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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

ALLEGIANCE TELECOM, INC., et al.,

Debtors.

Chapter 11 Case No.
03-13057 (RDD)

Jointly Administered

**OBJECTION OF QWEST COMMUNICATIONS CORPORATION AND
QWEST CORPORATION TO MOTION FOR AN ORDER (I)
APPROVING THE DISCLOSURE STATEMENT; (II) ESTABLISHING A
RECORD DATE; (III) APPROVING SOLICITATION PACKAGES AND
PROCEDURES FOR DISTRIBUTION THEREOF; (IV) APPROVING
FORMS OF BALLOTS AND ESTABLISHING PROCEDURES FOR
VOTING ON THE PLAN; AND (V) ESTABLISHING NOTICE AND
OBJECTION PROCEDURES FOR CONFIRMATION OF THE PLAN**

Qwest Communications Corporation ("QCC") and Qwest Corporation ("QC") submit
this objection and respectively represent as follows:

INTRODUCTION

The Debtors' Plan¹ is premised on the ability to: (a) compel the providers of
telecommunications services, such as QCC and QC, to continue to provide services to the
Reorganized Debtors and/or XO without complying with the assumption and assignment
requirements for the extant contracts between the Debtors and such providers set forth in the

¹ Unless otherwise defined, capitalized terms utilized herein shall have the meanings ascribed to those terms in the
Debtors' Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code dated March 18, 2004 (the
"Disclosure Statement").

Bankruptcy Code; and (b) override and modify federal tariffs and contracts which govern many services provided to the Debtors.

QC and QCC submit that there is no legal mechanism pursuant to which the Debtors can compel QCC, QC and similarly situated telecommunications providers to continue to provide services under their contracts with the Debtors to the Reorganized Debtors and/or to a third party acquirer of the Debtors' assets outside of the assumption/assignment process of section 365 of the Bankruptcy Code or to modify the express terms of a tariff. Because the Plan suffers from these structural defects and the Disclosure Statement does not and cannot provide for any justification for this flawed process, the Disclosure Statement should not be approved.

In addition to these systemic problems, the Disclosure Statement does not provide adequate information to enable QC or QCC to make an informed decision regarding the Plan. The Disclosure Statement does not properly describe such essential concepts as the structure of the Debtors and/or XO after the Restructuring Transactions are consummated and the basis, if any, of the settlement and compromise of the ATI Note Claims and the Intercompany Claims. Also, the Disclosure Statement does not fully discuss the justification for the multitude of third party releases contained in the Plan, including a release for XO. As drafted, the Disclosure Statement fails to adhere to the minimum standards required by section 1125 of the Bankruptcy Code.

BACKGROUND

1. On May 14, 2003 (the "Commencement Date"), Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors-in-possession (collectively, the "Debtors" or "Allegiance") commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

2. The Debtors are authorized to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. QCC and the Debtors are parties to various contracts pursuant to which QCC provides certain telecommunications services to the Debtors (the "QCC Agreements").

4. The Debtors and QC are parties to various agreements (the "QC Agreements", together with the QCC Agreements, the "Qwest Agreements") through which QC provides telecommunications services to the Debtors herein. Many of the QC Agreements are subject to a FCC Tariff (the "Tariff") which governs the parties' relationship for the provision of telecommunications services by QC to the Debtors. In addition, QC and the Debtors are parties to interconnection agreements for various states (the "Interconnection Agreements").

5. Interconnection agreements have become prevalent in telecommunications industry after the enactment of the Telecommunications Act of 1996, Pub.L. No. 104-104, 110 Stat. 56, codified at 47 U.S.C. § 151 et seq. (the "Act") which encouraged competition in the telephone services industry. Among other things, the Act requires telephone companies competing within the same area to enter into contracts to "interconnect" their networks, allowing callers who subscribe to one local telephone service to receive calls from, and place calls to, those who subscribe to a different local telephone service. See 47 U.S.C. § 251(c)(2)(A). The Federal Communications Commission is authorized to establish regulations implementing the requirements of section 251 of the Act. 47 U.S.C. § 251(d)(1).

6. Section 2.1.2 of the QC FCC Tariff No. 1 (through which the Debtors purchase certain services from QC) provides for a process to transfer services:

A. The customer may not assign or transfer the use of services provided under this Tariff except as specified, following. . . .

1. Another customer, whether an individual, partnership, association or corporation, provided the assignee or transferee assumes all outstanding

indebtedness for such services, and the unexpired portion of the minimum period and the termination liability applicable to such services, if any; or

2. A court appointed receiver, trustee or other person acting pursuant to law in bankruptcy, receivership, reorganization, insolvency, liquidation or other similar proceedings, provided the assignee or transferee assumes the unexpired portion of the minimum period and the termination liability applicable to such services, if any.

In all cases of assignment or transfer, the written acknowledgment of the Telephone Company is required prior to such assignment or transfer which acknowledgment shall be made within 15 days from the receipt of notification. All regulations and conditions contained in this Tariff shall apply to such assignee or transferee.

The assignment or transfer of services does not relieve or discharge the assignor or transferor from remaining jointly or severally liable with the assignee or transferee for any obligations existing at the time of the assignment or transfer.

The assignor or transferor and the assignee or transferee will be required to sign a Transfer of Use Agreement assuming all outstanding indebtedness as set forth in 2.1.2.A.1., preceding. In all cases where there is no interruption of use or relocation of the services (i.e., change in Carrier Identification Code (CIC) or any other technical and or physical change to the service), administrative changes will be made without charge(s).

A copy of this part of the Tariff is attached hereto as Exhibit A.

7. Section 2.4.1. of the QC FCC Tariff No. 1 allows QC to request and require a deposit for the provision of services:

A. The Telephone Company will, in order to safeguard its interests, only require a customer who has a proven history of late payments to the Telephone Company or does not have established credit to make a deposit prior to or at any time after the provision of service to the customer to be held by the Telephone Company as a guarantee of the payment of rates and charges. No such deposit will be required of a customer which is a successor of a company which has established credit and has no history of late payments to the Telephone Company. Such deposit may not exceed the actual or estimated rates and charges for the service for a two month period. The fact that a deposit has been made in no way relieves the customer from complying with the Telephone Company's regulations as to the prompt payment of bills. At such time as the provision of the service to the customer is terminated, the amount of the deposit will be credited to the customer's account, and any credit balance which may remain will be refunded. Such a deposit will be refunded or credited to the account when the customer has established credit or, in any event, after the customer has established a one year

prompt payment record at any time prior to the termination of the provision of the service to the customer. In case of a cash deposit, for the period the deposit is held by the Telephone Company, the customer will receive interest at the same percentage rate as that set forth in B.3.b(1) or in B.3.b.(2), following, whichever is lower.

A copy of this part of the Tariff is attached hereto as Exhibit B.

8. The Plan inexplicably would do away with sections 2.1.2 and 2.4.1 of the QC FCC Tariff No. 1 as it relates to the Reorganized Debtors and XO.

9. On March 18, 2004, the Debtors filed their joint plan of reorganization under chapter 11 of the Bankruptcy Code (the “Plan”), and the related disclosure statement for the Plan (the “Disclosure Statement”).

10. Pursuant to the Plan, all of the Debtors’ subsidiaries are to be reorganized. XO will purchase the stock of the reorganized subsidiaries and substantially all of the assets of Allegiance Telecom, Inc. (“ATT”) and Allegiance Telecom Company Worldwide (“ATCW”). The Plan provides for the assumption or rejection of various contracts/leases, but does not provide a list of the contracts to be assumed or rejected. The Plan has a provision pursuant to which certain executory contracts will not be rejected until up to 180 days after the Initial Effective Date of the Plan.

11. The Plan states that after the Initial Effective Date, Utility Companies and Access Providers (which include companies providing telecommunication services such as QC and QCC) must continue to provide all utility and tariff services previously provided to the Debtors, without interruption, to the Debtors, Reorganized Subsidiaries or XO. The Plan also prohibits Utility Companies and Access Providers from requesting additional deposits or other financial security from the Debtors, XO or any reorganized entity as a result of the bankruptcy. In addition, the Plan provides that XO will have standing to object to claims arising out of utility services and tariff services.

12. The Disclosure Statement does not provide for any substantive discussion of these provisions, but simply recites the language set forth in the Plan. Article IX of the Disclosure Statement (Risk Factors) does state that the treatment of Utility and Tariff Services is a risk factor for confirmation. The Debtors' identification of this self-created problem is not, however, a magic bullet for the inadequacies of the Disclosure Statement relating to Utility and Tariff Services.

RELIEF REQUESTED

The Plan is Fatally Flawed

13. When a plan is so fatally flawed that confirmation would not be possible, courts will not approve a disclosure statement:

If the disclosure statement describes a plan that is so "fatally flawed" that confirmation is "impossible," the court should exercise its discretion to refuse to consider the adequacy of disclosures. Such an exercise of discretion is appropriate because undertaking the burden and expense of plan distribution and vote solicitation is unwise and inappropriate if the proposed plan could never legally be confirmed.

The question whether a plan meets requirements for confirmation is usually answered at confirmation hearings. Where the plan's inadequacies are patent, they may, and should be addressed at the disclosure statement stage. Disclosure hearings anticipate, but do not preempt, confirmation hearings. Accordingly, the disclosure statement should be disapproved at the threshold only where the plan it describes displays fatal facial deficiencies or the stark absence of good faith.

In re Phoenix Petroleum Co., 278 B.R. 385, 394 (Bankr. E.D. Pa. 2001)(citations omitted); In re Eastern Maine Elec. Co-op., Inc., 125 B.R. 329, 333 (Bankr. D. Maine 1991).

14. The Plan is fatally flawed with regard to its treatment of Utility and Tariff Services such that this Court should not approve the Disclosure Statement.

15. Sections 6.2 and 6.3 of the Plan require QC and QCC to continue to provide services to the Reorganized Subsidiaries and XO on the same terms as previously provided to the Debtors without complying with the assumption and assignment process established by section

365 of the Bankruptcy Code. Since there will be no assumption, QC and QCC would be forced to provide services to XO or the Reorganized Subsidiaries without a contract or any other instrument governing the relationship. There is no basis in law for such an arrangement.

16. QC and QCC submit that the only means by which they can be compelled to continue to provide services to the Reorganized Debtors or XO is for the Qwest Agreements to be assumed and assigned in accordance with section 365 of the Bankruptcy Code. The Plan ignores (or attempts to nullify) the assumption/assignment requirements and the Disclosure Statement does not even try to justify these actions.

17. Section 365 of the Bankruptcy Code provides in relevant part:

(a) [With certain exceptions not relevant here], the trustee, subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor.

(b)(1) If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee –

(A) cures, or provides adequate assurance that the trustee will promptly cure, such default;

11 U.S.C. § 365(b) (emphasis added).

18. The purpose behind section 365 is to balance the contract right of the creditor to receive the benefits of its bargain against the equitable right of the debtor to have an opportunity to reorganize. In re RVP, Inc., 269 B.R. 851, 854 (Bankr. D. Idaho 2001); In re The Leisure Corp., 234 B.R. 916, 922 (9th Cir. BAP 1999); In re Circle K. Corp., 190 B.R. 370, 376 (9th Cir. BAP 1995)

19. The legislative history to section 365 of the Bankruptcy Code clarifies the purpose of the section, “if the trustee is to assume a contract or lease, the court will have to insure that the trustee’s performance under the contract or lease gives the other contracting party the full benefit of his bargain.” S. Rep. No. 95-989 at 59 (1979) This balancing is accomplished

by requiring the debtor to abide by the contract provisions during pendency of the bankruptcy case and to cure any prepetition defaults upon assumption while prohibiting the non-debtor contracting party from enforcing any prepetition default remedies pending the trustee's decision to assume or reject. NLRB v. Bildisco & Bildisco, 465 U.S. 513, 104 S.Ct. 1188, 79 L.Ed.2d 482 (1984).

20. Here, the Debtors are attempting to accomplish an end run around section 365 of the Bankruptcy Code by compelling QC and QCC to provide services without the assumption and assignment of the Qwest Agreements. Sections 6.2 and 6.3 of the Plan attempt to vitiate the protections afforded to counter-parties to executory contracts by Congress through section 365 of the Bankruptcy Code.

21. Approval by this Court of Sections 6.2 and section 6.3 of the Plan would nullify the plain language of section 365 of the Bankruptcy Code. The Supreme Court has "refused to nullify statutes, however hard or unexpected the particular effect, where unambiguous language called for a logical and sensible result. Any other course would be properly condemned as judicial legislation...." Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U.S. 315, 332-333, 59 S.Ct. 191, 199-200, 83 L.Ed. 195 (1938) (footnotes omitted); Griffin v. Oceanic Contractors, Inc., 102 S.Ct. 3245, 3260 458 U.S. 564 (1982).

22. Additionally, an executory contract does not become an asset of the estate until it is assumed pursuant to section 365 of the Bankruptcy Code. In re Qintex Entertainment, Inc., 950 F.2d 1492, 1495 (9th Cir. 1991); In re Tleel, 876 F.2d 769, 770 (9th Cir.1989) ("Unless and until rights under an executory contract are timely and affirmatively assumed by the trustee, they do not become property of the debtor's estate").

23. Since the contract rights granted in the Qwest Agreements are not part of this estate, the Debtors are unable to sell or transfer such rights or agreements. This concept is supported by the this Court's order approving the sale (the "Sale") to XO Communications, Inc. ("XO") of (i) substantially all of the assets of Allegiance Telecom, Inc. and Allegiance Telecom Company Worldwide and (ii) the stock of the reorganized subsidiaries of ATCW, other than Shared Technologies Allegiance, Inc. Order (I) Approving the Sale Free and Clear of Liens, Claims and Encumbrances to the Successful Bidder, (II) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (III) Granting Related Relief", (the "Sale Order"). In the Sale Order, this Court made clear that, in order for XO to obtain (directly or indirectly) the benefits of any of the executory contracts of the Debtors, it would have to do what every other buyer of the business of a debtor must do: have the debtor assume the contracts, cure all defaults, provide adequate assurance of future performance, and (if the buyer itself is to obtain the contracts) assign the contracts to the buyer. Thus, the Court specified that any assumption and/or assignment of any of the Debtors' contracts could occur only if "the requirements of section 365 of the Bankruptcy Code are satisfied." Sale Order at 11 (¶ 12).

24. The Plan is also fatally flawed because it provides for an impermissible and improper injunction against QC and QCC. The Disclosure Statement fails to articulate how this Court can grant what appears to be a permanent injunction against QC and QCC to compel QC and QCC to provide services to the Reorganized Subsidiaries or XO without following both the procedural and substantive requirements for injunctive relief. See, e.g. Rule 7001 of the Federal Rules of Bankruptcy Procedure. The Disclosure Statement fails to discuss how this Court has

the jurisdiction and/or authority to compel QC and QCC to provide services to XO, the purchaser of the Debtors' assets.

25. The Supreme Court has explained that, although a bankruptcy court's jurisdiction is not limitless:

Congress intended to grant comprehensive jurisdiction to the bankruptcy courts so that they might deal efficiently and expeditiously with all matters connected with the bankruptcy estate," and that the "related to" language of § 1334(b) must be read to give district courts (and bankruptcy courts under § 157(a)) jurisdiction over more than simple proceedings involving the property of the debtor or the estate.

Celotex Corp. v. Edwards, 514 U.S. 300, 115 S.Ct. 1493, 1499, 131 L.Ed.2d 403 (1995) quoting Pacor, Inc. v. Higgins, 743 F.2d 984, 994 (3d Cir.1984)) (citations omitted)

26. The appropriate test for determining "related to" jurisdiction is whether the outcome of a proceeding "might have any 'conceivable effect' on the bankrupt estate" or if the proceeding has "any significant connection" with the bankrupt estate. Publicker Indus., Inc. v. United States (In re Cuyahoga Equip. Corp.), 980 F.2d 110, 114 (2d Cir.1992).

27. This Court should not issue any relief which affects the relationship and any disputes between QC, QCC and XO now and upon confirmation, if such event occurs, as such actions do not have any conceivable effect on this estate.

28. The Plan is further flawed because it attempts to modify tariff provisions by negating certain change in responsibility and security deposit requirements in derogation of the filed rate doctrine. The classic statement of the "filed rate doctrine," as it has come to be known, is explained in Louisville & Nashville R. Co. v. Maxwell, 237 U.S. 94, 35 S.Ct. 494, 59 L.Ed. 853 (1915). In that case, the Supreme Court held that a passenger who purchased a train ticket at a rate misquoted by the ticket agent did not have a defense against the subsequent collection of the higher tariff rate by the railroad:

Under the Interstate Commerce Act, the rate of the carrier duly filed is the only lawful charge. Deviation from it is not permitted upon any pretext. Shippers and travelers are charged with notice of it, and they as well as the carrier must abide by it, unless it is found by the Commission to be unreasonable. Ignorance or misquotation of rates is not an excuse for paying or charging either less or more than the rate filed. This rule is undeniably strict and it obviously may work hardship in some cases, but it embodies the policy which has been adopted by Congress in the regulation of interstate commerce in order to prevent unjust discrimination.

Id., at 97, 35 S.Ct., at 495.

29. Despite the sometime harsh effects of the filed rate doctrine, the Supreme Court has consistently adhered to it. See, e.g., Thurston Motor Lines, Inc. v. Jordan K. Rand, Ltd., 460 U.S. 533, 535, 103 S.Ct. 1343, 1344, 75 L.Ed.2d 260 (1983); Southern Pacific Transp. Co., 456 U.S., at 343-344, 102 S.Ct., at 1820-1821; Baldwin v. Scott County Milling Co., 307 U.S. 478, 484-485, 59 S.Ct. 943, 947-948, 83 L.Ed. 1409 (1939); Louisville & Nashville R. Co. v. Central Iron & Coal Co., 265 U.S. 59, 65, 44 S.Ct. 441, 442, 68 L.Ed. 900 (1924).

30. The filed tariff doctrine forbids an interstate telecommunications carrier from charging rates for its services on terms and conditions other than those set forth in the tariffs it files with the FCC. See Fax Telecommunicaciones Inc. v. AT & T, 138 F.3d 479, 488 (2d Cir.1998) (citing Arkansas Louisiana Gas Co. v. Hall, 453 U.S. 571, 577 (1981)). The doctrine pre-empts any lawsuit that challenges the terms and conditions of the filed tariff, for "unless and until suspended or set aside, [the tariff] is ... for all purposes, the legal rate, as between carrier and [customer]. The rights as defined by the tariff cannot be varied or enlarged by either contract or tort of the carrier." Id. (quoting Keogh v. Chicago & Northwestern Ry. Co., 260 U.S. 156, 163 (1922)).

31. Under this rule, rates filed with the FCC bind both "carriers and [customers] with the force of law." Lowden v. Simonds-Shields Lonsdale Grain Co., 306 U.S. 516, 520, 59 S.Ct.

612, 83 L.Ed. 953 (1939); Brown v. MCI WorldCom Network Servs., Inc., 277 F.3d 1166, 1170 (9th Cir.2002)

32. The Plan violates the filed rate doctrine because the Debtors and XO would enjoy benefits under the tariff not enjoyed by other carriers, i.e. a prohibition on security deposits and the requirements to follow change in responsibility provisions. The Plan would modify the rights defined by sections 2.1.2 and 2.4.1 of the QC FCC Tariff No. 1 in conflict with the express mandate of the filed rate doctrine.

33. By violating the filed rate doctrine, the Plan can never satisfy the requirements of section 1129(a)(3) of the Bankruptcy Code because the Plan, *per se*, is a violation of law through the modification of rights set forth in the tariff. As a result, the Plan, as structured, is unconfirmable.

The Disclosure Statement Is Inadequate

34. Section 1125(b) of the Bankruptcy Code mandates the filing of a disclosure statement which contains “adequate information”. Section 1125(a) of the Bankruptcy Code defines adequate information as follows:

(a) In this section —

(1) “adequate information” means information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor. . . that would enable a hypothetical reasonable investor typical of holders of claims or interests of the relevant class to make an informed judgment about the plan. . .

11 U.S.C. § 1125(a).

35. “Disclosure is the ‘pivotal’ concept of Chapter 11 reorganization.” Kunica v. St. Jean Fin. Inc., 233 B.R. 46, 54 (S.D.N.Y. 1999) (citing 5 Lawrence P. King, Collier on

Bankruptcy, ¶ 1125.03 (15th ed. 1992); Oneida Motor Freight, Inc. v. United Jersey Bank, 848 F.2d 414, 417 (3rd Cir. 1988) *cert. denied*, 488 U.S. 967 (1988) (citing Collier on Bankruptcy).

36. The House Report to the Bankruptcy Reform Act of 1978 indicated that “[t]he premise of the bill’s financial standard for confirmation is the same as the premise of the securities law: parties should be given adequate disclosure [and] relevant information, and they should make their own decision on the acceptability of the proposed plan [of] reorganization.” H.R.REP. NO. 95-595, at 224 (1977). It notes that:

In consolidating the two reorganization chapters [X and XI], it [was] necessary to determine the extent of the disclosure to creditors and equity security holders required, and the extent of advance court determination of the propriety of the plan. The premise underlying the consolidated chapter 11 of this bill is the same as the premise of the securities law. If adequate disclosure is provided to all creditors and stockholders whose rights are to be affected then they should be able to make an informed judgment of their own, rather than having the court or the Securities and Exchange Commission inform them in advance of whether the proposed plan is a good plan. Therefore, the key to the consolidated chapter is the disclosure section.

H.R.REP No. 95-595, at 226. U.S. Code Cong. & Admin. News 1978, p. 5963, at 6184); Kunica, 233 B.R. at 54 (“The importance of full disclosure is underlaid by the reliance placed upon the disclosure statement by the creditors and court. Given this reliance, we cannot overemphasize the debtor’s obligation to provide sufficient data to satisfy the Code standard of ‘adequate information.’”); West Oil Development Corporation v. MCorp Management Solutions, 157 B.R. 100, 102 (S.D.Tex1993).

37. As stressed by one court, an explanation of the means of implementation of a plan is a critical element of a sufficient disclosure statement:

While "adequate information" for making an informed judgment is a flexible concept that permits the degree of disclosure to be tailored to the particular situation, there nevertheless is an irreducible minimum. An informed judgment cannot be made without information about the plan and about how the provisions of the plan will be put into effect. Thus, every plan of reorganization must "provide adequate means for the plan's implementation." 11 U.S.C. § 1123(a)(5). Similarly, every disclosure statement needs an explanation of why the proposed means of implementation will be adequate to the task.

In re Michelson, 141 B.R. 715, 719 (Bankr.E.D.Cal. 1992).

38. The Debtors fail to provide any information, let alone adequate information, as to (i) the identity of the entity or entities to which QC and QCC must provide services after the Initial Effective Date; (ii) how the Debtors propose to transfer rights under QCC's and QC's contracts with the Debtors to that entity or those entities; (iii) how the Debtors can compel QC and QCC to continue to provide services to the Reorganized Subsidiaries without the assumption and cure of QC's and QCC's contracts; (iv) how QC and QCC can be compelled to provide services to XO without the assumption, cure and assignment of their contracts to XO; (v) how the Debtors can unilaterally modify the QC and QCC tariffs; (vi) how the Debtors can unilaterally modify QC and QCC contracts; (vii) how XO can acquire standing as to claims arising from the provision of utility and tariff services to the Debtors; (viii) how QC and QCC can be prohibited from requesting deposits or other financial security provided by tariff after the Initial Effective Date in the ordinary course of business; (ix) the structure of the Reorganized Subsidiaries' operations; and (x) how the Reorganized Subsidiaries will be funded on a going forward basis.

39. The Plan and Disclosure Statement are also internally inconsistent. The Plan states that all executory contracts and unexpired leases which are set forth on Schedules 2, 3, 4

and 5 shall be deemed rejected, but the Plan requires the non-debtor party to perform under contracts which will apparently be rejected.

40. Put another way, the Qwest Agreements are executory contracts and apparently will not be assumed through the Plan. Since the Plan provides for the rejection of all contracts not otherwise assumed, the Qwest Agreements will be rejected upon the Initial Effective Date or sometime thereafter. Despite the rejection of the Qwest Agreements, the Debtors and XO request that QC and QCC be forced to continue to provide services.

41. The Disclosure Statement fails to describe how the Court can compel a party to continue to provide performance under a rejected contract. See, In re Lavigne, 114 F.3d 379 (2d. Cir. 1997); 11 U.S.C. § 365(g).

42. The Disclosure Statement fails to properly describe the structure of the Reorganized Subsidiaries or the Buyer after the Restructuring Transactions are effectuated. QC and QCC are unable to determine which entity will continue to use their services and the financial wherewithal of such entities. At a minimum, QC and QCC are entitled to know who will be their customers and what the financial resources of the proposed customer are.

43. The release and discharge provisions of the Plan appear to be contrary to sections 524 and 1141 of the Bankruptcy Code and the Disclosure Statement does not explain how or why these provisions are viable. For example, the Plan provides for a complete discharge and release of claims against the Debtors, the Debtors' officers, employees and directors, agents, advisors, Holders of ATI Note Claims, ATI Note Trustees, Holders of Senior Lender Claims and the Buyer. There is no description of the claims to be released, why such broad non-debtor releases are part of the Plan or the consideration for the releases. Also, since ATI and ATCW

will be dissolved, there is no discussion of how or why those entities get the benefit of a discharge pursuant to section 1141(d)(3) of the Bankruptcy Code.

44. The Disclosure Statement also lacks adequate information on the proposed compromise and settlement of all issues related to the validity and priority of ATI Note Claims raised in the proofs of Claim filed by the ATI Note Trustees against each of the Debtors on January 12, 2004 with the Bankruptcy Court. The Disclosure Statement outlines the dispute in a cursory manner and does not properly explain the bases for the proposed settlement and the ultimate effect on creditors.

WHEREFORE, based upon the foregoing, QC and QCC request that the Court decline to approve the Disclosure Statement and grant such other relief as is just and proper.

Dated: New York, New York
April 13, 2004

Respectfully submitted by:

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Exhibit A

2. GENERAL REGULATIONS

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2. GENERAL REGULATIONS

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(Filed under Transmittal No. 87.)

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Effective: July 25, 2001

2. GENERAL REGULATIONS

2.1 UNDERTAKING OF THE TELEPHONE COMPANY

2.1.1 SCOPE

- A. The Company does not undertake to transmit messages under this Tariff. (T)
- B. The Company shall be responsible only for the installation, operation and maintenance of the services, which it provides. (T)
- C. The Company will, for maintenance purposes, test its services only to the extent necessary to detect and/or clear troubles. (T)
- D. Services are provided 24 hours daily, 7 days per week except as set forth in other applicable sections of this Tariff. (T)
- E. The Company does not warrant that its facilities and services meet standards other than those set forth in this Tariff. (T)

2.1.2 LIMITATIONS

- A. The customer may not assign or transfer the use of services provided under this Tariff except as specified, following. Where there is no interruption of use or relocation of the services, at that time or within the 12 months following the transfer of use, such assignment or transfer may be made if the conditions in 1.-4., following, are met. If the customer does not meet the preceding 12-month criteria, a charge equal to the remainder of the 12-month recurring charges and Termination Liability applies. (C)
- 1. Another customer, whether an individual, partnership, association or corporation, provided the assignee or transferee assumes all outstanding indebtedness for such services, and the unexpired portion of the minimum period and the termination liability applicable to such services, if any; or (C)

2. GENERAL REGULATIONS

2.1 UNDERTAKING OF THE TELEPHONE COMPANY

2.1.2 LIMITATIONS

A. (Cont'd)

2. A court appointed receiver, trustee or other person acting pursuant to law in bankruptcy, receivership, reorganization, insolvency, liquidation or other similar proceedings, provided the assignee or transferee assumes the unexpired portion of the minimum period and the termination liability applicable to such services, if any.

In all cases of assignment or transfer, the written acknowledgment of the Telephone Company is required prior to such assignment or transfer which acknowledgment shall be made within 15 days from the receipt of notification. All regulations and conditions contained in this Tariff shall apply to such assignee or transferee.

The assignment or transfer of services does not relieve or discharge the assignor or transferor from remaining jointly or severally liable with the assignee or transferee for any obligations existing at the time of the assignment or transfer.

The assignor or transferor and the assignee or transferee will be required to sign a Transfer of Use Agreement assuming all outstanding indebtedness as set forth in 2.1.2.A.1., preceding. In all cases where there is no interruption of use or relocation of the services (i.e., change in Carrier Identification Code (CIC) or any other technical and or physical change to the service), administrative changes will be made without charge(s).

3. Another customer, whether an individual, partnership, association or corporation, provided assignment or transfer is done solely to accommodate the sale of one company to a different company for Expanded Interconnection-Collocation Service.
4. When the preceding conditions are met, and a transfer of service involves a customer with RCP, refer to 7.11.3.B.2.f. for additional conditions.

(C)
(C)

2. GENERAL REGULATIONS

2.1 UNDERTAKING OF THE TELEPHONE COMPANY

2.1.2 LIMITATIONS (Cont'd)

- B. The regulations for installation and restoration of Telecommunications Service Priority (TSP) System Services shall be subject to Part 64.401, Appendix A, of the Federal Communications Commission's Rules and Regulations and Section 10, following. (T)
- C. Subject to compliance with the rules mentioned in B. preceding, the services offered herein will be provided to customers on a first-come, first-served basis. (T)

2.1.3 LIABILITY

A. General

- 1. The Company shall not be liable for any act or omission of any other carrier or customer providing a portion of a service, nor shall the Company for its own act or omission hold liable any other carrier or customer providing a portion of a service.
- 2. The Company shall be indemnified, defended and held harmless by the end user, interconnector or IC against any claim, loss or damage arising from the end user's, interconnector's or IC's use of services offered under this Tariff, involving:
 - a. Claims for libel, slander, invasion of privacy, or infringement of copyright arising from the end user's, interconnector's or IC's own communications;
 - b. Claims for patent infringement arising from the end user's acts combining or using the service furnished by the Company in connection with facilities or equipment furnished by the end user or IC or;
 - c. All other claims arising out of any act or omission of the end user or interconnector in the course of using services provided pursuant to this Tariff;
 - d. All taxes (e.g., sales use, gross receipts, excise or other transaction tax or taxes) relating to the interconnector's purchase, sale or use of VEIC equipment;

2. GENERAL REGULATIONS

2.1 UNDERTAKING OF THE TELEPHONE COMPANY

2.1.3 LIABILITY

A.2. (Cont'd)

- e. Any VEIC equipment which is defective or unreasonably dangerous,
 - f. Any breach of this Tariff by the end user, interconnector or IC; or
 - g. Entering any Company-owned facility housing (e.g., above ground cabinets, underground utility vaults, utility hole, hand hole, etc.) for any purpose.
3. The interconnector shall indemnify and hold harmless the Company from and against all liabilities that may result by reason of any infringement or claim of infringement of any patent, trademark, copyright, trade secret or other proprietary right relating to VEIC equipment and/or the use thereof. The interconnector will defend and/or settle at its own expense any action brought against the Company to the extent that it is based on a claim that VEIC equipment and/or the use thereof, infringe any patent, trademark, copyright, trade secret or other proprietary right.
4. The Company shall be indemnified, defended and held harmless by the interconnector against any claim, loss, damage, penalty, fine, liabilities or costs arising from the transportation, use, packaging, marking, identification, storage, handling and/or disposition of VEIC equipment in connection with any laws, regulations, rules, ordinances or orders governing hazardous materials, hazardous substances, hazardous wastes and similar items, or governing environmental, health or safety matters, including but not limited to the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, the Toxic Substance Control Act of 1976, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and the Occupation Safety and Health Act of 1970.
5. No license under patents (other than the limited license to use) is granted by the Company or shall be implied or arise by estoppel, with respect to any service offered under this Tariff. The Company will defend the customer against claims of patent infringement arising solely from the use by the customer of services offered under this Tariff (but not those arising in connection with VEIC equipment) and will indemnify such customer for any damages awarded based solely on such claims.

2. GENERAL REGULATIONS

2.1 UNDERTAKING OF THE TELEPHONE COMPANY

2.1.3 LIABILITY

A. General (Cont'd)

6. The Company's failure to provide or maintain services under this Tariff shall be excused by labor difficulties, governmental orders, civil commotions, criminal actions taken against the Company, acts of God, casualties and other circumstances beyond the Company's reasonable control, subject to the Credit Allowance for a Service Interruption as set forth in 2.4.4, following.
7. The Company does not guarantee or make any warranty with respect to its services when used in an explosive atmosphere. The Company shall be indemnified, defended and held harmless by the customer from any and all claims by any person relating to such customer's use of services so provided.
8. The Company shall make reasonable effort to cure any material failure to provide service caused solely by year 2000 defects in Company hardware, software or systems. Due to the interdependence among telecommunications providers and the interrelationship with non-Company processes, equipment and systems, the Company is not liable for failures caused by circumstances beyond its control including, but not limited to, failures caused by: (1) the Customer; (2) other telecommunications providers; or (3) customer premises equipment. In addition, the Company does not ensure compatibility between Company and non-Company services used by the Customer.

B. Liability for All Services Except Expanded Interconnection-Collocation Service

1. The Company's liability, if any, for its willful misconduct is not limited by this Tariff. With respect to any other claim or suit, by a customer or by any others, for damages associated with the installation, provision, preemption, termination, maintenance, repair or restoration of service, including Interexchange Carrier (IC) Subscription, and subject to the provisions of A., preceding, the Company's liability shall not exceed an amount equal to the proportionate charge for the service for the period during which the service was affected.

(T)
(T)

This liability for damages shall be in addition to any amounts that may otherwise be due the customer under this Tariff as a Credit Allowance for a Service Interruption.

2. GENERAL REGULATIONS

(T)

2.1 UNDERTAKING OF THE TELEPHONE COMPANY

2.1.3 LIABILITY

B. Liability for All Services Except Expanded Interconnection-Collocation Service (Cont'd)

2. The Company is not liable for damages to the customer's premises resulting from the furnishing of a service, including the installation and removal of equipment and associated wiring, unless the damage is caused by the Company's negligence.

C. Liability for Expanded Interconnection-Collocation Service

In addition to A. preceding, the Telephone Company shall have no responsibility or liability to the interconnector for the following:

1. The Company shall have no liability for any interruption of the interconnector's service or for interference with the operation of the interconnector's facilities other than as set forth in 2.4.4.B.11. In no event shall the Company be liable to the interconnector for loss of profits or revenue.
2. The interconnector is responsible for all losses associated with the VEIC equipment, except as provided herein. The Company shall not be liable to the interconnector for physical damage to the interconnector-provided equipment occupying a Company location unless caused by the gross negligence or willful misconduct of the Company. In such event, the liability of the Company shall be limited to the reasonable cost of repair and/or replacement of damaged facilities or equipment. The Company shall have no liability whatsoever to an interconnector or customer of the interconnector for lost revenues or profits occasioned by any interruption of the interconnector's service or interference with the operation of the interconnector-provided facilities or equipment in the Company location(s).

2. GENERAL REGULATIONS

2.1 UNDERTAKING OF THE TELEPHONE COMPANY (Cont'd)

2.1.4 PROVISION OF SERVICES

The Telephone Company, to the extent that such services are or can be made available with reasonable effort, and after provision has been made for the Telephone Company's telephone exchange services, will provide to the customer upon reasonable notice services offered in other applicable sections of this Tariff at rates and charges specified therein.

2.1.5 INSTALLATION AND TERMINATION OF SERVICES

A. All Services Except Expanded Interconnection-Collocation Service

The services provided under this Tariff (a) will include any entrance cable or drop wiring to that point where provision is made for termination of the Telephone Company's outside distribution network facilities at a mutually acceptable suitable location at a mutually agreeable customer-designated premises and (b) will be installed by the Telephone Company to such point of termination. Each Access Service has only one point of termination per customer premises. Any additional terminations beyond such point of termination are the sole responsibility of the customer.

B. Expanded Interconnection-Collocation (EIC) Service

The EIC Service provided for under this Tariff will include the installation and termination of equipment in accordance with the regulations as set forth in Section 21 following.

2. GENERAL REGULATIONS

(T)

2.1 UNDERTAKING OF THE TELEPHONE COMPANY (Cont'd)

2.1.6 MAINTAINING SERVICES

The services provided under this Tariff shall be maintained by the Company except for interconnector-provided and -owned fiber optic facilities at the point of interconnection for EIC Service. The interconnector, IC or others may not rearrange, move, disconnect, remove or attempt to repair any facilities provided by the Company or contained in a Company-owned facility housing (e.g., above ground cabinets, underground utility vaults, utility hole, hand hole, etc.), except with prior written consent and presence of a Company-designated inspector.

(Filed under Transmittal No. 28.)

Issued: November 21, 2000

Effective: December 6, 2000

1801 California Street, Denver, Colorado 80202

2. GENERAL REGULATIONS

(T)

2.1 UNDERTAKING OF THE TELEPHONE COMPANY (Cont'd)

2.1.7 CHANGES AND SUBSTITUTIONS

Except as provided for equipment and systems subject to F.C.C. Part 68 regulations at 47 C.F.R. Section 68.110 (b), the Company may, where such action is reasonably required in the operation of its business, (a) substitute, change or rearrange any facilities used in providing service under this Tariff, including but not limited to, (1) substitution of different metallic facilities, (2) substitution of carrier or derived facilities for metallic facilities used to provide other than metallic facilities and (3) substitution of metallic facilities for carrier or derived facilities used to provide other than metallic facilities, (b) change minimum protection criteria, (c) change operating or maintenance characteristics of facilities or (d) change operations or procedures of the Company.

In case of any such substitution, change or rearrangement, the transmission parameters will be within the range as set forth in Sections 6 and 7 following. The Company shall not be responsible if any such substitution, change or rearrangement renders any customer furnished services obsolete or requires modification or alteration thereof or otherwise affects their use or performance. If such substitution, change or rearrangement materially affects the operating characteristics of the facility, the Company will provide reasonable notification to the customer in writing. Reasonable time will be allowed for any redesign and implementation required by the change in operating characteristics. The Company will work cooperatively with the customer to determine reasonable notification requirements.

It is expressly declared that metallic facilities are in continually decreasing supply and the Company is not obligated to continue to provide such facilities. Due to facility rearrangements, continued use of metallic facilities may be denied to existing customers with no obligation on the Company's part to pay customer equipment rearrangement costs. The Company will give the customer 90 days notification of this type of facility rearrangements. Metallic facilities are provided only where existing facilities and operating conditions permit.

2. GENERAL REGULATIONS

2.1 UNDERTAKING OF THE TELEPHONE COMPANY (Cont'd)

2.1.8 REFUSAL AND DISCONTINUANCE OF SERVICES

- A. The Company may refuse to complete any pending orders for service and simultaneously refuse additional applications for service when the customer fails to comply with the regulations set forth in 2.1.6, preceding, or 2.2.1.C., 2.3 or 2.4, following. (2.4 specifies the dates and times that payments shall be made to the Company.) In the case of switched access, additional applications for service will also include IC Subscription requests whether from the customer, end user, agent or reseller, and these will be refused at the same time the Company refuses to complete any pending orders. The Company will take this action upon at least 30 days written notice (by certified U.S. Mail return receipt requested) to the person designated by that customer to receive such notices of noncompliance. Prior to this action being taken, the Company will make final notification that such action will occur to the person designated by the customer to receive the notices of noncompliance. The Company will apply such actions to the customer uniformly across the Company's serving territory.

(T)

If the Company does not refuse additional applications for service on the date specified in the 30 days notice, and the customer's noncompliance continues, nothing contained herein shall preclude the Company's right to refuse additional applications for service to the noncomplying customer after final notification to the person designated by the customer to receive the notices of noncompliance.

- B. The Company may discontinue the provision of services when the customer fails to comply with the regulations as set forth in 2.1.6, preceding, or 2.2.1.C., 2.3, 2.4, following. (2.4 specifies the dates and times that payments shall be made to the Company.) The Company may discontinue services upon 30 days written notice (by certified U.S. Mail return receipt requested) to the person designated by that customer to receive such notices of noncompliance. In the case of such discontinuance, all applicable charges, including termination charges, shall become due. If the Company does not discontinue the provision of the services involved on the date specified in the 30 days notice, and the customer's noncompliance continues, nothing contained herein shall preclude the Company's right to discontinue the provision of the services to the noncomplying customer without further notice.

2. GENERAL REGULATIONS

2.1 UNDERTAKING OF THE TELEPHONE COMPANY

2.1.8 REFUSAL AND DISCONTINUANCE OF SERVICES (Cont'd)

C. If the National Exchange Carrier Association, Inc., notifies the Company that the customer has failed to comply with Section 8 of the National Exchange Carrier Association, Inc., TARIFF F.C.C. NO. 1 (Lifeline Assistance and Universal Service Fund charges) including any customer's failure to make payments on the date and times specified therein, the Company may, on thirty days' written notice to the customer by Certified U.S. Mail, take any of the following actions:

- Refuse additional applications for service and/or
- Refuse to complete any pending orders for service,
- Discontinue the provision of service to the customer. In the case of discontinuance, all applicable charges including termination charges, shall become due.

D. When Access Service is provided by more than one telephone company the companies involved in providing the joint service may individually deny service to a customer for nonpayment. The Company will not deny service on behalf of another telephone company when involved in providing joint service.

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(S-y)
(C-x)
(S-y)

(x) Issued under the authority of Special Permission No. 02-114.

(y) Reissued matter filed under Transmittal No. 137 scheduled to become effective August 31, 2002.

(Filed under Transmittal No. 138.)

Issued: August 28, 2002

Effective: August 31, 2002

2. GENERAL REGULATIONS

2.1 UNDERTAKING OF THE TELEPHONE COMPANY (Cont'd)

2.1.9 LIMITATION OF USE OF METALLIC FACILITIES

Signals applied to a metallic facility shall conform to the limitations set forth in Technical Reference Publication AS No. 1. In the case of application of dc telegraph signaling systems, the customer shall be responsible, at its expense, for the provision of current limiting devices to protect the Telephone Company facilities from excessive current due to abnormal conditions and for the provision of noise mitigation networks when required to reduce excessive noise.

2.1.10 NOTIFICATION OF SERVICE-AFFECTING ACTIVITIES

The Telephone Company will provide the customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements, routine preventative maintenance and major switching machine change-out. Generally, such activities are not individual customer service specific, they affect many customer services. No specific advance notification period is applicable to all service activities. The Telephone Company will work cooperatively with the customer to determine reasonable notification requirements.

2.1.11 COORDINATION WITH RESPECT TO NETWORK CONTINGENCIES

The Telephone Company intends to work cooperatively with the customer to develop network contingency plans in order to maintain maximum network capability following natural or man-made disasters which affect telecommunications services.

2. GENERAL REGULATIONS

2.1 UNDERTAKING OF THE TELEPHONE COMPANY (Cont'd)

2.1.12 PROVISION AND OWNERSHIP

A. Provision and Ownership of Telephone Numbers

The Company reserves the reasonable right to assign, designate or change telephone numbers, any other call number designations associated with Access Services, or the Company serving central office prefixes associated with such numbers, when necessary in the conduct of its business. Should it become necessary to make a change in such number(s), the Company will furnish to the customer six (6) months notice, by Certified U.S. Mail, of the effective date and an explanation of the reason(s) for such change(s), beyond the non-exclusive limited right-to-use described in this Tariff.

2. GENERAL REGULATIONS

2.2 USE

2.2.1 INTERFERENCE OR IMPAIRMENT AND UNLAWFUL USE

- A. The characteristics and methods of operation of any circuits, facilities or equipment provided by other than the Telephone Company and associated with the facilities utilized to provide services under this Tariff shall not interfere with or impair service over any facilities of the Telephone Company, its affiliated companies, or its connecting and concurring carriers involved in its services, caused damage to their plant, impair the privacy of any communications carried over their facilities or create hazards to the employees of any of them or the public.
- B. Except as provided for equipment or systems subject to the F.C.C. Part 68 rules in 47 C.F.R. Section 68.108, if such characteristics or methods of operation are not in accordance with A. preceding, the Telephone Company will, where practicable, notify the customer that temporary discontinuance of the use of a service may be required; however, where prior notice is not practicable, nothing contained herein shall be deemed to preclude the Telephone Company's right to discontinue temporarily the use of a service if such action is reasonable under the circumstances. In case of such temporary discontinuance, the customer will be promptly notified and afforded the opportunity to correct the condition which gave rise to the temporary discontinuance. During such period of temporary discontinuance, Credit Allowance for Service Interruptions as set forth in 2.4.4.A. and B., following, is not applicable.
- C. The service provided under this Tariff shall not be used for an unlawful purpose.

2. GENERAL REGULATIONS

2.2 USE (Cont'd)

2.2.2 COMMINGLING

- A. To the extent a Statement of Generally Available Terms and Conditions (SGAT) or telecommunication carrier's interconnection agreement allows, either explicitly or through amendments resulting from the change of law process, a telecommunication carrier may commingle unbundled network elements or combinations of unbundled network elements with access services purchased under this tariff subject to the conditions contained in §51.318 (b) of the Commission's rules. The rates, terms and conditions of this tariff will apply to the access services that are commingled. Unbundled network elements or combinations of unbundled network elements that are commingled with access services are not included in the shared use provisions as set forth in 2.7, following.
- B. For the purposes of this section "commingling" means the connection, attaching, or otherwise linking of an Unbundled Network Element (UNE) or a UNE combination to Special Access Services.

(N)

(N)

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.1 DAMAGES

The customer shall reimburse the Company for damages to the Company facilities for all services utilized to provide services under this Tariff caused by the negligence or willful act of the customer or resulting from the customer's improper use of the Company facilities, or due to malfunction of any facilities or equipment provided by other than the Company. Nothing in the foregoing provision shall be interpreted to hold one customer liable for another customer's actions. The Company will, upon reimbursement for damages, cooperate with the customer in prosecuting a claim against the person causing such damage, and the customer shall be subrogated to the right of recovery by the Company for the damages to the extent of such payment.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.2 OWNERSHIP OF FACILITIES

Facilities utilized by the Company to provide service under the provisions of this Tariff shall remain the property of the Company. Such facilities shall be returned to the Company by the customer whenever requested, within a reasonable period following the request, in as good condition as reasonable wear will permit.

(Filed under Transmittal No. 2.)

Issued: August 7, 2000

Effective: August 8, 2000

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.3 EQUIPMENT SPACE AND POWER

A. All Services except Expanded Interconnection-Collocation (EIC) Service

The customer shall furnish or arrange to have furnished to the Company at no charge, equipment space and electrical power required by the Company to provide services under this Tariff at the points of termination of such services. The selection of AC or DC power shall be mutually agreed to by the customer and the Company. The customer shall also make necessary arrangements in order that the Company will have access to such spaces at reasonable times for installing, testing, inspecting, repairing or removing Company services.

B. Expanded Interconnection-Collocation (EIC) Service

The Company shall furnish operating power, in accordance with the regulations, monthly rates and nonrecurring charges as set forth in Section 21, following.

2.3.4 AVAILABILITY FOR TESTING

The services provided under this Tariff shall be available to the Company at times mutually agreed upon in order to permit the Company to make tests and adjustments appropriate for maintaining the services in satisfactory operating condition. Such tests and adjustments shall be completed within a reasonable time. No credit will be allowed for any interruptions involved during such tests and adjustments.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.5 BALANCE

All signals for transmission over the services provided under this Tariff shall be delivered by the customer balanced to ground except for ground start, duplex (DX) and McCulloh-Loop (Alarm System) type signaling and dc telegraph transmission at speeds of 75 baud or less, and Electrical DS3.

2.3.6 DESIGN OF CUSTOMER SERVICES

Subject to the provisions of 2.1.7, preceding, the customer shall be solely responsible, at its own expense, for the overall design of its services and for any redesigning or rearrangement of its services which may be required because of changes in facilities, operations or procedures of the Telephone Company, minimum protection criteria or operating or maintenance characteristics of the facilities.

2.3.7 REFERENCES TO THE TELEPHONE COMPANY

The customer may advise end users that certain services are provided by the Telephone Company in connection with the service the customer furnishes to end users; however, the customer shall not represent that the Telephone Company jointly participates in the customer's services.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.8 CLAIMS AND DEMANDS FOR DAMAGES

- A. With respect to claims of patent infringement made by third persons, the customer shall defend, indemnify, protect and save harmless the Telephone Company from and against all claims arising out of the combining with, or use in connection with, the services provided under this Tariff, any circuit, apparatus, system or method provided by the customer.
- B. The customer shall defend, indemnify and save harmless the Telephone Company from and against any suits, claims, losses, damages, including punitive damages, attorney fees and court costs by third persons arising out of the construction, installation, operation, maintenance, or removal of the customer's circuits, facilities, or equipment connected to the Company's services provided under this Tariff. Included, without limitation, are Workmen's Compensation claims, actions for infringement of copyright and/or unauthorized use of program material. Also included without limitation are libel and slander actions based on the content of communications transmitted over the customer's circuits, facilities or equipment. In addition, proceedings to recover taxes, fines, or penalties for failure of the customer to obtain or maintain in effect any necessary certificates, permits, licenses, or other authority to acquire or operate the services provided under this Tariff shall be included in the indemnification. However, the foregoing indemnification shall not apply to suits, claims, and demands to recover damages for damage to property, death, or personal injury unless such suits, claims or demands are based on the tortious conduct of the customer, its officers, agents or employees.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.8 CLAIMS AND DEMANDS FOR DAMAGES (Cont'd)

- C. The customer(s) shall not attempt to hold the Company or the Company's employees, agents, contractors or invitees liable for, and shall hold harmless and indemnify the Company and its employees, agents, contractors or invitees from and against, demands, claims, causes of action, liabilities (including punitive damages), costs or expenses (including reasonable attorneys fees), incurred by customer(s), its employees, agents, contractors, or invitees, arising from any acts, omissions or negligence of customer, its agents employees, contractors, invitees or visitors or any violation or non-performance of any law, ordinance or governmental requirement of any kind; or any injury or damage to person or property of customer, its agents, employees, contractors, invitees or visitors, arising out of the use of Company services or property, where the injury or damage is caused by any reason other than the willful misconduct of Company its agents, employees or contractors.

Except as provided herein, any and all real or personal property damage sustained by an interconnector shall be recovered through the interconnector's own insurance coverage, as mandated in 2.3.13.

2.3.9 COORDINATION WITH RESPECT TO NETWORK CONTINGENCIES

The customer shall, in cooperation with the Company, coordinate in planning the actions to be taken to maintain maximum network capability following natural or man-made disasters which affect telecommunications services.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.10 JURISDICTIONAL REPORTS REQUIREMENTS

D. Jurisdictional Report Dispute and Auditing Procedures (Cont'd)

4. Contested Audits

When a jurisdictional audit is conducted by the Company or an independent Certified Public Accountant (CPA) auditing firm selected by the Company, the audit results will be furnished to the customer by certified U.S. Mail (return receipt requested). The customer may contest the audit results by providing written notification (by certified U.S. Mail, return receipt requested), to the Company within fifteen (15) calendar days from the date the audit report is furnished to the customer by certified U.S. Mail (return receipt requested). When a jurisdictional audit is conducted by an independent Certified Public Accountant (CPA) auditing firm selected by the customer, the audit results will be furnished to the Company by certified U.S. Mail (return receipt requested). The Company may contest the audit results by providing written notification (by certified U.S. Mail, return receipt requested), to the customer within fifteen (15) calendar days from the date the audit report is furnished to the Company by certified U.S. Mail (return receipt requested).

Contested audits will be resolved by the Company and the customer within thirty (30) days of written notification, or a neutral arbitrator will be mutually agreed upon by the Company and the customer. During the initial thirty (30) day resolution period, the Company and the customer will review the audit process and the data used to calculate the PIU factor, in an attempt to resolve the dispute. Should the Company and the customer resolve the dispute on the PIU factor, a neutral arbitrator would not be warranted.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.10 JURISDICTIONAL REPORTS REQUIREMENTS

D.4. (Cont'd)

Contested audits will be resolved by a neutral arbitrator mutually agreed upon by the Company and the customer. The arbitration hearing will be conducted in Denver, Colorado or a state and location within the Company operating territory that is mutually agreed upon by both parties. The arbitration proceeding, including the decision rendered, shall be governed by the law (both statutory and case) of the state in which the arbitration hearing is held, including, but not limited to the Uniform Arbitration Act, as adopted in that state.

Prior to the arbitration hearing, each party shall notify the arbitrator of the PIU factor which that party believes to be correct. The arbitrator, in deciding, may adopt the PIU factor of either party or may adopt a PIU factor different from those proposed by the parties.

If the arbitrator adopts a PIU factor proposed by one of the parties, the other party (whose PIU factor was not adopted) shall pay all costs of the arbitration. If the arbitrator adopts a PIU factor higher than the PIU factors proposed by both parties, then the party proposing the lower PIU factor shall pay all costs of the arbitration. If the arbitrator adopts a PIU factor lower than the PIU factor proposed by both parties, then the party proposing the higher PIU factor shall pay all costs of the arbitration. If the arbitrator adopts a PIU factor which falls between the two factors proposed by the parties, then the parties shall each pay one-half of the arbitration costs.

Absent written notification, within the timeframe as set forth preceding, audit results cannot be contested and the Company will adjust the customer's PIU factor based upon the audit results as set forth in C., preceding.

E. Application of PIU

When the Access Service is not available in the intrastate jurisdiction, the PIU factor must be one hundred percent (100%).

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.11 DETERMINATION OF JURISDICTION FOR MIXED INTERSTATE AND INTRASTATE PRIVATE LINE TRANSPORT SERVICE, FRAME RELAY SERVICE, EXPANDED INTERCONNECTION-COLLOCATION SERVICE AND ACCESS SERVICE BILLING

A. When ordering service, customers must state the jurisdiction for each of the following services:

- Private Line Transport Service,
- Frame Relay Service, ATM Service, LSS, MOE
- Private Line Transport Service Expanded Interconnection-Collocation (EIC) Channel Termination
- EIC Common Components

(C)

When the service ordered is used for both interstate and intrastate traffic, the jurisdiction will be determined as follows:

1. If the customer's estimate of the interstate traffic on the service involved constitutes more than 10% of the total traffic on that service, the service will be provided in accordance with the applicable rules and regulations of this Tariff.
 2. If the customer's estimate of the interstate traffic on the service involved constitutes 10% or less of the total traffic on that service, the service will be provided in accordance with the appropriate intrastate rules and regulations.
- B. If a customer's estimate of interstate traffic on an interstate service or the estimate of interstate traffic on an intrastate service in A., preceding, should change to 10% or less, or to more than 10%, the service requires a change in jurisdiction and the customer must submit an order to change the jurisdiction of the service.

A change in jurisdiction for Private Line Transport Service, Frame Relay Service and/or ATM Service is considered a service rearrangement and subject to the regulations set forth in 7.1.1.A. and 8.1.4, following.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.11 DETERMINATION OF JURISDICTION FOR MIXED INTERSTATE AND INTRASTATE PRIVATE LINE TRANSPORT SERVICE, FRAME RELAY SERVICE, EXPANDED INTERCONNECTION-COLLOCATION SERVICE AND ACCESS SERVICE BILLING (Cont'd)

C. Expanded Interconnection Collocation (EIC) Service Common Components

EIC Common Components are those EIC rate elements which are common in use for Private Line Transport Service and Switched Service as set forth in Section 21, following. When a customer orders EIC Common Components, which will be used for transmission of interstate and intrastate access service, the jurisdiction of the common components will be determined as follows:

1. If the customer estimates the common components will be utilized more than ten percent for the transmission of interstate access service, the common components will be provided in accordance with the applicable rules and regulations of this Tariff.
2. If the customer estimates the common components will be utilized ten percent or less for the transmission of interstate access service, the common components will be provided in accordance with the appropriate intrastate rules and regulations.

D. When an Access Service Bill (as described in 13.10) contains both interstate and intrastate billing, the jurisdiction will be determined as follows:

1. If the customer's estimate of the interstate charges on the bill constitutes more than ten percent of the total charges on that bill, the bill will be provided in accordance with the applicable rules and regulations of this Tariff.
2. If the customer's estimate of the interstate charges on the bill constitutes ten percent or less of the total charges on that bill, the bill will be provided in accordance with the appropriate intrastate rules and regulations.

(Filed under Transmittal No. 2.)

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2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.12 DETERMINATION OF INTERSTATE CHARGES FOR MIXED INTERSTATE AND INTRASTATE ACCESS SERVICE

A. For all Access Service except those services as set forth in 2.3.11, preceding, where mixed interstate and intrastate Access Service is provided, all charges (i.e., nonrecurring, monthly and/or usage) including optional features charges, will be prorated between interstate and intrastate. The PIU factors provided in the jurisdictional reports as set forth in 2.3.10, preceding, will serve as the basis for prorating the charges. The percentage of an Access Service to be charged as interstate is applied in the following manner:

1. For monthly and nonrecurring chargeable rate elements, multiply the percent interstate use times the quantity of chargeable elements, times the stated tariff rate per element. In the event that the customer has provided a separate percent interstate use for terminating access for CST3 or FGD, the projected PIU factor for originating access minutes of use will be used to determine the apportionment of charges.
2. For usage-sensitive (i.e., access minutes and calls) chargeable rate elements, multiply the percent interstate use times actual use (i.e., measured or Telephone Company assumed average use), times the stated tariff rate.

The PIU factor will change as revised usage reports are submitted as set forth in 2.3.10, preceding.

B. When mixed interstate and intrastate Access Service is provided on those services set forth in 2.3.11, preceding, and the jurisdiction of the service is determined in accordance with 2.3.11 to be an interstate service, one-hundred percent (100%) of all recurring rates (i.e., daily and monthly) and all nonrecurring charges of this Tariff will apply. If the jurisdiction of the service is determined to be an intrastate service, one-hundred percent (100%) of the intrastate charges will apply.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.13 INSURANCE FOR EXPANDED INTERCONNECTION - COLLOCATION

A. General

1. Interconnector at all times shall at its own cost and expense, carry and maintain the insurance coverage as specified in 2., through 6., following whichever is applicable.
2. All insurance shall be placed with insurers having a "Best's" rating of B+XIII and under such form of policies acceptable to the Company. The Interconnector shall provide certificate(s) of insurance evidencing coverage prior to accessing the Company-designated point of interconnection or Company premises and annually thereafter within ten (10) days of renewal of any coverage maintained pursuant to 2.3.13. Such certificate(s) shall be forwarded to the attention of:

Qwest Corporation
EIC Product Manager
1801 California Street, Rm 2150
Denver, CO 80202.

The certificate shall state the following:

- the Company is named as additional insured on all policies specified in 3., following;
- thirty (30) days prior written notice of cancellation of, material change or exclusions in the policy(s) to which certificate(s) relate shall be given to the Company;
- coverage is primary and not excess of, or contributory with, any other valid and collectible insurance purchased or maintained by the Company;
- policy(s) provides severability of interest/cross liability coverage.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.13 INSURANCE FOR EXPANDED INTERCONNECTION-COLLOCATION

A. General (Cont'd)

3. Commercial General Liability insurance covering claims for bodily injury, death, personal injury or property damage occurring or arising out of interconnection. Coverage must provide premises-operations, products/completed operations and contractual liability with respect to the liability assumed by Interconnector in this Tariff (independent contractors protection required if any subcontractors will be used to place EIC facilities). This insurance shall also include underground hazard coverage (commonly referred to as "U" coverage) if work may cause damage to underground facilities regardless of whether the work is performed by manual or mechanical means. The per occurrence, combined single limits of insurance shall not be less than:

• Each Occurrence	\$1,000,000
• General Aggregate Limit	\$1,000,000
• Products-Completed Operations Limit	\$1,000,000
• Personal Injury Limit	\$1,000,000

4. Statutory Workers' Compensation insurance as required in the state(s) where the interconnection occurs; and Employers' Liability or "Stop Gap" insurance with limits of not less than \$100,000 each accident.
5. The interconnector may also elect to purchase business interruption and contingent business interruption insurance, knowing that the Company has no liability for loss of profits or revenues should the interruption of service occur.
6. Interconnector will not be allowed access to the Company-designated point of interconnection until the obligations of this section have been fulfilled. The fulfillment of such obligations, however, shall not otherwise relieve the Interconnector of any liability assumed in this Tariff or in any way modify the Interconnector's obligations to indemnify the Company.

Interconnector shall require its subcontractors who may be used to place EIC facilities to maintain insurance as described in 2.3.13.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.14 DETERMINATION OF THE CUSTOMER OF RECORD FOR PRIVATE LINE TRANSPORT SERVICE

A. Private Line Transport Service

The customer who is designated on the order as the party who is responsible for and who will be billed for the service is the customer of record for that specific service.

B. Private Line Transport Service Connected to Expanded Interconnection-Collocation Service

The customer of record for Private Line Transport Service and the customer of record for Expanded Interconnection-Collocation Service may be different, except as set forth in A., preceding. The customer of record is determined as set forth following:

- If the Private Line Transport Service customer uses an interconnector's services, the interconnector may order Private Line Transport Service and Expanded Interconnection-Collocation Service in its own name in which case the interconnector will be the customer of record for both services.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.14 DETERMINATION OF THE CUSTOMER OF RECORD FOR PRIVATE LINE TRANSPORT SERVICE

B. Private Line Transport Service Connected to Expanded Interconnection-Collocation Service (Cont'd)

- If the interconnector orders Private Line Transport Service as an agent for the Private Line Transport Service customer, the Private Line Transport Service customer will be the Private Line Transport Service Customer Of Record (COR) and the interconnector will be the Expanded Interconnection-Collocation Service COR.
- When a Section 7 CO multiplexing optional feature connects to an Expanded Interconnection-Collocation Channel Termination or ITP, the multiplexing option is billed in its entirety to the COR for the EICT or ITP (i.e., the EIC Service COR or the designated EICT or ITP COR).
- If the Private Line Transport Service customer orders the Private Line Transport Service directly, the Private Line Transport Service customer will be the Private Line Transport Service COR and the interconnector will be the Expanded Interconnection-Collocation Service COR.
- If the interconnector designates a different COR for the EICT or ITP, the designated EICT or ITP COR must provide the Company with a Letter Of Authorization (LOA) as set forth in 21.1, following. The EICT or ITP will be ordered and billed in its entirety to the designated COR. The Private Line Transport Services connected to the EICT or ITP may be ordered and billed to the Private Line Transport Service customer, the designated EICT or ITP COR or the Expanded Interconnection-Collocation Service COR.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.15 DETERMINATION OF THE CUSTOMER OF RECORD WHEN SWITCHED ACCESS SERVICE CONNECTS TO EXPANDED INTERCONNECTION-COLLOCATION SERVICE

The COR for Switched Access Service and the COR for Expanded Interconnection-Collocation Service may be different. The COR is determined as set forth following:

- If the interexchange carrier uses an interconnector's services, the interconnector may order Switched Access Service and Expanded Interconnection-Collocation Service in its own name in which case the interconnector will be the COR for both services.
- If the interconnector orders Switched Access Service as an agent for the interexchange carrier, the interexchange carrier will be the Switched Access Service COR for the Switched Access Services and the interconnector will be the Expanded Interconnection-Collocation Service COR.
- When a Section 6 CO multiplexing optional feature connects to an Expanded Interconnection-Collocation Channel Termination or ITP, the multiplexing option is billed in its entirety to the COR for the EICT or ITP (i.e., the EIC Service COR or the designated EICT or ITP COR).
- If the interexchange carrier orders the Switched Access Service directly, the interexchange carrier will be the Switched Access Service COR and the interconnector will be the Expanded Interconnection-Collocation Service COR.
- If the interconnector designates a different COR for the EICT or ITP, the designated EICT or ITP COR must provide the Company with an LOA as set forth in 21.1, following. The EICT or ITP will be ordered and billed in its entirety to the designated COR. The Switched Access Service connected to the EICT or ITP may be ordered and billed to the Switched Access Service COR, the designated EICT or ITP COR, or the Expanded Interconnection-Collocation Service COR.

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2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.16 DETERMINATION OF THE CUSTOMER OF RECORD WHEN SWITCHED ACCESS SERVICE UTILIZES TANDEM SIGNALING INFORMATION

The customer of record for CST3 or FGD Service and the customer of record for an Entrance Facility (EF) and a Direct-Trunked Transport (DTT) facility equipped with Tandem Signaling Information (TSI) may be different as set forth following:

- A Tandem Service Provider (TSP) may order, in its own name, originating and/or terminating CST3 or FGD Service, an EF and a DTT facility equipped with TSI. In this case, the TSP is the customer of record for all rates and charges between the Company end office and the TSP's premises.
- If a customer other than a TSP orders originating CST3 or FGD Service directly, that customer is the customer of record for all recurring usage rate elements associated with originating CST3 or FGD Service and the nonrecurring charges. The TSP is the customer of record for the EF recurring and nonrecurring charges and the DTT recurring rate element when the DTT facility is equipped with TSI between the Company end office and the Company serving wire center of the TSP's premises.
- If a TSP orders originating CST3 or FGD Service as an agent of the customer, that customer is the customer of record for all recurring usage rate elements associated with originating CST3 or FGD Service and the nonrecurring charges. The TSP is the customer of record for the EF recurring and nonrecurring charges and the DTT recurring rate element when the DTT facility is equipped with TSI between the Company end office and the Company serving wire center of the TSP's premises.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.16 DETERMINATION OF THE CUSTOMER OF RECORD WHEN SWITCHED ACCESS SERVICE UTILIZES TANDEM SIGNALING INFORMATION (Cont'd)

- For one-way provisioned terminating CST3 or FGD service between the Company end office and the TSP's premises, the TSP is the customer of record and is responsible for ordering terminating CST3 or FGD service for their customer. The customer, at their request, may choose to have the rates and charges for terminating CST3 or FGD service billed to them directly or enter into a bill data arrangement with the Company to bill the IC customer as set forth in 13.11, following.

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2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

2.4.1 PAYMENT OF RATES, CHARGES AND DEPOSITS

- A. The Telephone Company will, in order to safeguard its interests, only require a customer who has a proven history of late payments to the Telephone Company or does not have established credit to make a deposit prior to or at any time after the provision of service to the customer to be held by the Telephone Company as a guarantee of the payment of rates and charges. No such deposit will be required of a customer which is a successor of a company which has established credit and has no history of late payments to the Telephone Company. Such deposit may not exceed the actual or estimated rates and charges for the service for a two month period. The fact that a deposit has been made in no way relieves the customer from complying with the Telephone Company's regulations as to the prompt payment of bills. At such time as the provision of the service to the customer is terminated, the amount of the deposit will be credited to the customer's account, and any credit balance which may remain will be refunded. Such a deposit will be refunded or credited to the account when the customer has established credit or, in any event, after the customer has established a one year prompt payment record at any time prior to the termination of the provision of the service to the customer. In case of a cash deposit, for the period the deposit is held by the Telephone Company, the customer will receive interest at the same percentage rate as that set forth in B.3.b.(1) or in B.3.b.(2), following, whichever is lower.

The rate will be compounded daily for the number of days from the date the customer deposit is received by the Telephone Company to and including the date such deposit is credited to the customer's account or the date the deposit is refunded by the Telephone Company. Should a deposit be credited to the customer's account, as indicated above, no interest will accrue on the deposit from the date such deposit is credit to the customer's account.

2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

2.4.1 PAYMENT OF RATES, CHARGES AND DEPOSITS (Cont'd)

B. The Company shall bill on a current basis all charges incurred by and credits due to the customer under this Tariff attributable to services, including, but not limited to, Maintenance of Service as set forth in 13.4, following, established or discontinued during the preceding billing period. In addition, the Company shall bill in advance charges for all services to be provided during the ensuing billing period except for charges associated with service usage and for the Federal Government, which will be billed in arrears. The bill day (i.e., the billing date of a bill for a customer for Access Service under this Tariff), the period of service each bill covers, and the payment date will be as follows:

1. For IC Subscription, as set forth in Section 13, and End User Access Service, as set forth in Section 4, the Company will establish a bill day each month for each customer account. The bill will cover End User Access Service charges and IC Subscription charges for the ensuing billing periods, except for the Federal Government, which will be billed in arrears. Any applicable charges, any known unbilled charges for prior periods and any known unbilled adjustments for prior periods will be applied. Such bills are due when rendered.
2. For all other services (excluding 1., preceding, EIC QPF Fees and EIC nonrecurring charges on the quotation as set forth in Section 21, following), the Company will establish a bill day each month for each customer account. The bill will cover non-usage-sensitive service charges for the ensuing billing period and any known unbilled non-usage-sensitive charges. Any known unbilled usage charges for prior periods and any known unbilled adjustments will also be applied to this bill. Payment for such bills is due as set forth in 3., following. If payment is not received by the payment date, as set forth in 3., following, in immediately available funds, a late payment penalty will apply as set forth in 3., following.

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2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

2.4.1 PAYMENT OF RATES, CHARGES AND DEPOSITS

B. (Cont'd)

3. Payment Due Date and Late Payment Penalty

- a. All bills provided to the customer by the Company, as set forth in 2., preceding and excluding 1., preceding, are due (payment date) and payable in immediately available funds by the next bill date (i.e., same date in the following month as the bill date). If such payment date would cause payment to be due on a Saturday, Sunday or holiday (i.e., New Year's Day, Independence Day, Labor Day, Thanksgiving Day, Veteran's Day, Christmas Day and a day when Washington's Birthday or Memorial Day or Columbus Day is legally observed) payment for such bills will be due from the customer as follows:
 - If such payment date falls on a Sunday or on a holiday which is observed on a Monday, the payment date shall be the first non-holiday day following such Sunday or holiday. If such payment date falls on a Saturday or on a holiday which is observed on Tuesday, Wednesday, Thursday or Friday, the payment date shall be the last non-holiday day preceding such Saturday or holiday.
- b. Further, if any portion of the payment is received by the Company after the payment date as set forth in a. preceding, or if any portion of the payment is received by the Company in funds which are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment date times a late factor. The late factor shall be the lesser of:
 - (1) The highest interest rate (in decimal value) which may be levied by law for commercial transactions, compounded daily for the number of days from the payment date to and including the date that the customer actually makes the payment to the Company, or
 - (2) 0.000407 per day, compounded daily for the number of days from the payment date to and including the date that the customer actually makes the payment to the Company.

(Filed under Transmittal No. 2.)

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2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

2.4.1 PAYMENT OF RATES, CHARGES AND DEPOSITS

B.3. (Cont'd)

- c. In the event of a billing dispute, the customer must submit a documented claim for the disputed amount. If the claim is submitted within 90 days of the payment due date, any interest credits due the customer upon resolution of the dispute shall be calculated from the bill payment date. If the customer submits a claim for the disputed amount more than 90 days from the payment due date, any interest credits due the customer upon resolution of the dispute shall be calculated from the later of the date the claim was submitted, or the bill payment date. Any undisputed amounts withheld by the customer in conjunction with disputed amounts withheld, shall be subject to the late payment penalty, as set forth in b. preceding. The Telephone Company will resolve the dispute and assess interest credits or penalties to the customer as follows:
- If the dispute is resolved in favor of the Telephone Company and the customer has paid the disputed amount on or before the payment due date, no interest credits or penalties will apply.
 - If the dispute is resolved in favor of the Telephone Company and the customer has withheld the disputed amount, any payments withheld pending settlement of the dispute shall be subject to the late payment penalty as set forth in b. preceding.
 - If the dispute is resolved in favor of the customer and the customer has withheld the disputed amount, no interest credits or penalties will apply.
 - If the dispute is resolved in favor of the customer and the customer has paid the disputed amount, the customer will receive an interest credit from the Telephone Company for the disputed amount times a late factor. The late factor shall be the lesser of:

2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

2.4.1 PAYMENT OF RATES, CHARGES AND DEPOSITS

B.3.c. (Cont'd)

- (1) The highest interest rate (in decimal value) which may be levied by law for commercial transactions, compounded daily for the number of days from the date when payment was made or credit claimed in accordance with c., preceding, to and including the payment due date (as set forth in 3.a., preceding) of the bill that reflects the credit for the disputed amount. In the event that the Company agrees to refund a credit by check or wire transfer, interest will be applied up to and including the date of issuance for either the check or wire transfer.
 - (2) 0.000407 per day, compounded daily for the number of days from the date when payment was made or credit claimed in accordance with c. preceding, to and including the payment due date (as set forth in 3.a., preceding) of the bill that reflects the credit for the disputed amount. In the event that the Company agrees to refund a credit by check or wire transfer, interest will be applied up to and including the date of issuance for either the check or wire transfer.
- C. Adjustments for the quantities of services established or discontinued in any billing period beyond the minimum period set forth for services in other sections of this Tariff is prorated to the number of days or major fraction of days based on a 30 day month except for the Presubscribed Interexchange Carrier Charge (PICC). The PICC is assessed for the full 30 day period when it is assessed to the presubscribed carrier. When the PICC is assessed to the end user or reseller, the PICC is prorated as set forth above. The Company will, upon request and if available, furnish such detailed information as may reasonably be required for verification of any bill.
- D. When a rate as set forth in this Tariff is shown to more than two decimal places, the charges will be determined using the rate shown. The resulting amount will then be rounded to the nearest penny (i.e., rounded to two decimal places).
- E. When more than one copy of a customer bill for services provided under the provisions of this Tariff is furnished to the customer, an additional charge applies for each additional copy of the bill as set forth in 13.10, following.

2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES (Cont'd)

2.4.3 CANCELLATION OF AN ORDER FOR SERVICE

Provisions for the cancellation of an order for Switched Access, Private Line Transport Service or any other Access Services set forth in Section 5, following.

2.4.4 CREDIT ALLOWANCE FOR SERVICE INTERRUPTIONS

A. General

A service is interrupted when it becomes unusable to the customer because of a failure of one or more facility components used to furnish service under this Tariff or in the event that the protective controls applied by the Company result in the complete loss of service by the customer as set forth in 6.5.1, following. An interruption period starts when an inoperative service is reported to the Company, and ends when the service is operative excluding the following:

- Customer requested monitoring and
- Other times when the service or customer's premises is not available for testing or repair of the service.

Reports of an inoperative service will be taken only from the customer of record for that particular service.

Refer to 7.1.2.F. for Service Interruption and Credits, including Service Guarantee-Repair, for regulations and credits that apply to services in Section 7. Those services include, but are not limited to: Low Speed-Data, Voice Grade, Digital Data, DS1, DS3, Video, SONET Ring Services, and Synchronous Service Transport.

B. When a Credit Allowance Applies

The credit allowance(s) for an interruption or for a series of interruptions shall not exceed (a) any applicable monthly charges or (b) the assumed minutes of use charge for the service interrupted in any one monthly billing period.

2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

2.4.4 CREDIT ALLOWANCE FOR SERVICE INTERRUPTIONS

B. When a Credit Allowance Applies (Cont'd)

1. Service Guarantee - Repair

For services in Section 7, Service Guarantee-Repair conditions and allowances are specified in 7.1.2.F.

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Exhibit B

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.10 JURISDICTIONAL REPORTS REQUIREMENTS

D. Jurisdictional Report Dispute and Auditing Procedures (Cont'd)

4. Contested Audits

When a jurisdictional audit is conducted by the Company or an independent Certified Public Accountant (CPA) auditing firm selected by the Company, the audit results will be furnished to the customer by certified U.S. Mail (return receipt requested). The customer may contest the audit results by providing written notification (by certified U.S. Mail, return receipt requested), to the Company within fifteen (15) calendar days from the date the audit report is furnished to the customer by certified U.S. Mail (return receipt requested). When a jurisdictional audit is conducted by an independent Certified Public Accountant (CPA) auditing firm selected by the customer, the audit results will be furnished to the Company by certified U.S. Mail (return receipt requested). The Company may contest the audit results by providing written notification (by certified U.S. Mail, return receipt requested), to the customer within fifteen (15) calendar days from the date the audit report is furnished to the Company by certified U.S. Mail (return receipt requested).

Contested audits will be resolved by the Company and the customer within thirty (30) days of written notification, or a neutral arbitrator will be mutually agreed upon by the Company and the customer. During the initial thirty (30) day resolution period, the Company and the customer will review the audit process and the data used to calculate the PIU factor, in an attempt to resolve the dispute. Should the Company and the customer resolve the dispute on the PIU factor, a neutral arbitrator would not be warranted.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.10 JURISDICTIONAL REPORTS REQUIREMENTS

D.4. (Cont'd)

Contested audits will be resolved by a neutral arbitrator mutually agreed upon by the Company and the customer. The arbitration hearing will be conducted in Denver, Colorado or a state and location within the Company operating territory that is mutually agreed upon by both parties. The arbitration proceeding, including the decision rendered, shall be governed by the law (both statutory and case) of the state in which the arbitration hearing is held, including, but not limited to the Uniform Arbitration Act, as adopted in that state.

Prior to the arbitration hearing, each party shall notify the arbitrator of the PIU factor which that party believes to be correct. The arbitrator, in deciding, may adopt the PIU factor of either party or may adopt a PIU factor different from those proposed by the parties.

If the arbitrator adopts a PIU factor proposed by one of the parties, the other party (whose PIU factor was not adopted) shall pay all costs of the arbitration. If the arbitrator adopts a PIU factor higher than the PIU factors proposed by both parties, then the party proposing the lower PIU factor shall pay all costs of the arbitration. If the arbitrator adopts a PIU factor lower than the PIU factor proposed by both parties, then the party proposing the higher PIU factor shall pay all costs of the arbitration. If the arbitrator adopts a PIU factor which falls between the two factors proposed by the parties, then the parties shall each pay one-half of the arbitration costs.

Absent written notification, within the timeframe as set forth preceding, audit results cannot be contested and the Company will adjust the customer's PIU factor based upon the audit results as set forth in C., preceding.

E. Application of PIU

When the Access Service is not available in the intrastate jurisdiction, the PIU factor must be one hundred percent (100%).

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.11 DETERMINATION OF JURISDICTION FOR MIXED INTERSTATE AND INTRASTATE PRIVATE LINE TRANSPORT SERVICE, FRAME RELAY SERVICE, EXPANDED INTERCONNECTION-COLLOCATION SERVICE AND ACCESS SERVICE BILLING

- A. When ordering service, customers must state the jurisdiction for each of the following services:

- Private Line Transport Service,
- Frame Relay Service, ATM Service, LSS, MOE
- Private Line Transport Service Expanded Interconnection-Collocation (EIC) Channel Termination
- EIC Common Components

(C)

When the service ordered is used for both interstate and intrastate traffic, the jurisdiction will be determined as follows:

1. If the customer's estimate of the interstate traffic on the service involved constitutes more than 10% of the total traffic on that service, the service will be provided in accordance with the applicable rules and regulations of this Tariff.
 2. If the customer's estimate of the interstate traffic on the service involved constitutes 10% or less of the total traffic on that service, the service will be provided in accordance with the appropriate intrastate rules and regulations.
- B. If a customer's estimate of interstate traffic on an interstate service or the estimate of interstate traffic on an intrastate service in A., preceding, should change to 10% or less, or to more than 10%, the service requires a change in jurisdiction and the customer must submit an order to change the jurisdiction of the service.

A change in jurisdiction for Private Line Transport Service, Frame Relay Service and/or ATM Service is considered a service rearrangement and subject to the regulations set forth in 7.1.1.A. and 8.1.4, following.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.11 DETERMINATION OF JURISDICTION FOR MIXED INTERSTATE AND INTRASTATE PRIVATE LINE TRANSPORT SERVICE, FRAME RELAY SERVICE, EXPANDED INTERCONNECTION-COLLOCATION SERVICE AND ACCESS SERVICE BILLING (Cont'd)

C. Expanded Interconnection Collocation (EIC) Service Common Components

EIC Common Components are those EIC rate elements which are common in use for Private Line Transport Service and Switched Service as set forth in Section 21, following. When a customer orders EIC Common Components, which will be used for transmission of interstate and intrastate access service, the jurisdiction of the common components will be determined as follows:

1. If the customer estimates the common components will be utilized more than ten percent for the transmission of interstate access service, the common components will be provided in accordance with the applicable rules and regulations of this Tariff.
 2. If the customer estimates the common components will be utilized ten percent or less for the transmission of interstate access service, the common components will be provided in accordance with the appropriate intrastate rules and regulations.
- D. When an Access Service Bill (as described in 13.10) contains both interstate and intrastate billing, the jurisdiction will be determined as follows:**
1. If the customer's estimate of the interstate charges on the bill constitutes more than ten percent of the total charges on that bill, the bill will be provided in accordance with the applicable rules and regulations of this Tariff.
 2. If the customer's estimate of the interstate charges on the bill constitutes ten percent or less of the total charges on that bill, the bill will be provided in accordance with the appropriate intrastate rules and regulations.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.12 DETERMINATION OF INTERSTATE CHARGES FOR MIXED INTERSTATE AND INTRASTATE ACCESS SERVICE

A. For all Access Service except those services as set forth in 2.3.11, preceding, where mixed interstate and intrastate Access Service is provided, all charges (i.e., nonrecurring, monthly and/or usage) including optional features charges, will be prorated between interstate and intrastate. The PIU factors provided in the jurisdictional reports as set forth in 2.3.10, preceding, will serve as the basis for prorating the charges. The percentage of an Access Service to be charged as interstate is applied in the following manner:

1. For monthly and nonrecurring chargeable rate elements, multiply the percent interstate use times the quantity of chargeable elements, times the stated tariff rate per element. In the event that the customer has provided a separate percent interstate use for terminating access for CST3 or FGD, the projected PIU factor for originating access minutes of use will be used to determine the apportionment of charges.
2. For usage-sensitive (i.e., access minutes and calls) chargeable rate elements, multiply the percent interstate use times actual use (i.e., measured or Telephone Company assumed average use), times the stated tariff rate.

The PIU factor will change as revised usage reports are submitted as set forth in 2.3.10, preceding.

B. When mixed interstate and intrastate Access Service is provided on those services set forth in 2.3.11, preceding, and the jurisdiction of the service is determined in accordance with 2.3.11 to be an interstate service, one-hundred percent (100%) of all recurring rates (i.e., daily and monthly) and all nonrecurring charges of this Tariff will apply. If the jurisdiction of the service is determined to be an intrastate service, one-hundred percent (100%) of the intrastate charges will apply.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.13 INSURANCE FOR EXPANDED INTERCONNECTION - COLLOCATION

A. General

1. Interconnector at all times shall at its own cost and expense, carry and maintain the insurance coverage as specified in 2., through 6., following whichever is applicable.
2. All insurance shall be placed with insurers having a "Best's" rating of B+XIII and under such form of policies acceptable to the Company. The Interconnector shall provide certificate(s) of insurance evidencing coverage prior to accessing the Company-designated point of interconnection or Company premises and annually thereafter within ten (10) days of renewal of any coverage maintained pursuant to 2.3.13. Such certificate(s) shall be forwarded to the attention of:

Qwest Corporation
EIC Product Manager
1801 California Street, Rm 2150
Denver, CO 80202.

The certificate shall state the following:

- the Company is named as additional insured on all policies specified in 3., following:
- thirty (30) days prior written notice of cancellation of, material change or exclusions in the policy(s) to which certificate(s) relate shall be given to the Company;
- coverage is primary and not excess of, or contributory with, any other valid and collectible insurance purchased or maintained by the Company;
- policy(s) provides severability of interest/cross liability coverage.

(Filed under Transmittal No. 2.)

Issued: August 7, 2000

Effective: August 8, 2000

1801 California Street, Denver, Colorado 80202

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.13 INSURANCE FOR EXPANDED INTERCONNECTION-COLLOCATION

A. General (Cont'd)

3. Commercial General Liability insurance covering claims for bodily injury, death, personal injury or property damage occurring or arising out of interconnection. Coverage must provide premises-operations, products/completed operations and contractual liability with respect to the liability assumed by Interconnector in this Tariff (independent contractors protection required if any subcontractors will be used to place EIC facilities). This insurance shall also include underground hazard coverage (commonly referred to as "U" coverage) if work may cause damage to underground facilities regardless of whether the work is performed by manual or mechanical means. The per occurrence, combined single limits of insurance shall not be less than:

• Each Occurrence	\$1,000,000
• General Aggregate Limit	\$1,000,000
• Products-Completed Operations Limit	\$1,000,000
• Personal Injury Limit	\$1,000,000

4. Statutory Workers' Compensation insurance as required in the state(s) where the interconnection occurs; and Employers' Liability or "Stop Gap" insurance with limits of not less than \$100,000 each accident.
5. The interconnector may also elect to purchase business interruption and contingent business interruption insurance, knowing that the Company has no liability for loss of profits or revenues should the interruption of service occur.
6. Interconnector will not be allowed access to the Company-designated point of interconnection until the obligations of this section have been fulfilled. The fulfillment of such obligations, however, shall not otherwise relieve the Interconnector of any liability assumed in this Tariff or in any way modify the Interconnector's obligations to indemnify the Company.

Interconnector shall require its subcontractors who may be used to place EIC facilities to maintain insurance as described in 2.3.13.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.14 DETERMINATION OF THE CUSTOMER OF RECORD FOR PRIVATE LINE TRANSPORT SERVICE

A. Private Line Transport Service

The customer who is designated on the order as the party who is responsible for and who will be billed for the service is the customer of record for that specific service.

B. Private Line Transport Service Connected to Expanded Interconnection-Collocation Service

The customer of record for Private Line Transport Service and the customer of record for Expanded Interconnection-Collocation Service may be different, except as set forth in A., preceding. The customer of record is determined as set forth following:

- If the Private Line Transport Service customer uses an interconnector's services, the interconnector may order Private Line Transport Service and Expanded Interconnection-Collocation Service in its own name in which case the interconnector will be the customer of record for both services.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.14 DETERMINATION OF THE CUSTOMER OF RECORD FOR PRIVATE LINE TRANSPORT SERVICE

B. Private Line Transport Service Connected to Expanded Interconnection-Collocation Service (Cont'd)

- If the interconnector orders Private Line Transport Service as an agent for the Private Line Transport Service customer, the Private Line Transport Service customer will be the Private Line Transport Service Customer Of Record (COR) and the interconnector will be the Expanded Interconnection-Collocation Service COR.
- When a Section 7 CO multiplexing optional feature connects to an Expanded Interconnection-Collocation Channel Termination or ITP, the multiplexing option is billed in its entirety to the COR for the EICT or ITP (i.e., the EIC Service COR or the designated EICT or ITP COR).
- If the Private Line Transport Service customer orders the Private Line Transport Service directly, the Private Line Transport Service customer will be the Private Line Transport Service COR and the interconnector will be the Expanded Interconnection-Collocation Service COR.
- If the interconnector designates a different COR for the EICT or ITP, the designated EICT or ITP COR must provide the Company with a Letter Of Authorization (LOA) as set forth in 21.1, following. The EICT or ITP will be ordered and billed in its entirety to the designated COR. The Private Line Transport Services connected to the EICT or ITP may be ordered and billed to the Private Line Transport Service customer, the designated EICT or ITP COR or the Expanded Interconnection-Collocation Service COR.

(Filed under Transmittal No. 2.)

Issued: August 7, 2000

Effective: August 8, 2000

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.15 DETERMINATION OF THE CUSTOMER OF RECORD WHEN SWITCHED ACCESS SERVICE CONNECTS TO EXPANDED INTERCONNECTION-COLLOCATION SERVICE

The COR for Switched Access Service and the COR for Expanded Interconnection-Collocation Service may be different. The COR is determined as set forth following:

- If the interexchange carrier uses an interconnector's services, the interconnector may order Switched Access Service and Expanded Interconnection-Collocation Service in its own name in which case the interconnector will be the COR for both services.
- If the interconnector orders Switched Access Service as an agent for the interexchange carrier, the interexchange carrier will be the Switched Access Service COR for the Switched Access Services and the interconnector will be the Expanded Interconnection-Collocation Service COR.
- When a Section 6 CO multiplexing optional feature connects to an Expanded Interconnection-Collocation Channel Termination or ITP, the multiplexing option is billed in its entirety to the COR for the EICT or ITP (i.e., the EIC Service COR or the designated EICT or ITP COR).
- If the interexchange carrier orders the Switched Access Service directly, the interexchange carrier will be the Switched Access Service COR and the interconnector will be the Expanded Interconnection-Collocation Service COR.
- If the interconnector designates a different COR for the EICT or ITP, the designated EICT or ITP COR must provide the Company with an LOA as set forth in 21.1, following. The EICT or ITP will be ordered and billed in its entirety to the designated COR. The Switched Access Service connected to the EICT or ITP may be ordered and billed to the Switched Access Service COR, the designated EICT or ITP COR, or the Expanded Interconnection-Collocation Service COR.

(Filed under Transmittal No. 2.)

Issued: August 7, 2000

Effective: August 8, 2000

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER (Cont'd)

2.3.16 DETERMINATION OF THE CUSTOMER OF RECORD WHEN SWITCHED ACCESS SERVICE UTILIZES TANDEM SIGNALING INFORMATION

The customer of record for CST3 or FGD Service and the customer of record for an Entrance Facility (EF) and a Direct-Trunked Transport (DTT) facility equipped with Tandem Signaling Information (TSI) may be different as set forth following:

- A Tandem Service Provider (TSP) may order, in its own name, originating and/or terminating CST3 or FGD Service, an EF and a DTT facility equipped with TSI. In this case, the TSP is the customer of record for all rates and charges between the Company end office and the TSP's premises.
- If a customer other than a TSP orders originating CST3 or FGD Service directly, that customer is the customer of record for all recurring usage rate elements associated with originating CST3 or FGD Service and the nonrecurring charges. The TSP is the customer of record for the EF recurring and nonrecurring charges and the DTT recurring rate element when the DTT facility is equipped with TSI between the Company end office and the Company serving wire center of the TSP's premises.
- If a TSP orders originating CST3 or FGD Service as an agent of the customer, that customer is the customer of record for all recurring usage rate elements associated with originating CST3 or FGD Service and the nonrecurring charges. The TSP is the customer of record for the EF recurring and nonrecurring charges and the DTT recurring rate element when the DTT facility is equipped with TSI between the Company end office and the Company serving wire center of the TSP's premises.

2. GENERAL REGULATIONS

2.3 OBLIGATIONS OF THE CUSTOMER

2.3.16 DETERMINATION OF THE CUSTOMER OF RECORD WHEN SWITCHED ACCESS SERVICE UTILIZES TANDEM SIGNALING INFORMATION (Cont'd)

- For one-way provisioned terminating CST3 or FGD service between the Company end office and the TSP's premises, the TSP is the customer of record and is responsible for ordering terminating CST3 or FGD service for their customer. The customer, at their request, may choose to have the rates and charges for terminating CST3 or FGD service billed to them directly or enter into a bill data arrangement with the Company to bill the IC customer as set forth in 13.11, following.

2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

2.4.1 PAYMENT OF RATES, CHARGES AND DEPOSITS

- A. The Telephone Company will, in order to safeguard its interests, only require a customer who has a proven history of late payments to the Telephone Company or does not have established credit to make a deposit prior to or at any time after the provision of service to the customer to be held by the Telephone Company as a guarantee of the payment of rates and charges. No such deposit will be required of a customer which is a successor of a company which has established credit and has no history of late payments to the Telephone Company. Such deposit may not exceed the actual or estimated rates and charges for the service for a two month period. The fact that a deposit has been made in no way relieves the customer from complying with the Telephone Company's regulations as to the prompt payment of bills. At such time as the provision of the service to the customer is terminated, the amount of the deposit will be credited to the customer's account, and any credit balance which may remain will be refunded. Such a deposit will be refunded or credited to the account when the customer has established credit or, in any event, after the customer has established a one year prompt payment record at any time prior to the termination of the provision of the service to the customer. In case of a cash deposit, for the period the deposit is held by the Telephone Company, the customer will receive interest at the same percentage rate as that set forth in B.3.b.(1) or in B.3.b.(2), following, whichever is lower.

The rate will be compounded daily for the number of days from the date the customer deposit is received by the Telephone Company to and including the date such deposit is credited to the customer's account or the date the deposit is refunded by the Telephone Company. Should a deposit be credited to the customer's account, as indicated above, no interest will accrue on the deposit from the date such deposit is credit to the customer's account.

2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

2.4.1 PAYMENT OF RATES, CHARGES AND DEPOSITS (Cont'd)

B. The Company shall bill on a current basis all charges incurred by and credits due to the customer under this Tariff attributable to services, including, but not limited to, Maintenance of Service as set forth in 13.4, following, established or discontinued during the preceding billing period. In addition, the Company shall bill in advance charges for all services to be provided during the ensuing billing period except for charges associated with service usage and for the Federal Government, which will be billed in arrears. The bill day (i.e., the billing date of a bill for a customer for Access Service under this Tariff), the period of service each bill covers, and the payment date will be as follows:

1. For IC Subscription, as set forth in Section 13, and End User Access Service, as set forth in Section 4, the Company will establish a bill day each month for each customer account. The bill will cover End User Access Service charges and IC Subscription charges for the ensuing billing periods, except for the Federal Government, which will be billed in arrears. Any applicable charges, any known unbilled charges for prior periods and any known unbilled adjustments for prior periods will be applied. Such bills are due when rendered. (T)
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2. For all other services (excluding 1., preceding, EIC QPF Fees and EIC nonrecurring charges on the quotation as set forth in Section 21, following), the Company will establish a bill day each month for each customer account. The bill will cover non-usage-sensitive service charges for the ensuing billing period and any known unbilled non-usage-sensitive charges. Any known unbilled usage charges for prior periods and any known unbilled adjustments will also be applied to this bill. Payment for such bills is due as set forth in 3., following. If payment is not received by the payment date, as set forth in 3., following, in immediately available funds, a late payment penalty will apply as set forth in 3., following.

(Filed under Transmittal No. 25.)

Issued: November 13, 2000

Effective: November 28, 2000

2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

2.4.1 PAYMENT OF RATES, CHARGES AND DEPOSITS

B. (Cont'd)

3. Payment Due Date and Late Payment Penalty

- a. All bills provided to the customer by the Company, as set forth in 2., preceding and excluding 1., preceding, are due (payment date) and payable in immediately available funds by the next bill date (i.e., same date in the following month as the bill date). If such payment date would cause payment to be due on a Saturday, Sunday or holiday (i.e., New Year's Day, Independence Day, Labor Day, Thanksgiving Day, Veteran's Day, Christmas Day and a day when Washington's Birthday or Memorial Day or Columbus Day is legally observed) payment for such bills will be due from the customer as follows:
 - If such payment date falls on a Sunday or on a holiday which is observed on a Monday, the payment date shall be the first non-holiday day following such Sunday or holiday. If such payment date falls on a Saturday or on a holiday which is observed on Tuesday, Wednesday, Thursday or Friday, the payment date shall be the last non-holiday day preceding such Saturday or holiday.
- b. Further, if any portion of the payment is received by the Company after the payment date as set forth in a. preceding, or if any portion of the payment is received by the Company in funds which are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment date times a late factor. The late factor shall be the lesser of:
 - (1) The highest interest rate (in decimal value) which may be levied by law for commercial transactions, compounded daily for the number of days from the payment date to and including the date that the customer actually makes the payment to the Company, or
 - (2) 0.000407 per day, compounded daily for the number of days from the payment date to and including the date that the customer actually makes the payment to the Company.

(Filed under Transmittal No. 2.)

Issued: August 7, 2000

Effective: August 8, 2000

2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

2.4.1 PAYMENT OF RATES, CHARGES AND DEPOSITS

B.3. (Cont'd)

- c. In the event of a billing dispute, the customer must submit a documented claim for the disputed amount. If the claim is submitted within 90 days of the payment due date, any interest credits due the customer upon resolution of the dispute shall be calculated from the bill payment date. If the customer submits a claim for the disputed amount more than 90 days from the payment due date, any interest credits due the customer upon resolution of the dispute shall be calculated from the later of the date the claim was submitted, or the bill payment date. Any undisputed amounts withheld by the customer in conjunction with disputed amounts withheld, shall be subject to the late payment penalty, as set forth in b. preceding. The Telephone Company will resolve the dispute and assess interest credits or penalties to the customer as follows:
- If the dispute is resolved in favor of the Telephone Company and the customer has paid the disputed amount on or before the payment due date, no interest credits or penalties will apply.
 - If the dispute is resolved in favor of the Telephone Company and the customer has withheld the disputed amount, any payments withheld pending settlement of the dispute shall be subject to the late payment penalty as set forth in b. preceding.
 - If the dispute is resolved in favor of the customer and the customer has withheld the disputed amount, no interest credits or penalties will apply.
 - If the dispute is resolved in favor of the customer and the customer has paid the disputed amount, the customer will receive an interest credit from the Telephone Company for the disputed amount times a late factor. The late factor shall be the lesser of:

2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

2.4.1 PAYMENT OF RATES, CHARGES AND DEPOSITS

B.3.c. (Cont'd)

- (1) The highest interest rate (in decimal value) which may be levied by law for commercial transactions, compounded daily for the number of days from the date when payment was made or credit claimed in accordance with c., preceding, to and including the payment due date (as set forth in 3.a., preceding) of the bill that reflects the credit for the disputed amount. In the event that the Company agrees to refund a credit by check or wire transfer, interest will be applied up to and including the date of issuance for either the check or wire transfer.
 - (2) 0.000407 per day, compounded daily for the number of days from the date when payment was made or credit claimed in accordance with c. preceding, to and including the payment due date (as set forth in 3.a., preceding) of the bill that reflects the credit for the disputed amount. In the event that the Company agrees to refund a credit by check or wire transfer, interest will be applied up to and including the date of issuance for either the check or wire transfer.
- C. Adjustments for the quantities of services established or discontinued in any billing period beyond the minimum period set forth for services in other sections of this Tariff is prorated to the number of days or major fraction of days based on a 30 day month except for the Presubscribed Interexchange Carrier Charge (PICC). The PICC is assessed for the full 30 day period when it is assessed to the presubscribed carrier. When the PICC is assessed to the end user or reseller, the PICC is prorated as set forth above. The Company will, upon request and if available, furnish such detailed information as may reasonably be required for verification of any bill.
- D. When a rate as set forth in this Tariff is shown to more than two decimal places, the charges will be determined using the rate shown. The resulting amount will then be rounded to the nearest penny (i.e., rounded to two decimal places).
- E. When more than one copy of a customer bill for services provided under the provisions of this Tariff is furnished to the customer, an additional charge applies for each additional copy of the bill as set forth in 13.10, following.

2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES (Cont'd)

2.4.2 MINIMUM PERIODS

The minimum period for which services are provided and for which rates and charges are applicable is one month unless otherwise specified.

When a service is discontinued prior to the expiration of the minimum period, charges are applicable, whether the service is used or not, as follows:

- A. When a service with a one month minimum period is discontinued prior to the expiration of the minimum period, a one month charge will apply at the rate level in effect at the time service is discontinued.
- B. When a Switched Access service with a minimum period greater than one month is discontinued prior to the expiration of the minimum period, the applicable charge will be the lesser of the following:
 - The Company's total nonrecoverable costs less the net salvage value for the discontinued service, or
 - The total monthly charges, at the rate level in effect at the time service is discontinued, for the remainder of the minimum period.
- C. When a service other than Switched Access with a minimum period greater than one month is discontinued prior to the expiration of the minimum period, discontinuance charges will apply as described in the appropriate pricing plan.
- D. When a PLTS with a minimum period greater than one month is changed to a higher capacity PLTS, the applicable charge will be the lesser of the following:
 - The Company's total nonrecoverable costs less the net salvage value for the lower capacity service, or
 - The total monthly charges, at the rate level in effect at the time service is discontinued, for the remainder of the minimum period.

(D-x)

- (x) Material withdrawn before becoming effective under the authority of Special Permission No. 00-081.

(Filed under Transmittal No. 8.)

Issued: August 25, 2000

Effective: August 26, 2000

2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES (Cont'd)

2.4.3 CANCELLATION OF AN ORDER FOR SERVICE

Provisions for the cancellation of an order for Switched Access, Private Line Transport Service or any other Access Services set forth in Section 5, following.

2.4.4 CREDIT ALLOWANCE FOR SERVICE INTERRUPTIONS

A. General

A service is interrupted when it becomes unusable to the customer because of a failure of one or more facility components used to furnish service under this Tariff or in the event that the protective controls applied by the Company result in the complete loss of service by the customer as set forth in 6.5.1, following. An interruption period starts when an inoperative service is reported to the Company, and ends when the service is operative excluding the following:

- Customer requested monitoring and
- Other times when the service or customer's premises is not available for testing or repair of the service.

Reports of an inoperative service will be taken only from the customer of record for that particular service.

Refer to 7.1.2.F. for Service Interruption and Credits, including Service Guarantee-Repair, for regulations and credits that apply to services in Section 7. Those services include, but are not limited to: Low Speed-Data, Voice Grade, Digital Data, DS1, DS3, Video, SONET Ring Services, and Synchronous Service Transport.

B. When a Credit Allowance Applies

The credit allowance(s) for an interruption or for a series of interruptions shall not exceed (a) any applicable monthly charges or (b) the assumed minutes of use charge for the service interrupted in any one monthly billing period.

2. GENERAL REGULATIONS

2.4 PAYMENT ARRANGEMENTS AND CREDIT ALLOWANCES

2.4.4 CREDIT ALLOWANCE FOR SERVICE INTERRUPTIONS

B. When a Credit Allowance Applies (Cont'd)

1. Service Guarantee - Repair

For services in Section 7, Service Guarantee-Repair conditions and allowances are specified in 7.1.2.F.

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