PUBLIC UTILITY COMMISSION OF OREGON
550 CAPITOL ST. NE, SUITE 215
SALEM, OR 97301-2551

CARRIER-TO-CARRIER AGREEMENT CHECKLIST

INSTRUCTIONS: Please complete all applicable parts of this form and submit it with related materials when filing a carrier-to-carrier agreement pursuant to 47 U.S.C. 252 and OAR 860-016-0000 et al. The Commission will utilize the information contained in this form to determine how to process the filing.

1. PARTIES

	Requesting Carrier	*Affected Carrier*	
Name:		Qwest Corporation	Don Mason
Address:	XO Oregon, Inc.	Director-Interconnect	Qwest Corporation
	111 E. Broadway, Ste. 1000	1801 California St., Ste. 2401	421 S.W. Oak, Ste. 810
	Salt Lake City, UT 84111	Denver, CO 80202	Portland, OR 97204

2. PRIMARY CONTACT PERSON FOR PROCESSING INFORMATION:

Name: Jamaica L. Wilson
Address: Perkins Coie LLP
1211 S.W. Fifth Avenue, Suite 1500
Portland, OR 97204

Phone: (503) 727-2081
Fax: (503) 727-2222
E-Mail: jamaicawilson@perkinscoie.com

3. TYPE OF FILING

(Check all that apply. For example, parties seeking to adopt a previously approved agreement with new negotiated amendments should check both "Adoption" and "Amendment" categories.)

☐ Adoption: Adopts interconnection agreement previously approved by the Commission.

Parties to prior agreement _____ & _____

Approved in Docket ARB _____, Order No(s). _____

Does filing adopt amendments to base agreement previously approved by the Commission?

☐ NO

☐ YES, approved in Docket ARB _____, Order No(s). _____

☐ New Agreement: Seeks approval of new negotiated agreement.

Does this filing replace an agreement between the same parties that was previously approved by the Commission?

☐ NO

☐ YES, approved in Docket ARB _____, Order No(s). _____

☒ Amendment: Amends an existing carrier-to-carrier agreement.

If the original agreement was negotiated, has it been approved by Commission?

☐ NO, decision pending in Docket ARB _____

☒ YES, approved in Docket ARB 142, (1,2), (3), Order No(s). 99-453, 01-729, 02-304

If original agreement was an adoption, what was its docket number? Docket ARB 3

☐ Other: Please explain.

_____

_____

_____

October 1, 2002

VIA HAND DELIVERY

Ms. Cherie Powers
Administrative Specialist
Oregon Public Utility Commission
Suite 215
550 Capitol Street NE
Salem, OR 97301-2551

Re: Proof of Service of Materials Filed on September 4, 2002 in Docket ARB 142

EXPEDITED TREATMENT REQUESTED

Dear Ms. Powers:

This letter is to advise you that today I served the materials that Qwest filed on September 4, 2002 in this docket (checklist, cover letter, and amendment to the interconnection agreement) on the CLEC's representative, as you requested. A certificate of service demonstrating completion of service is attached.

This is not the first communication Qwest has had with this CLEC regarding this issue. As we discussed yesterday, Qwest previously communicated with the CLEC regarding the filing of this agreement in other states. On August 22, 2002, Qwest sent the CLEC a letter notifying the CLEC that this agreement would be publicly filed in other jurisdictions and posted on the Qwest wholesale Web site for review by any interested parties. The CLEC was provided with an opportunity to object to that filing and posting. Qwest also followed up with telephone calls to the CLEC. The CLEC has not objected to either the public filing of the amendment or the corresponding publication of the agreement on Qwest's wholesale Web site.

Given that Qwest has completed service as you requested, I trust that you will now post the materials to the Commission's Web site to provide the public notice of the filing as described in OAR 860-016-0020. Qwest expected the posting and notice to occur on September 4, the date of filing. Qwest did not receive any indication that the Commission did not post the materials to the Commission's Web site until

September 24, 2002, twenty days after the filing. Given that Qwest did not receive timely notice of the purported deficiencies in the filings, and that the CLEC has already received adequate prior notice of the filing of this agreement in other jurisdictions without voicing an objection, **Qwest requests that the Commission establish a 14-day time period for public comment, as permitted by OAR 860-016-0020(5).**

Thank you for your attention to this matter. If you have any questions, please contact me or Larry Reichman immediately.

Very truly yours,

Jay Nusbaum

JPN:kh

Cc: Gary Case, XO Communications, Inc.
R. Gerald Salemme, XO Communications, Inc.
Alaine Miller, XO Communications, Inc.
Asst. General Counsel, Comercial, XO Communications, Inc.
Director, Regulatory and External Affairs, XO Communications, Inc.
Todd Lundy
Alex Duarte
Don Mason
Larry Reichman

CERTIFICATE OF SERVICE

ARB 142

I hereby certify that on this day I served the foregoing **Carrier-to-Carrier Agreemen Checklist, Confidential Billing Settlement Agreement, and Cover Letter** which Qwest filed with the Public Utility Commission of Oregon on September 4, 2002, on the following persons by causing to be mailed a true copy thereof, contained in a sealed envelope, with postage prepaid, addressed to said persons at the following addresses and deposited in the post office at Portland, Oregon on this day:

XO Communications
Gary Case
111 E. Broadway, #100
Salt Lake City, UT 84111

XO Communications, Inc.
R. Gerald Salemme
Sup.- External Affairs
1730 Rhode Island Ave., NW, #1000
Washington, DC 20036

XO Communications, Inc.
Alaine Miller
VP Regulatory & Public Policy
1033 Westlake Ave., N, #200
Seattle, WA 98109

XO Communications, Inc.
Attn: Asst. Gen. Counsel, Commercial
11111 Sunset Hill Road
Reston, VA 20190

XO Oregon, Inc.
Director Regulatory & External Affairs
111 E. Broadway Ste. 1000
Salt Lake City, UT 84111

DATED: October 1, 2002.

PERKINS COIE LLP

By _____
Lawrence Reichman, OSB No. 86083
Jay P. Nusbaum, OSB No. 96378

Attorneys for Qwest Corporation

PERKINS COIE LLP
1211 S.W. FIFTH AVENUE, SUITE 1500
PORTLAND, OREGON 97204
(503) 727-2000

[/xo cos.doc]

Jay Nusbaum
PHONE: 503.727.2025
EMAIL: nusbj@perkinscoie.com

September 4, 2002

VIA HAND DELIVERY

Ms. Cherie Powers
Oregon Public Utility Commission
Suite 215
550 Capitol Street NE
Salem, OR 97310

Re: Public Utility Commission of Oregon Docket ARB 142, Confidential Billing Settlement Agreement between Qwest Corporation and XO Oregon, Inc.

Dear Ms. Powers:

Pursuant to Section 252(e)(2) of the Telecommunications Act of 1996, Qwest Corporation ("Qwest") hereby submits three copies of the enclosed fully executed negotiated agreement, Confidential Billing Settlement Agreement between Qwest Corporation and XO Oregon, Inc.**,** for filing with and approval by the Commission. Given the multi-state nature of this agreement, the original is not available for filing. Also enclosed is a completed Carrier-to-Carrier Agreement Checklist, which includes the names of the parties, a contact person, and the type of filing. The electronic version was electronically filed on September 4, 2002.

Qwest has previously submitted hundreds of agreements with CLECs in Oregon for approval by the Commission under Section 252(e)(2). 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.

Earlier this year, questions were raised regarding Qwest's decisions 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 dated March 11, 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 Oregon. Qwest invited the Commission to review the agreements for itself. Qwest 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 May 9, 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. 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 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 Oregon 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 agreement such that, to the extent any active provisions of such agreement 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 agreement 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 this agreement, 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. Qwest can provide examples of routine paperwork, order documents, or form contracts for the Commission's review.

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. In any event, Qwest's 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 agreement as soon as reasonably practicable. Qwest reserves its rights to demonstrate that this agreement 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 polices 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 this agreement on the website it uses to provide notice to CLECs and announcing the immediate availability to other CLECs in Oregon 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 agreement filed here.

Given the confidentiality provisions contained in some of the agreements filed by Qwest 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.

Thank you for your attention to this matter.

Sincerely yours,

Jay Nusbaum

JPN:jpn
Enclosure

Cc: Don Mason
Alex Duarte
Todd Lundy
Larry Reichman

CONFIDENTIAL BILLING SETTLEMENT AGREEMENT

This Confidential Billing Settlement Agreement (the "Agreement"), dated and effective as of December 31, 2001, is entered into among Qwest Corporation ("QC"), successor to US WEST Communications, Inc., XO Arizona, Inc., XO Colorado, LLC ("XO Colorado"), XO Minnesota, LLC ("XO Minnesota"), XO Oregon, Inc., XO Utah, Inc. and XO Washington, Inc. ("XO Washington") (collectively, the "XO Subs") and XO Communications, Inc., formerly known as NEXTLINK Communications, Inc., ("XO") (QC, the XO Subs and XO are collectively referred to as the "Parties").

W I T N E S S E T H:

WHEREAS, QC is, among other things, an incumbent local exchange carrier operating in its 14-state region;

WHEREAS, the XO Subs are subsidiaries of XO, and are competitive local exchange carriers that individually operate in several states within QC's operating region;

WHEREAS, QC, on the one hand, and the XO Subs, on the other hand, provide and bill each other for various services and facilities pursuant to various Interconnection Agreements listed on Schedule I attached hereto (the "Interconnection Agreements") and tariffs;

WHEREAS, billing-related disputes between the Parties have arisen under certain of such Interconnection Agreements and tariffs;

WHEREAS, QC and XO (formerly known as NEXTLINK Communications, Inc.) are parties to a Confidential Billing Settlement Agreement, dated May 12, 2000, as amended on April 17, 2001 (the "2000 Settlement Agreement"); and

WHEREAS, XO is contemplating a reorganization of its capital structure;

NOW, THEREFORE, in order to fully and finally resolve the specific disputes identified herein which exist between the Parties in connection with the Disputes and to avoid delay and costly litigation, and for good and valuable consideration, the Parties voluntarily enter into this Agreement and hereby agree to the terms thereof.

1. Disputes. The Parties acknowledge the existence of (but not necessarily the validity of or any liability under) the following disputes (each, a "Dispute" and collectively, the "Disputes") which have arisen under the 2000 Settlement Agreement and the Interconnection Agreements:

a) Disputes have arisen between the Parties related to the appropriateness and validity of historical billing of QC by the XO Subs for the use of interconnection facilities, also known as direct trunk transport, in various states through September 30, 2001 (Usage Termination Date: September 30, 2001).

b) Disputes have arisen between the Parties related to billing of the XO Subs by QC for the use of interconnection facilities, including, without limitation, with respect to the application of the relative use factor ("RUF") for trunks utilized through September 30, 2001 (Usage Termination Date: September 30, 2001).

c) Disputes have arisen concerning the interpretation of Section 2 of the 2000 Settlement Agreement.

d) Disputes have arisen concerning the billing of QC by the XO Subs under the Interconnection Agreements for local transit traffic through the

XO Subs' facilities through September 30, 2001 (Usage Termination Date: September 30, 2001).

e) Disputes have arisen between the Parties regarding the XO Subs billing QC for local calls billed as intrastate switched access charges for usage through October 31, 2001 (Usage Termination Date: October 31, 2001).

f) Disputes have arisen concerning the billing of QC by XO Washington under the Interconnection Agreement for the State of Washington in respect of the appropriate commission-ordered rate for local and tandem switching usage in that state through December 31, 2001 (Usage Termination Date: December 31, 2001).

g) Disputes have arisen concerning the billing of QC by XO Colorado for reciprocal compensation under the Interconnection Agreement for Colorado for calls terminated in that state by XO Colorado during 2001 (Usage Termination Date: September 1, 2001).

2. Settlement of Disputes. As full and final settlement of any and all claims, actions, causes of action, suits, debts, demands, damages, judgments, executions, costs, expenses, liabilities, duties, amounts, accounts, reckonings, indemnities, covenants, contracts, controversies, agreements, promises, doings, offsets, debts, liens, omissions, losses, exposures and obligations of any kind whatsoever, whether known or unknown, whether in law or in equity, including any related interest expenses which may have accrued in connection therewith ("Claims"), which the Parties have, had, may have or claim to have had relating to or arising out of (i) the currently existing Disputes described in subparagraph 1(c) and (ii) the Disputes

described in each of subparagraphs 1(a), (b) and (d)-(g) from the beginning of time through the relevant Usage Termination Dates indicated in each such subparagraph, the Parties shall undertake the following actions:

a) Cash Payment. QC hereby agrees to pay to XO within five (5) business days of the full execution of this Agreement an amount equal to [redacted] via wire transfer of immediately available funds to the account specified by XO.

b) Billing Credits. Each of the XO Subs hereby issues credits to QC such that QC shall have no further obligation whatsoever to XO or any XO Sub with respect to the Disputes described in subparagraphs 1(a)-(g) above relating to such XO Sub through the Usage Termination Dates indicated in subparagraphs 1(a) and 1(d)-(g). With respect to the Disputes described in subparagraph 1(b), no credits will be issued.

c) Amendments to Interconnection Agreements. Amendments to the Interconnection Agreements in the states of Arizona, Colorado, Minnesota, Oregon, Utah and Washington (collectively, the "States") will be filed within fifteen (15) business days of the full execution of this Agreement and such amendments shall provide for the following:

(i) Paging traffic will be treated for all purposes as Internet service provider ("ISP") traffic for all States;

(ii) ISP traffic shall be determined pursuant to the terms of FCC Order 01-131, docket no. 96-98, released April 27, 2001 and

effective June 14, 2001 (the "FCC Order") for all States, effective as of June 14, 2001;

(iii) In all States other than Colorado, Minnesota and Washington, beginning on January 1, 2002, non-ISP traffic will be billed by the relevant XO Subs at the end office rate. In all States other than Colorado, Minnesota and Washington, beginning on January 1, 2003, and except as otherwise set forth below, tandem rates will apply for non-ISP traffic through the relevant XO Subs' switches only if separately ordered in an appropriate commission proceeding by the applicable state commission, and only on a prospective basis, with the effective date thereof being the date of the written commission order with respect thereto or as otherwise ordered by the applicable state commission, provided, however, that in no event will such rates be effective prior to January 1, 2003. Nothing herein shall preclude XO or the relevant XO Subs from seeking or obtaining state commission orders in advance of January 1, 2003, provided, however, that no rates required by such orders shall be effective prior to January 1, 2003. Nothing herein shall preclude the Parties from mutually agreeing that the relevant XO Subs' switches meet the requirements for tandem compensation without specific orders from the state commissions. The Parties expressly agree that state commission approvals of the amendments to the Interconnection Agreements contemplated by

this Section 2(c) does not constitute such orders. In addition, XO agrees that the maximum minutes of use ("MOU") for ISP traffic in 2002 and 2003, under the annual growth formula set forth in paragraph 78 of the FCC Order (the "Annual Growth Formula"), shall not exceed the following amounts:

- Arizona: [redacted]
- Oregon: [redacted] traffic)
- Utah: [redacted]

(iv) Effective as of September 1, 2001, in Colorado, QC and XO Colorado will adopt "bill and keep" for non-ISP traffic. Effective on January 1, 2003, XO Colorado will bill non-ISP traffic at the end office rate, and, except as otherwise set forth herein, tandem rates will apply for non-ISP traffic through XO Colorado's switches only if separately ordered in an appropriate commission proceeding by the state commission, and only on a prospective basis, with the effective date thereof being the date of the written commission order with respect thereto or as otherwise ordered by the commission, provided, however, that in no event will such rates be effective prior to January 1, 2003. Nothing herein shall preclude XO or XO Colorado from seeking or obtaining state commission orders in advance of January 1, 2003, provided, however, that no rates required by such orders shall be effective prior to January 1, 2003. Nothing herein shall preclude

the Parties from mutually agreeing that XO Colorado's switches meet the requirements for tandem compensation without a specific order from the state commission. The Parties expressly agree that state commission approval of the amendments to the Interconnection Agreement contemplated by this Section 2(c) does not constitute such an order. In addition, XO agrees that the maximum MOU for ISP traffic in 2001, 2002 and 2003 under the Annual Growth Formula shall not exceed zero (no billing allowed for ISP traffic).

(v) In Minnesota, XO Minnesota will continue billing non-ISP traffic at the end-office rate. QC and XO Minnesota continue to agree that no billing will be allowed by XO Minnesota in Minnesota for ISP traffic since, as of the date of the FCC Order, Qwest was not delivering ISP traffic to XO. Effective as of January 1, 2003 and except as otherwise set forth herein, tandem rates will apply for non-ISP traffic through XO Minnesota's switches only if separately ordered in an appropriate commission proceeding by the state commission, and only on a prospective basis, with the effective date being the date of the written commission order with respect thereto or as otherwise ordered by the commission, provided, however, that in no event will such rates be effective prior to January 1, 2003. Nothing herein shall preclude XO or XO Minnesota from seeking or obtaining state

commission orders in advance of January 1, 2003, provided, however, that no rates required by such orders shall be effective prior to January 1, 2003. Nothing herein shall preclude the Parties from mutually agreeing that XO Minnesota's switches meet the requirements for tandem compensation without a specific order from the state commission. The Parties expressly agree that state commission approval of the amendments to the Interconnection Agreement contemplated by this Section 2(c) does not constitute such an order.

(vi) In Washington, beginning on January 1, 2002, non-ISP traffic will be billed at the tandem rate of $.00297 per minute of use by XO Washington. XO and XO Washington agree that the maximum MOU for ISP traffic in 2002 and 2003 under the Annual Growth Formula in Washington pursuant to the FCC Order shall not exceed [redacted] Also, XO and its affiliates and subsidiaries will no longer participate in the Washington Utilities and Transportation Commission Docket UT 01 3073, including petitions for reconsideration and related appeals, and there will be no billing adjustments (historically or prospectively) through December 31, 2003 as a result of the outcome of such proceeding.

(vii) In the event that XO or any entity directly or indirectly controlled by XO (each a "New State XO CLEC" and collectively, "New State XO CLECs") begins offering local exchange carrier

services in any state that is not covered under a current Interconnection Agreement in which QC is the incumbent local exchange carrier (each a "New State" and collectively, "New States"), XO agrees on behalf of each such New State XO CLEC, that non-ISP traffic will be billed at the end office rate, and that, in accordance with the FCC Order, no billing will be allowed in such New States for ISP traffic. Effective as of January 1, 2003 in New States and except as otherwise set forth herein, tandem rates will apply for non-ISP traffic through a New State XO CLEC's switches only if ordered by the applicable state commission, and only on a prospective basis, with the effective date being the date of the written commission order with respect thereto or as otherwise ordered by the commission, provided, however, that in no event shall such rates be effective prior to January 1, 2003. Nothing herein shall preclude XO or a New State XO CLEC from seeking or obtaining state commission orders in advance of January 1, 2003, provided, however, that no rates required by such orders shall be effective prior to January 1, 2003. Nothing herein shall preclude the Parties from mutually agreeing that a New State XO CLEC's switches meet the requirements for tandem compensation without a specific order from the state commission.

(viii) As part of this Agreement, XO on behalf of itself and New State XO CLECs, and the XO Subs, expressly agree not to exercise

any rights any of them may have under Sections 251(a)-(c), or 252(a)-(f) and (i) of the Telecommunications Act of 1996 in order to avoid or which may have the effect of avoiding any of the obligations set forth in this paragraph 2(c) until December 31, 2003.

d) The Parties acknowledge that there have been billing errors by XO Subs with respect to bills to QC for intrastate switched access charges. The Parties shall meet within ten (10) business days following the full execution of this Agreement to discuss and put in place protocols to insure the accuracy of the XO Subs' records in comparison to QC's records. If subsequent disputes regarding the accuracy of such billing occurs hereafter, the Parties shall promptly meet to resolve such disputes, provided, however, that if such disputes are not resolved, the Parties shall not resort to litigation or arbitration; instead, commencing with the usage period beginning October 1, 2001 and going forward until December 31, 2003, the XO Subs and XO on behalf of any New State XO CLECs, agree to bill QC for intrastate switched access charges based on QC's records with respect thereto, absent manifest error therein. In addition, the XO Subs agree to adjust the billing for usage beginning on October 1, 2001 and going forward until December 31, 2003 for any misapplication of rates based on QC's records, absent manifest error therein.

e) XO, on behalf of itself and any New State XO CLECs, and the XO Subs agree to adopt, within sixty (60) days of the full execution of this

Agreement, any existing or future term pricing plan available under QC's FCC tariffs for at least eighty percent (80%) of XO's DS3 and higher speed private line circuits. The Parties agree that any pricing changes will be prospective from the date of such conversion. Consistent with QC's tariff obligations, QC will agree to convert XO's private line circuits to the above described plans without termination liability.

f) As part of this Agreement, the Parties shall execute simultaneously with the execution of this Agreement, and cooperate as to the filing within fifteen (15) business days with the appropriate state and federal regulatory agencies of, a stipulation in the form attached hereto as Exhibit A.

g) XO and the XO Subs Release. Each of XO and the XO Subs hereby fully waives, releases, acquits, discharges and holds harmless QC and its associates, owners, stockholders, successors, assigns, partners, parents, insurance carriers, bonding companies, affiliates and subsidiaries, and each of their respective directors, officers, agents, employees and representatives from any and all Claims which it has, had, may have or claims to have had against QC relating to or arising out of (i) the currently existing Disputes described in subparagraph 1(c) and (ii) the Disputes described in each of subparagraphs 1(a), (b) and (d)-(g) from the beginning of time through the relevant Usage Termination Dates indicated in each such subparagraph.

h) QC Release. QC hereby fully waives, releases, acquits, discharges and holds harmless each of XO and the XO Subs and each of their associates, owners, stockholders, successors, assigns, partners, parents, insurance carriers, bonding companies, affiliates and subsidiaries, and each of their respective directors, officers, agents, employees and representatives, from any and all Claims which QC has, had, may have or claims to have had against it relating to or arising out of (i) the currently existing Disputes described in subparagraph 1(c) and (ii) the Disputes described in each of subparagraphs 1(a), (b) and (d)-(g) from the beginning of time through the relevant Usage Termination Dates indicated in each such subparagraph.

3. Escalation Procedures.

a) QC and XO shall follow the procedures set forth on Exhibit B hereto to implement a binding written escalation process, which will be in effect until December 31, 2003 and which shall provide for timely resolution of business issues between the Parties prior to presenting the terms of this Agreement to any regulatory or governmental bodies or agencies.

b) Notwithstanding the foregoing, the Parties agree that the escalation process and procedures set forth herein will be used to settle business to business issues between the Parties, including, without limitation, issues arising under any proposed changes to the rates, terms and conditions of the Parties' Interconnection Agreements, unless the issue is of an exigent nature and the Party seeking to raise an issue or dispute has (i) reasonably

determined that compliance with the escalation process and procedures would effectively deny it the right and opportunity to raise or pursue the matter in a regulatory or judicial forum and (ii) has provided the other Party with at least two (2) business days' advance written notice at the level 2 escalation level set forth on Exhibit B hereto of the filing of any claim, proceeding, action or complaint.

4. Successors and Assigns. The terms and conditions contained in this Agreement shall inure to the benefit of, and be binding upon, the respective successors, affiliates and assigns of the Parties. In addition, the terms and conditions of this Agreement, including all facts leading up to the signing of this Agreement, shall bind the Parties, including contractors, subcontractors and retained professionals.

5. Assignment of Claims. Each Party 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 Agreement.

6. Representations, Warranties and Covenants. Each Party represents, warrants and covenants that (a) it has and will have full and sufficient rights to perform its obligations under this Agreement, free and clear of any liens, claims and encumbrances, (b) it has obtained or will obtain any and all consents, approvals and/or other authorizations necessary for the performance of its obligations hereunder, (c) it has all requisite corporate power and authority to enter into, and fully perform pursuant to, this Agreement, (d) it will comply with all laws and applicable regulations of governing authorities relating to its performance under this Agreement and (e) except for regulatory approvals contemplated hereby, no authorizations or other consents, approvals or notices of or to any third party are required in connection with (i)

the performance of its obligations under this Agreement, (ii) the validity and enforceability of this Agreement; or (iii) its execution, delivery and performance of this Agreement.

7. Confidentiality. The Parties expressly agree that they will keep the existence, substance and terms of this Agreement (including the negotiation thereof) strictly confidential. The Parties further agree that they will not communicate (orally or in writing) or in any way disclose the existence, substance or terms of this Agreement (including the negotiation thereof) 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 as described in to paragraph 8 below. It is expressly agreed that this confidentiality provision is an essential element of this Agreement. The Parties agree that this Agreement and the negotiation thereof, and all matters related thereto, shall be subject to the Rule 408 of the Federal Rules of Evidence, and similar rules at the state level. The Parties further agree that a breach of the confidentiality provisions of this Agreement will materially harm the other Party in a manner which cannot be compensated by monetary damages, and that in the event of such breach the prerequisites for an injunction have been met.

8. Notice of Disclosure. (a) In the event either Party has a legal obligation which requires disclosure of the terms and conditions of this Agreement (including, without limitation, with the Securities and Exchange Commission or other regulatory agencies), 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. At least ten (10) business days advance notice under this paragraph shall be provided to the other Party, whenever possible.

(b) Notwithstanding anything to the contrary contained herein, in the event that XO commences a voluntary case under chapter 11 of the Bankruptcy Code (11 U.S.C. §§ 101 et seq.) or consents to entry of an order for relief in an involuntary case, to enable it to effectuate its recapitalization, and XO files a motion (the "Assumption Motion") or a plan of reorganization (the "Plan") seeking to assume this Agreement (to the extent still executory) under Section 365 of the Bankruptcy Code, unless ordered by the court having jurisdiction over such bankruptcy case (the "Court") or otherwise required by applicable, non-bankruptcy law, it shall not attach to the Assumption Motion or the Plan, this Agreement or describe in the Assumption Motion or the Plan the details of this Agreement, unless, prior to attaching this Agreement to a motion or plan of reorganization or otherwise disclosing the contents of this Agreement, XO shall use its best efforts to obtain entry of an order of the Court in form and substance reasonably acceptable to QC (i) authorizing the filing of this with the Clerk of the Court under seal, (ii) limiting the provision and dissemination of copies of this Agreement, marked "Highly Confidential Proprietary Information," to counsel for any official committees appointed in XO's chapter 11 case; to committee members on any such committee and to counsel for any banks or institutions that are parties to debtor-in-possession financing agreements, and to the United States Trustee and such other persons as the Court may direct, and (iii) prohibiting all such parties from disclosing the substance of such Agreement to any other person or entity or in open court without the consent of the Parties or order of the Court obtained after a hearing held on reasonable notice to the Parties; provided, however, that a copy of this Agreement may be disclosed to (i) the Court on a confidential basis in connection with obtaining any such order, and (ii) such persons, including, without

limitation, any such official committees and their members and professionals as shall have executed and delivered to XO (with a copy simultaneously delivered to QC) a confidentiality agreement in form and substance reasonably acceptable to QC.

(c) Notwithstanding anything to the contrary contained herein, in the event that either Party initiates or participates in an arbitration, litigation or other legal proceeding relating to this Agreement other than as described in subsection (b) above, unless ordered by the presiding court or otherwise required by applicable, non-bankruptcy law, it shall not attach this Agreement to any filings, documents or disclosures provided in connection with such arbitration, litigation or legal proceeding, or describe the details of this Agreement in such filings, documents or disclosures unless, prior to attaching this Agreement thereto otherwise disclosing the contents of the Agreement, the Party seeking to disclose the contents of this Agreement shall use its best efforts to obtain entry of an order of the court presiding over such litigation or proceeding or a ruling of the arbitrator in form and substance reasonably acceptable to the other Party (i) authorizing the filing of this Agreement with the Clerk of the presiding court under seal or with the arbitrator, provided that the arbitrator has agreed to maintain the confidentiality thereof, (ii) limiting the provision and dissemination of copies of this Agreement, marked "Highly Confidential Proprietary Information," to opposing counsel in such arbitration, litigation or other proceeding and such other persons as the arbitrator or court may direct, and (iii) prohibiting all such parties from disclosing the substance of the Agreement to any other person or entity or in open court or in any other venue or medium without the consent of the Parties or order of the court or ruling of the arbitrator obtained after a hearing held on reasonable notice to the Parties; provided, however, that

a copy or detailed description of this Agreement may be disclosed to (i) the court or arbitrator on a confidential basis in connection with obtaining any such order or ruling, and (ii) such persons as shall have executed and delivered to the Party seeking disclosure (with a copy simultaneously delivered to the other Party) a confidentiality agreement in form and substance reasonably acceptable to the non-disclosing Party.

9. Entire Agreement; Amendments. This Agreement constitutes the entire agreement between the Parties, and shall be deemed to supercede any other understandings or agreements, whether written or oral, express or implied, relating to the Claims or the Disputes. This Agreement can only be amended or changed in a writing or writings executed by all of the Parties, provided, that this Agreement may not be amended or modified in any way by electronic message or e-mail communications. Each of the Parties forever waives all right to assert that this Agreement was a result of a mistake in law or in fact.

10. Governing Law. This Agreement shall be interpreted and construed in accordance with the laws of the State of New York, except for its choice of law provisions and as set forth in paragraph 12 below. This Agreement shall be deemed to have been jointly drafted by the Parties, and shall not be interpreted in favor or against any Party as a result of which Party may or may not have had primary responsibility for the actual preparation of this Agreement.

11. Advice of Counsel. The Parties have entered into this Agreement after conferring with legal counsel.

12. Arbitration. Any claim, controversy or dispute between the Parties related to or in connection with this Agreement, including the enforceability, formation or existence of this Agreement, shall be resolved by private and confidential arbitration before a single arbitrator conducted in New York, New York under the then-current Commercial Arbitration rules of the

American Arbitration Association. The arbitrator shall be an attorney engaged in the practice of law and knowledgeable in the area of telecommunications service contracts. The Federal Arbitration Act, 9 U.S.C. §§ et seq., not state law, shall govern the arbitrability of all disputes. The arbitrator shall not have the authority to award punitive and/or exemplary 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. Notices. Any notice to a Party required or permitted under this Agreement shall be in writing and shall be served personally, delivered by Certified mail, or by a courier service. Upon prior agreement of the Parties' designated recipients identified below, notice may also be provided by facsimile. Any notice shall be delivered using one of the alternatives mentioned in this paragraph and shall be directed to the applicable address indicated below or such address as the Party to be notified has designated by giving notice in compliance with this paragraph:

If to QC:
Qwest Corporation
Attention: Legal Department
1801 California Street, Suite 5100
Denver, Colorado 80202
Phone: (303) 672-2700
Fax: (303) 295-7046

With a copy to:
Rosenman & Colin LLP
575 Madison Avenue
New York, New York 10022
Attention: Joel W. Sternman, Esq.
Fax: (212) 940-8776

If to XO:
R. Gerard Salemme
Senior Vice President External Affairs
XO Communications, Inc.
1730 Rhode Island Avenue NW

Suite 1000
Washington, DC 20036
Fax: (202) 721-0995

If to the XO Subs: Alaine Miller
Vice President Regulatory and Public Policy
1633 Westlake Avenue N., Suite 200
Seattle, Washington 98109
Fax: (206) 315-6400

With a copy to: XO Communications, Inc.
11111 Sunset Hill Road
Reston, Virginia 20190
Attention: Assistant General Counsel, Commercial
Fax: (703) 547-2479

14. No Waiver. The Parties agree that their entering into this Agreement and the other agreements contemplated herein is without prejudice to, and does not waive, any positions they may have taken previously, or may take in the future, in any legislative, regulatory, judicial, or other forum addressing any matters other than the Disputes.

15. No Admission. The Parties acknowledge and agree that they have legitimate disputes relating to the issues described in this Agreement, and that the resolution reached in this Agreement represents a compromise of the Parties' positions. Therefore, the Parties deny any wrongdoing or liability and expressly agree that resolution of the issues contained in this Agreement cannot be used against the other Party in any manner or in any forum (except for Claims related to breaches of this Agreement). This Agreement does not constitute an admission by either Party of the truth or merit of any fact, any asserted principle of law, any matter, claim, or cause of action alleged or asserted in any legal regulatory or other forum, past, present or future, relating to the matters addressed in this Agreement. This Agreement also does not constitute an admission with respect to the appropriateness or legality of any charges, billed or

unbilled, whether paid or unpaid, nor does it constitute an ongoing term or condition to interconnection under any Interconnection Agreement or otherwise.

16. Prior Agreements. The 2000 Settlement Agreement is hereby terminated in all respects and shall be of no further force or effect.

17. Counterparts. This Agreement may be executed by facsimile and in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

IN WITNESS THEREOF, the Parties have caused this Confidential Billing Settlement Agreement to be executed as of the date first written above.

XO Communications, Inc.

By: _____

R. Gerard Salemme,

Senior Vice President, External Affairs

Qwest Corporation

By: _____

Title: SVP Wholesale MKTG

XO Arizona, Inc.

By: _____

R. Gerard Salemme,

Senior Vice President External Affairs

XO Colorado, LLC

By: _____

R. Gerard Salemme,

Senior Vice President External Affairs

XO Minnesota, LLC

By: _____

R. Gerard Salemme,

Senior Vice President External Affairs

XO Oregon, Inc.

By: _____

R. Gerard Salemme,

Senior Vice President External Affairs

XO Utah, Inc.

By: _____

R. Gerard Salemme,

Senior Vice President External Affairs

XO Washington, Inc.

By: _____

R. Gerard Salemme,

Senior Vice President External Affairs

SCHEDULE I

INTERCONNECTION AGREEMENTS

(1) Interconnection Agreement between NEXTLINK Washington, LLC and US WEST Communications, Inc., dated 3/19/97.

(2) Wireline Interconnection Agreement in the State of Colorado between NEXTLINK Colorado, LLC and US WEST Communications, Inc., dated 10/26/97.

(3) Interconnection Agreement between US WEST Communications, Inc. and NEXTLINK Utah, Inc. for Service in the State of Utah, dated 1/23/98.

(4) Interconnection Agreement between US WEST Communications, Inc. and NEXTLINK Arizona, Inc. for Service in the State of Arizona, dated 9/17/98.

(5) Agreement for Local Wireline Network Interconnection and Service Resale between NEXTLINK Oregon, LLC and US WEST Communications, Inc., dated 6/14/99.

(6) Agreement for Local Wireline Network Interconnection and Service Resale between NEXTLINK Minnesota, LLC and US WEST Communications, Inc. for Service in the State of Minnesota, dated 5/16/00.

EXHIBIT A

STIPULATION

BEFORE THE _____ CORPORATION COMMISSION

[NAME]
Chairman
[NAME]
Commissioner
[NAME]
Commissioner

IN THE MATTER OF QWEST CORPORATION'S COMPLIANCE WITH § 271 OF THE TELECOMMUNICATIONS ACT OF 1996	)	**Docket No. _____**

Stipulation Re 271 compliance

1. Subsidiaries of XO Communications, Inc. ("XO"), have raised issues with Qwest Corporation ("Qwest") regarding Qwest's compliance with the checklist in Section 271 of the Telecommunications Act of 1996 ("271 Checklist").

2. Consistent with individual state commission initial or final orders resolving 271 Checklist-related issues as of December 31, 2001, Qwest and XO have resolved XO's outstanding 271 Checklist issues to the satisfaction of both parties.

3. Accordingly, as of this date, XO agrees that Qwest complies with the 271 Checklist in the following states: Arizona, Colorado, Oregon, Minnesota, Utah and Washington.

XO Communications, Inc.

By: _____
R. Gerard Salemme
Title: Senior Vice President, External Affairs

Qwest Corporation

By: _____
Title: SVP - Wholesale Mkt

EXHIBIT B

ESCALATION PROCESS

Pursuant to paragraph 3 of the Agreement, the Parties wish to develop a business-to-business relationship and agree to establish the following binding escalation process to resolve any and all business issues that may arise between them. The escalation process is the following:

Level	Participants	Time frame for discussions
LEVEL 1	Directors (or designated rep)	10 business days
LEVEL 2	Vice Presidents/Senior Vice Presidents (or designated rep)	10 business days
LEVEL 3	Business Unit Presidents (or designated rep)	10 business days
LEVEL 4	If a dispute is not resolved in Levels 1 through 3, either Party may resort to the regulatory or legal process.	

The Parties agree, subject to paragraph 3 of the Agreement or any subsequent written agreement between the Parties, to: (1) utilize the established escalation process and time frames to resolve such disputes; (2) commit the time, resources and good faith necessary to meaningful dispute resolution; (3) not proceed to a higher level of dispute resolution until either a response is received or expiration of the time frame for the prior level of dispute resolution; (4) grant to one another, at the request of the other Party, one reasonable extension of time in the dispute resolution process not to exceed 10 business days; and (5) complete Levels 1, 2, and 3 of dispute resolution before seeking resolution through regulatory processes, arbitration or the courts.