

TC02-165

KY

TC02-165

DOCKET NO.

In the Matter of

IN THE MATTER OF THE FILING FOR
APPROVAL OF ~~AMENDMENTS TO~~
~~INTERCONNECTION~~ AGREEMENTS
BETWEEN QWEST CORPORATION
A N D C O V A D
COMMUNICATIONS COMPANY
AND QWEST CORPORATION AND
MCLEODUSA TELECOMMUNICATIONS
SERVICES, INC.

Public Utilities Commission of the State of South Dakota

TC02-165

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September 24, 2002

RECEIVED

SEP 25 2002

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Debra Elofson, Executive Director
South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501

Re: Petition for Approval of Amendments to Interconnection Agreements (TC02-____)
Our File No. 2104.117

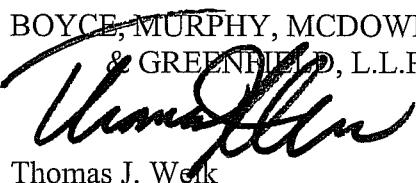
Dear Ms. Elofson:

Please find enclosed for filing the original and ten (10) copies of the Petition for Approval of Amendments to Interconnection Agreements.

On September 9, 2002 the same documents were filed in the TC01-098 file (In the Matter of Determining Prices for Unbundled Network Elements (UNEs) in Qwest Corporation's Statement of Generally Available Terms (SGAT)). Please withdraw that filing and substitute and file these documents in a new docket.

Sincerely yours,

BOYCE, MURPHY, McDOWELL
& GREENFIELD, L.L.P.



Thomas J. Welk

TJW/vjj
Enclosures

cc: Todd Lundy
Andrew Clauss
Larry Toll
Colleen Sevold

SEP 25 2002

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

TC 02-_____

**PETITION FOR APPROVAL OF
AMENDMENTS TO INTERCONNECTION
AGREEMENTS**

Pursuant to Section 252(e) of the Telecommunications Act of 1996, Qwest Corporation ("Qwest") hereby submits the following listed negotiated agreements between Qwest and Competitive Local Exchange Carriers ("CLECs") for filing with and approval by the Commission:

1. US West Service Level Agreement with Covad Communications Co. dated April 19, 2000
2. Confidential Billing Settlement Agreement between U S West and McLeod USA dated April 28, 2000
3. Confidential Settlement Agreement between U S West and McLeod USA dated May 1, 2000
4. Confidential Agreement Between McLeod USA and Qwest dated October 26, 2000.

Qwest has previously submitted numerous agreements with CLECs in South Dakota for approval by the Commission under Section 252(e). In addition to the filed agreements, Qwest also has implemented other contractual arrangements with CLECs that it does not believe fall within the filing requirements of Section 252.

During the evidentiary hearings in the TC01-165 proceeding (In the Matter of the Investigation into Qwest Corporation's Compliance with Section 271 (C) of the Telecommunications Act of 1996), the Public Utilities Commission of the State of South Dakota ("the Commission") requested that Qwest answer several questions in writing by sworn affidavit. In response to the request by the Commission, Qwest filed a Notice of Filings of Todd Lundy, corporate counsel of the Eastern Region for Qwest, and Dan Hult, Senior Director of Business Development, Wholesale, for Qwest dated June 13, 2002. Qwest provided the agreements that are subject to confidentiality with third parties in a sealed envelope and has requested confidential treatment of those agreements pursuant to the Commission regulations.

Earlier this year questions were raised regarding Qwest's decision in this area, most notably a complaint filed by the Minnesota Department of Commerce ("DOC") alleging, after a review of dozens of Qwest CLEC contracts, that eleven should have been filed with the Minnesota PUC. Qwest promptly brought this matter to the Commission's attention in a letter from Larry Toll dated March 12, 2002, including providing copies of our answer to the DOC complaint and copies of those of the 11 identified agreements that also had applicability in South Dakota. Qwest invited the Commission to review the agreements for itself also filed a petition with the FCC requesting a declaratory ruling as to the scope of the Section 252(a) filing requirement in this area.

Qwest has at all times operated in good faith in filing with the Commission the pertinent interconnection agreements and amendments, and is committed to full compliance with the Act. As a further demonstration of our good faith, after this issue arose Qwest modified its processes and standards for all new agreements with CLECs. Qwest advised the Commission of this policy by letter on June 12, 2002. Under this policy Qwest is broadly filing all contracts, agreements or letters of understanding between Qwest Corporation and CLECs that create obligations to meet the requirements of Section 251(b) or (c) on a going forward basis. Qwest believes that commitment goes well beyond the requirements of Section 252(a). For example, it reaches details of business-to-business carrier relations that Qwest does not think the Communications Act requires to be filed with state commissions for approval. However, we are committed to follow this standard until the FCC issues a decision on the appropriate line drawing in this area. (Unless requested by the Commission, Qwest has not been filing routine day-to-day paperwork, orders for specific services, or settlements of past disputes that do not otherwise meet the above definition.)

Older agreements provide a more complicated case. Qwest naturally has been concerned about its potential penalty liability with regard to second-guessing of its past filing decisions in an area where the standards have not been clearly defined. Nevertheless, Qwest is now taking a further step as a sign of its good faith. Specifically, Qwest has reviewed all of our currently effective agreements with CLECs in South Dakota that were entered into prior to adoption of the new policy. This group includes those agreements that relate to Section 251(b) or (c) services on an on-going basis which have not been terminated or superseded by agreement, commission order, or otherwise. Qwest has applied its broad new review standard to all such agreements and provided them here.

Qwest is petitioning the Commission to approve the attached agreements such that, to the extent any active provisions of such agreements relate to Section 251 (b) or (c), they are formally available to other CLECs under Section 252(i). For the Commission's benefit, Qwest has marked, highlighted or bracketed those terms and provisions in the agreements which Qwest believes relate to Section 251(b) or (c) services, and have not been terminated or superseded by agreement, commission order, or otherwise, and are thus subject to filing and approval under Section 252. We are not asking the Commission to decide whether any of these agreements, or specific provisions therein, in fact are required to be filed under Section 252 as a matter of law. The Commission need simply approve those provisions relating to Section 251(b) or (c) services under its Section 252(e) procedures, and Qwest will make the going forward provisions related to Section 251(b) or (c) available under Section 251(i). Thus, the Commission does not at this time need to reach a legal interpretation of Section 252(a), or decide when the 1996 Act makes a filing mandatory, and when it does not.

As noted above, Qwest has not been and is not filing routine day-to-day paperwork, settlements of past disputes, stipulations or agreements executed in connection with federal bankruptcy proceedings, or orders for specific services. Included in this last category are contract forms for services provided in approved interconnection agreements, such as signaling, call-related databases, and operator or directory services. The parties may execute a form contract memorializing the provision of such services offered and described in the interconnection agreement. Upon the Commission's request, Qwest can provide examples of routine paperwork, order documents, or form contracts for its review.

Qwest also has not filed contracts with CLECs arising out of bankruptcy proceedings, because such contracts relate to pre- and post-bankruptcy petition claims, adequate assurances agreements, avoidance of service interruptions and the like, and do not change the terms or conditions of the

underlying interconnection agreement. In the event that a bankruptcy court finalizes an agreement that does change the terms of the existing interconnection agreement that agreement will be filed with the state commission under Section 252(e). (We have not excluded agreements with bankrupt CLECs entered into before they filed for bankruptcy.)

Qwest realizes that this voluntary decision to submit the attached agreements does not bind the Commission with respect to the question of Qwest's past compliance. However, Qwest submits that it has acted in good faith, and that this Commission will conclude that penalties are not appropriate. In any event, Qwest actions here remove any argument with respect to Qwest's compliance with Section 252 now and going forward.

Qwest requests that the Commission approve the agreements as soon as reasonably practicable. Qwest reserves its rights to demonstrate that one or more of these agreements need not have been filed in the event of an enforcement action in this area. Meanwhile, however, Qwest will offer other CLECs any terms in effect for the benefit of the contracting CLEC pursuant to the policies and rules related to Section 251(i). (Provisions that settle past carrier-specific disputes, that do not relate to Section 251, or that are no longer in effect are not subject to Section 251(i) and this offering.)

As a further sign of good faith, Qwest will also be posting the agreements on the website it uses to provide notice to CLECs and announcing the immediate availability to other CLECs in the State of South Dakota of the interconnection-related terms and conditions. This will facilitate the ability of CLECs to request terms and conditions, subject to the Commission's decision approving the agreements filed here.

Given the confidentiality provisions contained in some of these agreements and the fact that the CLECs involved may deem the information contained therein confidential, Qwest has redacted those terms, such as confidential settlement amounts relating to settlement of historical disputes between Qwest and the particular CLEC, confidential billing and bank account numbers and facility locations, which relate solely to the specific CLEC and do not relate to Section 251(b) or (c) services.

Dated this 24th day of September, 2002.



Thomas J. Welk
Boyce, Murphy, McDowell & Greenfield LLP
PO Box 5015
Sioux Falls, SD 57117

Todd Lundy
Corporate Counsel of the Eastern Region
1801 California Street - Suite 4700
Denver, CO 80202

Attorneys for Qwest Corporation

April 19, 2000

U S WEST Service Level Agreement with Covad Communications Company Unbundled Loop Services

[Trade Secret Data Begins]

U S WEST is committed to provide its customers excellent service. In an effort to meet Covad's request, and to provide increased service to other co-providers, U S WEST agrees to make demonstrable improvements to its provisioning service performance on unbundled loops, in order to reach within a reasonable time the following service quality standards in the metropolitan areas where Covad provides to U S WEST wire center forecasts. These quality standards would apply under normal operating conditions, but they would not establish a level of performance to be achieved during periods of emergency, catastrophe, natural disaster, severe storm or other events affecting large numbers of telecommunications customers. These standards would not apply under extraordinary or abnormal conditions of operations such as those resulting from work stoppage or slowdown, or during periods of civil unrest. They would not apply during events outside the control or responsibility of U S WEST, such as cable cuts by third parties, vandalism, or conditions prompted by vendors or suppliers. The parties have agreed that U S WEST's performance will increase on step-level increments with a commitment to reach these service levels within 90 days.

1. FOC Process

U S WEST will provide 90% of Covad's Firm Order Confirmation (FOC) dates within 48 hours of receipt of properly completed service requests for POTS unbundled loop services. It is understood that these POTS services will not require loop conditioning activity of any sort (load coil or bridged tap removal). U S WEST will notify Covad of any facilities change issues for DSL capable, ISDN capable and DS1 capable services within this same 48-hour time period.

For DSL capable, ISDN capable and DS1 capable unbundled loop services, U S WEST will provide 90% of Covad's FOC dates within 72 hours of receipt of properly completed service requests. As part of the 72-hour FOC process, U S WEST will dispatch a technician to verify the existence of suitable facilities prior to providing Covad an FOC date.

2. Service Intervals

When facilities are available, U.S. WEST will provide Covad with unbundled loop service that does not require loop conditioning consistent with U.S. WEST's published Standard Interval Guide, as of March 91, 2100 at least 90% of the time. The standard intervals will not apply if Covad requests a later completion date, or if the order is delayed for customer cause, or reasons outside U.S. WEST's control. U.S. WEST will provide Covad with line sharing service (access to the high frequency spectrum network element) at least 95% of the time within the interval set forth in any line sharing agreement between Covad and U.S. WEST.

3. New Service Failures

U.S. WEST recognizes the need for a quality provisioning process, and is committed to providing circuits which are properly conditioned, tested and released right the first time. U.S. WEST will reduce the incidence of failure on new Covad circuits to less than 10% failure within the first 30 calendar days. For purposes of measurement, "failures" would be defined as U.S. WEST troubles, or troubles attributed to U.S. WEST facilities and central office equipment, or to U.S. WEST employees. "Failures" would not include repair tickets which are informational in nature, or troubles isolated outside the U.S. WEST network.

4. Facilities Problems

Covad service requests which are accepted, but can not be completed due to lack of facilities, would be resolved through the U.S. WEST "hold over" process. For those service requests held due to line conditioning, U.S. WEST will provide Covad the option of paying for the line conditioning at the appropriate rate approved by the relevant State Commission, which U.S. WEST will complete in 24 days or less 90% of the time. Where U.S. WEST has committed to bulk conditioning in certain localities, U.S. WEST will provide Covad the additional option of retaining those service requests until U.S. WEST has completed the bulk conditioning in that locality. U.S. WEST will then process the service request and not charge Covad for the line conditioning. In those situations where the end user customer is served by digital loop carrier or off pair gain, U.S. WEST will notify Covad of that situation and provide it the option of submitting a service request for an ISDN capable loop compliant with TR-393 standards and U.S. WEST Technical Publication 77399. U.S. WEST will, where technically feasible, either install an appropriate ISDN card for those end user customers served by digital loop carrier or provide another ISDN option for those served off of pair gain in 10 days or less 90% of the time. Where it would not impact a current end user customer, U.S. WEST will perform a line and station transfer in order to provision the Covad service request in 10 days or less 90% of

U S WEST Service Level Agreement - Covad Communications Company

the time. In a parallel effort, U S WEST will resolve those orders already being "held" for lack of facilities within the next 60 days in the manner described in this paragraph for new service requests. For all service requests for which facilities cannot be made available in the manner described in this paragraph, U S WEST will notify Covad of that fact and, at the option of Covad, either place the service request on a service inquiry list or cancel or reject the service request.

Based on U S WEST's commitment to meet these service performance standards, Covad commits to withdrawing its opposition to the U S WEST/Qwest merger. U S WEST acknowledges that the resolutions reached in this service level agreement are for settlement purposes only and do not necessarily represent the position that Covad would take if it continued to litigate this proceeding. This service level agreement is not intended to modify, alter or waive any existing or future legal or contractual requirements that U S WEST provide service in shorter intervals or at a higher success rate than set forth in this agreement. Covad specifically reserves the right to take positions contrary to the resolutions agreed to in this service level agreement in any future proceeding before any state or federal regulatory, judicial or administrative body and to argue for entirely different results in any future proceeding before any state or federal regulatory, judicial or administrative body.

Trade Secret Data Ends]

Dated: April 19, 2000

Ken G Mascotte

Ken G Mascotte
Vice President, by Ann M. Laior
U S WEST Network Complex Services

Catherine Hemmer

Catherine Hemmer
Executive Vice President,
Covad Communications Company

SUBJECT TO RULE OF EVIDENCE 408

[Trade Secret Data Begins]

CONFIDENTIAL BILLING SETTLEMENT AGREEMENT

This Confidential Billing Settlement Agreement ("Agreement"), dated April 28, 2000, is between U S WEST Communications, Inc. ("U S WEST") and McLeodUSA, Inc. ("McLeodUSA") who hereby enter into this Confidential Billing Settlement Agreement with regard to the following:

RECITALS

1. U S WEST is an incumbent local exchange provider operating in the states of Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming.
2. McLeodUSA is a competitive local exchange provider that will soon operate in all fourteen states of U S WEST's operating region.
3. Whereas both U S WEST and McLeodUSA have entered into interconnection agreements pursuant to the federal Telecommunications Act of 1996 ("Act"), under Section 251 and 262 of that Act, and those agreements have been approved by the appropriate state commissions where those agreements were filed pursuant to the Act. U S WEST and McLeodUSA operate under those agreements in certain states, as well as various state and federal tariffs.
4. McLeodUSA has intervened in the U S WEST/QWEST merger proceedings that have been or are being conducted by several states within U S WEST's 14-state region, including Arizona, Minnesota, Montana, Utah, Washington and Wyoming.
5. Disputes between the parties have arisen in a number of states under

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both the interconnection agreements and tariffs regarding a number of billing issues, including nonblocked Centrex service, subscriber list information charges, reciprocal compensation and interim pricing.

6. In an attempt to finally resolve those issues in dispute, including McLeodUSA's opposition to the merger, and avoid delay and costly litigation, the parties voluntarily enter into this Confidential Billing Settlement Agreement to resolve all disputes, claims and controversies between the parties, as of the date of this Agreement that relate to the matters addressed herein and release all claims related to those matters.

CONFIDENTIAL BILLING SETTLEMENT AGREEMENT

1. In consideration for McLeodUSA's withdrawal from the merger dockets, and within five (5) business days after McLeodUSA has withdrawn its opposition to the merger in all states and dismissed its pending FCC complaint regarding subscriber list information charges, U S WEST will pay McLeodUSA [REDACTED] to resolve the nonblocked Centrex service and subscriber list information billing disputes. The form of payment will consist of bill credits (if payment has not been made) or cash payments to McLeodUSA.

2. Effective upon merger closure and subject to the additional terms described below, U S WEST will pay McLeodUSA [REDACTED] to resolve miscellaneous billing disputes. The form of payment will consist of a cash payment to McLeodUSA, payable within five (5) business days following merger closure.

a. Nonblocked Centrex Service: Subject to McLeodUSA's withdrawal from the merger dockets and dismissal of its FCC complaint, McLeodUSA and U S WEST agree

that upon payment to McLeodUSA of the [REDACTED] described in paragraph 1, all disputed Centrex related charges incurred through March 31, 2000 have been fully resolved and all claims for such charges are released. Effective immediately, for Centrex service charges incurred on a going-forward basis, the parties will continue to negotiate, in good faith, a business-to-business resolution.

b. Subscriber List Information Charges: Subject to McLeodUSA's withdrawal from the merger dockets and dismissal of its FCC complaint, U S WEST and McLeodUSA agree that upon payment to McLeodUSA of the [REDACTED] described in paragraph 1, all disputed amounts incurred through March 31, 2000 have been fully resolved and all claims for such charges are released. McLeodUSA agrees to immediately dismiss its pending FCC complaint regarding subscriber list information charges. Effective immediately, on a going-forward basis, McLeodUSA will pay the \$.04 (per listing for initial load) and \$.06 (per listing for updates) rates for subscriber list information or such other final rates as may be established by any cost docket proceedings or rates the parties may negotiate, in good faith, on a business-to-business basis. Both parties reserve the right to participate fully in future rate determination proceedings.

c. Compensation for Traffic Exchange: Upon payment to McLeodUSA of the [REDACTED] described in paragraph 1, in all existing and future states, for the period of March 1, 2000 through December 31, 2002, the parties agree to immediately amend their existing interconnection agreements to change the reciprocal compensation terms from a usage-based system to a "bill and keep" arrangement for local and Internet-related traffic, and to incorporate such a bill and keep arrangement into any future

interconnection agreements in any of U S WEST's fourteen states. Subject to merger closure, both parties agree not to bill usage to one another in any existing or future state between March 1, 2000 and the date of merger closure. However, in the event that the merger between U S WEST and QWEST does not close, U S WEST will retroactively bill McLeodUSA for the true-up for reciprocal compensation for usage through February 29, 2000 at the appropriate state commission-approved rates. Both parties may bill each other retroactively for the usage not billed between March 1, 2000 and the date on which it is officially announced that the merger will not close, based on, appropriate state commission-approved rates or the currently existing interconnection agreement(s). U S WEST and McLeodUSA agree to pay the undisputed portion of such retroactive usage billing at the appropriate state commission-approved rates within five (5) business days of receiving each other's invoices for the same. In addition, if the merger does not close, the parties will immediately amend their existing interconnection agreements accordingly.

d. Interim Pricing: Subject to merger closure and in consideration for the bill and keep arrangement agreed upon above, U S WEST and McLeodUSA agree that all interim rates, except reciprocal compensation rates, will be treated as final and any final commission orders entered in any of the 14 states in U S WEST's territory [through April 30, 2000, and] on a going-forward basis through December 31, 2002, (except as such

orders may relate to reciprocal compensation rates for the period between March 1, 2000 and December 31, 2002—reciprocal compensation is addressed in paragraph 2.c. of this agreement) will be applied prospectively to McLeodUSA, and not retroactively. In addition, U S WEST agrees that this settlement term will apply throughout the terms

of the parties' existing interconnection agreements. Thus, both Parties agree not to bill each other for any true-ups associated with final commission orders that affect interim prices and release claims for such true-ups.

e. Centrex Service Agreements: For McLeodUSA's five-year Centrex Service Agreements that expire before December 31, 2002, the Parties agree to extend the terms and pricing of those agreements until December 31, 2002.

3. For valuable consideration mentioned above, the receipt and sufficiency of which are hereby acknowledged, McLeodUSA and U S WEST do hereby release and forever discharge the other and the other's associates, owners, stockholders, predecessors, successors, agents, directors, officers, partners, employees, representatives, employees of affiliates, employees of parents, employees of subsidiaries, affiliates, parents, subsidiaries, insurance carriers, bonding companies and attorneys, from any and all manner of action or actions, causes or causes of action, in law, under statute, or in equity, suits, appeals, petitions, debts, liens, contracts, agreements, promises, liability, claims, affirmative defenses, offsets, demands, damages, losses, costs, claims for restitution, and expenses, of any nature whatsoever, fixed or contingent, known or unknown, past and present asserted or that could have been asserted or could be asserted in any way relating to or arising out of the billing disputes/matters addressed herein.

4. The terms and conditions contained in this Confidential Billing Settlement Agreement shall inure to the benefit of, and be binding upon, the respective successors, affiliates and assigns of the Parties.

5. McLeodUSA hereby covenants and warrants that it has not assigned or

transferred to any person any claim, or portion of any claim which is released or discharged by this Confidential Billing Settlement Agreement.

6. The Parties expressly agree that they will keep the substance of the negotiations and/or conditions of the settlement and the terms or substance of this Confidential Billing Settlement Agreement strictly confidential. The parties further agree that they will not communicate (orally or in writing) or in any way disclose the substance of negotiations and/or conditions of the settlement and the terms or substance of this agreement to any person, judicial or administrative agency or body, business, entity or association or anyone else for any reason whatsoever, without the prior express written consent of the other party unless compelled to do so by law. It is expressly agreed that this confidentiality provision is an essential element of this Confidential Billing Settlement Agreement. The parties agree that this Confidential Billing Settlement Agreement and negotiations, and all matters related to these two matters, shall be subject to the Rule 408 of the Rules of Evidence, at the federal and state level.

7. In the event either Party has a legal obligation which requires disclosure of the terms and conditions of this Confidential Billing Settlement Agreement, the Party having the obligation shall immediately notify the other Party in writing of the nature, scope and source of such obligation so as to enable the other Party, at its option, to take such action as may be legally permissible so as to protect the confidentiality provided for in this agreement.

8. This Confidential Billing Settlement Agreement constitutes the entire agreement between the Parties and can only be changed in a writing or writings executed by both of the Parties. Each of the Parties forever waives all right to assert

that this Confidential Billing Settlement Agreement was a result of a mistake in law or in fact.

9. This Confidential Billing Settlement Agreement shall be interpreted and construed in accordance with the laws of the State of Colorado, and shall not be interpreted in favor or against any Party to this agreement.

10. The Parties have entered into this Confidential Billing Settlement Agreement after conferring with legal counsel.

11. If any provision of this Confidential Billing Settlement Agreement should be declared to be unenforceable by any administrative agency or court of law, the remainder of the Confidential Billing Settlement Agreement shall remain in full force and effect, and shall be binding upon the Parties hereto as if the invalidated provision were not part of this Confidential Billing Settlement Agreement.

12. Any claim, controversy or dispute between the Parties in connection with this Confidential Billing Settlement Agreement shall be resolved by private and confidential arbitration conducted by a single arbitrator engaged in the practice of law, under the then current rules of the American Bar Association. The Federal Arbitration Act, 9 U.S.C. §§ 1-16, not state law, shall govern the arbitrability of all disputes. The arbitrator shall only have the authority to determine breach of this agreement, but shall not have the authority to award punitive damages. The arbitrator's decision shall be final and binding and may be entered in any court having jurisdiction thereof. Each party shall bear its own costs and attorneys' fees and shall share equally in the fees and expenses of the arbitrator.

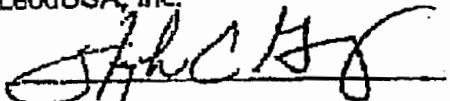
13. The Parties acknowledge and agree that they have a legitimate billing

dispute about the issues described in this Confidential Billing Settlement Agreement and that the resolution reached in this agreement represents a compromise of the Parties' positions. Therefore, the Parties agree that resolution of the issues contained in this agreement cannot be used against the other Party.

14. This Confidential Billing Settlement Agreement may be executed in counterparts and by facsimile.

IN WITNESS THEREOF, the Parties have caused this Confidential Billing Settlement Agreement to be executed as of this day, 28th of April 2000.

McLeodUSA, Inc.

By: 

Title: PRESIDENT

Date: 4/28/2000

U S WEST Communications, Inc.

By: _____

Title: _____

Date: _____

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Q110442

FROM LITIGATION SUPPORT

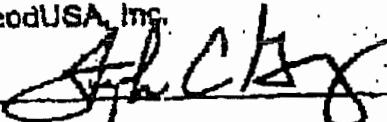
(FBI) 4.28.00 15:52/ST.15:56/NO.4861183737 P 2

dispute about the issues described in this Confidential Billing Settlement Agreement and that the resolution reached in this agreement represents a compromise of the Parties' positions. Therefore, the Parties agree that resolution of the issues contained in this agreement cannot be used against the other Party.

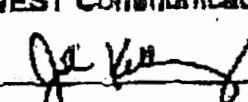
14. This Confidential Billing Settlement Agreement may be executed in counterparts and by facsimile.

IN WITNESS THEREOF, the Parties have caused this Confidential Billing Settlement Agreement to be executed as of this day, 28th of April 2000.

McLeodUSA, Inc.

By: Title: PRESIDENTDate: 4/28/2000

U S WEST Communications, Inc.

By: Title: President - Wholesale MktgDate: 4/28/00

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CONFIDENTIAL SETTLEMENT AGREEMENT

[Trade Secret Data Begins]

This Confidential Settlement Agreement ("Agreement") is dated this 14th day of May, 2000 by and between U S WEST Communications, Inc., ("U S WEST"), with its headquarters at 1801 California Street, Denver, Colorado 80202 and McLeodUSA Telecommunications Services, Inc. ("McLeodUSA"), 6400 C Street, S.W., P.O. Box 3177, Cedar Rapids, IA 52406-3177 (collectively, the "Parties").

Recitals

WHEREAS, on or about March 6, 2000, McLeodUSA filed a complaint (the "Complaint") against U S WEST with the Colorado Public Utilities Commission (the "Commission") concerning the provision of resold Centrex services to L & L Subway, Inc. in Greeley, Colorado. The Complaint was assigned Docket No. OOF-118T by the Commission (this "Docket").

WHEREAS, U S WEST has filed an answer ("Answer") to the Complaint denying the material allegations therein.

WHEREAS, the Complaint is currently set for hearing on May 15, 2000.

WHEREAS, the Parties have engaged in settlement discussion in an attempt to resolve their differences regarding the issues raised in the Complaint and thereby avoid the expense of a hearing.

Agreement

For full and fair mutual consideration, the Parties hereto agree as follows:

1. McLeodUSA shall file for dismissal, with prejudice, its Complaint in this Docket by May 5, 2000. Upon receipt of a final decision from the Commission dismissing the

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Complaint with prejudice, U S WEST shall pay or credit to McLeodUSA [REDACTED]

2. U S WEST agrees that it will provide to McLeodUSA telecommunications services for resale that are at least equal in quality and in substantially the same manner that U S WEST provides these services to itself and others, including other resellers and end users.

3. McLeodUSA agrees that it is responsible for providing to U S WEST complete and accurate end user information when ordering services from U S WEST. To the extent that correct information is not provided to U S WEST, McLeodUSA agrees that the terms of this Agreement shall not apply until McLeodUSA provides complete and accurate information to U S WEST.

4. The Parties also agree as follows:

a. If McLeodUSA believes it has a legitimate concern over facility availability parity in a case where it has placed an order for resold Centrex services to be used to provision basic local exchange service and has complied with all applicable tariff requirements, including forecasting and tendering payment of any applicable construction charges, and the order goes held, McLeodUSA will promptly contact its designated McLeodUSA Account Executive at U S WEST, to allow U S WEST the opportunity to investigate the matter and to respond to McLeodUSA within five (5) working days of McLeodUSA's contact to U S WEST regarding the matter as to the state of the service installation.

b. If, upon investigation, U S WEST confirms that there is a legitimate issue with respect to facility availability parity, U S WEST will undertake immediate action to

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correct the situation consistent with the terms of this Agreement and will, to the extent required, include the matter in its reporting requirements under Commission rules.

c. Where an issue with respect to facility availability parity is identified through the informal process contained in this Paragraph 6, U S WEST agrees to reimburse McLeodUSA for all reasonable legal and administrative expenses incurred by McLeodUSA in responding to the situation.

d. If, upon investigation, U S WEST confirms that an issue raised by McLeodUSA with respect to facility availability parity is frivolous or asserted in bad faith, McLeodUSA agrees to reimburse U S WEST for all reasonable legal and administrative expenses incurred by U S WEST in response to the allegation.

7. McLeodUSA agrees that it will cooperate in good faith with U S WEST and use its best efforts to work with U S WEST on a business to business basis to forecast, provision, process and cancel orders for services from McLeodUSA.

8. This Agreement is entered for the purpose of settlement of the Docket in this Complaint proceeding only. The terms in this Agreement are the result of compromise and negotiation by both Parties of positions which they held and continue to hold. Nothing in this Agreement shall constitute a waiver or admission by any party with respect to any matter not specifically addressed in this Agreement.

9. This Agreement is made for settlement purposes only. Nothing in this Agreement, including the fact that it was entered into by the Parties, shall constitute, or be construed as, an admission on behalf of any of the Parties as to the validity of any claims, defenses, or allegations made in the complaint or in any other pleading in this Docket. This Agreement does not constitute an agreement, by any Party, that any principle or methodology

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contained within this Agreement may be applied to a situation other than this Docket. No precedential effect or other significance except as may be necessary to enforce this Agreement, shall attach to any principle or methodology contained in this Agreement.

10. This Agreement shall be treated as confidential by the Parties hereto and shall not be disclosed except as may be required by law or order of a court or agency with appropriate jurisdiction. This Agreement, as well as the negotiations or discussions undertaken in conjunction with the Agreement, shall not be admissible into evidence in this Docket or in any other proceedings. Nor shall any statements be made to any media with respect to this Agreement, except, however, that the Parties may indicate that the Parties have mutually agreed to a resolution of the Docket.

11. This Agreement may be executed in separate counterparts and transmitted by facsimile. The counterparts taken together shall constitute the whole Agreement.

12. This Agreement constitutes the entire agreement between the Parties with respect to the issues raised in this Docket.

13. The Parties represent that those persons signing this Agreement have full authority to bind their respective Parties in all respects.

Dated this ____ day of May, 2000.
Trade Secret Data Ends]
Approved:

By: Randall E. Rings
Randall E. Rings
General Counsel
McLeodUSA Technology Park
6400 C Street S.W.
P.O. Box 3177
Cedar Rapids, Iowa 52406-3177

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Approved as to form:
McLeodUSA Telecommunications
Services, Inc. Will Heaston

By: Will Heaston
William P. Heaston
140 North Phillips, 4th Floor
Sioux Falls, South Dakota 57104
(605) 263-7212
Attorney for McLeodUSA
Telecommunications Services, Inc.

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Approved:

By:

Patricia Kline
Patricia Kline
General Manager-Eastern Region
150 South 5th Street, Room 570
Minneapolis, Minnesota 55402
(612) 663-7377

Approved as to form:

U S WEST, Inc.

By:

Eris A. Ciccolo
Eris A. Ciccolo, Reg. No. 17948
1801 California Street, Suite 510
Denver, Colorado 80202
(303) 672-2884
Attorney for U S WEST
Communications, Inc.

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**South Dakota Public Utilities Commission
WEEKLY FILINGS**

For the Period of September 19, 2002 through September 25, 2002

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 report. Phone: 605-773-3705 Fax: 605-773-3809

TELECOMMUNICATIONS

TC02-160 In the Matter of the Application of All-Star Acquisition Corporation for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota.

All-Star Acquisition Corporation has filed an application for a Certificate of Authority to provide interexchange telecommunications services in South Dakota. The applicant intends to provide resold intrastate telecommunications services, including MTS, in-WATS, out-WATS, and Calling Card services throughout South Dakota.

Staff Analyst: Michele Farris

Staff Attorney: Kelly Frazier

Date Docketed: 09/19/02

Intervention Deadline: 10/11/02

TC02-161 In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement between Qwest Corporation and McLeodUSA Telecommunications Services, Inc.

On September 20, 2002, the Commission received for approval a Filing of Amendment to the Interconnection Agreement between McLeodUSA Telecommunications Services, Inc. (McLeodUSA) and Qwest Corporation (Qwest) f/k/a U S WEST Communications, Inc. According to the parties, this is an Amendment to the negotiated Interconnection Agreement which was approved by the Commission effective July 23, 1999, in Docket No. TC99-057. The filing is intended to amend the Amendment approved on or about January 24, 2001, by adding language to the end of section 1.11 and by replacing the platform recurring rates column with the chart which was attached to the filing. 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 October 10, 2002. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier

Date Docketed: 09/20/02

Initial Comments Due: 10/10/02

TC02-162 In the Matter of the Filing by Qwest Corporation for Approval of Revisions to its Access Services Tariff.

On September 23, 2002, Qwest Corporation filed revised pages from its Access Services Tariff. The revisions introduce Managed Long Distance Service (MLD) for interexchange carriers. MLD is a wholesale platform service offered by Qwest to IXCs to monitor and control long distance spending of end-users. Qwest requests an effective date of October 14, 2002.

Staff Analyst: Heather Forney

Staff Attorney: Karen Cremer

Date Docketed: 09/23/02

Intervention Deadline: 10/11/02

TC02-163 In the Matter of the Application of Buyers United Inc. for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota.

Buyers United Inc. has filed an application for a Certificate of Authority to provide interexchange telecommunications services in South Dakota. The applicant will provide service under Buyers United Inc., BuyersOnline, and United Carrier Networks. The applicant intends to resell intrastate long distance and provide in a limited capacity, internet services throughout South Dakota.

Staff Analyst: Michele Farris

Staff Attorney: Kelly Frazier

Date Docketed: 09/23/02

Intervention Deadline: 10/11/02

TC02-164 In the Matter of the Application of NobelTel, LLC for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota.

NobelTel LLC is seeking a Certificate of Authority to provide interexchange telecommunications services in South Dakota. The Applicant intends to offer a full range of interexchange services on a resale basis. Services include direct and dial-around outbound dialing, toll free inbound dialing, directory assistance, data services, travel card services and prepaid calling card services.

Staff Analyst: Keith Senger

Staff Attorney: Kelly Frazier

Date Docketed: 09/24/02

Intervention Deadline: 10/11/02

TC02-165 In the Matter of the Filing for Approval of Amendments to Interconnection Agreements between Qwest Corporation and Covad Communications Company and Qwest Corporation and McLeodUSA Telecommunications Services, Inc.

On September 25, 2002, the Commission received a Petition for Approval of Amendments to Interconnection Agreements regarding the following Agreements: 1) U S WEST Service Level Agreement with Covad Communications Co. dated April 19, 2000; 2) Confidential Billing Settlement Agreement Between U S WEST and McLeodUSA dated April 28, 2000; 3) Confidential Settlement Agreement Between U S WEST and McLeodUSA dated May 1, 2000; and 4) Confidential Agreement Between McLeodUSA and Qwest dated October 26, 2000. According to Qwest, the company is petitioning the Commission to approve the attached agreements such that, to the extent any active provisions of such agreements relate to Section 251(b) or (c), they are formally available to other CLECs under Section 252(i) of the 1996 Telecommunications Act. Qwest reserved the right to demonstrate that one or more of these agreements need not have been filed in the event of an enforcement action in this area. 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 October 15, 2002. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier

Date Docketed: 09/25/02

Initial Comments Due: 10/15/02

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING FOR) ORDER APPROVING
APPROVAL OF AGREEMENTS BETWEEN) AGREEMENTS
QWEST CORPORATION AND COVAD)
COMMUNICATIONS COMPANY AND QWEST) TC02-165
CORPORATION AND MCLEODUSA)
TELECOMMUNICATIONS SERVICES, INC.)

On September 25, 2002, the Commission received for approval a filing of the following agreements: (i) U S WEST Service Level Agreement with Covad Communications Company dated April 19, 2000; (ii) Confidential Billing Settlement Agreement between U S WEST and McLeodUSA Telecommunications Services, Inc. dated April 28, 2000; (iii) Confidential Settlement Agreement between U S WEST and McLeodUSA Telecommunications Services, Inc. dated May 1, 2000; and, (iv) Confidential Agreement between Qwest Corporation and McLeodUSA Telecommunications Services, Inc. dated October 26, 2000.

On September 26, 2002, 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 October 15, 2002, to do so. No comments were filed.

At its duly noticed December 19, 2002, meeting, the Commission considered whether to approve the above mentioned agreements. Commission Staff recommended its approval.

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 agreements do not discriminate against a telecommunications carrier that is not a party to the agreements and the agreements are consistent with the public interest, convenience, and necessity. The Commission unanimously voted to approve the agreements. The Commission reserved its right to consider at a later date whether Qwest Corporation, as successor to U S WEST and on its own behalf, may have violated South Dakota and/or federal law by failing to file the above interconnection agreements prior to their becoming effective and, if so, what relief might be appropriate. It is therefore

ORDERED, that the Commission approves the agreements.

Dated at Pierre, South Dakota, this 3rd day of January, 2003.

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:

Deanne Kalbo

Date:

1/6/03

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Robert K. Sahr
ROBERT K. SAHR, Commissioner