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**GLEASON PROPOSED AMENDMENT # 3**

AZ CORP COMMISSION  
DOCUMENT CONTROL

TIME/DATE PREPARED: 3:00 p.m. / April 20, 2004

COMPANY: Qwest Corporation

DOCKET NO. T-00000A-97-0238, RT-00000F-02-0271 and T-01051B-02-0871

SPECIAL OPEN MEETING DATE: April 21, 2004

**Reference December 1, 2003 Recommended Opinion and Order**

**Page 2, Line 20**

Insert after "June 13, 2003" "Qwest does not request any further hearings before the Commission in the Section 271 Sub-docket regarding whether Qwest interfered with the Section 271 regulatory process."

**Page 2, Line 25**

Insert at end of line: "On April 14, 2004, Qwest, AT&T, Time Warner and Arizona Dialtone filed a second Revised Settlement Agreement, which would, if adopted, resolve the allegations raised in the three dockets. The Commission convened a hearing on the first Settlement Agreement commencing on September 16, 2003. On December 1, 2003, the Administrative Law Judge issues a Recommended Opinion and Order, which was followed by an Amended Recommended Opinion and Order. The Commission convened an open meeting on April 15, 2004 to hear oral argument on the Recommended Opinions and Orders as well as the Revised Settlement Agreement filed on April 14, 2004."

**Page 6, Lines 18-19**

Delete "from October 2000 through September 2001."

**Page 7, Line 11**

Delete Eschelon, insert "Eschelon"

**Page 10, Line 12**

Delete "2003" and Insert "2002"

**Page 16, Line 19**

Insert "First" before "Settlement Agreement"

**Page 16, Line 23**

Insert "First" before "Proposed Settlement" and "Settlement Agreement"

Arizona Corporation Commission  
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**Page 17, Line 3**

Insert "First" before "Settlement Agreement"

**Page 17, Line 4**

Insert "First" before "Settlement Agreement"

**Page 21, Line 1**

Insert "First" before "Settlement Agreement"

**Page 21, Line 2**

Insert "First" before "Settlement Agreement"

**Page 21, Line 5**

Insert "First" before "Settlement Agreement"

**Page 21, Line 8**

Insert "First" before "Settlement" insert "Agreement" after

**Page 21, Line 9**

Insert "First" before "Settlement" insert "Agreement" after

**Page 21, Line 14**

Insert "First" before "Settlement" insert "Agreement" after

**Page 21, Line 21**

Insert "First Settlement" before "Agreement"

**Page 21, Line 25**

Insert "First Settlement" before "Agreement"

**Page 22, Line 2**

Insert "First" before "Settlement Agreement"

**Page 22, Line 8**

Insert "First" before "Settlement Agreement"

**Page 22, Line 17**

Insert "First" before "Settlement" insert "Agreement" after

**Page 22, Line 17**

Insert "First Settlement" before "Agreement"

**Page 22, Line 19**

Insert "First" before "Settlement" insert "Agreement" after

**Page 22, Line 23**

Insert "First" before "Settlement" insert "Agreement" after

**Page 23, Line 13**

Insert "First" before "Settlement" insert "Agreement" after

**Page 23, Line 14**

Insert "First" before "Settlement"

**Page 23, Line 18**

Insert "First" before "Settlement"

**Page 23, Line 23**

Insert "First" before "Settlement" insert "Agreement" after

**Page 23, Line 25**

Insert "First" before "Settlement" insert "Agreement" after

**Page 24, Line 3**

Insert "First" before "Settlement Agreement"

**Page 24, Line 15**

Insert "First" before "Settlement" and "Agreement" after

**Page 24, Line 21**

Insert "First" before "Settlement" and "Agreement" after

**Page 25, Line 13**

Insert "First" before "Settlement Agreement"

**Page 25, Line 17**

Insert "First" after "..contemplated under the"

**Page 25, Line 18**

Insert "Agreement" after "Settlement"

**Page 25, Line 25**

Insert "First" before "Settlement Agreement"

**Page 26, Line 4**

Insert "First" before "Settlement" and "Agreement" after and insert "First" before the second "Settlement"

**Page 27, Line 6**

Insert "First" before "Settlement" and "Agreement" after

**Page 27, Line 25**

Insert "First" before "Settlement Agreement"

**Page 27, Line 27**

Insert "First" before "Settlement" and "Agreement" after

**Page 27, Line 28**

Insert "First" before "Settlement" and "Agreement" after

**Page 28, Line 6**

Insert "First" before "Settlement"

**Page 28, Line 11**

Delete "the" and insert "the First" before Settlement Agreement

**Page 28, Line 16**

Insert "First" before "Settlement" and "Agreement" after

**Page 28, Line 18**

Insert "First" before "Settlement" and "Agreement" after

**Page 29, Line 20**

Insert "First" before "Settlement" and "Agreement" after

**Page 30, Line 9**

Insert "First" before "Settlement Agreement"

**Page 32, Line 2**

Insert "in the First Settlement Agreement" after "AT&T argues that the credits"

**Page 33, Line 1**

Insert "First" before "Settlement" and "Agreement" after

**Page 33, Line 5**

Insert "First" before "Settlement" and "Agreement" after

**Page 33, Line 6**

Insert "First Settlement" before "Agreement"

**Page 33, Line 15**

Insert "In the proceedings regarding the First Settlement Agreement," to the beginning of the sentence

**Page 34, Line 2**

Insert "First" before "Settlement" and "Agreement" after

**Page 34, Line 15**

Insert "First" before "Settlement Agreement"

**Page 34, Line 17**

Insert "First" before "Settlement" and "Agreement" after

**Page 34, Line 25**

Insert "regarding the First Settlement Agreement" before "as being overly broad"

**Page 34, Line 26**

Insert "for the First Settlement Agreement" after "Claims"

**Page 35, Line 10**

Insert "First" before "Settlement" and "Agreement" after

**Page 35, Line 11**

Insert "First" before "Settlement" and "Agreement" after

**Page 35, Line 14**

Insert "First Settlement" before "Agreement" after

**Page 35, Line 15**

Insert "in the First Settlement Agreement" after "revised release"

**Page 36, Line 4**

Insert: "The Revised Settlement Agreement On April 14, 2004, Qwest filed a Revised Settlement Agreement to which AT&T, ADI, and Time Warner are signatories. Staff and RUCO are not signatories to the Revised Settlement Agreement. The substantive terms of the Revised Settlement Agreement are the same with two major exceptions: First, the Voluntary Contributions have been eliminated, and the fines have been increased by an approximately commensurate amount, to a total fine of \$11,000,000. Second, the CLEC credits are increased to a total amount of \$11,700,000, with the monies to be distributed to CLECs within 60 days of the approval of the Revised Settlement Agreement by the Commission. The distribution is pursuant to the amounts listed on a confidential Attachment A that has been provided to the Staff, RUCO, and the Commission pursuant to a sealing order. Each CLEC listed on Attachment A has the opportunity to review the amounts listed on Attachment A and determine whether the amount listed thereon is adequate recompense to it. If a CLEC decides to participate in the Revised Settlement Agreement, it must execute a release of all claims. If a CLEC declines to participate in the Revised Settlement Agreement, it may pursue any available remedies. Qwest, AT&T, ADI, and Time Warner each recommend that the Commission approve the Revised Settlement Agreement. They believe that the Revised Settlement Agreement resolves the primary issues raised by the parties during the hearing on the First Settlement Agreement and in the ALJ's Recommended Opinion and Order dated December 1, 2003. Qwest, AT&T, ADL and Time Warner also assert that the Revised Settlement Agreement is fair, in the public interest, and avoids the considerable litigation risk and delay attendant to the Commission's ordering Qwest to pay monetary and nonmonetary penalties.

Staff does not support the Revised Settlement Agreement. Staff believes that the Revised

Settlement Agreement does not address dismissal of the second cost docket appeal. MTI also does not support the Revised Settlement Agreement because it does not address the dismissal of the second cost docket appeal. RUCO does not support the

Revised Settlement Agreement because RUCO believes that a finding of wrongdoing is necessary to provide an adequate deterrent to Qwest against repeating the conduct.

**Page 36, Line 18**

Insert "First Settlement" before "Agreement"

**Page 36, Line 20**

Insert "First" before "Settlement" and "Agreement" after

**Page 36, Line 20**

Insert "First Settlement" before "Agreement"

**Page 37, Line 13**

Insert "First" before "Settlement Agreement" in heading

**Page 37, Line 14**

Insert "First" before "Settlement Agreement"

**Page 37, Line 16**

Insert "First" before "Settlement" and "Agreement" after

**Page 40, Line 6**

Insert "First" before "Settlement Agreement"

**Page 40, Line 7**

Delete "Our" and insert "One of our" and change "concern is" to "concerns are"

**Page 40, Line 8**

Insert "Agreement" before ", are not good public policy"

**Page 40, line 8**

Insert "First" before "Settlement"

**Page 40, Line 10**

Insert "First" before "Settlement" and "Agreement" after

**Page 40, Line 11**

Delete "Settlement's" and insert "First Settlement Agreement's"

**Page 40, Line 16**

Insert "First" before "Settlement Agreement"

**Page 40, Lines 21 - 22**

Delete "Moreover, it appears disingenuous to claims that the Voluntary contributions are not re-directed penalties."

**Page 40, Line 23**

Insert "First" before "Settlement" and "Agreement" after

**Page 41, Line 19**

Insert "First" before "Settlement Agreement"

**Page 41, Line 19**

Insert "as set forth in the Revised Settlement Agreement." after "process is appropriate"

**Page 45, Line 24**

Delete FN 13.

**Page 46, Line 2**

Insert "First" before "Settlement Agreement"

**Page 46, Line 3**

Insert "First" before "Settlement Agreement"

**Page 46, Line 4**

Change "September" to "June"

**Page 46, Lines 5-8**

Delete:

Pursuant to our November 7, 2002 Procedural Order, issues related to ADPs ability to opt into the Global Crossing agreement is an issue that is more appropriately addressed in Phase B of the Section 252(e) proceeding.

**And** insert:

Because AD1 supported the Second Settlement Agreement and indicated that the Credits it would receive under Attachment A to that Agreement was sufficient to compensate it for its claims in all three of these dockets, we need not determine the issues raised by AD1 with respect to the First Settlement Agreement.

**Page 49, Line 10**

Insert "First" before "Settlement Agreement"

**Page 49, Line 11**

Insert "First" before "Settlement Agreement"

**Page 49, Line 13**

Insert "First" before "Settlement Agreement"

**Page 49, Line 17**

Insert "First" before "Settlement Agreement"

**Page 49, Line 21**

Insert "First" before "Settlement Agreement"

**Page 49, Line 22**

Insert "First" before "Settlement Agreement"

**Page 49, Line 25**

Insert Paragraph 25:

25. On December 1, 2003, the Hearing Division issued a Recommended Opinion and Order recommending that the First Settlement Agreement be rejected by the Commission.

Insert Paragraph 26:

Paragraph 26:

26. On April 14, 2004, Qwest, AT&T, AD1 and Time Warner jointly filed a second Revised Settlement Agreement. The Revised Settlement Agreement purports to resolve all the issues raised in the three above-captioned enforcement dockets involving Qwest. A copy of the Revised Settlement Agreement is attached as Exhibit C, and incorporated herein by reference.

**Renumber to conform.**

**Page 50, Line 27**

Insert after "Exhibit B" the following "with the exception of the filings on May 21, 2003, which included 2 of the 28 agreements listed on Exhibit B."

**Page 53, Line 2**

Insert after "a." the following "Pursuant to the Terms of the Revised Settlement Agreement"

**Page 53, Line 5**

Insert after "b." the following "Pursuant to the Terms of the Revised Settlement Agreement."

**Page 53, Line 7**

Insert after "c." the following "Pursuant to the Terms of the Revised Settlement Agreement."

**Page 53, Line 10**

Insert after "d" the following "Pursuant to the Terms of the Revised Settlement Agreement."

**Page 53, Line 14**

Insert after "e" the following "Pursuant to the Terms of the Revised Settlement Agreement."

**Page 53, Line 15**

Insert after "f" the following "Pursuant to the Terms of the Revised Settlement Agreement"

**Page 53, Line 17**

Insert after "g" the following "Pursuant to the Terms of the Revised Settlement Agreement"

**Page 53, Line 19**

Insert after "h" the following "Pursuant to the Terms of the Revised Settlement Agreement

**Page 54, Line 6**

Delete "the Settlement Agreement " and insert "the First and Revised Settlement Agreements"

**Page 54, Line 7**

Delete "Exhibit A" and Insert "Exhibits A and C"

**Page 54, Line 25**

Insert "First" before "Settlement"

**Page 54, Line 27**

Insert

"9. In light of the complete record in these matter, the Revised Settlement Agreement is a fair and reasonable resolution of the issues raised and is in the public interest."

**Page 55, Line 3**

Insert "First" before "Settlement"

**Page 55, Line 5**

Insert new Ordering Paragraph: "IT IS FURTHER ORDERED that approval of the Revised Settlement Agreement between Qwest, AT&T, AD1 and Time Warner attached hereto as Exhibit C is granted."

**Page 56, Line 10**

Insert between "that" and Qwest" the following: 'pursuant to the terms of the Revised Settlement Agreement"

**Page 56, Line 13**

Insert between "that" and Qwest" the following: 'pursuant to the terms of the Revised Settlement Agreement

**Page 56, Line 17**

Insert between "that" and Qwest" the following: 'pursuant to the terms of the Revised Settlement Agreement

**Page 56, Line 21**

Insert between "that" and Qwest" the following: 'pursuant to the terms of the Revised Settlement Agreement

**Page 56, Line 23**

Insert between "that" and Qwest" the following: 'pursuant to the terms of the Revised Settlement Agreement

**Page 56, Line 25**

Insert between "that" and Qwest" the following: pursuant to the terms of the Revised Settlement Agreement

**Page 56, Line 27**

Insert between "that" and Qwest" the following: pursuant to the terms of the Revised Settlement Agreement

**Page 57; after line 7**

Insert:

IT IS FURTHER ORDERED pursuant to the terms of the Revised Settlement Agreement that Qwest further will dismiss with prejudice its appeal of the Commission's Opinion and Order issued on June 12, 2002, Decision No. 64922, in Investigation Into Qwest Corporation's Compliance with Certain Wholesale Pricing Requirements for Unbundled Network Elements and Resale Discounts, Phase 11, ACC Docket No. T-00000A-00-0194 that it filed in the United States District Court for the District of Arizona (Case No. CIV 02-1626 (PHX-SRB), captioned Qwest Corporation v. Arizona Corporation Commission, et al. ("the First Appeal") within 30 days of the Effective Date of the Commission's Decision approving the Settlement Agreement.

**Page 57, Lines 2-5**

Delete all text.