and lines furnished by USWC on the premises of Covad's end user and up to, and including, the NID or equivalent are the property of USWC. USWC must have access to all such facilities for network management purposes. USWC's employees and agents may enter said premises at any reasonable hour to test and inspect such facilities and lines in connection with such purposes or upon termination or cancellation of the Unbundled Loop Service to remove such facilities and lines.

8.2.4.5 Unbundled Loops include the facilities between the USWC distribution frame up to and including USWC's NID located at Covad's end user premises. The connection between the distribution frame and Covad facilities is accomplished by ordering the applicable EICT in conjunction with Expanded Interconnection-Collocation as set forth in USWC's Private Line Tariff. Regeneration for the EICT may be required.

- 8.2.4.6 Unbundled Loops may not be used by Covad to provide any service that would degrade or otherwise adversely affect the quality or reliability of USWC's network services (e.g., introduce harmful voltages or electrical currents in excess of standards used in common industry practice). USWC may not introduce any service that would degrade or otherwise adversely affect the quality or reliability of Covad's network services (e.g., introduce harmful voltages or electrical currents in excess of standards used in common industry practice). USWC and Covad further agree to cooperate in implementing any engineering guidelines that, as they are developed, will prevent the above-mentioned degradation or adverse affects to the quality or reliability of each other's network services.
- 8.2.4.7 Nothing in this Section shall affect the ability of any of the Parties to petition the appropriate state and/or federal regulatory bodies or industry organizations regarding the establishment of network interference and impairment standards and problem resolution procedures.
- 8.2.4.8 Ordering and Maintenance.
- 8.2.4.8.1 For the purposes of Loop assignment, tracking, and dispute resolution, USWC will require a Letter of Authorization for each existing USWC end user for which Covad has requested reassignment of the Loop serving that end user.
- 8.2.4.8.2 If there is a conflict between an end user (and/or its respective agent) and Covad regarding the disconnection or provision of Unbundled Loops, USWC will honor the latest dated Letter of Authorization designating an agent by the end user or its respective agent. If the end user's service has not been disconnected and Unbundled Loop Service is not yet established, Covad will be responsible to pay the nonrecurring charge as set forth herein. If the end user's service has been disconnected and the end user's service is to be restored with USWC, Covad will be responsible to pay the applicable nonrecurring charges as set forth in USWC's applicable tariff, to restore the end user's prior service with USWC.
- 8.2.4.8.3 Each Party is responsible for its own end user base and will have the responsibility for resolution of any service trouble report(s) from its end users. USWC

will work cooperatively with Covad to resolve trouble reports when the trouble condition has been isolated and found to be within a portion of USWC's network. Covad must provide to USWC test results where available when testing its end user's trouble prior to USWC performing any repair functions. The Parties will cooperate in developing mutually acceptable test report standards. When the trouble has been reported by Covad and such trouble is not in USWC's network, USWC shall apply to Covad the service charges in accordance with the applicable time and materials charges at state approved cost methodology.

8.2.4.8.4 Covad will be responsible to submit to USWC a disconnect order for an Unbundled Loop that is relinquished by the end user due to cessation of service. Unbundled Loop facilities will be returned to USWC when the disconnect order is complete. In the event of transfer of the end user's service from one provider to another, the new provider will issue a request for transfer of service, resulting in the appropriate disconnection and reconnection of service.

8.2.4.8.5 The installation due date is a negotiated item. For related orders, new connects will be physically worked within the same calendar day.

USWC standard service intervals can be found on the U S WEST website address, "<http://tariffs.uswest.com>". At that site, select the carrier hotlink, then select the Interconnection Resource Guide and then select Service Order Intervals. USWC shall provide Covad unbundled Loops and other services in accordance with such service intervals.

8.2.4.8.6 When ordering Unbundled Loops, Covad is responsible for obtaining or providing facilities and equipment that are compatible with the service.

8.2.4.8.7 Covad will have responsibility for testing the equipment, network facilities and the Unbundled Loop facility. If USWC performs tests of the Unbundled Loop facility at Covad's request, and the fault is not in the USWC facilities, a charge shall apply.

8.2.4.8.8 Covad will be responsible for providing battery and dial tone to its connection point two days prior to the due date on the service order.

8.2.4.8.9 Procedure for Basic Testing at Coordinated Time:
The following procedures shall apply to Unbundled Loops, including xDSL Loops, ordered with the option of Basic Testing at Coordinated Time:

Where technically capable and to the extent USWC can provide such extended Loop technology, it will do so. Such technology rates will be subject to Commission approval of the generic cost docket, pursuant to Section 8.2.4.1.2.1. Charges for coordinated cutovers will be in adherence with final resolution of the generic cost docket.

On each Unbundled Loop order, Covad and USWC will agree on a cutover time at least 48 hours before that cutover time. The cutover time will be defined as a 30 minute window within which both the Covad and USWC personnel will make telephone contact to complete the cutover.

The USWC technician will notify Covad by telephone when any Loop order is completed. Additionally, the USWC technician will remain available at the site for at least ten minutes after the USWC technician has completed the order and notified Covad. During this ten minute window, Covad may test the circuit and recontact the USWC technician if trouble is encountered.

Within the appointed 30 minute cutover time, the Covad person will call the USWC person designated to perform cross-connection work and when the USWC person is reached in that interval such work will be promptly performed. If the Covad person fails to call or is not ready within the appointed interval, and if Covad had not called to reschedule the work at least 2 hours prior to the start of the interval, USWC and Covad will reschedule the work order. Delays caused by the customer are the responsibility of Covad.

8.2.4.9.9 Covad and USWC will work cooperatively to develop forecasts for Unbundled Loop service.

Initially Covad will submit to USWC a six month forecast. USWC requests an eighteen month forecast of Unbundled Loop service. The forecast will include the specific serving Wire Center that will be requested, plus the specific quantity of each service desired. The forecast will be updated quarterly, and will be treated as Covad confidential information.

- 8.2.4.9 Except as otherwise set forth in 8.2.4.1.2 concerning repeater, repeater replacement products, and incremental digital line card costs, Appendix A contains the rate information for Unbundled Loops, which shall apply to all Loops, including xDSL Loops.
- 8.2.4.10 If applicable, the Bona Fide Request Process will apply as detailed in the Bona Fide Request Process section of this Agreement.
- 8.2.4.11 If applicable, Construction Charges, pursuant to the Construction Charges section of this Agreement, may apply to the construction of new Unbundled Loops on behalf of Covad. Such Construction Charges will not apply to any upgrades, expansions, enhancements, or additions undertaken by USWC in the ordinary course of its business.
- 8.2.4.12 Within 60 days of Commission approval of this Agreement, USWC will provide pricing for OCx services, subject to Covad's detailed request. Pricing methodology will be consistent with the Act.
- 8.2.4.13 USWC currently utilizes NC/NCI codes for ISDN which Covad may use when ordering digital capable Loops for its services. When USWC implements NC/NCI codes for its xDSL services, USWC shall make such codes available to Covad for Covad's ordering of xDSL Loops.
- 8.2.4.14 During or before, 3rd Quarter, 1998, USWC will implement performance measurements for digitally capable Loops. The performance measurements that will be available starting in the 3d Quarter, 1998, pursuant to this Section, are specified in Section 24.

8.2.5 Local Switching Element

The unbundled switching element includes facilities that are associated with the switch (e.g., Port), facilities that are involved with switching the

call, access to vertical features (e.g., customer calling), and all originating minutes of use from the unbundled switching element, but not including transport from or to the switch.

8.2.5.1 End Office Switching

8.2.5.1.1 Line-side and trunk-side Ports are available. The line-side Port is flat rated and it includes:

- 8.2.5.1.1.1 Telephone Number
- 8.2.5.1.1.2 Directory Listing
- 8.2.5.1.1.3 Dial Tone
- 8.2.5.1.1.4 Signaling (Loop or ground start)
- 8.2.5.1.1.5 On/Off Hook Detection
- 8.2.5.1.1.6 Audible and Power Ringing
- 8.2.5.1.1.7 Automatic Message Accounting (AMA) Recording
- 8.2.5.1.1.8 Access to 911, Operator Services, and Directory Assistance
- 8.2.5.1.1.9 Blocking Options (900 services)

8.2.5.1.2 Vertical features will be offered as elements. These elements are offered at the retail rate with the appropriate discounted rate offered under resale.

8.2.5.1.3 Local originating usage will be measured and billed on minutes of use.

8.2.5.1.4 The access point for line-side Port interconnection is the Single Point of Termination (SPOT) bay of the USWC designated serving Wire Center.

8.2.5.1.5 The price for local switching is described in Appendix A.

8.2.5.2 Customized Routing

8.2.5.2.1 Description

Customized routing will enable Covad to direct particular classes of calls to prearranged outgoing trunks. Covad can use customized routing to direct its end users' calls to 411, 555-1212, or O- to its own directory assistance, operator services platform or dedicated trunks.

8.2.5.2.2 Limitations

Because there is a limitation in the capacity of the 1A ESS switch, custom routing will be offered to Covad on a first-come, first-served basis.

8.2.5.2.3 The price for custom routing will be provided on a case-by-case basis. The price for custom routing is comprised of a development charge for a customized Line Class Code and an installation charge for every switch the Line Class Code is implemented.

8.2.5.3 Coin signaling is only available as part of "smart PAL" service.

8.2.6 Network Interface Device (NID)

8.2.6.1 Service Description.

A device wired between a telephone protector and the inside wiring to isolate the end user's equipment from the network at the subscriber's premises. It is a device for the termination of inside wire that is available in single and multiple pair configurations.

8.2.6.2 Covad may connect its Loops, via its own NID, to the USWC NID.

8.2.6.3 Any costs associated with USWC's connection of Covad's NID to USWC's NID, will be the responsibility of Covad.

8.2.6.4 The price for access to the NID will be provided on a case-by-case basis.

8.2.7 Additional Unbundled Elements

Covad may request nondiscriminatory access to, and where appropriate, development of additional unbundled Network Elements not covered in this Agreement in response to specific requests therefor, pursuant to the Bona Fide Request Process detailed in the Bona Fide Request Process section of this Agreement.

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9. ANCILLARY SERVICES AND ARRANGEMENTS

9.1 Signaling Access to Call-Related Databases

9.1.1 When Covad is purchasing local switching from USWC, USWC will provide access via the STP to call related databases used in AIN services. The Parties agree to work in the industry to define the mediated access mechanisms for SCP access. Access to the USWC Service Management Systems (SMS) will be provided to Covad, via the BFR process, to activate, modify, or update information in the call related databases, equivalent to the USWC access.

9.1.2 USWC will offer unbundled signaling via LIS-Common Channel Signaling Capability (CCSAC). CCSAC service utilizes the SS7 network and provides access to call-related databases that reside at USWC's SCPs, such as the Line Information Database (LIDB) and the 800 Database. The access to USWC's SCPs will be mediated via the STP Port in order to assure network reliability.

9.1.3 CCSAC includes:

9.1.3.1 Entrance Facility - This element connects Covad's signaling point of interface with the USWC serving wire center (SWC). Covad may purchase this element or it may self-provision the entrance facility. If the entrance facility is self-provisioned, Covad would need to purchase Collocation and an Expanded Interconnection Channel Termination.

9.1.3.2 Direct Link Transport (DLT) - This element connects the SWC to the USWC STP. Covad may purchase this element or self-provision transport directly to the STP. If Covad provides the link to the STP, it must purchase Collocation, an Expanded Interconnection Channel Termination at the STP location, and a direct link from the EICT to the STP Port.

9.1.3.3 STP Port - This element provides the switching function at the STP. One STP Port is required for each DLT Link. The Port provides interaction with the Service Control Point (SCP). Port availability is limited.

9.1.3.4 Multiplexing - Multiplexing may be required at either/both the SWC and/or Port. The multiplexing options are the standard DS3 to DS1 and DS1 to DS0 requirements.

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9.1.4 Access to Advanced Intelligent Network (AIN) functions is available only through the STP.

9.1.5 USWC will provide mediated access to SMS via the BFR process, for the purpose of activating, modifying or updating AIN service specification through its Service Creation Environment (SCE) on an equivalent basis as USWC provides to itself. SMS allows Covad to provision, modify, or update information in call related databases. Currently, the SCE process is predominantly manual via a service center.

9.1.6 The pricing for CCSAC service is provided in Appendix A.

9.2 Interim Number Portability

9.2.1 General Terms

9.2.1.1 The Parties shall provide Number Portability on a reciprocal basis to each other to the extent technically feasible, and in accordance with rules and regulations as from time to time prescribed by the FCC and/or the Commission.

9.2.1.2 Until Permanent Number Portability is implemented by the industry pursuant to regulations issued by the FCC or the Commission, the Parties agree to provide Interim Number Portability ("INP") to each other through remote call forwarding, direct inward dialing and NXX migration.

9.2.1.3 Once Permanent Number Portability is implemented pursuant to FCC or Commission regulation, either Party may withdraw, at any time and at its sole discretion, its INP offerings, subject to advance notice to the other Party and coordination to allow the seamless and transparent conversion of INP end user numbers to Permanent Number Portability. Upon implementation of Permanent Number Portability pursuant to FCC regulations, both Parties agree to conform and provide such Permanent Number Portability.

9.2.1.4 USWC will update its Line Information Database ("LIDB") listings for retained numbers as directed by Covad. USWC will restrict or cancel calling cards associated with these forwarded numbers. LIDB updates shall be completed by the Parties on the same business day each INP arrangement is activated.

- 9.2.1.5 Upon request, USWC shall provide to Covad INP via Direct Inward Dial Trunks pursuant to applicable tariffs.
- 9.2.1.6 Where either Party has activated an entire NXX for a single end user, or activated a substantial portion of an NXX for a single end user with the remaining numbers in that NXX either reserved for future use or otherwise unused, if such end user chooses to receive service from the other Party, the first Party shall cooperate with the second Party to have the entire NXX reassigned in the LERG (and associated industry databases, routing tables, etc.) to an end office operated by the second Party. Such transfer will be accomplished with appropriate coordination between the Parties and subject to appropriate industry lead-times for movement of NXXs from one switch to another. Other applications of NXX migration will be discussed by the Parties as circumstances arise.

9.2.2 Description Of Service

- 9.2.2.1 Interim Number Portability ("INP") Service is a service arrangement that can be provided by USWC to Covad or by Covad to USWC. For the purposes of this section, the Party porting traffic to the other Party shall be referred to as the "INP Provider" and the Party receiving INP traffic for termination shall be referred to as the "INP Requestor".
- 9.2.2.2 INP applies to those situations where an end user elects to transfer service from the INP Provider to the INP Requestor and such end user also wishes to retain its existing telephone number. INP consists of INP Provider's provision to the INP Requestor the capability to route calls placed to telephone numbers assigned to the INP Provider's switches to the INP Requestor's switches. INP is available only for working telephone numbers assigned to the INP Provider's end users who request to transfer to the INP Requestor's service.
- 9.2.2.3 INP is available as INP-Remote Call Forwarding ("INP-RCF") permitting a call to an INP Provider's assigned telephone number to be translated to the INP Requestor's dialable local number. INP Requestor may terminate the call as desired. Additional capacity for simultaneous call forwarding is available where technically feasible. The INP Requestor will need to specify the number of simultaneous calls to be forwarded for each number ported.

9.2.2.4 INP is subject to the following restrictions:

- 9.2.2.4.1 An INP telephone number may be assigned by INP Requestor only to the Requestor's end users located within the INP Provider's local calling area and toll rating area that is associated with the NXX of the portable number.
- 9.2.2.4.2 INP is applicable only if the INP Requestor is engaged in a reciprocal traffic exchange arrangement with the INP Provider.
- 9.2.2.4.3 Only the existing, INP Provider assigned end user telephone number may be used as a ported number for INP.
- 9.2.2.4.4 INP will not be provided by the INP Provider for end users whose accounts are in arrears and who elect to make a change of service provider unless and until the following conditions are met:
 - 9.2.2.4.4.1 Full payment for the account (including directory advertising charges associated with the end user's telephone number) is made by end user or INP Requestor agrees to make full payment on behalf of end user.
 - 9.2.2.4.4.2 INP Provider is notified in advance of the change in service provider and a Change of Responsibility form is issued.
 - 9.2.2.4.4.3 INP Provider accepts the transfer of responsibility.
- 9.2.2.4.5 INP services shall not be re-sold, shared or assigned by either Party to another LEC or CLEC.
- 9.2.2.4.6 INP is not offered for NXX Codes 555, 976, 960 and coin telephones, and Service Access Codes (i.e. 500, 700, 800/888, 900). INP is not available for FGA seven-digit numbers, including foreign exchange (FEX), FX and FX/ONAL and foreign Central Office Service. Furthermore, INP numbers may not be used for mass calling events.
- 9.2.2.4.7 The ported telephone number will be returned to the originating Party (or to the common pool of telephone numbers upon implementation of

Permanent Number Portability) when the ported service is disconnected. The Party purchasing a ported number may not retain it and reassign it to another end user. The normal intercept announcement will be provided by the INP Provider for the period of time until the telephone number is reassigned by the INP Provider.

9.2.2.5 Ordering and Maintenance

- 9.2.2.5.1 The INP Requestor is responsible for all dealings with and on behalf of its end users, including all end user account activity, e.g. end user queries and complaints.
- 9.2.2.5.2 Each Party is responsible for obtaining a Letter of Authorization (LOA) from its end users who request a transfer of the end user's telephone number from the other Party.
- 9.2.2.5.3 The INP Provider will work cooperatively with the INP Requestor to ensure a smooth end user transition and to avoid unnecessary duplication of other facilities (e.g., Unbundled Loops). The Parties will cooperate to develop intercompany procedures to implement the requirements of this paragraph.
- 9.2.2.5.4 If an end user requests transfer of service from the INP Requestor back to the INP Provider, the INP Provider may rely on that end user request to institute cancellation of the INP service. The INP Provider will provide at least 48 hours notice to the INP Requestor of the cancellation of INP service, and will work cooperatively with the INP Requestor to ensure a smooth end user transition and to avoid unnecessary duplication of other facilities (e.g., Unbundled Loops). The Parties will cooperate to develop intercompany procedures to implement the requirements of this paragraph.
- 9.2.2.5.5 Certain features are not available on calls passed through INP service.
- 9.2.2.5.6 The INP Requestor's designated INP switch must return answer and disconnect supervision to the INP Provider's switch.

9.2.2.5.7 The INP Requestor will provide to the E911 database provider the network telephone number that the INP Requestor assigned to the INP Provider-assigned, ported telephone number. Updates to and maintenance of the INP information to the E911 database are the responsibility of the INP Requestor.

9.2.2.5.8 The INP Requestor will submit to the INP Provider a disconnect order for each ported number that is relinquished by the INP Requestor's end users.

9.2.2.6 Cost Recovery

The Parties agree that, for the purposes of this Agreement that the following cost structure is an acceptable measure of the costs incurred by the INP Provider.

9.2.2.6.1 Number Ported – This cost is incurred per number ported, per month. Should the INP Requestor provide the transport from the INP Provider's end office to the INP Requestor's end office switch, a lower cost is incurred. This cost represents a single call path from the INP Provider's end office switch to the INP Requestor for the portable number.

9.2.2.6.2 Additional Call Path – This cost is incurred per additional call path per month added to a particular ported telephone number. Should the INP Requestor provide the transport from the INP Provider's end office to the INP Requestor's end office switch, a lower cost is incurred.

9.2.2.6.3 Service Establishment – Per Route, Per Switch. This non-recurring cost is incurred for each INP Provider's end office switch that is equipped to provide INP to the INP Requestor.

9.2.2.6.4 Service Establishment – Additional number ported or changes to existing numbers, per number ported – This non-recurring cost is for each telephone number equipped with INP.

9.2.2.6.5 The Parties agree that Appendix A reasonably identifies the above costs.

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9.2.2.6.6 Each of the above costs shall be borne by the INP Requestor.

9.2.2.6.7 The INP Provider will, when using RCF, send the original ("ported") number over the Interconnection arrangements as the Calling Party Number using the signaling protocol applicable to the arrangements. The INP Requestor will capture and measure the number of minutes of INP incoming traffic. USWC will provide (and update quarterly) percentage distributions of all terminating traffic in the LATA by jurisdictional nature of the traffic: a) local; b) intrastate, intraLATA switched access; c) intrastate, interLATA switched access; d) interstate, intraLATA switched access; e) interstate, interLATA switched access. Separate residence and business percentage distributions will be provided, to the extent possible. The Parties agree to work cooperatively to develop and exchange the data required to implement this paragraph. The appropriate percentage will be applied to the number of minutes of INP traffic in each category to determine the number of minutes eligible for additional "pass through" switched access compensation. Pass through switched access compensation will be paid at the following rates:

For all Intra-LATA Toll and inter-LATA minutes delivered over INP, USWC will pay, in addition to reciprocal compensation, the applicable CCLC for each minute.

9.2.2.6.8 Rates are contained in Appendix A.

9.3 911/E-911 Service

9.3.1 Scope.

9.3.1.1 Covad exchanges to be included in USWC's E-911 Data Base will be indicated via written notice and will not require an amendment to this Agreement.

9.3.1.2 In counties where USWC has obligations under existing agreements as the primary provider of the 911 System to the county, Covad will participate in the provision of the 911 System as described in this Agreement.

- 9.3.1.2.1 Each Party will be responsible for those portions of the 911 System for which it has total control, including any necessary maintenance to each Party's portion of the 911 System.
- 9.3.1.2.2 USWC, or its agent, will be responsible for maintaining the E-911 Data Base. USWC, or its agent, will provide to Covad an initial copy of the most recent Master Street Address Guide ("MSAG"), and subsequent versions on a quarterly basis, at no charge. MSAGs provided outside the quarterly schedule will be provided and charged on an individual case basis. The data will be provided in computer readable format.
- 9.3.1.2.3 For selective routing table updates, Covad will negotiate directly with USWC's data base provider for the input of end user data into the USWC Automatic Location Identification ("ALI") data base. Covad will negotiate directly with the Public Safety Answering Point ("PSAP")'s (or PSAP agency's) DMS/ALI provider for input of end user data into the ALI data base. In most cases the selective routing table updates and the ALI data base will be managed by the same provider. Covad assumes all responsibility for the accuracy of the data that Covad provides for MSAG preparation and E-911 Data Base operation.
- 9.3.1.2.4 Covad will provide end user data to USWC's agent for the USWC ALI data base utilizing NENA-02-001 Recommended Formats For Data Exchange, NENA-02-002 Recommended Standard For Street Thoroughfare Abbreviations and NENA-02-003 Recommended Protocols For Data Exchange. USWC will furnish Covad any variations to NENA recommendations required for ALI data base input.
- 9.3.1.2.5 Covad will provide end user data to USWC's agent for the USWC ALI data base that are MSAG valid and meet all components of the NENA-02-004 Recommended Measurements For Data Quality.
- 9.3.1.2.6 Covad will update its end user records provided to USWC's agent for the USWC ALI data base to agree with the 911 MSAG standards for its service areas.

- 9.3.1.2.7 USWC will provide Covad with the identification of the USWC 911 controlling office that serves each geographic area served by Covad.
- 9.3.1.2.8 The Parties will cooperate in the routing of 911 traffic in those instances where the ALI/ANI information is not available on a particular 911 call.
- 9.3.1.2.9 USWC will provide Covad with the ten-digit telephone numbers of each PSAP agency, for which USWC provides the 911 function, to be used by Covad to acquire emergency telephone numbers for operators to handle emergency calls in those instances where the Covad end user dials "O" instead of "911".
- 9.3.1.2.10 Covad will provide USWC with the ten-digit telephone numbers of each PSAP agency, for which Covad provides the 911 function, to be used by USWC to acquire emergency telephone numbers for operators to handle emergency calls in those instances where the USWC end user dials "O" instead of "911".
- 9.3.1.3 If a third party; i.e., LEC, is the primary service provider to a county, Covad will negotiate separately with such third party with regard to the provision of 911 service to the county. All relations between such third party and Covad are totally separate from this Agreement and USWC makes no representations on behalf of the third party.
- 9.3.1.4 If Covad is the primary service provider to the county, Covad and USWC will negotiate the specific provisions necessary for providing 911 service to the county and will include such provisions in an amendment to this Agreement.
- 9.3.1.5 Covad will separately negotiate with each county regarding the collection and reimbursement to the county of applicable end user taxes for 911 service.
- 9.3.1.6 Covad is responsible for network management of its network components in compliance with the Network Reliability Council Recommendations and meeting the network standard of USWC for the 911 call delivery.
- 9.3.1.7 The Parties shall provide a single point of contact to coordinate all activities under this Agreement.

9.3.1.8 Neither Party will reimburse the other for any expenses incurred in the provision of E-911 services up to P.01 grade of service.

9.3.2 Performance Criteria. E-911 Data Base accuracy shall be as set forth below:

9.3.2.1 Accuracy of ALI data will be measured jointly by the PSAPs and USWC in a format supplied by USWC. The reports shall be forwarded to Covad by USWC when relevant and will indicate incidents when incorrect or no ALI data is displayed.

9.3.2.2 Each discrepancy report will be jointly researched by USWC and Covad. Corrective action will be taken immediately by the responsible Party.

9.3.2.3 Each Party will be responsible for the accuracy of its end user records. Each Party specifically agrees to indemnify and hold harmless the other Party from any claims, damages, or suits related to the accuracy of end user data provided for inclusion in the E-911 Data Base.

9.3.2.4 For PSAP default routing purposes, Covad will establish separate trunks for the USWC selective router for each PSAP jurisdictional area it serves from a given switch.

9.3.2.5 The additional parameters by which the Parties will utilize the 911 or E-911 database will be the subject of further discussion between the Parties.

9.4 Directory Assistance

9.4.1 USWC agrees to (1) provide to Covad's operators on-line access to USWC's directory assistance database; (2) provide to Covad unbranded directory assistance service (3) provide to Covad directory assistance service under the Covad brand (where technically feasible); (4) allow Covad or Covad's designated operator bureau to license USWC's directory assistance database for use in providing competitive directory assistance services. Prices for all of these services will be determined on an individual case basis.

9.4.2 The price for directory assistance, provided pursuant to this Agreement, is specified in Appendix A. As an alternative, the Parties may obtain directory assistance service pursuant to retail directory assistance tariffs.

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- 9.4.3 The price for directory call completion services is specified in Appendix A, pending the completion of an approved cost study. Additional charges, for USWC IntraLATA Toll services, also apply for completed IntraLATA Toll calls. IntraLATA Toll service shall be available pursuant to the wholesale discount provided in the Resale section of this Agreement. Call completion service is an optional service. Covad may, at its option, request USWC to not provide call completion services to Covad end users.

9.5 White Pages Directory Listings

9.5.1 Scope.

- 9.5.1.1 White Pages Listings Service ("Listings") consists of USWC placing the names, addresses and telephone numbers of Covad's end users in USWC's listing database, based on end user information provided to USWC by Covad. USWC is authorized to use Listings in Directory Assistance (DA) and as noted in paragraph 9.5.1.4, below.
- 9.5.1.2 Covad will provide in standard, mechanized format, and USWC will accept at no charge, one primary listing for each main telephone number belonging to Covad's end users. Primary listings are as defined for USWC end users in USWC's general exchange tariffs. Covad will be charged for premium and privacy listings, e.g., additional, foreign, cross reference, informational, etc., at USWC's general exchange listing tariff rates, less the wholesale discount. If Covad utilizes Remote Call Forwarding for local number portability, Covad can list only one number without charge - either the end user's original telephone number or the Covad-assigned number. The standard discounted rate for an additional listing applies to the other number.
- 9.5.1.3 USWC will furnish Covad the Listings format specifications. Covad may supply a maximum of one batch file daily, containing only Listings that completed on or prior to the transmission date. USWC cannot accept Listings with advance completion dates. Large volume activity (e.g., 100 or more listings) on a caption set is considered a project that requires coordination between Covad and USWC to determine time frames.
- 9.5.1.4 Covad grants USWC a non-exclusive license to incorporate Listings information into its directory

assistance database. Covad hereby selects one of two options for USWC's use of Listings and dissemination of Listings to third parties.

EITHER:

- 9.5.1.4.1 Treat the same as USWC's end user listings - No prior authorization is needed for USWC to release Listings to directory publishers or other third parties. USWC will incorporate Listings information in all existing and future directory assistance applications developed by USWC. Covad authorizes USWC to sell and otherwise make Listings available to directory publishers. USWC shall be entitled to retain all revenue associated with any such sales. Listings shall not be provided or sold in such a manner as to segregate end users by carrier.

OR:

- 9.5.1.4.2 Restrict to USWC's directory assistance - Prior authorization required by Covad for all other uses. Covad makes its own, separate agreements with USWC, third parties and directory publishers for all uses of its Listings beyond directory assistance. USWC will sell Listings to directory publishers (including USWC's publisher affiliate), other third parties and USWC products only after the third party presents proof of Covad's authorization. USWC shall be entitled to retain all revenue associated with any such sales. Listings shall not be provided or sold in such a manner as to segregate end users by carrier.

Covad hereby selects Option : N/A.

- 9.5.1.5 To the extent that state tariffs limit USWC's liability with regard to Listings, the applicable state tariff(s) is incorporated herein and supersedes the Limitation of Liability section of this Agreement with respect to Listings only.

9.5.2 USWC Responsibilities

- 9.5.2.1 USWC is responsible for maintaining Listings, including entering, changing, correcting, rearranging and removing Listings in accordance with Covad orders. USWC will take

reasonable steps in accordance with industry practices to accommodate non-published and non-listed Listings provided that Covad has supplied USWC the necessary privacy indicators on such Listings.

- 9.5.2.2 USWC will include Covad Listings in USWC's Directory Assistance service to ensure that callers to USWC's Directory Assistance service have non-discriminatory access to Covad's Listings.
- 9.5.2.3 USWC will ensure the Covad Listings provided to USWC are included in the white pages directory published on USWC's behalf, in accordance with Covad's selection under Section 9.5.1.4, above.

9.5.3 Covad Responsibilities

- | | |
|-----------|--|
| 9.5.3.1 | Covad agrees to provide to USWC its end user names, addresses and telephone numbers in a standard mechanized format, as specified by USWC. |
| 9.5.3.2 | Covad will supply its ACNA/CIC or CLCC/OCN, as appropriate, with each order to provide USWC the means of identifying Listings ownership. |
| 9.5.3.3 | Covad represents and warrants the end user information provided to USWC is accurate and correct. Covad further represents and warrants that it has reviewed all Listings provided to USWC, including end user requested restrictions on use such as non-published and non-listed. Covad shall be solely responsible for knowing and adhering to state laws or rulings regarding Listings (e.g., no solicitation requirements in the states of Arizona and Oregon, privacy requirements in Colorado), and for supplying USWC with the applicable Listing information. |
| 9.5.3.4 | Covad is responsible for all dealings with, and on behalf of, Covad's end users, including: |
| 9.5.3.4.1 | All end user account activity, e.g. end user queries and complaints. |
| 9.5.3.4.2 | All account maintenance activity, e.g., additions, changes, issuance of orders for Listings to USWC. |
| 9.5.3.4.3 | Determining privacy requirements and accurately coding the privacy indicators for Covad's end user information. If end user information provided by |

Covad to USWC does not contain a privacy indicator, no privacy restrictions will apply.

- 9.5.3.4.4 Any additional services requested by Covad's end users.

9.6 Busy Line Verify and Busy Line Interrupt Services

- 9.6.1 Busy Line Verification ("BLV") is performed when one Party's end user requests assistance from the operator bureau to determine if the called line is in use, however, the operator bureau will not complete the call for the end user initiating the BLV inquiry. Only one BLV attempt will be made per end user operator bureau call, and a charge shall apply whether or not the called party releases the line.
- 9.6.2 Busy Line Verification Interrupt ("BLVI") is performed when one Party's operator bureau interrupts a telephone call in progress after BLV has occurred. The operator bureau will interrupt the busy line and inform the called party that there is a call waiting. The operator bureau will only interrupt the call and will not complete the telephone call of the end user initiating the BLVI request. The operator bureau will make only one BLVI attempt per end user operator telephone call and the applicable charge applies whether or not the called party releases the line.
- 9.6.3 The rates for Busy Line Verify and Busy Line Verify and Interrupt are specified in Appendix A.
- 9.6.4 Each Party's operator bureau shall accept BLV and BLVI inquiries from the operator bureau of the other Party in order to allow transparent provision of BLV/BLVI traffic between the Parties' networks.
- 9.6.5 Each Party shall route BLV/BLVI traffic inquiries over separate direct trunks (and not the local/intraLATA trunks) established between the Parties' respective operator bureaus. Unless otherwise mutually agreed, the Parties shall configure BLV/BLVI trunks over the Interconnection architecture defined in the Interconnection section of this Agreement. Each Party shall compensate the other Party for BLV/BLVI traffic as set forth above.

9.7 Toll and Assistance Operator Services

9.7.1 Description of Service.

Toll and Assistance refers to functions end users associate with the "O" operator. Subject to availability and capacity, access may be provided via operator services trunks purchased from USWC or provided by Covad via Collocation arrangements to route calls to Covad's platform.

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9.7.2 Functions include:

- 9.7.2.1 O-Coin, Automatic Coin Telephone Service (ACTS) - these functions complete coin calls, collect coins and provide coin rates.
- 9.7.2.2 Alternate Billing Services (ABS or O+ dialing): Bill to third party, Collect and Mechanized Credit Card System (MCCS).
- 9.7.2.3 O- or operator assistance which provides general assistance such as dialing instruction and assistance, rate quotes, emergency call completion and providing credit.
- 9.7.2.4 Automated Branding - ability to announce the carrier's name to the end user during the introduction of the call.
- 9.7.2.5 Rating Services - operators have access to tables that are populated with all toll rates used by the operator switch.

9.7.3 Pricing for Toll and Assistance Operator Services shall be determined on a case-by-case basis, upon request.

9.7.4 Interconnection to the USWC Toll and Assistance Operator Services from an end office to USWC T/A is technically feasible at three distinct points on the trunk side of the switch. The first connection point is an operator services trunk connected directly to the T/A host switch. The second connection point is an operator services trunk connected directly to a remote T/A switch. The third connection point is an operator services trunk connected to a remote access tandem with operator concentration capabilities.

9.7.5 Trunk provisioning and facility ownership will follow the guidelines recommended by the Trunking and Routing, IOF and Switch sub-teams. All trunk interconnections will be digital.

9.7.6 Toll and Assistance interconnection will require an operator services type trunk between the end office and the interconnection point on the USWC switch.

9.7.7 Connecting a position to the host system requires two circuits (one voice and one data) per position on a T1 facility.

9.7.8 The technical requirements of operator services type trunks and the circuits to connect the positions to the host are covered in the OSSGR under Section 6 (Signaling) and Section 10 (System Interfaces) in general requirements form.

- 9.7.9 Specific provisions regarding Operator Services will be addressed in a separate agreement between the Parties.

9.8 Interconnection to Line Information Data Base (LIDB)

9.8.1 Description of Line Information Data Base (LIDB).

Line Information Data Base (LIDB) stores various line numbers and Special Billing Number (SBN) data used by operator services systems to process and bill calls. The operator services system accesses LIDB data to provide origination line (calling number), billing number and termination line (called number) management functions. LIDB is used for calling card validation, fraud verification, preferred IC association with the calling card, billing or service restrictions and the sub-account information to be included on the call's billing record.

9.8.2 Interfaces.

Bellcore's GR-446-CORE defines the interface between the administration system and LIDB including specific message formats. (Bellcore's TR-NWP-000029, Section 10)

9.8.3 LIDB Access.

- 9.8.3.1 All LIDB queries and responses from operator services systems and end offices are transmitted over a CCS network using a Signaling System 7 (SS7) protocol (TR-NWT-000246, Bell Communications Research Specification of Signaling System 7).
- 9.8.3.2 The application data needed for processing LIDB data are formatted as TCAP messages. TCAP messages may be carried as an application level protocol using SS7 protocols for basic message transport.
- 9.8.3.3 The SCP node provides all protocol and interface support. Covad SS7 connections will be required to meet Bellcore's GR905, TR954 and USWC's Technical Publication 77342 specifications.
- 9.8.3.4 Non-USWC companies will submit LIDB updates via a manual fax process being developed. An electronic capability is being designed to allow Covad to add, update, and delete their line records.

9.8.3.5 It is currently USWC's policy to allow LIDB access to non-USWC companies through regional STPs.

9.8.4 Pricing for LIDB access shall be determined on a case-by-case basis and will be included in a separate LIDB agreement between the Parties.

9.9 Access to Poles, Ducts, Conduits, and Rights of Way

Each Party shall provide the other Party access to its poles, ducts, rights-of-way and conduits it controls on terms, conditions and prices comparable to those offered to any other competitive local exchange carrier pursuant to each Party's applicable tariffs and/or standard agreements. The Parties agree that the prices are based on costs plus a reasonable profit.

9.10 Miscellaneous Ancillary Services.

Miscellaneous ancillary services will be addressed in separate agreements between the Parties. These include, but are not limited to 800 and CMDS.

10. ACCESS TO OPERATIONAL SUPPORT SYSTEMS (OSS)

This section sets forth the interface requirements for pre-ordering, ordering and provisioning, maintenance and repair, and billing, where Covad provides service to its customers through resale of Local Services or through the use of Unbundled Network Elements. For all Local Services, Network Elements ordered under this Agreement, USWC will provide Covad pre-ordering, ordering and provisioning, maintenance and repair, and billing services within the same level of quality of service available to U S WEST. Systems capabilities will be implemented according to a mutually agreed upon and documented schedule.

Use of Standards. As described below, Covad and USWC agree to implement each interface described below based upon existing and evolving industry standards or as mutually agreed upon. The Parties shall transition the electronic interfaces to industry standards within a time-frame mutually agreed to.

USWC is developing a proposal for access to its Operational Support Systems (OSS) to meet the requirements of the FCC's 1st and 2nd Orders and to provide Covad with electronic interfaces for pre-ordering, ordering, demand repairs and billing functions for Plain Old Telephone Services (POTS). These interfaces will also have the necessary mediation to protect the integrity of the network as well as allay any privacy concerns for end user information. The components described in this section are conceptual in nature and will be subject to change as the implementation process proceeds. There will be charges associated with

the introduction of the interface and ongoing access to OSS operations which will include an initial access fee and an ongoing charge as described more fully below.

10.1 Operational Systems Interfaces - Interface Implementation Timetable

USWC's initial operational systems interfaces have been deployed and will support Pre-ordering, Ordering, Provisioning and Repair capabilities for POTS (non-design) services and Billing capabilities for most USWC product offerings. Subsequent phases of the plan incorporate the capabilities to support designed services for Pre-ordering, Ordering, Provisioning, and Maintenance and Repair. The specific features and functions are not discussed in this Agreement.

10.2 OSS Interface Design

10.2.1 USWC will develop OSS interfaces using an electronic gateway solution consistent with the design prescribed by the FCC, Docket 96-98, FCC 96-325, paragraph 527. These gateways will act as a mediation or control point between Covad's and USWC's Operations Systems. Additionally, these gateways will provide security for the interface, protecting the integrity of the USWC network and its databases.

10.2.2 USWC proposes the use of the existing Electronic Data Interchange ("EDI") standard for the transmission of monthly local billing information. EDI is an established standard under the auspices of the American National Standards Institute/Accredited Standards Committee (ANSI/ASC) X12 Committee. A proper subset of this specification has been adopted by the Telecommunications Industry Forum (TCIF) as the "811 Guidelines" specifically for the purposes of telecommunications billing.

10.2.3 For the exchange of daily usage data, including third party billed, collect, and card calls, USWC will use the Bellcore EMR format for the records, using the Network Data Mover ("NDM"), otherwise also known as the Connect Direct method to transmit the information to carriers.

10.3 Accessible OSS Functions

10.3.1 Pre-ordering

"Pre-Ordering" refers to the set of activities whereby a service representative dialogs with Covad in order to obtain service availability. In today's environment, the pre-order process is performed in conjunction with placing an order. Packaged as a

separate activity, pre-order consists of the following functions: verify an address, check service availability, and return end user service information. USWC will provide on-line capabilities to perform these functions.

Covad may submit on a Local Service Request (LSR) manually or through Interconnect Mediated Access (IMA) requiring information in the form of a DLR for the entire cable makeup of an unbundled Loop. USWC will accept this request and perform the work to complete all necessary information relative to the inquiry and forward such information to Covad through IMA or via FAX. At such time as pre-ordering and DLR interface is available through EDI, USWC will make such capability available to Covad.

These functions are described as follows.

10.3.1.1 Address Verification

This transaction will verify the end user's address.

If the address does not match USWC records, the AVR transaction will return "partial match" addresses and/or help as appropriate to assist Covad to properly identify the end user's address for verification.

Once the address is verified, the AVR transaction will return the valid address and the current status (working, non-working, or pending out) and the date the status was posted for each line at the address.

If USWC does not have a record of the address, Covad will have to contact USWC to input the record before the order can be submitted.

Note:

10.3.1.1.1 No detailed facility information (i.e., cable pair) will be returned as part of this transaction.

10.3.1.1.2 Rural addresses will not be supported.

10.3.1.1.3 The AVQ/AVR transaction attributes currently don't reflect the attributes required to support the error scenarios.

10.3.1.2 Service Availability

This transaction will return the list of products and services available for resale in the central office serving a particular end user address. The USWC rates for the products and services will also be returned, but the Covad discount will not be applied.

10.3.1.3 End User Service Information Request

Gives Covad the ability to request a listing of services and features USWC is currently providing to an end user and the rates USWC is charging for such services.

10.3.1.4 View/Update Service Query/Service Request Response

Gives Covad the ability to view or update an existing Service Request (SR).

10.3.1.5 Store Service Request

This transaction allows Covad to store a new or existing SR.

This SR can be stored for the number of days specified in USWC's methods and procedures before the SR must be submitted to USWC as a Work Order.

USWC will store the SR on-line until the associated Work Order is canceled by Covad or completed by USWC.

10.3.2 Ordering

With the pre-ordering steps completed, the requisite information will have been obtained from Covad and the initiation of a service order can begin. Submitting a service order will result in the provisioning and installation, if necessary, of an end user's service. The functional set required to order service is: open a service order, check facility availability, reserve an appointment if technician work is required in the field or at the end user's premises, reserve a telephone number if appropriate, cancel a service order, change a service order, send a firm order confirmation, support for work order status queries, and send notification of order completion.

10.3.2.1 Facility Availability

For each new line requested, this transaction will indicate if existing facilities are available or if new facilities are required, and if a technician must be dispatched to provide the facilities requested at the end user's address.

This transaction must be executed for any new line(s) requested.

Note:

10.3.2.1.1 This transaction does not reserve facilities and does not guarantee that facilities will be available when the work order is submitted. There shall be no charges to Covad whatsoever in the event that a Covad order remains unfulfilled. USWC shall fulfill orders for Covad in parity with orders it fulfills for itself. If USWC has facilities which it utilizes to provide its own customers POTS or other services, it shall similarly make available those facilities to provide xDSL Loops for Covad providing they are available.

10.3.2.1.2 USWC will automatically execute this transaction as part of order processing, any time a new line or transfer line is requested.

10.3.2.2 Telephone Number Availability

Enables a telephone number (TN) to be assigned to a line. Covad will be able to accept the TN or exchange the TN for two other TNs. If the end user requests a specific number or a vanity number, Covad must call the USWC Number Assignment Center (NAC) and the request will be handled manually. Covad will not have direct access to the telephone number assignment system.

10.3.2.3 Exchange Telephone Numbers/Response

Enables Covad to exchange the TN returned by the Telephone Number Availability Transaction for two more TNs. Covad must select one of the three TNs to proceed with the Work Order.

10.3.2.4 Return Telephone Numbers

Enables Covad to reject the TNs returned by the Telephone Number Availability transaction and the TNs will be returned to the pool.

10.3.2.5 Telephone Number Accept

Allows Covad to reserve one telephone number returned by the Telephone Number Availability transaction for a period of one (1) day so that the end user can be informed of the TN(s) prior to the actual submission of a Work Order. The Work Order must be submitted before the TN expires, otherwise the TN will be returned to the available pool of TNs.

10.3.2.6 Appointment Availability

Allows Covad to select an appointment from a calendar of available appointments. Covad will not have direct access to the system but USWC will automatically execute this transaction after the Work Order has been submitted and a technician must be dispatched.

10.3.2.7 Appointment Reservation

Enables Covad to reserve an available appointment after the appointment availability calendar has been returned to Covad by USWC. USWC will return a confirmation number.

10.3.2.8 Work Order/Firm Order Completion

The work order provides the information and actions required for USWC to provision products, services and features. This transaction will also be used to cancel and change existing work orders. The information contained in a work order identifies Covad, the end user desired due date, the service being requested, the order type (only change and migration to Covad), POA (Proof of Authorization), class of service, telephone number and additional information needed to successfully provision the requested service to the end user.

Once a work order is accepted by USWC, the assigned service order number will be returned to Covad. This may not happen in real time. Covad can then use the service order number to status the work order. Firm Order

Confirmation means that USWC has received the order and assigned an order number for tracking. It does not mean that edits have been applied, so errors may still exist on the order.

10.3.2.9 Status Query/Response

This transaction will allow Covad to obtain the status of a work order. USWC will return the current status, remarks and due date for specified work order.

Note: This status request is issued by Covad on demand. Real Time Order Completion and Jeopardy Notification is not proactively issued by USWC.

10.3.2.10 Order Completion Report

Provides Covad with a daily (Monday - Saturday) report, electronically, that identifies all work orders that were completed by USWC on that date. This report is called the CLEC Completion Report.

10.3.3. Repair

Repair functions allow Covad to report trouble with communications circuits and services provided by USWC. The functions, processes and systems used in repair are based on a Trouble Report (TR), which is an electronic document maintained in one or more Operations Systems. A TR contains information about the end user, the trouble, the status of the work on the trouble and the results of the investigation and resolution efforts. These business processes have been summarized and will be made available to Covad in the following functional set: open a trouble report, cancel a trouble report, send notification of status change and close a trouble report.

10.3.3.1 Verify Request

This transaction will be used to verify vertical features the end user currently owns. Technical discussions (e.g., Security) are currently ongoing within USWC as to how to provide this capability.

10.3.3.2 Open Trouble Report

Gives Covad the capability to open a TR with USWC.

10.3.3.3 Open Trouble Report Response

Gives Covad the capability to the Open TR request and contains information about the TR that Covad needs to track or to convey to Covad's end user.

10.3.3.4 Completion Notification

Provides notification to Covad that a TR has been closed because the trouble was resolved.

10.3.3.5 Cancel Trouble Report Instruction

Allows Covad to cancel a previously opened TR.

10.3.3.6 Status Change Notification

Provides notification to Covad that the status of a previously opened TR has changed.

10.4 Billing Interfaces

USWC offers interfaces for the exchange of several types of billing data:

- Monthly Billing Information,
- Daily Usage Data,
- Local Account Maintenance Report
- Centralized Message Distribution System (CMD5) messages,
- Routing of in-region intraLATA collect, calling card, and third number billed messages.

10.4.1 Monthly Billing Information

Includes all connectivity charges, credits, and adjustments related to network elements and USWC-provided local service.

10.4.2 Daily Usage Data

The accumulated set of call information for a given day as captured, or "recorded," by the network switches. USWC will provide this data to Covad with the same level of precision and accuracy it provides itself. Such precision cannot and will not exceed the current capabilities of the software in the switches today.

10.4.3 Local Account Maintenance Report

The list of phone numbers to which the carrier is no longer providing service since the last report.

10.4.4 Centralized Message Distribution System ("CMDs")

Distribution of CMDs messages for Covad end users.

10.4.5 Routing of In-region IntraLATA Collect, Calling Card, and Third Number Billed Messages

USWC will distribute in-region intraLATA collect, calling card, and third number billed messages to Covad and exchange with other Co-Providers operating in region in a manner consistent with existing inter-company processing agreements. Whenever the daily usage information is transmitted to a carrier, it will contain the records for these types of calls as well.

10.5 Compensation

10.5.1 If and as approved by the appropriate state Commission, compensation for OSS access will consist of an initial access fee which will be determined based on the specific access engineered and implemented for Covad and is a function of the numbers of Covad business office and repair service representatives accessing the system. The fee will include costs for hardware (if purchased through USWC), software (which must be purchased through USWC), telecommunications links and labor incurred to establish the interfaces to USWC's OSS for Covad. The costs will be substantiated by purchasing invoices for the communications and computing hardware and software, and by time reports for the labor expended in their design and implementation. Labor will be billed at the prevailing rates for contract labor for similar services. Any and all charges set forth hereunder must be approved by the appropriate state Commission prior to USWC's sending Covad any OSS invoices.

10.5.2 The ongoing charge will be billed at a rate to be specified by the Commission at the completion of an appropriate cost study hearing.

11. RESALE

11.1 Description

- 11.1.1 USWC Basic Exchange Telecommunications Service and Basic Exchange Switched Features (as defined in Section 3) and IntraLATA Toll originating from USWC exchanges will be available for resale from USWC pursuant to the Act and will reference terms and conditions (except prices) in USWC tariffs, where applicable. Appendix A lists services which are available for resale under this Agreement and applicable discounts.
- 11.1.2 The Parties agree that, at this time, certain USWC services are not available for resale under this Agreement and certain other USWC services are available for resale but at no discount, as identified in Appendix A or in individual state tariffs. The availability of services and applicable discounts identified in Appendix A or in individual tariffs are subject to change pursuant to the Rates and Charges sub-section of this Resale section.

11.2 Scope

- 11.2.1 Basic Exchange Telecommunications Service, Basic Exchange Switched Features and IntraLATA Toll may be resold only for their intended or disclosed use and only to the same class of end user to which USWC sells such services e.g., residence service may not be resold to business end users.
- 11.2.2 USWC shall provide to Covad services for resale that are equal in quality, subject to the same conditions (including the conditions in USWC's effective tariffs), within provisioning time intervals that are substantially equal to the intervals USWC provides these services to others, including its end users, and in accordance with any applicable state Commission service quality standards, including standards a state Commission may impose pursuant to Section 252 (e)(3) of the Act.

11.3 Ordering and Maintenance

- 11.3.1 Covad, or Covad's agent, shall act as the single point of contact for its end users' service needs, including without limitation, sales, service design, order taking, provisioning, change orders, training, maintenance, trouble reports, repair, post-sale servicing, billing, collection and inquiry. Covad shall make it clear to its end users that they are end users of Covad for resold services. Covad's end users contacting USWC will be instructed to contact Covad; however, nothing in this Agreement, except as provided below,

shall be deemed to prohibit USWC from discussing its products and services with Covad's end users who call USWC for any reason.

11.3.2 Covad shall transmit to USWC all information necessary for the installation (billing, listing and other information), repair, maintenance and post-installation servicing according to USWC's standard procedures, as described in the USWC resale operations guide that will be provided to Covad. When USWC's end user or the end user's new service provider discontinues the end user's service in anticipation of moving to another service provider, USWC will render its closing bill to the end user effective with the disconnection. If USWC is not the local service provider, USWC will issue a bill to Covad for that portion of the service provided to Covad should Covad's end user, a new service provider, or Covad request service be discontinued to the end user. USWC will notify Covad by FAX, OSS, or other processes when an end user moves to another service provider. USWC will not provide Covad with the name of the other Reseller or service provider selected by the end user. The Parties agree that they will not transfer to each other their respective end users whose accounts are in arrears. The Parties further agree that they will work cooperatively together to develop the standards and processes applicable to the transfer of such accounts.

11.3.3 Covad shall provide USWC and USWC shall provide Covad with points of contact for order entry, problem resolution and repair of the resold services.

11.3.4 Prior to placing orders on behalf of the end user, Covad shall be responsible for obtaining and have in its possession Proof of Authorization ("POA"). POA shall consist of documentation acceptable to USWC of the end user's selection of Covad. Such selection may be obtained in the following ways:

11.3.4.1 The end user's written Letter of Authorization or LOA.

11.3.4.2 The end user's electronic authorization by use of an 800 number.

11.3.4.3 The end user's oral authorization verified by an independent third party (with third party verification as POA).

11.3.4.4 A prepaid returnable postcard supplied by Covad which has been signed and returned by end user. Covad will wait fourteen (14) days after mailing the postcard before placing an order to change.

- 11.3.5 Covad shall make POAs available to USWC upon request. Prior to placing orders that will disconnect a line from another Reseller's account Covad is responsible for obtaining all information needed to process the disconnect order and re-establish the service on behalf of the end user. Should an end user dispute or a discrepancy arise regarding the authority of Covad to act on behalf of the end user, Covad is responsible for providing written evidence of its authority to USWC within three (3) business days. If there is a conflict between the end user designation and Covad's written evidence of its authority, USWC shall honor the designation of the end user and change the end user back to the previous service provider. If Covad does not provide the POA within three (3) business days, or if the end user disputes the authority of the POA, then Covad must, by the end of the third business day:
- 11.3.5.1 notify USWC to change the end user back to the previous Reseller or service provider, and
 - 11.3.5.2 provide any end user information and billing records Covad has obtained relating to the end user to the previous Reseller, and
 - 11.3.5.3 notify the end user and USWC that the change has been made, and
 - 11.3.5.4 remit to USWC a charge of \$100.00 ("slamming charge") as compensation for the change back to the previous Reseller or service provider.
- 11.3.6 If an end user is switched from Covad back to USWC and there is a dispute or discrepancy with respect to such change in service provider, Covad may request to see a copy of the POA which USWC has obtained from the end user to effectuate a return to USWC as the end user's service provider. If USWC is unable to produce a POA within three (3) business days, USWC shall change the end user back to Covad (or other previous Reseller) without imposition of any Customer Transfer Charge.
- 11.3.7 Covad shall designate the Primary Interexchange Carrier (PIC) assignments on behalf of its end users for interLATA services and intraLATA services when intraLATA presubscription is implemented.
- 11.3.8 When end users switch from USWC to Covad, or to Covad from any other Reseller, such end users shall be permitted to retain their current telephone numbers if they so desire and do not

change their service address to an address served by a different central office. USWC shall take no action to prevent Covad end users from retaining their current telephone numbers.

- 11.3.9 Covad and USWC will employ the procedures for handling misdirected repair calls as specified in the Coordinated Repair Calls section of this Agreement.

11.4 Covad Responsibilities

- 11.4.1 Covad must send USWC complete and accurate end-user listing information for Directory Assistance, Directory Listings, and 911 Emergency Services using USWC's resale order form and process. Covad must provide to USWC accurate end-user information to ensure appropriate listings in any databases in which USWC is required to retain and/or maintain end-user information. USWC assumes no liability for the accuracy of information provided by Covad.
- 11.4.2 Covad may not reserve blocks of USWC telephone numbers, except as allowed by tariffs.
- 11.4.3 Covad is liable for all fraud associated with service to its end-users and accounts. USWC takes no responsibility, will not investigate, and will make no adjustments to Covad's account in cases of fraud unless such fraud is the result of any intentional act or gross negligence of USWC. Notwithstanding the above, if USWC becomes aware of potential fraud with respect to Covad's accounts, USWC will promptly inform Covad and, at the direction of Covad, take reasonable action to mitigate the fraud where such action is possible.
- 11.4.4 In accordance with the Act, Covad will indicate the date it will offer to residential and business subscribers telephone exchange services. Covad will provide a three year forecast within ninety (90) days of signing this Agreement. During the first year of the term of this Agreement, the forecast shall be updated and provided to USWC on a quarterly basis. Thereafter, during the term of this Agreement Covad will provide updated forecasts from time to time, as requested by USWC. The initial forecast will provide:
- The date service will be offered (by city and/or state)
 - The type and quantity of service(s) which will be offered
 - Covad's anticipated order volume
 - Covad's key contact personnel

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In the event USWC terminates the provisioning of any resold services to Covad for any reason, including disconnection of Covad for failure to make payment as required herein, Covad shall be responsible for providing any and all necessary notice to its end users of the termination. In no case shall USWC be responsible for providing such notice to Covad's end users. USWC will provide notice to Covad of USWC's termination of a resold service on a timely basis consistent with Commission rules and notice requirements.

Resold services as listed in Appendix A are available for resale at the applicable discount percentage or rate per minute set forth in Appendix A or at the retail tariff rates for services available for resale but excluded from the wholesale pricing arrangement in this Agreement.

- establish wholesale discount rates through decisions in arbitration, interconnection and/or resale cost proceedings;
- establish other recurring and nonrecurring rates related to resale, including but not limited to Customer Transfer Charges and Slamming Charges ("Other Resale Charges"); and
- order that certain services be made available for resale at specified wholesale discount rates.

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this Agreement effective on the date ordered by a Commission; provided, however, that USWC shall have a reasonable time to implement system or other changes necessary to bill the Commission ordered rates or charges.

The rates for those resold services initially included in the wholesale pricing arrangement under this Agreement shall be subject to true-up to the wholesale discount rates established by a Commission Order making such rates generally available to Resellers or established by a resale tariff, retroactively to the effective date of this Agreement. Any true-up shall be on a service-by-service basis if wholesale discount rates are established by a Commission on such a basis.

Services excluded from the wholesale pricing arrangement under this Agreement as identified in Appendix A, shall be made available on a going forward basis from the date of a Commission Order that orders such services be made generally available to any Reseller in the state where such a Commission Order is issued. Such services shall be available at the discount rate applicable to basic exchange business service identified in Appendix A; provided, however, that when a Commission Order establishes wholesale discount rates for such services as generally available to Resellers, Appendix A shall be revised to incorporate the wholesale discount rates generally available to Resellers.

If a state Commission fails to issue such an Order or make effective such a tariff by the end of the first year of this Agreement, either USWC or Covad may elect to renegotiate this Section of the Agreement.

- 11.5.2 If the resold services are purchased pursuant to Tariffs and the Tariff rates change, charges billed to Covad for such services will be based upon the new Tariff rates less the applicable wholesale discount as agreed to herein or established by resale Tariff. The new rate will be effective upon the Tariff effective date.
- 11.5.3 A Customer Transfer Charge (CTC) as specified in Appendix A applies when transferring any existing account or lines to Covad. Tariffed, non-recurring charges will apply to new installations.
- 11.5.4 A Subscriber Line Charge (SLC) will continue to be paid by Covad without discount for each local exchange line resold under this Agreement. All federal and state rules and regulations associated with SLC as found in the applicable tariffs also apply.

- 11.5.5 Covad will pay to USWC the PIC change charge without discount associated with Covad end user changes of inter-exchange or intraLATA carriers.
- 11.5.6 Covad agrees to pay USWC when its end user activates any services or features that are billed on a per use or per activation basis subject to the applicable discount in Appendix A as such may be amended pursuant to Section 11.5.1 above (e.g., continuous redial, last call return, call back calling, call trace, etc.).
- 11.5.7 Resold services are available only where facilities currently exist and are capable of providing such services without construction of additional facilities or enhancement of existing facilities. However, if Covad requests that facilities be constructed or enhanced to provide resold services, USWC will review such requests on a case-by-case basis and determine, in its sole discretion, if it is economically feasible for USWC to build or enhance facilities. If USWC decides to build or enhance the requested facilities, USWC will develop and provide to Covad a price quote for the construction. If the quote is accepted, Covad will be billed the quoted price and construction will commence after receipt of payment.
- 11.5.8 Nonrecurring charges will not be discounted and will be billed at the applicable Tariff rates.
- 11.5.9 As a part of the resold line, USWC provides and Covad accepts, at this time, operator services, directory assistance, and intraLATA long distance with standard USWC branding. Covad is not permitted to alter the branding of these services in any manner when the services are a part of the resold line without the prior written approval of USWC. However, at the request of Covad and where technically feasible, USWC will rebrand operator services and directory assistance in Covad's name, provided the costs associated with such rebranding are paid by Covad.

11.6 Collateral and Training

The Parties will jointly develop procedures regarding Covad's use of USWC's retail product training materials. Except for any rights granted by USWC to Covad for the use or copying of product training material, product training provided under this Agreement shall be considered "Proprietary Information" as described in this Agreement, and shall be subject to the terms and conditions specified therein.

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11.7 Directory Listings

USWC will accept at no charge one primary listing for each main telephone number belonging to Covad's end user based on end user information provided to USWC by Covad. USWC will place Covad's listings in USWC's directory listing database for directory assistance purposes and will make listings available to directory publishers and to other third parties. Additional terms and conditions with respect to directory listings are described in the Ancillary Services and Arrangements section of this Agreement.

11.8 Billing

11.8.1. USWC shall bill Covad and Covad is responsible for all applicable charges for the resold services as provided herein. Covad shall also be responsible for all tariffed charges and charges separately identified in this Agreement associated with services that Covad resells to an end user under this Agreement.

11.8.2 USWC shall provide Covad, on a monthly basis, within 7-10 days of the last day of the most recent billing period, in an agreed upon standard electronic billing format, billing information including (1) a summary bill, and (2) individual end user sub-account information consistent with the samples provided to Covad for Covad to render end user bills indicating all recurring and nonrecurring charges associated with each individual end user's account for the most recent billing period.

11.9 Deposit

11.9.1 USWC may require Covad to make a suitable deposit to be held by USWC as a guarantee of the payment of charges. Any deposit required of an existing Reseller is due and payable within ten days after the requirement is imposed. The amount of the deposit shall be the estimated charges for the resold service which will accrue for a two-month period.

11.9.2 When the service is terminated, or when Covad has established satisfactory credit, the amount of the initial or additional deposit, with any interest due as set forth in applicable Tariffs, will, at Covad's option, either be credited to Covad's account or refunded. Satisfactory credit for a Reseller is defined as twelve consecutive months service as a Reseller without a termination for nonpayment and with no more than one notification of intent to terminate service for nonpayment. Interest on the deposit shall be accumulated by USWC at a rate equal to the federal discount rate, as published in the Wall Street Journal from time to time.

11.10 Payment

- 11.10.1 Amounts payable under this Resale Section are due and payable within thirty (30) days after the bill date of USWC's invoice. During the initial three billing cycles of this Agreement, Covad and USWC agree that undisputed amounts shall be paid as provided herein. Covad and USWC further agree that, during said three billing cycle period, they will cooperate to resolve amounts in dispute or billing process issues in a timely manner but no later than sixty (60) days after the bill date of USWC's invoice or identification and notice of the billing process issue. Disputed amounts will be paid within thirty (30) days following resolution of the dispute.
- 11.10.2 After the three (3) month period outlined above, Covad will pay the bill in full within 30 days after the bill date of the invoice. Billing disputes will be processed and jointly resolved. Any disputed amounts that USWC remits to Covad will be credited on the next billing cycle including an interest credit of 1.5% per month compounded.
- 11.10.3 A late payment charge of 1.5% applies to all billed balances which are not paid by 30 days after the bill date shown on the invoice. USWC agrees, however, that the application of this provision will be suspended for the initial three billing cycles of this Agreement and will not apply to amounts billed during those three cycles.
- 11.10.4 USWC may discontinue processing orders for the failure by Covad to make full payment for the resold services provided under this Agreement within thirty (30) days of the due date on Covad's bill. USWC agrees, however, that the application of this provision will be suspended for the initial three billing cycles of this Agreement and will not apply to amounts billed during those three cycles.
- 11.10.5 USWC may disconnect for the failure by Covad to make full payment for the resold services provided under this Agreement within sixty (60) days of the due date on Covad's bill. Covad will pay the Tariff charge required to reconnect each end user line disconnected pursuant to this paragraph. USWC agrees, however, that the application of this provision will be suspended for the initial three billing cycles of this Agreement and will not apply to amounts billed during those three cycles.
- 11.10.6 Collection procedures and the requirements for deposit are unaffected by the application of a late payment charge.

- 11.10.7 USWC shall credit Covad's account the amount due for any trouble or out-of-service conditions in the same manner that USWC credits the accounts of its own end users and pursuant to any applicable provisions in USWC's Tariffs. USWC shall reflect the amount of such credits on an individual end user telephone number basis in the billing information USWC provides Covad.
- 11.10.8 In the event billing disputes relate to service quality issues, the dispute shall be referred to the USWC account executive assigned to Covad who will evaluate the facts and circumstances of the service quality issues and will work with Covad to resolve the dispute.

12. ACCESS TO TELEPHONE NUMBERS

12.1 Number Resources Arrangements.

- 12.1.1 Nothing in this Agreement shall be construed in any manner to limit or otherwise adversely impact either Party's right to the request and assignment of any NANP number resources including, but not limited to, central office (NXX) codes pursuant to the Central Office Code Assignment Guidelines (last published by the Industry Numbering Committee ("INC") as INC 95-0407-008, Revision 4/19/96, formerly ICCF 93-0729-010).
- 12.1.2 To the extent USWC serves as Central Office Code Administrator for a given region, USWC will support all Covad requests related to central office (NXX) code administration and assignments in the manner required and consistent with the Central Office Code Assignment Guidelines.
- 12.1.3 The Parties will comply with code administration requirements as prescribed by the Federal Communications Commission, the Commission, and accepted industry guidelines.
- 12.1.4 It shall be the responsibility of each Party to program and update its own switches and network systems pursuant to the Local Exchange Routing Guide (LERG) guidelines to recognize and route traffic to the other Party's assigned NXX codes at all times. Neither Party shall impose any fees or charges whatsoever on the other Party for such activities. The Parties will cooperate to establish procedures to ensure the timely activation of NXX assignments in their respective networks.

- 12.1.5 Each Party shall be responsible for notifying its end users of any changes in numbering or dialing arrangements to include changes such as the introduction of new NPAs or new NXX codes.
- 12.1.6 Until an impartial entity is appointed to administer telecommunications numbering and to make such numbers available on an equitable basis, USWC will assign NXX codes to Covad in accordance with national guidelines at no charge.
- 12.1.7 Each Party is responsible for administering NXX codes assigned to it. Each Party is responsible for obtaining LERG listings of CLLI codes assigned to its switches. Each Party shall use the LERG published by Bellcore or its successor for obtaining routing information and shall provide all required information to Bellcore for maintaining the LERG in a timely manner.

13. DIALING PARITY

The Parties shall provide Dialing Parity to each other as required under Section 251(b)(3) of the Act. This Agreement does not impact either Party's ability to default IntraLATA Toll via a specific dialing pattern until otherwise required by the Act.

14. U S WEST DEX ISSUES

USWC and Covad agree that certain issues, such as yellow page advertising, directory distribution, access to call guide pages, yellow page listings, will be the subject of negotiations between Covad and directory publishers, including U S WEST Dex. USWC acknowledges that Covad may request USWC to facilitate discussions between Covad and U S WEST Dex.

15. ACCESS TO DATABASES

In accordance with Section 271 of the Act, USWC shall provide Covad with interfaces to access USWC's databases and associated signaling necessary for the routing and completion of Covad traffic. Except where otherwise specified, access to such databases, and the appropriate interfaces, shall be requested by Covad via a Bona Fide Request.

16. NOTICE OF CHANGES

If a Party makes a change in its network which it believes will materially affect the inter-operability of its network with the other Party, the Party making the change shall provide advance notice of such change to the other Party in accordance with the applicable FCC regulations.

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17. REFERRAL ANNOUNCEMENT

When an end user changes from USWC to Covad, or from Covad to USWC, and does not retain its original main/listed telephone number, the Party formerly providing service to the end user will provide a transfer of service announcement on the abandoned telephone number. Each Party will provide this referral service consistent with its Tariff. This announcement will provide details on the new number that must be dialed to reach this end user.

18. COORDINATED REPAIR CALLS

18.1 Covad and USWC will employ the following procedures for handling misdirected repair calls;

18.1.1 Covad and USWC will provide their respective end users with the correct telephone numbers to call for access to their respective repair bureaus.

18.1.2 End users of Covad shall be instructed to report all cases of trouble to Covad. End users of USWC shall be instructed to report all cases of trouble to USWC.

18.1.3 To the extent the correct provider can be determined, misdirected repair calls will be referred to the proper provider of Basic Exchange Telecommunications Service.

18.1.4 Covad and USWC will provide their respective repair contact numbers to one another on a reciprocal basis.

18.1.5 In responding to repair calls, neither Party shall make disparaging remarks about each other, nor shall they use these repair calls as the basis for internal referrals or to solicit end users to market services. Either Party may respond with accurate information in answering end user questions.

19. BONA FIDE REQUEST PROCESS

19.1 Any request for Interconnection or access to an unbundled Network Element that is not already available as described herein shall be treated as a Bona Fide Request (BFR). USWC shall use the BFR Process to determine the terms and timetable for providing the requested Interconnection or access to unbundled Network Elements, if available, and the technical feasibility of new/different points of Interconnection. USWC will administer the BFR Process in a non-discriminatory manner.

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- 19.2 A BFR shall be submitted in writing and on the appropriate USWC form for BFRs. The form will request, and Covad will need to provide, at a minimum: (a) a technical description of each requested Network Element or new/different points of Interconnection; (b) the desired interface specification; (c) each requested type of Interconnection or access; (d) a statement that the Interconnection or Network Element will be used to provide a telecommunications service; (e) the quantity requested; (f) the specific location requested; (g) if the requested unbundled Network Element is a proprietary element as specified in Section 251(d)(2) of the Act, Covad must submit documentation that demonstrates that access to such Network Element is necessary, that the failure to provide access to such Network Element would impair the ability of Covad to provide the services that it seeks to offer, and that Covad's ability to compete would be significantly impaired or thwarted without access to such requested proprietary element; and (h) if the requested unbundled Network Element is a non-proprietary element as specified in Section 251(d)(2) of the Act, Covad must submit documentation that demonstrates that denial of access to such unbundled non-proprietary Network Element would decrease the quality or increase the cost of the service sought to be offered by Covad.
- 19.3 Within 15 business days of its receipt, USWC shall acknowledge receipt of the BFR and in such acknowledgment advise Covad of missing information, if any, necessary to process the BFR. Thereafter, USWC shall promptly advise Covad of the need for any additional information that will facilitate the analysis of the BFR.
- 19.4 Within 30 calendar days of its receipt of the BFR and all information necessary to process it, USWC shall provide to Covad a preliminary analysis of the BFR. The preliminary analysis shall specify USWC's conclusions as to whether or not the requested Interconnection or access to an unbundled Network Element complies with the unbundling requirements set forth above.
- 19.4.1 If USWC determines during the 30 day period that a BFR does not qualify as a Network Element or Interconnection that is required to be provided under the Act, USWC shall advise Covad as soon as reasonably possible of that fact, and USWC shall promptly, but in no case later than ten days after making such a determination, provide a written report setting forth the basis for its conclusion.
- 19.4.2 If USWC determines during the thirty day period that the BFR qualifies under the Act, it shall notify Covad in writing of such determination within ten days.
- 19.4.3 As soon as feasible, but in any case within 90 days after USWC notifies Covad that the BFR qualifies under the Act, USWC shall provide to Covad a BFR quote. The BFR quote will include, at a minimum, a description of each Interconnection and Network

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Element, the quantity to be provided, any interface specifications, and the applicable rates (recurring and nonrecurring) including the separately stated development costs and construction charges of the Interconnection or the Network Elements and any minimum volume and term commitments required.

- 19.5 If USWC has indicated minimum volume and term commitments, then within 30 days of its receipt of the BFR quote, Covad must either agree to purchase under those commitments, cancel its BFR, or seek mediation or arbitration.
- 19.6 If Covad has agreed to minimum volume and term commitments under the preceding paragraph, Covad may cancel the BFR or volume and term commitment at any time, but in the event of such cancellation Covad will pay USWC's reasonable development costs incurred in providing the Interconnection or Network Element, to the extent that those development costs are not otherwise amortized.
- 19.7 If either Party believes that the other Party is not requesting, negotiating or processing any BFR in good faith, or disputes a determination, or quoted price or cost, it may seek arbitration pursuant to the Dispute Resolution provision of this Agreement.

20. AUDIT PROCESS

- 20.1 "Audit" shall mean the comprehensive review of:
- 20.1.1 Data used in the billing process for services performed and facilities provided under this Agreement; and
- 20.1.2 Data relevant to provisioning and maintenance for services performed or facilities provided by either of the Parties for itself or others that are similar to the services performed or facilities provided under this Agreement for Interconnection or access to unbundled elements.
- 20.2 The data referred to above shall be relevant to any performance standards that are adopted in connection with this Agreement, through negotiation, arbitration or otherwise.

This Audit shall take place under the following conditions:

- 20.2.1 Either Party may request to perform an Audit.
- 20.2.2 The Audit shall occur upon 30 business days written notice by the requesting Party to the non-requesting Party.

- 20.2.3 The Audit shall occur during normal business hours.
- 20.2.4 There shall be no more than one Audit requested by each Party under this Agreement in any 12-month period.
- 20.2.5 The requesting Party may review the non-requesting Party's records, books and documents, as may reasonably contain information relevant to the operation of this Agreement.
- 20.2.6 The location of the Audit shall be the location where the requested records, books and documents are retained in the normal course of business.
- 20.2.7 All transactions under this Agreement which are over 24 months old will be considered accepted and no longer subject to Audit.
- 20.2.8 Each Party shall bear its own expenses occasioned by the Audit, provided that the expense of any special data collection shall be born by the requesting Party.
- 20.2.9 The Party requesting the Audit may request that an Audit be conducted by a mutually agreed-to independent auditor. Under this circumstance, the costs of the independent auditor shall be paid for by the Party requesting the Audit.
- 20.2.10 In the event that the non-requesting Party requests that the Audit be performed by an independent auditor, the Parties shall mutually agree to the selection of the independent auditor. Under this circumstance, the costs of the independent auditor shall be shared equally by the Parties.
- 20.2.11 The Parties agree that if an Audit discloses error(s), the Party responsible for the error(s) shall, in a timely manner, undertake corrective action for such error(s).

20.3 All information received or reviewed by the requesting Party or the independent auditor in connection with the Audit is to be considered Proprietary Information as defined by this Agreement. The non-requesting Party reserves the right to require any non-employee who is involved directly or indirectly in any Audit or the resolution of its findings as described above to execute a nondisclosure agreement satisfactory to the non-requesting Party. To the extent an Audit involves access to information of other competitors, Covad and USWC will aggregate such competitors' data before release to the other Party, to insure the protection of the proprietary nature of information of other competitors. To the extent a competitor is an affiliate of the Party being audited (including itself and its subsidiaries), the Parties shall be allowed to examine such affiliates' disaggregated data, as required by reasonable needs of the Audit.

21. AUDIOTEXT AND MASS ANNOUNCEMENT SERVICES

- 21.1 The Parties agree that access to the audiotext, mass announcement and information services of each Party should be made available to the other Party upon execution of an agreement defining terms for billing and compensation of such calls. Services included in this category include 976 calls, if available, whether flat rated or usage sensitive, intra-LATA 900 services and other intra-LATA 976-like services. Such calls will be routed over the Local Interconnection Trunks.
- 21.2 Covad and USWC will work together in good faith to negotiate and execute the agreement for billing and compensation for these services. The Parties agree that their separate agreement on audiotext and mass announcement services will include details concerning the creation, exchange and rating of records, all of which will occur without any explicit charge between the Parties, as well as a process for the handling of uncollectables so that the originating Party does not have any responsibility for uncollectables.
- 21.3 Until such time that such an agreement is executed, Covad may choose to block such calls, or Covad will agree to back-bill and compensate retroactively for such calls once the subsequent agreement is executed retroactive to the effective date of this Agreement.

21.3.1 Usage Sensitive Compensation.

All audiotext and mass announcement calls shall be considered toll calls for purposes of reciprocal compensation between the Parties. Compensation will be paid based on the compensation for toll calls referenced in this Agreement with respect to reciprocal compensation between the Parties, except that such compensation shall be paid by the Party terminating the call, rather than the Party originating the call.

21.3.2 Billing and Collection Compensation.

Billing and collection compensation will be dealt with in the separate agreement referenced in this section.

22. LOCAL INTERCONNECTION DATA EXCHANGE FOR BILLING

- 22.1 There are certain types of calls or types of Interconnection that require exchange of billing records between the Parties, including, for example, alternate billed and Toll Free Service calls. The Parties agree that all call types must be routed between the networks, accounted for, and settled among the Parties. Certain calls will be handled via the Parties' respective operator service platforms. The

Parties agree to utilize, where possible and appropriate, existing accounting and settlement systems to bill, exchange records and settle revenue.

- 22.2 The exchange of billing records for alternate billed calls (e.g., calling card, bill-to-third number, and collect) will be distributed through the existing CMDS processes, unless otherwise separately agreed to by the Parties.
- 22.3 Inter-Company Settlements ("ICS") revenues will be settled through the Calling Card and Third Number Settlement System ("CATS"). Each Party will provide for its own arrangements for participation in the CATS processes, through direct participation or a hosting arrangement with a direct participant.
- 22.4 Non-ICS revenue is defined as collect calls, calling card calls, and billed to third number calls which originate on one service provider's network and terminate on another service provider's network in the same Local Access Transport Area ("LATA"). The Parties agree to negotiate and execute an agreement for settlement of non-ICS revenue. This separate arrangement is necessary since existing CATS processes do not permit the use of CATS for non-ICS revenue. The Parties agree that the CMDS system can be used to transport the call records for this traffic.
- 22.5 Both Parties will provide the appropriate call records to the intraLATA Toll Free Service provider, thus permitting the service provider to bill its subscribers for the inbound Toll Free Service. No adjustments to bills via tapes, disks or NDM will be made without the mutual agreement of the Parties.

23. CONSTRUCTION CHARGES

- 23.1 All rates, charges and initial service periods specified in this Agreement contemplate the provision of network Interconnection services and access to Network Elements to the extent existing facilities are available. Except for modifications to existing facilities necessary to accommodate Interconnection and access to Network Elements specifically provided for in this Agreement, USWC will consider requests to build additional or further facilities for network Interconnection and access to Network Elements as described in this Section.

23.2 Resale

Construction charges associated with the resale of services will be applied in the same manner that construction charges apply to USWC's retail end users. Contracts may be negotiated on an individual case basis when construction is required for large retail or resale customers.

23.3 Interconnection

To the extent that USWC constructs facilities for Interconnection services, Covad will provide USWC with a forecast of interoffice trunks and switch ports. USWC will perform a validated traffic engineering estimate based on the forecasted demand and will then negotiate an agreed upon quantity of interoffice trunks and switch ports with Covad before constructing facilities. If Covad's forecasted quantity exceeds USWC's validated traffic engineering estimate, and if USWC finds it necessary to construct added facilities, then construction charges will apply to the exceeded quantity. USWC will track utilization of trunks, and when minimum trunk utilization requirements are not met, a recurring charge will apply for all unused trunks below the minimum utilization level.

23.4 Unbundled Network Elements

When Covad requests USWC will conduct an individual financial assessment of any request which requires construction of network capacity, facilities, or space for access to or use of unbundled Network Elements. If USWC constructs to fulfill Covad's request for unbundled Network Elements, USWC will bid this construction on a case-by-case basis. USWC will charge for the construction through non-recurring charges and a term agreement for the remaining recurring charge. However, none of these charges shall apply specifically or solely to Covad to the extent that such construction is undertaken by USWC in the ordinary course of its business.

23.5 All necessary construction will be undertaken at the discretion of USWC, consistent with budgetary responsibilities, consideration for the impact on the general body of end users, and without discrimination among the various carriers.

23.6 A quote for Covad's portion of a specific job will be provided to Covad. The quote will be in writing and will be binding for ninety (90) days after the issue date. When accepted, Covad will be billed the quoted price and construction will commence after receipt of payment. If Covad chooses not to have USWC construct the facilities, USWC reserves the right to bill Covad for the expense incurred for producing the engineered job design.

23.7 In the event a construction charge is applicable, Covad's service application date will become the date upon which USWC receives the required payment.

24. SERVICE PERFORMANCE RESULTS

24.1 USWC agrees to provide to Covad the same level of service that USWC provides to itself and/or its affiliates as determined by measuring and comparing a statistically significant number of activities listed below.

24.1.1 For those services procured by Covad and unless otherwise noted below, USWC shall measure its results and those of its affiliates

as a percentage. USWC shall also measure the percentage results of Covad.

Covad agrees to measure its performance related to these performance indicators in providing service to USWC.

- 24.1.2 In some instances, USWC may not provide the listed service to itself or its affiliates. If USWC does not provide a statistically significant number of a listed activity for itself or its affiliates, USWC will provide data which will allow comparison between Covad's performance results and the average performance results of the same performance indicator for a statistically significant number of total activities provided to all other within the state in which the service was provided.
- 24.1.3 In no event shall percentage results be provided if the number of measured activities is less than a statistically significant universe of fewer than sixty (60) activities during the time period of measurement.
- 24.1.4 The list of performance indicators to be measured monthly are as follows:

Resale Indicators

Residence Installation Intervals Offered (Facilities in Place)
 Business Installation Intervals Offered (Facilities in Place)
 Firm Order Confirmations within 48 hours (DS0) (Facilities in Place)
 Firm Order Confirmations within 48 hours (DS1) (Facilities in Place)
 Firm Order Confirmations within 48 hours (DS3) (Facilities in Place)
 Firm Order Confirmations within 48 hours (Switched) (Facilities in Place)

Average Installation Intervals Delivered (Residence) (Facilities in Place) (Days and Hours)
 Average Installation Intervals Delivered (Business) (Facilities in Place) (Days and Hours)
 Average Installation Intervals Delivered (DS0) (Facilities in Place) (Days and Hours)
 Average Installation Intervals Delivered (DS1) (Facilities in Place) (Days and Hours)
 Average Installation Intervals Delivered (DS3) (Facilities in Place) (Days and Hours)
 Average Installation Intervals Delivered (Switched) (Facilities in Place) (Days and Hours)

Residence Installation Commitments Met (Facilities in Place)
 Business Installation Commitments Met (Facilities in Place)
 Designed Installation Commitments Met (DS0) (Facilities in Place)
 Designed Installation Commitments Met (DS1) (Facilities in Place)
 Designed Installation Commitments Met (DS3) (Facilities in Place)
 Designed Installation Commitments Met (Switched) (Facilities in Place)
 CLEC-caused Installation Misses

Residence Disconnect Commitments Met

Business Disconnect Commitments Met

Residence Installation Reports (Repair Report After Installation) Within 7 Days
Business Installation Reports (Repair Report After Installation) Within 7 Days
Designed Installation Reports (Repair Report After Installation) Within 30 Days (DS0)
Designed Installation Reports (Repair Report After Installation) Within 30 Days (DS1)
Designed Installation Reports (Repair Report After Installation) Within 30 Days (DS3)
Designed Installation Reports (Repair Report After Installation) Within 30 Days (Switched Access)

Residence Percent Out of Service Cleared < 24 hours
Business Percent Out of Service Cleared in < 24 hours
Designed Percent Out of Service Cleared < 4 hours (DS0)
Designed Percent Out of Service Cleared in < 4 hours (DS1)
Designed Percent Out of Service Cleared < 4 hours (DS3)
Designed Percent Out of Service Cleared in < 4 hours (Switched)

Residence Percent Out of Service and Service Affecting Cleared < 48 hours
Business Percent Out of Service and Service Affecting Cleared < 48 hours

Residence Repair Commitments Met
Business Repair Commitments Met

Residence Repair Repeated Reports Within 30 Days
Business Repair Repeated Reports Within 30 Days
Designed Repair Repeated Reports Within 30 Days (DS0)
Designed Repair Repeated Reports Within 30 Days (DS1)
Designed Repair Repeated Reports Within 30 Days (DS3)
Designed Repair Repeated Reports Within 30 Days (Switched)

Residence Report Rate per 100 Lines
Business Report Rate per 100 Lines
CLEC-caused Trouble Reports

Unbundled Loop Indicators

Firm Order Confirmations Within 48 hours (Facilities in Place) 2 Wire
Firm Order Confirmations Within 48 hours (Facilities in Place) 4 Wire
Average Installation Intervals Delivered (Facilities in Place) 2 Wire (Days and Hours)
Average Installation Intervals Delivered (Facilities in Place) 4 Wire (Days and Hours)
Percent Installation Commitments Met (Facilities in Place) 2 Wire
Percent Installation Commitments Met (Facilities in Place) 4 Wire
Installation Reports Within 30 Days 2 Wire
Installation Reports Within 30 Days 4 Wire
Percent Out of Service Cleared in < 24 hours 2 Wire
Percent Out of Service Cleared in < 24 hours 4 Wire
Percent Out of Service and Service Affecting Cleared in < 48 hours 2 Wire
Percent Out of Service and Service Affecting Cleared in < 48 hours 4 Wire
Mean Time to Restore 2 Wire
Mean Time to Restore 4 Wire
Repair Repeated Reports Within 30 Days 2 Wire
Repair Repeated Reports Within 30 Days 4 Wire

Digital Capable Loop Indicators (available 3d Quarter, 1998)

Installation Commitments Met (percentages)
Average Installation Intervals Delivered (days)
CLEC-caused Installation Misses (percentages)
Installation Reports Within 30 Days (percentages)
Report Rate (percentages)
CLEC-caused Trouble Tickets (percentages)
Mean time to Restore (hours)
Repeated Repair Reports Within 30 days (percentages)

LIS Trunk Indicators

Firm Order Confirmations Within Six Days (Facilities in Place)
Average Installation Intervals Delivered (Facilities in Place) (Days and Hours)
Installation Commitments Met (Facilities in Place)
Installation Reports Within 30 Days
Out of Service Cleared in < 4 hours
Repair Repeated Reports Within 30 Days
CLEC-caused Trouble Reports

- 24.2 Failure to Meet the Service Standard. If during a specified review period, the performing Party fails to deliver the same level of service that it provides to itself, such Party will use its best efforts to meet the service standard for the next specified review period. If the performing Party fails to meet the service standard for two consecutive periods, the Parties agree, in good faith, to attempt to resolve such issues through negotiation or pursuant to the Dispute Resolution section of this Agreement. This paragraph shall not be construed to waive either Party's right to seek legal or regulatory intervention as provided by state or federal law.
- 24.3 The performing Party's failure to meet the service standard cannot be as a result, directly or indirectly, of a Delaying Event. A "Delaying Event" means (a) a failure by the receiving Party to perform any of its obligations set forth in this Agreement, (b) any delay, act or failure to act by an end user, agent or subcontractor of the receiving Party or (c) any Force Majeure Event. If a Delaying Event prevents the performing Party from performing a measured activity, then such measured activity shall be excluded from the calculation of the performing Party's compliance with the service standard.
- 24.4 Records. Each Party shall maintain complete and accurate records, for the specified review period of its performance under this Agreement for each measured activity and its compliance with the service standard. Each Party shall provide to the other such records in a self-reporting format. Such records shall be in the format kept in the performing Party's ordinary course of business. The Parties agree that such records shall be deemed "Proprietary Information".
- 24.5 Cost Recovery. Each Party reserves the right to recover the costs associated with the creation of the above reports and standards through a future proceeding before a regulatory body. Such a proceeding may address a wide range of implementation costs not otherwise recovered through charges established herein.

25. IMPLEMENTATION SCHEDULE

25.1 Within six months from the date of final approval of this Agreement, the Parties agree to make a good faith effort to complete each of the following interconnection arrangements:

- 25.1.1 Two-way trunk groups, as listed in Section 6.7.2 herein, necessary for the mutual exchange of traffic.
- 25.1.2 E-911 trunking and database access.
- 25.1.3 SS7 Interconnection and Certification.
- 25.1.4 Directory Listings Arrangements and Directory Assistance Interconnection.
- 25.1.5 Access to Unbundled Loops in at least one wire center.
- 25.1.6 Completion of Physical Collocation arrangements in at least one USWC Wire Center.
- 25.1.7 Completion of inter-carrier billing arrangements necessary for the joint provision of Switched Access Services and for reciprocal traffic exchange.

26. MISCELLANEOUS TERMS

26.1 General Provisions

- 26.1.1 Each Party shall use its best efforts to comply with the Implementation Schedule.
- 26.1.2 The Parties are each solely responsible for participation in and compliance with national network plans, including the National Network Security Plan and the Emergency Preparedness Plan.
- 26.1.3 Neither Party shall use any service related to or use any of the services provided in this Agreement in any manner that interferes with other persons in the use of their service, prevents other persons from using their service, or otherwise impairs the quality of service to other carriers or to either Party's end users, and each Party may discontinue or refuse service if the other Party violates this provision. Upon such violation, either Party shall provide the

other Party notice of such violation, if practicable, at the earliest practicable time.

- 26.1.4 Each Party is solely responsible for the services it provides to its end users and to other Telecommunications Carriers.
- 26.1.5 The Parties shall work cooperatively to minimize fraud associated with third-number billed calls, calling card calls, and any other services related to this Agreement.
- 26.1.6 USWC shall, within ten (10) days of receiving a request from Covad, provide Covad a letter substantially in the form set forth below:

[On U S WEST letterhead]

To Whom It May Concern:

U S WEST ("USWC") is the owner and landlord of certain real property including its central offices within its fourteen states region ("Premises"). Pursuant to that certain Interconnection Agreement between USWC and Covad Communications Company ("Covad") made as of _____ ("Interconnection Agreement"), related USWC tariffs and applicable law, Covad has the right to place certain of its own personal property or equipment ("Equipment") on such Premises. Equipment thus placed by Covad on the Premises is deemed, as between USWC and Covad, to be the personal property of Covad even though it may be placed on or affixed to the Premises.

This letter is to provide assurance that USWC does not now possess and does not now assert any claim of title to, any other right to or interest in any equipment placed by Covad on the Premises under the Interconnection Agreement and related USWC tariffs. This letter does not preclude or prevent USWC from obtaining or possessing a subsequent security interest in Equipment as may arise in the future from time to time. USWC will not oppose any reasonable attempt by any financial institution or other lender of Covad, or any successor in interest of assignee of such lender ("Lender") to enter, at reasonable times, the Premises to exercise any legal right it may have to take possession and dispose of the, provided any such possession and disposal can be achieved without a breach of the peace and without interference in any way with any prior perfected security interest USWC may have in such Equipment.

Any right or interest in the Equipment which USWC now has or may hereafter acquire because of the location or installation of the Equipment on the Premises or otherwise is hereby made subject, subordinate and inferior to the rights of Lender in the Equipment existing at the date hereof. USWC shall retain any rights it may have to bring any legal actions against Covad for non-payment of charges otherwise due, subject to Lender's rights with respect to the Equipment and to enforce any properly perfected security interest it may have in such Equipment arising after the date hereof.

Any damage to the Premises caused by Lender when removing the Equipment must be promptly repaired by Lender and/or Covad.

Lender and Covad hereby agree to hold USWC harmless from any and all actions or nonactions of any nature whatsoever taken by any party pursuant to this letter. All parties acknowledge that this letter is furnished by USWC solely at Covad's request and to facilitate the efforts of Covad to finance the purchase of equipment that Covad proposes to place on the Premises pursuant to Covad's rights under the Interconnection Agreement, related USWC tariffs and applicable law, and this letter is not intended to alter, and shall not have the effect of altering, the rights and obligations of either Covad or USWC under their existing contractual and other arrangements.

Sincerely,

26.2 Term of Agreement

This Agreement shall become effective upon Commission approval, pursuant to Sections 251 and 252 of the Act and shall terminate on May 1, 2002 (Termination Date), and shall be binding upon the Parties during the term, notwithstanding Section 252 (i) of the Act. The Parties agree to commence negotiation on a new Agreement no later than six (6) months before the Agreement terminates. If within 135 days before the termination date of the Agreement, the Parties have not reached agreement on a new Interconnection Agreement, either Party shall have the right to seek arbitration under 252(i) of the Act within 25 days after the Termination Date. Further, upon the conclusion of the term of this Agreement, Covad, consistent with Section 252 (i) of the Act, may opt into a then-existing, valid Interconnection Agreement, in its entirety. During the pendency of the arbitration proceeding this Agreement shall remain in effect.

26.3 Letter of Authorization

Where so indicated in specific sections of this Agreement, Covad is responsible to have a Letter of Authorization. Covad is solely responsible to obtain authorization from its end user for the handling of the disconnection of the end user's service with USWC, the provision of service by Covad, and the provision of Unbundled Loops and all other ancillary services. Should a dispute or discrepancy arise regarding the authority of Covad to act on behalf of the end user, Covad is responsible for providing written evidence of its authority to USWC. After this Agreement is approved and Covad is providing telecommunications services in the state of South Dakota, should a dispute or discrepancy arise regarding the authority of either Party to act on behalf of the end user, such Party is responsible for providing written evidence of its authority to the other Party.

26.4 Payment

- 26.4.1 Amounts payable under this Agreement are due and payable within thirty (30) days after the date of invoice.
- 26.4.2 Except as specified in the Resale section of this Agreement or elsewhere in this Agreement, any amount due and not paid by the due date stated above shall be subject to a late charge equal to either i) 0.03 percent per day compounded daily for the number of

calendar days from the payment due date to and including, the date of payment, that would result in an annual percentage rate of 12% or ii) the highest lawful rate, whichever is less. If late payment charges for services are not permitted by local jurisdiction, this provision shall not apply.

26.4.3 Accept for bills submitted by USWC to Covad pursuant to Section 4.1, or as otherwise ordered by the Commission with respect to rates and charges, USWC shall submit monthly bills to Covad no later than 60 days after the month in which service is provided. Covad shall not be responsible for paying untimely bills. Should Covad dispute any portion of the monthly billing under this Agreement, Covad will notify USWC in writing within thirty (30) days of the receipt of such billing, identifying the amount and details of such dispute. Both Covad and USWC agree to expedite the investigation of any disputed amounts in an effort to resolve and settle the dispute prior to initiating any other rights or remedies. Covad shall notify USWC in the event that it does not receive a bill from USWC within 45 days of ordering the Service.

26.4.4 If Covad is repeatedly delinquent in making its payments, USWC may, in its sole discretion, require a deposit to be held as security for the payment of charges. "Repeatedly delinquent" means being thirty (30) days or more delinquent for three (3) consecutive months. The deposit may not exceed the estimated total monthly charges for a two (2) month period. The deposit may be a cash deposit, a letter of credit with terms and conditions acceptable to USWC in its sole discretion, or some other form of mutually acceptable security.

26.4.5 Interest will be paid on cash deposits at the rate applying to deposits under applicable Commission rules, regulations, or Tariffs. Cash deposits and accrued interest will be credited to Covad's account or refunded, as appropriate, upon the earlier of the termination of this Agreement or one full year of timely payments in full by Covad. The fact that a deposit has been made does not relieve Covad from any requirements of this Agreement.

26.5 Taxes

Each Party purchasing services hereunder shall pay or otherwise be responsible for all applicable federal, state, or local sales, use, excise, gross receipts, transaction or similar taxes, fees or surcharges levied against or upon such purchasing Party (or the providing Party when such providing Party is permitted to pass along to the purchasing Party such taxes, fees or surcharges), except for any tax on either Party's corporate existence, status or income. Whenever

possible, these amounts shall be billed as a separate item on the invoice. To the extent a sale is claimed to be for resale tax exemption, the purchasing Party shall furnish the providing Party a proper resale tax exemption certificate as authorized or required by statute or regulation by the jurisdiction providing said resale tax exemption. Failure to timely provide said resale tax exemption certificate will result in no exemption being available to the purchasing Party.

26.6 Force Majeure

Neither Party shall be liable for any delay or failure in performance of any part of this Agreement from any cause beyond its control and without its fault or negligence including, without limitation, acts of nature, acts of civil or military authority, government regulations, embargoes, epidemics, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, work stoppages, equipment failure, power blackouts, volcanic action, other major environmental disturbances, unusually severe weather conditions, inability to secure products or services of other persons or transportation facilities or acts or omissions of transportation carriers (collectively, a "Force Majeure Event"). In the event of a labor dispute or strike the Parties agree to provide service to each other at a level equivalent to the level they provide themselves.

26.7 Limitation of Liability

26.7.1 Except as otherwise provided in the indemnity section, no Party shall be liable to the other Party for any loss, defect or equipment failure caused by the conduct of the other Party, the other Party's agents, servants, contractors or others acting in aid or concert with the other Party.

26.7.2 Except for indemnity obligations, each Party's liability to the other Party for any loss relating to or arising out of any negligent act or omission in its performance of this Agreement, whether in contract or in tort, shall be limited to the total amount that is or would have been charged to the other Party by such negligent or breaching Party for the service(s) or function(s) not performed or improperly performed.

26.7.3 In no event shall either Party have any liability whatsoever to the other Party for any indirect, special, consequential, incidental or punitive damages, including but not limited to loss of anticipated profits or revenue or other economic loss in connection with or arising from anything said, omitted or done hereunder (collectively, "Consequential Damages"), even if the other Party has been advised of the possibility of such damages; provided, that the foregoing shall not limit a Party's obligation to indemnify, defend and hold the other Party harmless against any amounts payable to a third party, including any losses, costs, fines,

penalties, criminal or civil judgments or settlements, expenses (including attorneys' fees) and Consequential Damages of such third party. Nothing contained in this Section 26 shall limit either Party's liability to the other for (i) willful or intentional misconduct (including gross negligence); (ii) bodily injury, death or damage to tangible real or tangible personal property proximately caused by such Party's negligent act or omission or that of their respective agents, subcontractors or employees nor shall anything contained in this section limit the Parties' indemnification obligations, as specified above.

26.7.4 Nothing contained in this Section shall limit either Party's liability to the other for intentional, malicious misconduct.

26.7.5 Nothing contained in this Section shall limit either Party's obligations of indemnification as specified in the Indemnity Section of this Agreement.

26.8 Indemnity

26.8.1 With respect to third party claims, each of the Parties agrees to release, indemnify, defend and hold harmless the other Party and each of its officers, directors, employees and agents (each an "Indemnitee") from and against and in respect of any loss, debt, liability, damage, obligation, claim, demand, judgment or settlement of any nature or kind, known or unknown, liquidated or unliquidated including, but not limited to, costs and attorneys' fees, whether suffered, made, instituted, or asserted by any other party or person, for invasion of privacy, personal injury to or death of any person or persons, or for loss, damage to, or destruction of property, whether or not owned by others, resulting from the indemnifying Party's performance, breach of applicable law, or status of its employees, agents and subcontractors; or for failure to perform under this Agreement, regardless of the form of action.

26.8.2 The indemnification provided herein shall be conditioned upon:

26.8.2.1 The indemnified Party shall promptly notify the indemnifying Party of any action taken against the indemnified Party relating to the indemnification. Failure to so notify the indemnifying Party shall not relieve the indemnifying Party of any liability that the indemnifying Party might have, except to the extent that such failure prejudices the indemnifying Party's ability to defend such claim.

- 26.8.2.2 The indemnifying Party shall have sole authority to defend any such action, including the selection of legal counsel, and the indemnified Party may engage separate legal counsel only at its sole cost and expense.
- 26.8.2.3 In no event shall the indemnifying Party settle or consent to any judgment pertaining to any such action without the prior written consent of the indemnified Party.

26.9 Intellectual Property

- 26.9.1 Each Party hereby grants to the other Party the limited, personal and nonexclusive right and license to use its patents, copyrights and trade secrets but only to the extent necessary to implement this Agreement or specifically required by the then applicable federal and state rules and regulations relating to Interconnection and access to telecommunications facilities and services, and for no other purposes. With regard to any such other intellectual property not necessary to implement this Agreement, the Parties may enter into a separate agreement pertaining thereto. Nothing in this Agreement shall be construed as the grant to the other Party of any rights or licenses to trademarks.
- 26.9.2 The rights and licenses above are granted "AS IS" and the other Party's exercise of any such right and license shall be at the sole and exclusive risk of the other Party. Neither Party shall have any obligation to defend, indemnify or hold harmless, or acquire any license or right for the benefit of, or owe any other obligation or have any liability to, the other based on or arising from any claim, demand, or proceeding (hereinafter "claim") by any third party alleging or asserting that the use of any circuit, apparatus, or system, or the use of any software, or the performance of any service or method, or the provision of any facilities by either Party under this Agreement constitutes infringement, or misuse or misappropriation of any patent, copyright, trade secret, or any other proprietary or intellectual property right of any third party.
- 26.9.3 As a condition to the access or use of patents, copyrights, trade secrets and other intellectual property (including software) owned or controlled by a third party to the extent necessary to implement this Agreement or specifically required by the then applicable federal and state rules and regulations relating to Interconnection and access to telecommunications facilities and services, the Party providing access may require, the other Party upon written notice, from time to time, to obtain a license or permission for such access or use, make all payments in connection with obtaining such license, and provide evidence of such license

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However, nothing stated in this Section shall constitute a waiver of either Party's rights under applicable law involving such third party intellectual property and the right to raise any such legal arguments in a Federal court action.

26.9.4 Except as expressly provided in this Intellectual Property Section, nothing in this Agreement shall be construed as the grant of a license, either express or implied, with respect to any patent, copyright, logo, trademark, tradename, trade secret or any other intellectual property right now or hereafter owned, controlled or licensable by either Party. Neither Party may use any patent, copyright, logo, trademark, tradename, trade secret or other intellectual property right of the other Party or its affiliates without execution of a separate agreement between the Parties.

26.9.5 Neither Party shall, without the express written permission of the other Party, state or imply that: 1) it is connected, or in any way affiliated with the other Party or its affiliates, 2) it is part of a joint venture, business association, or any similar arrangement with the other Party or its affiliates, 3) a Party and its affiliates are in any way sponsoring, endorsing or certifying the other Party and its goods and services, or 4) with respect to either Party's advertising or promotional activities or materials, that the resold goods and services are in any way associated with or originated from the other Party or any of its affiliates. Nothing in this paragraph shall prevent either Party from truthfully describing the Network Elements and wholesale services it uses to provide service to its customers.

26.9.6 For purposes of resale only and notwithstanding the above, unless otherwise prohibited by USWC pursuant to an applicable provision herein, Covad may use the phrase "Covad is a reseller of U S WEST Communications services" (the "Authorized Phrase") in Covad's printed materials provided:

26.9.6.1 The Authorized Phrase is not used in connection with any goods or services other than USWC services resold by Covad.

26.9.6.2 Covad's use of the Authorized Phrase does not, in USWC's sole discretion, cause end users to believe that Covad is USWC.

26.9.6.3 The Authorized Phrase, when displayed, appears only in text form (Covad may not use the U S WEST logo) with all letters being the same font and point size. The point size of the Authorized Phrase shall be no greater than one

fourth the point size of the smallest use of Covad's name and in no event shall exceed 8 point size.

26.9.6.4 Covad shall provide all printed materials to USWC for its prior written approval.

26.9.6.5 If USWC determines that Covad's use of the Authorized Phrase causes end user confusion, USWC may in its sole discretion, immediately terminate Covad's right to use the Authorized Phrase.

26.9.6.6 Upon termination of Covad's right to use the Authorized Phrase or termination of this Agreement, all permission or right to use the Authorized Phrase shall immediately cease to exist and Covad shall immediately cease any and all such use of the Authorized Phrase. Covad shall either promptly return to USWC or destroy all materials in its possession or control displaying the Authorized Phrase.

26.9.7 Each Party acknowledges the value of the other Party's marks (the "Marks") and the goodwill associated therewith and acknowledges that such goodwill is a property right belonging to the other Party (the "Owners"). Each Party recognizes that nothing contained in this Agreement is intended as an assignment or grant to the other Party of any right, title or interest in or to the Marks and that this Agreement does not confer any right or license to grant sublicenses or permission to third parties to use the Marks and is not assignable. Neither Party will do anything inconsistent with the Owner's ownership of the Marks, and all rights, if any, that may be acquired by use of the Marks shall inure to the benefit of the Owners. Neither Party will adopt, use (other than as authorized herein), register or seek to register any mark anywhere in the world which is identical or confusingly similar to the Marks or which is so similar thereto as to constitute a deceptive colorable imitation thereof or to suggest or imply some association, sponsorship, or endorsement by the Owners. The Owners make no warranties regarding ownership of any rights in or the validity of the Marks.

26.10 Warranties

NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, THE PARTIES AGREE THAT NEITHER PARTY HAS MADE, AND THAT THERE DOES NOT EXIST, ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

U S WEST SHALL CONDUCT ALL ACTIVITIES AND INTERFACES WHICH ARE PROVIDED FOR UNDER THIS AGREEMENT WITH COVAD CUSTOMERS IN A CARRIER-NEUTRAL, NONDISCRIMINATORY MANNER.

26.11 Assignment

Neither Party may assign or transfer (whether by operation of law or otherwise) this Agreement (or any rights or obligations hereunder) to a third party without the prior written consent of the other Party provided that each Party may assign this Agreement to a corporate affiliate or an entity under its common control or an entity acquiring all or substantially all of its assets or equity by providing prior written notice to the other Party of such assignment or transfer. Any attempted assignment or transfer that is not permitted is void ab initio. Without limiting the generality of the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties' respective successors and assigns.

26.12 Default

If either Party defaults in the payment of any amount due hereunder, or if either Party violates any other provision of this Agreement, and such default or violation shall continue for thirty (30) days after written notice thereof, the other Party may seek legal and/or regulatory relief. The failure of either Party to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision, but the same shall, nevertheless, be and remain in full force and effect.

26.13 Disclaimer of Agency

Except for provisions herein expressly authorizing a Party to act for another, nothing in this Agreement shall constitute a Party as a legal representative or agent of the other Party, nor shall a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name or on behalf of the other Party unless otherwise expressly permitted by such other Party. Except as otherwise expressly provided in this Agreement, no Party undertakes to perform any obligation of the other Party whether regulatory or contractual, or to assume any responsibility for the management of the other Party's business.

26.14 Severability

In accordance with Section 1 of this Agreement, if one or more of the provisions contained herein must be modified because of changes in Existing Rules or modifications to arbitration proceedings, the Parties will negotiate in good faith for replacement language. If replacement language cannot be agreed upon, either Party may seek regulatory intervention, including negotiations pursuant to

Sections 251 and 252 of the Act. In all other respects, the provisions of this Agreement are not severable.

26.15 Nondisclosure

- 26.15.1 All information, including but not limited to specifications, microfilm, photocopies, magnetic disks, magnetic tapes, drawings, sketches, models, samples, tools, technical information, data, employee records, maps, financial reports, and market data, (i) furnished by one Party to the other Party dealing with end user specific, facility specific, or usage specific information, other than end user information communicated for the purpose of publication of directory database inclusion, or (ii) in written, graphic, electromagnetic, or other tangible form and marked at the time of delivery as "Confidential" or "Proprietary", or (iii) communicated and declared to the receiving Party at the time of delivery, or by written notice given to the receiving Party within ten (10) days after delivery, to be "Confidential" or "Proprietary" (collectively referred to as "Proprietary Information"), shall remain the property of the disclosing Party. A Party who receives Proprietary Information via an oral communication may request written confirmation that the material is Proprietary Information. A Party who delivers Proprietary Information via an oral communication may request written confirmation that the Party receiving the information understands that the material is Proprietary Information. USWC acknowledges that Covad is a private company and the existence of an affiliated relationship between Covad and each of its corporate affiliates is Proprietary Information.
- 26.15.2 Upon request by the disclosing Party, the receiving Party shall return all tangible copies of Proprietary Information, whether written, graphic or otherwise, except that the receiving Party may retain one copy for archival purposes.
- 26.15.3 Each Party shall keep all of the other Party's Proprietary Information confidential and shall use the other Party's Proprietary Information only in connection with this Agreement. Neither Party shall use the other Party's Proprietary Information for any other purpose except upon such terms and conditions as may be agreed upon between the Parties in writing.
- 26.15.4 Unless otherwise agreed, the obligations of confidentiality and non-use set forth in this Agreement do not apply to such Proprietary Information as:

- 26.15.4.1 was at the time of receipt already known to the receiving Party free of any obligation to keep it confidential evidenced by written records prepared prior to delivery by the disclosing Party; or
- 26.15.4.2 is or becomes publicly known through no wrongful act of the receiving Party; or
- 26.15.4.3 is rightfully received from a third person having no direct or indirect secrecy or confidentiality obligation to the disclosing Party with respect to such information; or
- 26.15.4.4 is independently developed by an employee, agent, or contractor of the receiving Party which individual is not involved in any manner with the provision of services pursuant to the Agreement and does not have any direct or indirect access to the Proprietary Information; or
- 26.15.4.5 is disclosed to a third person by the disclosing Party without similar restrictions on such third person's rights; or
- 26.15.4.6 is approved for release by written authorization of the disclosing Party; or
- 26.15.4.7 is required to be made public by the receiving Party pursuant to applicable law or regulation provided that the receiving Party shall give sufficient notice of the requirement to the disclosing Party to enable the disclosing Party to seek protective orders.

26.15.5 Effective Date Of This Section. Notwithstanding any other provision of this Agreement, the Proprietary Information provisions of this Agreement shall apply to all information furnished by either Party to the other in furtherance of the purpose of this Agreement, even if furnished before the date of this Agreement. The Parties shall not make public announcements, press releases or communicate to the media in any way the signing of this contract without the express written permission of the other Party. This shall not be construed to restrict either Party's ability to convey such information in regulatory or legal proceedings.

26.16 Survival

The Parties' obligations under this Agreement which by their nature are intended to continue beyond the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement.

26.17 Dispute Resolution

If any claim, controversy or dispute between the Parties, their agents, employees, officers, directors or affiliated agents related solely to and arising directly from a breach of this Agreement ("Dispute") cannot be settled through negotiation, it shall be resolved by arbitration conducted by a single arbitrator engaged in the practice of law, under the then current rules of the American Arbitration Association ("AAA"). The Federal Arbitration Act, 9 U.S.C. Secs. 1-16, not state law, shall govern the arbitrability of all Disputes. In all such proceedings each Party shall have reasonable discovery rights. The arbitrator shall not have authority to award punitive damages. All expedited procedures prescribed by the AAA rules shall apply. The arbitrator in his/her discretion may award the prevailing Party some or all of its reasonable attorneys' fees and costs; provided, however, that a Party shall not be considered a "prevailing Party" unless it obtains an award more favorable than that offered by the other Party in its last written offer made at least thirty (30) days prior to the beginning of the arbitration. The arbitrator's award shall be final and binding and may be entered in any court having jurisdiction thereof. The arbitration shall occur in the largest city, in the state of South Dakota, unless otherwise mutually agreed to by the Parties. Nothing in this Section shall be construed to waive or limit either Party's right to seek any relief from the Commission, or the Federal Communications Commission, or Federal Court (including equitable or injunctive relief), as provided by state or federal law.

No Dispute, regardless of the form of action, arising out of this Agreement, may be brought by either Party more than two (2) years after the cause of action accrues.

26.18 Controlling Law

This Agreement was negotiated by the Parties in accordance with the terms of the Act and the laws of the state where service is provided hereunder. It shall be interpreted solely in accordance with the terms of the Act and other applicable state and federal law.

26.19 Joint Work Product

This Agreement is the joint work product of the Parties and has been negotiated by the Parties and their respective counsel and shall be fairly interpreted in accordance with its terms and, in the event of any ambiguities, no inferences shall be drawn against either Party.

26.20 Responsibility for Environmental Contamination

Neither Party shall be liable to the other for any costs whatsoever resulting from the presence or release of any environmental hazard that either Party did not

introduce to the affected work location. Both Parties shall defend and hold harmless the other, its officers, directors and employees from and against any losses, damages, claims, demands, suits, liabilities, fines, penalties and expenses (including reasonable attorneys' fees) that arise out of or result from (i) any environmental hazard that the indemnifying Party, its contractors or agents introduce to the work locations or (ii) the presence or release of any environmental hazard for which the indemnifying Party is responsible under applicable law.

26.21 Notices

Any notices required by or concerning this Agreement shall be sent to the Parties at the addresses shown below:

USWC
Director Interconnection Compliance
1801 California, Room 2410
Denver, CO 80202

With copy to:
U S WEST, Inc. Law Department
Attention: General Counsel
1801 California Street, 51st Floor
Denver, CO 80202

Covad
Covad Communications Company
2330 Central Expressway
Santa Clara, CA 95050
Attn: Dhruv Khanna, General Counsel

Each Party shall inform the other of any changes in the above addresses.

26.22 Responsibility of Each Party

Each Party is an independent contractor, and has and hereby retains the right to exercise full control of and supervision over its own performance of its obligations under this Agreement and retains full control over the employment, direction, compensation and discharge of all employees assisting in the performance of such obligations. Each Party will be solely responsible for all matters relating to payment of such employees, including compliance with social security taxes, withholding taxes and all other regulations governing such matters. Each Party will be solely responsible for proper handling, storage, transport and disposal at its own expense of all (i) substances or materials that it or its contractors or agents bring to, create or assume control over at work locations or, (ii) waste resulting therefrom or otherwise generated in connection with its or its contractors' or agents' activities at the work locations. Subject to

the limitations on liability and except as otherwise provided in this Agreement, each Party shall be responsible for (i) its own acts and performance of all obligations imposed by applicable law in connection with its activities, legal status and property, real or personal and, (ii) the acts of its own affiliates, employees, agents and contractors during the performance of that Party's obligations hereunder.

26.23 No Third Party Beneficiaries

Except as may be specifically set forth in this Agreement, this Agreement does not provide and shall not be construed to provide third parties with any remedy, claim, liability, reimbursement, cause of action, or other privilege.

26.24 Referenced Documents

All references to Sections or Appendices shall be deemed to be references to Sections of, and Appendices to, this Agreement unless the context shall otherwise require. Whenever any provision of this Agreement refers to a technical reference, technical publication, Covad practice, USWC practice, any publication of telecommunications industry administrative or technical standards, or any other document specifically incorporated into this Agreement, it will be deemed to be a reference to the most recent version or edition (including any amendments, supplements, addenda, or successors) of such document that is in effect, and will include the most recent version or edition (including any amendments, supplements, addenda, or successors) of each document incorporated by reference in such a technical reference, technical publication, Covad practice, USWC practice, or publication of industry standards (unless Covad elects otherwise). Should there be any inconsistency between or among publications or standards, Covad shall elect which requirement shall apply.

26.25 Publicity and Advertising

Neither Party shall publish or use any advertising, sales promotions or other publicity materials that use the other Party's logo, trademarks or service marks without the prior written approval of the other Party.

23.26 Amendment

Covad and USWC may mutually agree to amend this Agreement in writing. Since it is possible that amendments to this Agreement may be needed to fully satisfy the purposes and objectives of this Agreement, the Parties agree to work cooperatively, promptly and in good faith to negotiate and implement any such additions, changes and corrections to this Agreement.

26.27 Executed in Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original; but such counterparts shall together constitute one and the same instrument.

26.28 Headings of No Force or Effect

The headings of Sections of this Agreement are for convenience of reference only, and shall in no way define, modify or restrict the meaning or interpretation of the terms or provisions of this Agreement.

26.29 Cancellation Charges

Except as provided pursuant to a Network Element, Bona Fide Request, or as otherwise provided in any applicable Tariff or contract referenced herein, no cancellation charges shall apply.

26.30 Regulatory Approval

The Parties understand and agree that this Agreement will be filed with the Commission and may thereafter be filed with the FCC and shall, at all times, be subject to review by the Commission or the FCC. In the event any such review rejects any portion of this Agreement, renders it inoperable or creates any ambiguity of requirement for further amendment, the Parties agree to meet and negotiate in good faith to arrive at a mutually acceptable modification.

26.31 Compliance

Each Party shall comply with all applicable federal, state, and local laws, rules and regulations applicable to its performance under this Agreement.

26.32 Compliance with the Communications Law Enforcement Act of 1994 ("CALEA")

In the provision of POTS services, each Party represents and warrants that any equipment, facilities or services provided to the other Party under this Agreement comply with CALEA. Each Party shall indemnify and hold the other Party harmless from any and all penalties imposed upon the other Party for such noncompliance and shall at the non-compliant Party's sole cost and expense, modify or replace any equipment, facilities or services provided to the other Party under this Agreement to ensure that such equipment, facilities and services fully comply with CALEA.

25.33 Cooperation

The Parties agree that this Agreement involves the provision of USWC services in ways such services were not previously available and the introduction of new processes and procedures to provide and bill such services. Accordingly, the Parties agree to work jointly and cooperatively in testing and implementing processes for pre-ordering, ordering, maintenance, provisioning and billing and in reasonably resolving issues which result from such implementation on a timely basis.

25.34 Entire Agreement

This Agreement constitutes the entire agreement between the Parties and supersedes all prior oral or written agreements, representations, statements, negotiations, understandings, proposals and undertakings with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement, for services in the state of South Dakota, to be executed by their respective duly authorized representatives.

IECA Communications, Inc. d.b.
Covad Communications Company


Signature

Shruv Khanna
Name Printed/Typed

VP & General Counsel
Title

1/15/99
Date

U S WEST Communications, Inc.


Signature

Katherine L. Fleming
Name Printed/Typed

Executive Director-Interconnect Negotiations
Title

1-15-99
Date

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement, for services in the state of South Dakota, to be executed by their respective duly authorized representatives.

Covad Communications Company

Signature

Name Printed/Typed

Title

Date

U S WEST Communications, Inc.



Signature

Katherine L. Fleming

Name Printed/Typed

Executive Director-Interconnect Negotiations

Title

1-15-99

Date

**SOUTH DAKOTA
APPENDIX A
Rates and Charges**

U S WEST INTERCONNECTION PRICE LIST

The rates contained in this Appendix A are interim in nature and are subject to revision upon the Commission's approval of rates contained in USWC's cost docket. Such Commission approved rates shall be incorporated into this Appendix A. Any additional rates not included in this Appendix A and included in the cost docket, such as non-recurring charges, shall also be incorporated into this Appendix A.

In the event that the text of this Agreement references a rate (or rate element) that is not contained in this Appendix A and Covad wishes to obtain such element from USWC, USWC will provide the applicable rate upon request by Covad.

INTERCONNECTION - LOCAL EXCHANGE

Entrance Facility (EF2)

DS1, Electrical
DS3, Electrical

Recurring

\$82.59
\$336.99

Nonrecurring

\$515.80
\$611.88

Call Termination

Average Per Minute of Use

Price

\$ 0003469

Call Transport

Direct Trunked Transport

DS1 - 0 Miles
DS1 - Over 0 to 8
DS1 - Over 8 to 25
DS1 - Over 25 to 50
DS1 - Over 50

Fixed

None
\$34.75
\$34.76
\$34.76
\$34.75

Per Mile

None
\$.095
\$1.82
\$1.77
\$1.23

DS3 - 0 Miles
DS3 - Over 0 to 8
DS3 - Over 8 to 25
DS3 - Over 25 to 50
DS3 - Over 50

None
\$236.22
\$236.53
\$236.71
\$243.94

None
\$10.43
\$10.83
\$9.91
\$24.44

Tandem Switching, Per Minute Of Use

Price

\$0 001748

Multiplexing, per arrangement

DS3 to DS1
DS1 to DS0

Recurring

\$191.32
\$181.28

Nonrecurring

\$287.45
\$280.77

INTERCONNECTION - EXCHANGE ACCESS

Call Termination	Per Switched Access Tariff
Call Transport	Per Switched Access Tariff
Call Transit	Per Switched Access Tariff

COMMON CHANNEL SIGNALING ACCESS SERVICE

	Recurring	Nonrecurring
Signal Link Transport, per Link	\$47.39	-
Signal Transfer Point, per Message	\$0.00035	-
Service Control Points/Databases, per Message	\$0.00139	-

	Recurring	Nonrecurring
CCS Link - First Link	None	\$511.54
CCS Link - Each additional Link	None	\$73.40

Shuffling		
DS1 to DS0	\$181.28	\$280.77
DS3 to DS1	\$191.32	\$287.45

- * Nonrecurring charges (service order charges) shall be charged based on the cost incurred by USWC. When Covad begins placing orders, the Parties shall agree upon the appropriate, cost based nonrecurring charges, and if they cannot agree they shall resolve the matter through the Dispute Resolution procedures in the Agreement.

PHYSICAL, VIRTUAL AND COMMON COLLOCATION

Common Elements	Recurring	Nonrecurring
Quote Preparation Fee	None	\$1000
Covad Typical Cageless Collocation		
2 Bay Configuration	\$700.00	\$18,000.00
4 Bay Configuration	\$770.00	\$27,656.00
6 Bay Configuration	\$1,390.00	\$45,656.00
Entrance Facility - 2 fibers (EF1) (Note 1)	\$107.83	\$1000
EICT Channel Terminations		
2-wire DS0 EICT	\$1.14	\$274.65
4-wire DS0 EICT	\$1.45	\$274.65
DS1 EICT	\$12.57	\$311.89
DS3 EICT	\$36.56	\$313.28

EIC Regeneration		
DS1 Regeneration (Note 1)	\$12.21	\$311.69
DS3 Regeneration (Note 1)	\$75.61	\$313.28

SPOT Frame, per termination

DS0	\$0.01	\$5.18
DS1	\$0.02	\$12.26
DS3	\$0.32	\$185.78

SPOT Frame, Block Terminations

DS0, per 100 terminations	\$1.10	\$617.55
DS1, per 28 terminations	\$0.76	\$449.96
DS3, per each termination	\$0.43	\$249.87

Cable Racking

ICB

HVAC

ICB

Cable Splicing

Per setup	None	\$472.48
Per Fiber Spliced	None	\$37.95

48 Volt Power, per ampere, per month	\$15.24	None
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48 Volt Power Cable (per foot)

20 Ampere Capacity - Recurring	\$0.11	\$70.21
40 Ampere Capacity - Recurring	\$0.16	\$95.20
60 Ampere Capacity - Recurring	\$0.17	\$107.22

Equipment Bay, Per Shelf	\$3.88	None
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	Regular Hours	After Hours
Inspector per 1/2 Hour	\$27.70	\$35.99
Training per 1/2 Hour	\$24.64	None
Engineering per 1/2 Hour	\$23.93	\$32.01
Installation per 1/2 Hour	\$27.70	\$35.99
Maintenance per 1/2 Hour	\$24.54	\$32.64

Physical Collocation

	Recurring	Nonrecurring
Cage/Hard Wall Enclosure	ICB	ICB
Rent (w/ Maintenance) - per square foot Zone 1 (Note 2)	\$2.75	None
Rent (w/ Maintenance) - per square foot Zone 2 (Note 2)	\$2.26	None
Rent (w/ Maintenance) - per square foot Zone 3 (Note 2)	\$2.06	None

Common Collocation

The Physical Collocation rates above will apply, without the Cage Enclosure or Grounding rates.

ACCESS TO UNBUNDLED ELEMENTS

Unbundled Loops

	Recurring	Nonrecurring
Network Interface Device, per Line (Note 4)		\$58.58
2-Wire LIS-Link, Statewide (Aggregated Loop)	\$21.09	
4-Wire LIS-Link, Statewide (Aggregated Loop)	\$39.34	
Digital Capable Loops		
Basic rate ISDN capable Loop	\$26.14	
DS1 capable Loop	\$96.87	
Regeneration		
DS1	\$12.21	
DS3	\$75.61	
ISDN Extension Increment, Per Loop (Note 3)	\$26.87	
DS1 capable loop installation		Currently Under Development
Basic Installation, First LIS-Link		\$106.29
Basic Installation, Each Additional LIS-Link		\$58.44
Installation with Conformance Testing, First LIS-Link		\$170.79
Installation with Conformance Testing, Each Additional LIS-Link		\$86.61
Coordinated Installation with Testing, First LIS-Link		\$218.00
Coordinated Installation with Testing, Each Additional LIS-Link		\$133.81
Cable Unloading and Bridge Tap Removal (Note 5)		\$58.50
Local Switching		
End Office Port, Per First Port	\$1.44	\$98.39
End Office Port, Per Each Additional Port	\$1.44	\$52.98
Average Per Minute of Use, Per Port	\$0.003469	

- * Nonrecurring charges (service order charges) shall be charged based on the cost incurred by USWC. When Covad begins placing orders, the Parties shall agree upon the appropriate, cost based nonrecurring charges, and if they cannot agree they shall resolve the matter through the Dispute Resolution procedures in the Agreement.

ANCILLARY SERVICES

	Price
Directory Assistance	
Price Per Call -- Facilities-Based Providers	\$0.31
Busy Line Verification	
Per Call	\$0.75
Busy Line Interrupt	
Per Call	\$0.92
Listings	
Primary Listings, Directory Assistance, White & Yellow Pages	No Charge
E911	
LEC and CLECs recover costs from PSAP	No Charge
Interim Number Portability	In accordance with the New York Method.
Assignment of Numbers	Price
Assignments per industry guidelines	No Charge

Notes

- 1 Pursuant to Order TC 95-184 the recurring rate is applicable for the first two years of the agreement. After that period, the Entrance Enclosure recurring rate is \$2.53
- 2 Zones per NECA 4 Tariff
- 3 This charge applies when Covad requests ISDN capability on an unbundled loop greater than 18 klt.
- 4 This charge applies when USW must install a Network Interface Device for a CLEC or when USW must connect a CLEC's loop to the USW Network Interface Device.
- 5 This charge applies only when loop unloading is necessary
- 6 Pursuant to Order TC 95-184 U S WEST is not required to make its enhanced services available for resale.

**LOCAL EXCHANGE SERVICES
RESALE OF SERVICES**

The Parties agree the following charges apply to the Resale of Local Services:

1. Nonrecurring Charges.

- a. Customer Transfer Charge (CTC): \$5 Non-Recurring

- b. Product Specific Nonrecurring Charge: As set forth in USWC tariffs, the product specific nonrecurring charges, at the discount, will apply when additional lines or trunks are added or when the end user adds features or services to existing lines or trunks.

2. All retail telecommunications services are available for resale at a discount of 15.55%
Includes billing and collections, operator services, and directory assistance..

If Clec provides its own operator services, directory assistance, and billing and 12.81%
collections

3. The following services are available for resale under this Agreement but are not included in the wholesale pricing reflected above unless and until the Commission orders that wholesale discount rates are generally available to resellers with respect to these products in that state:

Special Access
Public Access Lines

4. The following services are not available for resale:

Lifeline
Concession Service
Technical Trials
Non-sequential promotions of not more than 90 days

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of February 18, 1999 through February 24, 1999

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you,
please contact Delaine Kolbo within five business days of this filing.
Phone: 605-773-3705. Fax: 605-773-3809.

ELECTRIC

EL99-003 In the Matter of the Joint Request of Otter Tail Power Company and Sioux Valley Southwestern Electric Cooperative for the Transfer of Rights and Property Pursuant to SDCL 49-34A-55.

Sioux Valley - Southwestern Electric Cooperative (SVSW), Colman, South Dakota and Ottertail Power Company (OTP), Fergus Falls, Minnesota, filed for approval by the Commission a Joint Petition for the transfer of rights and properties from OTP to SVSW.

Staff Attorney: Karen Cremer
Staff Analyst: Martin Bettmann
Date Filed: 02/19/99
Intervention Deadline: N/A

TELECOMMUNICATIONS

TC99-016 In the Matter of the Application of GCC License Corporation for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

GCC License Corporation filed a request for a Certificate of Authority to provide intrastate toll services on a resold basis throughout the state of South Dakota. Applicant seeks authority to provide a full range of interexchange services, including presubscribed long distance, calling card, prepaid calling card, 10XXX access and "personalized 800 service".

Staff Attorney: Camron Hoseck
Staff Analyst: Harlan Best
Date Filed: 02/19/99
Intervention Deadline: 03/12/99

TC99-017 In the Matter of the Filing by U S WEST Communications, Inc. for Approval of an Interconnection Agreement between U S WEST Communications, Inc. and DIECA Communications, Inc. d/b/a Covad Communications Company.

Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than March 17, 1999.

Parties to the agreement may file written responses to the comments within twenty days of service of the comments.

Staff Attorney: Camron Hoseck
Staff Analyst: Harlan Best
Date Filed: 02/22/99
Comments Due: 03/17/99

TC99-018 In the Matter of the Filing by U S WEST Communications, Inc. for
Approval of Negotiated/Arbitrated Terms of Agreement for
Interconnection, Resale and Unbundled Elements between Northern
Valley Communications and U S WEST Communications, Inc.

Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than March 17, 1999. Parties to the agreement may file written responses to the comments within twenty days of service of the comments.

Staff Attorney: Camron Hoseck
Staff Analyst: Harlan Best
Date Filed: 02/22/99
Comments Due: 03/17/99

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You may subscribe to the PUC mailing list at <http://www.state.sd.us/puc/>

South Dakota Public Utilities Commission

State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070



February 25, 1999

Mr. Todd L. Lundy
Senior Attorney
U S WEST Communications, Inc.
1801 California Street, Suite 5100
Denver, CO 80202

Ms. Colleen Sevoid
Manager - Public Policy
U S WEST Communications, Inc.
125 South Dakota Avenue, 8th Floor
Sioux Falls, SD 57194

Capitol Office
Telephone (605)773-3201
FAX (605)773-3809

Transportation/
Warehouse Division
Telephone (605)773-5200
FAX (605)773-3225

Consumer Hotline
1-800-332-1782

TTY Through
Relay South Dakota
1-800-877-1113

Internet
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Jim Burg
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Executive Director

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Jeffrey P. Lamm
Terry Norman
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Tummi Stangor
Steven M. Wegman
Rakynne Ailsa West

Ms. Kristine B. Macneal
Contract Administrator
Contract Development & Services
U S WEST Law Department
7800 East Orchard Road, No. 250
Englewood, CO 80111

Mr. Dhruv Khanna
Vice President and General Counsel
DIECA Communications, Inc. d/b/a
Covad Communications Company
3560 Bassett Street
Santa Clara, CA 95054

Re: U S WEST/Covad Communications Company
Interconnection Agreement
Docket TC99-017

Dear Folks:

Enclosed you will find Staff Analysis and Recommendation with reference to the above captioned matter. This is intended as service upon you may mail.

Very truly yours,

Camron Hoseck
Staff Attorney

CH:dk
Enc.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY U S WEST) COMMUNICATIONS, INC. FOR APPROVAL OF) INTERCONNECTION AGREEMENT BETWEEN) U S WEST COMMUNICATIONS, INC. AND) DIECA COMMUNICATIONS, D/B/A COVAD) COMMUNICATIONS COMPANY)	STAFF ANALYSIS AND RECOMMENDATION TC99-017
--	--

At 47 U.S.C. Section 252(a)(1) the law provides that negotiated interconnection agreements which have been reached are to be submitted to the Public Utilities Commission (Commission) for approval. Submission of the agreement is to be in accordance with Subsection (e) of this provision. Subsection (e) provides that the Commission is to reject or approve the agreement with written findings as to deficiencies. The grounds for rejection are specified in Subsection (e)(2). As summarized, those reasons include discrimination, inconsistency with the public interest, convenience and necessity or inconsistency with Section 251 (the general interconnection provision) or the standards of (d) of Section 252 (pricing standards).

Staff bases its analysis and recommendations on the standard of the public interest.

ANALYSIS

The following comments are directed to that portion of the agreement entitled "General Provisions" which begin at page 105. The following comments are made for the assistance of the Commission:

1. At paragraph 26.10, "Warranties," beginning on page 113, there is a standard provision with regard to warranties. Staff questions the necessity of this paragraph and its applicability in this agreement as it applies to services since warranties apply to the purchase of goods; at least part of this is a contract for the purchase of services. See

"Scope of Agreement," paragraph 2.1, in the beginning of the agreement where it specifically states that part of document is a contract for services for resale. Staff has raised this in previous cases and believes that it adds confusion to a contract.

2. Under paragraph 26.18 "Controlling Law," there is a provision in this interconnection agreement which provides that it was negotiated in accordance with the terms of the Act and the laws of the state where service is provided. It goes on to say "[i]t shall be interpreted solely in accordance with the terms of the Act and other applicable state and federal law." Services may be actually provided in states other than South Dakota under this agreement. Further, the second sentence, quoted above, only makes vague reference to "other applicable state...law" and this fails to give South Dakota consumers adequate protection in defining the law under which the agreement will be interpreted. It is vague. In order to avoid any question whatsoever, Staff recommends this agreement NOT be approved until this section is modified to specifically state that the agreement was negotiated under and is subject to South Dakota law.

3. The following comment is made with regard to the company named "DIECA Communications, d/b/a Covet Communications Company. This Company does not have a certificate of authority issued by the South Dakota Public Utilities Commission allowing it to provide local service. It is submitted that the Commission may not approve an interconnection agreement unless the party which is connecting with the incumbent telecommunications company is authorized to provide local service. Further, it is the undersigned attorney's opinion that under 47 U.S.C. 251(a)(1), interconnection agreements must be between telecommunications carriers as that term is defined to mean

a telecommunications provider, see 47 U.S.C. 153(44):

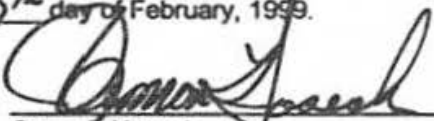
The term "telecommunications carrier" means any provider of telecommunications services, except that such term does not include aggregators of telecommunications services (as defined in section 226). A telecommunications shall be treated as a common carrier under this Act only to the extent that it is engaged in providing telecommunications services, except that the Commission shall determine whether the provision of fixed and mobile satellite service shall be treated as common carriage. (emphasis supplied)

It is submitted that unless and until DIECA Communications, d/b/a Covad Communications Company is a certificated provider of telecommunications services, contractual interconnection is impossible. The time limitations of 47 U.S. C. 252 (e)(4) do not commence to run until DIECA Communications, d/b/a Covad Communications Company obtains a certificate of authority to provide local service in South Dakota.

CONCLUSION

The Commission should not approve this agreement until such time as it is made subject to South Dakota law and DIECA Communications, d/b/a Covad Communications Company obtains a certificate of authority to provide local service in South Dakota..

Respectfully submitted this 25th day of February, 1999.


Camron Hoseck
Staff Attorney
South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501


CERTIFICATE OF SERVICE

I hereby certify that copies of Staff Analysis and Recommendation were served on the following by mailing the same to them by United States Post Office First Class Mail, postage thereon prepaid, at the address shown below on this the 25th day of

February, 1999.

Todd Lundy
Senior Attorney
U S WEST Communications, Inc.
1801 California Street, Suite 5100
Denver CO 80202

Dhrub Khanna
Vice President and General Counsel
DIECA Communications, Inc. d/b/a
Covad Communications Company
3560 Bassett Street
Santa Clara, CA 95054


Camron Hoseck
Staff Attorney

Ms. Colleen Sevold
Manager - Public Policy
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Sioux Falls, SD 57194

Kris Macneal
Contract Administrator
Contract Development and Services
U S WEST Law Department
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Alex M. Duarte
Senior Attorney

Via Facsimile (605)773-3809 & Overnight Delivery

November 15, 1999

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501



RECEIVED

NOV 16 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

FAX Received NOV 15 1999

Re: Interconnection Agreement between DIECA Communications, d/b/a Covad
Communications Company and U S WEST Communications, Inc.
Docket No. TC99-017

On February 19, 1999 U S WEST Communications, Inc. ("U S WEST") submitted the Interconnection Agreement between U S WEST and DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad") for approval by the Commission. Staff Analysis and Recommendation issued February 25, 1999 recommended that the agreement not be approved until: 1) paragraph 26.18, the controlling law provision, is modified to specifically state that the agreement was negotiated under and is subject to South Dakota law, and 2) Covad is certified as a provider of telecommunications services.

Covad has applied for certification as a telecommunications provider which is pending before the Commission. As a result, U S WEST is submitting the attached page modifying the controlling law paragraph in the interconnection agreement to comply with Staff's recommendation. Please substitute the attached page into the Interconnection Agreement pending approval by the Commission at its meeting on Monday, October 15, 1999 at 1:30 p.m.

Covad has authorized U S WEST to submit the attached modified page on Covad's behalf.

Very truly yours,



Alex Duarte

/s/
Enclosures



cc: Dhruv Khanna
Vice President and General Counsel
DIECA Communications, Inc. d/b/a
Covad Communications Company
3560 Bassett Street
Santa Clara, CA 95054

Ms. Colleen Sebold
Manager - Public Policy
125 S. Dakota Avenue, 8th Floor
Sioux Falls, SD 57194

26.17 Dispute Resolution

If any claim, controversy or dispute between the Parties, their agents, employees, officers, directors or affiliated agents related solely to and arising directly from a breach of this Agreement ("Dispute") cannot be settled through negotiation, it shall be resolved by arbitration conducted by a single arbitrator engaged in the practice of law, under the then current rules of the American Arbitration Association ("AAA"). The Federal Arbitration Act, 9 U.S.C. Secs. 1-16, not state law, shall govern the arbitrability of all Disputes. In all such proceedings each Party shall have reasonable discovery rights. The arbitrator shall not have authority to award punitive damages. All expedited procedures prescribed by the AAA rules shall apply. The arbitrator in his/her discretion may award the prevailing Party some or all of its reasonable attorneys' fees and costs; provided, however, that a Party shall not be considered a "prevailing Party" unless it obtains an award more favorable than that offered by the other Party in its last written offer made at least thirty (30) days prior to the beginning of the arbitration. The arbitrator's award shall be final and binding and may be entered in any court having jurisdiction thereof. The arbitration shall occur in the largest city, in the state of South Dakota, unless otherwise mutually agreed to by the Parties. Nothing in this Section shall be construed to waive or limit either Party's right to seek any relief from the Commission, or the Federal Communications Commission, or Federal Court (including equitable or injunctive relief), as provided by state or federal law.

No Dispute, regardless of the form of action, arising out of this Agreement, may be brought by either Party more than two (2) years after the cause of action accrues.

26.18 Controlling Law

This Agreement was negotiated by the Parties in accordance with the terms of the Act and the laws of South Dakota. It shall be interpreted solely in accordance with the terms of the Act, South Dakota law and applicable federal law.

26.19 Joint Work Product

This Agreement is the joint work product of the Parties and has been negotiated by the Parties and their respective counsel and shall be fairly interpreted in accordance with its terms and, in the event of any ambiguities, no inferences shall be drawn against either Party.

26.20 Responsibility for Environmental Contamination

Neither Party shall be liable to the other for any costs whatsoever resulting from the presence or release of any environmental hazard that either Party did not

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY U S WEST)	ORDER APPROVING
COMMUNICATIONS, INC. FOR APPROVAL OF)	AGREEMENT
AN INTERCONNECTION AGREEMENT)	
BETWEEN U S WEST COMMUNICATIONS,)	TC99-017
INC. AND DIECA COMMUNICATIONS, INC.)	
D/B/A COVAD COMMUNICATIONS COMPANY)	

On February 22, 1999, U S WEST Communications, Inc. (U S WEST) filed for approval by the South Dakota Public Utilities Commission (Commission) an interconnection agreement between DIECA Communications, Inc. d/b/a Covad Communications Company (DIECA) and U S WEST.

On February 25, 1999, the Commission electronically transmitted notice of this filing to interested individuals and entities. The notice stated that any person wishing to comment on the parties' request for approval had until March 17, 1999, to do so. No comments were filed other than by staff on February 25, 1999. Staff recommended in its filing that the agreement not be approved until such time as the agreement was made subject to South Dakota law and that DIECA obtained a certificate of authority to provide local service in South Dakota.

At its duly noticed November 15, 1999, meeting, the Commission considered whether to approve the agreement between U S WEST and DIECA. Commission staff recommended its approval as the conditions of its recommendation had been met.


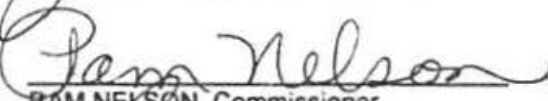
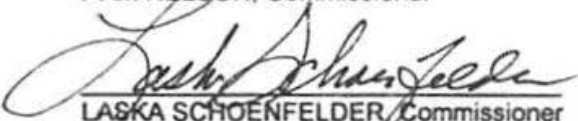
The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-31, and the Federal Telecommunications Act of 1996. In accordance with 47 U.S.C. § 252(e)(2), the Commission found that the agreement does not discriminate against a telecommunications carrier that is not a party to the agreement and the agreement is consistent with the public interest, convenience, and necessity. The Commission unanimously voted to approve the agreement. It is therefore

ORDERED, that the Commission approves the agreement.

Dated at Pierre, South Dakota, this 18th day of November, 1999.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.
By: <u>Alaine Kalbo</u>
Date: <u>11/22/99</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

 JAMES A. BURG, Chairman
 PAM NELSON, Commissioner
 LASKA SCHOENFELDER, Commissioner