

**Stipulation Regarding Certain Performance Indicator Definitions and the Qwest
Performance Assurance Plan Provisions**

Qwest Corporation (“Qwest”), Eschelon Telecom, Inc. (“Eschelon”), DIECA Communications, Inc. d/b/a Covad Communications Company (“Covad”), US Link, Inc. d/b/a TDS Metrocom (“TDS Metrocom”) and McLeodUSA Telecommunications Services, Inc. (“McLeodUSA”) (collectively, the “Stipulating Parties” and individually a “Party”) have participated in a series of discussions regarding the current 14-State 271 Performance Indicator Definitions (“PID”) and the state Performance Assurance Plans (“PAPs”).

1. The discussions have resulted in several agreements regarding certain items impacting the PIDs and the PAPs (the agreements together are known as the “2007 Stipulation” or this “Stipulation”). The agreements are reflected in the redlined Exhibit B and Exhibit K reviewed as part of the Stipulating Parties’ discussions and to be filed concurrently with the 2007 Stipulation.

2. Qwest notified CLECs in each of the 14 states of the opportunity to participate in the discussions.

3. Each of the State Commission staffs in the 14-state region was notified.

4. During the discussions, the Stipulating Parties agreed to modify their positions and seek a fair resolution that continues to serve the public interest. While at any one time, all participants may not have specifically agreed with a particular item or items, each participant has participated in the negotiations, the drafting and finalization of this document and has either executed the 2007 Stipulation or agreed to remain neutral. The Stipulating Parties then together recommend that the applicable terms of this Stipulation be approved in each state within the 14-state region that includes Arizona, Colorado, Iowa, Idaho, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming. The Stipulating Parties have entered into this 2007 Stipulation with the intent that it be submitted to each of the commissions and be implemented in Qwest’s 14-state region.

5. To encourage timely implementation of this stipulation, each Stipulating Party agrees to cooperate in and support the process of submitting this agreement to and receiving a ruling from each state commission in which the Stipulating Party is certified within the 14-state region without the need for

a hearing. Qwest will ask the state commissions, if and when this 2007 Stipulation and the amended PID/PAP is approved by a state commission to order that the approved changes to the PID/PAP will amend Exhibits B and K to the agreements of all CLECs that include either Exhibit, as set forth in the redlined Exhibits B and K. For purposes of this Stipulation, Stipulating CLECs will not oppose Qwest's request. If, any state commission does not approve this 2007 Stipulation in its entirety or any state commission denies Qwest's request to amend CLEC agreements as described, the Stipulating Parties agree that any Party may rescind this 2007 Stipulation as to that particular state.

I. Agreements Applicable to all 14 States

A. Eliminate Resale DSL from PIDs and Modify PID and PAP References to Qwest DSL

6. As a result of the Federal Communications Commission's ("FCC") Broadband Order,¹ between January 28, 2006 and November 16, 2006, Qwest grandfathered its retail DSL tariffed product offerings.² Beginning November 17, 2006, those DSL products were no longer offered for purchase under the tariff.

7. The Stipulating Parties have agreed that resold DSL product offerings, as information services, will be removed from all PIDs. Additionally, for the remaining wholesale products that are currently subject to a parity evaluation with retail Qwest DSL service, the Stipulating Parties have agreed to new retail analogues.

8. PID and PAP Revisions:

Though the agreement regarding resale DSL applies in each of the 14 states, some revisions to the PAPs are not applicable in every state; specific state applicability is noted when the change does not impact all 14 states. The revised PID and PAP changes include:

¹ *In the Matters of Appropriate Framework for Broadband Access to the Internet over Wireline Facilities; Universal Service Obligations of Broadband Providers; Review of Regulatory Requirements for Incumbent LEC Broadband Telecommunications Services; Computer III Further Remand Proceedings: Bell Operating Company Provision of Enhanced Services; 1998 Biennial Regulatory Review – Review of Computer III and ONA Safeguards and Requirements; Conditional Petition of the Verizon Telephone Companies for Forbearance Under 47 U.S.C. § 160(c) with Regard to Broadband Services Provided Via Fiber to the Premises; Petition of the Verizon Telephone Companies for Declaratory Ruling or, Alternatively, for Interim Waiver with Regard to Broadband Services Provided Via Fiber to the Premises; Consumer Protection in the Broadband Era, Report and Order and Notice of Proposed Rulemaking, 20 FCC Rcd 14853 (2005), pets for rev. pending, sub nom. Time Warner Telecom v. FCC, No. 05-4769 (and consolidated cases) (3rd Cir. Filed Oct. 26, 2005)(Broadband Order).*

² QC's tariff FCC No. 1 Section 8.99.4 was changed to specify that the DSL products were only available to existing customers.

- Deletion of pre-order transaction “Resale of Qwest DSL Qualification” from the PO-1 (Pre-Order/Order Response Times) PID and Appendix A of the Minnesota PAP (“MPAP”).
- Deletion of the Resale DSL product disaggregation from all PIDs and Appendix A of the MPAP (Product disaggregations are not specified in the other state PAPs).
- Updating the retail analogue for Line Sharing and Line Splitting product disaggregations to “retail RES and BUS POTS” in all OP and MR measures where the current retail analogue is “Qwest DSL.”
- Updating the retail analogue for xDSL-I Capable Loops to “retail DS1 Private Line” in the OP-5A, MR-3, MR-4, MR-6, MR-7 and MR-8 measures where the current retail analogue is “Qwest DSL” or “Qwest IDSL.”
- Updating the retail analogue for xDSL-I Capable Loops to “retail ISDN BRI (designed)” in the OP-6 measure where the current retail analogue is “Qwest DSL, with dispatch.”
- Updating the retail analogue for ADSL Qualified Loops to “retail ISDN BRI (designed)” in all OP and MR measures where the current retail analogue is “Qwest DSL.”
- Deletion of “megabit resale” from the Low Volume, Developing Markets section of the AZ, ID, IA, MT, NE, NM, ND, OR, SD, UT, WA and WY PAPs.
- Deletion of references to “DSL” in Appendices A and B in the Colorado PAP (“CPAP”) and MPAP.

9. Application of Changes: In addition to the PID and PAP changes, the Stipulating Parties have also agreed to retroactively apply the changes to performance and payment results of each PAP following commission adoption/approval of the 2007 Stipulation subject to the following conditions/limitations:

- If Commission adoption/approval is received on or before August 31, 2007, Qwest will apply retroactively from the effective date of the commission order adopting/approving the 2007 Stipulation for a maximum of six months but no earlier than December 2006 results.
- If Commission adoption/approval is received after August 31, 2007, changes will apply on a going forward basis only.
- For CO and MN: Tier 1A – Six Month Retail Average will be modified as follows:

- o Qwest will begin collection of the new retail analogue data effective with December 06 data. Therefore retail results will not be based on a full six month average until June 07 results. Until six months of data are available, the retail average will be based on as many months as are available.

B. Update PID MR-11 Title

10. During the 2003 Audit of the CPAP, the auditor found that the MR-11 title, “LNP Trouble Reports Cleared within 24 Hours,” was inappropriate, given that MR-11A measures trouble reports cleared within four hours and MR-11B measures trouble reports cleared within 48 hours.

11. Stipulating Parties have agreed to change the MR-11 PID title to “LNP Trouble Reports Cleared within Specified Timeframes.”

12. PID and PAP Revisions:

The revised PID and PAP changes include:

- Updating the title of MR-11 in the PID.
- Updating the title of MR-11 in Section 3.2 and Attachment 1 in the AZ, ID, IA, MT, NE, ND, OR, SD, UT and WY PAPs.
- Updating the title of MR-11 in Section 3.2 and Appendices A and B in the CPAP.
- Updating the title of MR-11 in Section 3.2 and Appendix A in the MPAP.
- Updating the title of MR-11 in Section 3.2 and Attachments 1 and 3 in the NM and WA PAPs.

C. Clarify Retail Analogue for Unbundled 2-wire Non-Loaded and ISDN Capable Loops

13. During the ROC PAP Audit, the auditor found that OP-5A used ISDN BRI retail orders following the designed provisioning flow as the retail analogue for Unbundled 2-wire Non-Loaded Loops and Unbundled ISDN Capable Loops. The auditor found that Qwest should consider making a clarifying change to the PID.³

14. Stipulating Parties have agreed to update the Unbundled 2-wire Non-Loaded Loop and Unbundled ISDN Capable Loop product disaggregations to consistently reflect when the retail analogue of ISDN BRI is limited to orders/tickets following the designed flow by specifying “ISDN BRI (designed)” in

³ See Appendix A of the Final Report on the Audit of Qwest’s Performance Assurance Plans, Prepared for: The Qwest Regional Oversight Committee, By: The Liberty Consulting Group, dated October 28, 2005, Recommendation 8 page 121.

the applicable OP and MR PIDs. Qwest has represented that this change reflects the way Qwest has historically applied the retail analogue to these products. Stipulating Parties' agreement to update the PID does not indicate any agreement by the Stipulating Parties as to whether this historical application is appropriate.

15. PID and PAP Revisions:

No PAP changes result from this agreement. The OP-3, OP-4, OP-5A, OP-6, OP-15, MR-3, MR-4, MR-6, MR-7 and MR-8 measurements have been updated in the PID.

D. Modify PO-20 to Reflect Implementation of Expanded Measure

16. When the last version of the PID document was issued, the PO-20 measure had future phases defined and the potential to include additional CLEC-specified Feature Detail Field Identifiers ("FIDs") or Blocking Type entries. All PO-20 phases have been implemented without further CLEC identification of additional FIDs or blocking entries.

17. Stipulating Parties have agreed to update PO-20 to reflect that it is fully implemented. Further, the Stipulating Parties acknowledge that the absence of proposals to modify the PO-20 PID in conjunction with the implementation of Phase IV in no way forecloses any party's ability to submit subsequent PID change proposals to modify the PO-20 PID in the future.

18. PID and PAP Revisions:

The revised PID and PAP changes include:

- Updated Availability Section to simply reflect Available and deleted Phase specific implementation dates in the PID.
- Updated Standard Section to remove standards for completed phases in the PID.
- Removed Phase references in the LSR-Service Order Fields Evaluated table in the PID.
- Removed the FEATURE DETAIL and BLOCK (Stage 2) entries referring to CLEC proposed additions in the PID.
- Deleted Stabilization Period references in Attachment 1 in the AZ, ID, IA, MT, NE, NM, ND, OR, SD, UT, WA and WY PAPs.
- Deleted PO-20 from Appendix B in the CPAP and MPAP.

E. Remove PIDs from PAPs Subject to a Reinstatement/Removal Process

19. The Reinstatement/Removal process, included in this Stipulation, removes PIDs from being subject to a PAP's payment mechanism while providing an ongoing evaluation of the PID's performance to ensure that, if warranted, under the terms of the process, the PID will be reinstated as subject to PAP payments. The process also provides terms for evaluating performance after reinstatement to qualify for subsequent removal and a root-cause analysis process for evaluation of PIDs.

20. Stipulating Parties have agreed to remove the the GA-3, GA-4, GA-7, PO-2B, PO-3, PO-5D, PO-7, PO-8, PO-16, OP-7, OP-17, MR-11, BI-4, NI-1, NP-1, and CP-3 PIDs, to the extent they currently are included in a specific state's PAP. Removal in a state specific PAP is specifically subject to the Reinstatement/Removal process.

21. PID and PAP Revisions:

The revised PID and PAP changes include:

- Addition of Reinstatement/Removal provisions in Section 3 of the AZ, ID, IA, MN, MT, NE, NM, ND, OR, SD, UT, WA and WY PAPs.
- Revision of Reinstatement/Removal provisions in Section 3 and Appendix A of the CPAP.
- Addition of the root cause analysis provision in Section 16 of the AZ, ID, IA, MT, NE, NM, ND, OR, SD, UT, WA and WY PAPs.
- Addition of the root cause analysis provision in Section 18 of the MPAP.

F. Modifications to MR-6 and BI-3A

22. Stipulating Parties have agreed to add an exclusion to the MR-6 PID that allows No Trouble Found ("NTF") and Test Okay ("TOK") trouble reports to be removed when the ticket's duration is one hour or less. Stipulating Parties agreed to modify BI-3A. The BI-3A standard will be changed to a 98% benchmark, the PAP payment calculation will be revised by creating a tiered structure of per occurrence amounts, and the per measure cap for the sub-measure will be modified.

23. PID and PAP Revisions:

The revised PID and PAP changes include:

- Addition of an exclusion to MR-6 that allows NTF and TOK trouble reports to be removed when the ticket's duration is one hour or less in the PID.
- Changing the BI-3A standard to 98% in the PID.

- Addition of a new provision describing payment calculation for BI-3A including a new table defining the Per Occurrence and Per Measure Cap amounts in the PAPs.
- Revision to existing PAP provisions to account for the BI-3A changes.

II. Agreements Applicable to all States excluding CO

A. One Allowable Miss for Benchmark and Non-interval Parity Measures

24. Stipulating Parties have agreed to add a one allowable miss provision for benchmark and non-interval parity measurements where 100% performance would otherwise be required to meet the standard in cases where the CLEC aggregate results have met the standard. The one allowable miss provision will also apply if the CLEC aggregate results have not met the standard, but would require 100% performance to meet the standard and with one allowable miss at the CLEC aggregate level would result in CLEC aggregate results meeting the standard.

25. PID and PAP Revisions:

The PID does not have any associated changes. The revised PAP changes include:

- Addition of One Allowable Miss in Section 3.1.2 of the PAPs.
- Revisions to existing PAP provisions to account for the addition of the One Allowable Miss provision.

B. Modify Minimum Payment Provisions

26. Stipulating Parties have agreed to change the minimum payment provision replacing the flat minimum payment amounts of \$300/\$600 (MN) and \$2000 (the 12 remaining states) with a tiered minimum payment approach that establishes a relationship between the monthly PAP payment and the required minimum payment amount. Moreover, the parties have agreed to replace the monthly minimum payment approach and CLEC certification process in MN with the annual minimum payment determination applicable to the other 12 states.

27. PID and PAP Revisions:

The PID does not have any associated changes. The revised PAP changes include:

- Revision to Section 6.3 in the AZ PAP.
- Revision to Section 6.4 in the ID, IA, MT, NE, NM, ND, OR, SD, UT, WA and WY PAPs.
- Revision to Section 9 in the MPAP.

28. Application of Changes: In addition to the PAP changes resulting from the agreed upon modification, the Stipulating Parties have also agreed to retroactively apply the changes following commission adoption/approval subject to the following:

- Qwest will apply the revised minimum payment terms retroactively to include all 12 months included in the annual minimum payment determination made in December 2007 except that in Minnesota,
 - The increased amount of any monthly payment resulting from the current MN minimum payment provision will be excluded when determining the annual minimum payment amount under the revised minimum payment provision.
 - The portion of any monthly payment attributable to the current MN minimum payment provision will be used to reduce any additional annual payment due under the revised minimum payment provision. Should total of such amounts exceed the additional annual payment amount, the difference will be treated as a MN overpayment to the CLEC.

C. Remove Low Volume Products from the PAP

29. Stipulating Parties have agreed to remove the following list of product disaggregations from all the applicable OP and MR PIDs in 13 state PAPs. The results for these product disaggregations will continue to be reported in the 271 performance reports.

- Resale Centrex
- Resale Centrex 21
- Resale DS0--Non-Designed and Designed
- E911/911 Trunks
- Resale Frame Relay
- Resale Basic ISDN--Non-Designed and Designed
- Resale Primary ISDN--Non-Designed and Designed
- Resale PBX--Non-Designed and Designed
- Sub-Loop Unbundling
- UNE-P POTS
- UNE-P Centrex
- UNE-P Centrex 21

30. PID and PAP Revisions:

The PID does not have any associated changes. The revised PAP changes include:

- Modifying Section 10 (all states except MN) to remove UNE-P POTS.
- Addition of footnote in Attachment 1 in all states except MN specifying the exclusion of the list of product disaggregations.
- Removing the Sub-Loop Unbundling product disaggregation from Attachment 3 in the NM and WA PAPs.
- Removing the product disaggregations from Appendix A in the MPAP.
- Addition of notes in Appendix B in the MPAP specifying the exclusion for the list of product disaggregations.

III. Agreement Applicable to MT, NE, NM, SD, UT, WA, and WY Only

A. Modify Tier 2 Payment Provisions

31. Stipulating Parties have agreed to adopt the MT Tier 2 provision. Under the provision, Tier 2 payments will be based on the number of performance measurements exceeding the critical z-value for three consecutive months unless there have been two misses in any three consecutive months during the last 12 months. If there have been two misses in any three consecutive months during the last 12 months, Tier 2 payments will be triggered by either two consecutive months' misses (for PIDs that are classified as both Tier 1 and Tier 2) or the current month's miss (for PIDs that are Tier 2 only). Qwest has represented that this change reflects the way Qwest has historically applied this provision in Montana. Stipulating Parties' agreement to update the Tier 2 provision does not indicate any agreement by the Stipulating Parties as to whether this historical application is appropriate.

32. PID and PAP Revisions:

The PID does not have any associated changes. The revised PAP changes include:

- Revising Sections 7.3 and 9 in the NE, NM, SD, UT, WA, and WY PAPs to reflect when Tier 2 payments are required and how they are calculated.
- Correcting Section 9 in the MT PAP to achieve consistency with MT Section 7.3.

IV. Agreement Applicable to CO, ID, MN, ND, OR, UT and WA Only

A. Modify Escalation and CLEC Not Opted In Provisions in the PAP

33. Stipulating Parties have agreed to modify MPAP escalation language to make it consistent with the OR PAP. They have also agreed to eliminate the six-month cap on Tier 1 escalation

payment amounts in CO, ID, MN, ND, OR, UT and WA, so that payments will continue to increase in the event the payment level indicator increases beyond payment level 6. Additionally, the MPAP is being revised to remove Section 10.3 and reflect that 100% of Tier 1 payments will be made only to those CLECs that have opted into the MPAP.

34. PID and PAP Revisions:

The PID does not have any associated changes. The revised PAP changes include:

- Revision to Section 8 in the MPAP.
- Eliminating Sections 10.2 and 10.3 in the MPAP.
- Uncapping Table 4 in Section 8 and revising language in Appendix A, Tier 1C Billing in the CPAP.
- Uncapping Table 2 in Section 6 in the ID, ND, OR and WA PAPs.
- Uncapping and eliminating redundancy in Table 2A in Section 6 in the WA PAP.
- Uncapping “Per Measurement Cap” portion of Table 2 in Section 6 and removing 6.2.1 language splitting escalation payments between CLEC and Tier 2 fund in the UT PAP.

V. Agreement Applicable to AZ and MN Only

A. Modify Data Retention Provision in the AZ and MN PAPs

35. Stipulating Parties have agreed to revise the data retention requirements in the AZ and MN PAPs from a total of six years to three years with the data being stored in an easy-to-access electronic form for one year after the performance reports have been produced and for an additional two years in an archived format.

36. PID and PAP Revisions:

The PID does not have any associated changes. The revised PAP changes include:

- Revision to Section 15.6 in the AZ PAP to reduce data retention requirements from six to three years.
- Revision to Section 13.1 in the MPAP to reduce data retention requirements from six to three years.
- Deletion of Section 14.4 in the MPAP.

VI. Agreements Applicable to MN Only

A. Eliminate Severity Provisions in the MPAP

37. Stipulating Parties have agreed to eliminate the severity provisions in the MPAP.

38. PID and PAP Revisions:

The PID does not have any associated changes. The revised MPAP changes include:

- Deletion of Section 7.4.
- Revision of Appendix A to remove the severity provision related to OP-13A.
- Revisions to other existing provisions to account for deletion of severity.

B. Modify the Electronic Flow-Through (PO-2) Provisions and Remove Interface Versions Availability (PO-18) from the MPAP

39. Stipulating Parties have agreed to remove PO-2A and PO-18 from the MPAP and to modify the payment structure for PO-2B so that payments are calculated at the rate of \$2000 for each 2.5% that the performance differs from its standard, not to exceed \$16,000 per product disaggregation.

40. PID and PAP Revisions:

The revised PID and PAP changes include:

- Correction to the PO-2A Standard, Availability and Notes Sections in the PID.
- Update Appendices A and B to reflect elimination of PO-2A and change in payment calculation amounts for PO-2B.
- Update Appendices A and B to remove PO-18.

This Stipulation may be executed in counterparts including signatures by facsimile. So we all have stipulated as of the _____ day of _____ 2007.

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