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BEFORE THE ARIZONA CORPORATION COMMISSION

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GARY PIERCE
Chairman

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BOB STUMP
Commissioner

ARIZONA CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

SANDRA D. KENNEDY
Commissioner

DOCKETED

PAUL NEWMAN
Commissioner

APR 19 2012

BRENDA BURNS
Commissioner

DOCKETED BY *MM*

**IN THE MATTER OF THE APPLICATION OF
QWEST CORPORATION D/B/A CENTURYLINK-
QC ("CENTURYLINK") TO CLASSIFY AND
REGULATE RETAIL LOCAL EXCHANGE
TELECOMMUNICATIONS SERVICES AS
COMPETITIVE, AND TO CLASSIFY AND
DEREGULATE CERTAIN SERVICES AS NON-
ESSENTIAL**

DOCKET NO. T-01051B-11-0378

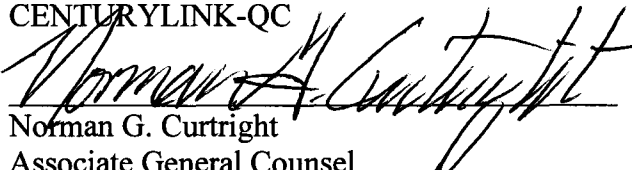
**NOTICE OF SETTLEMENT
AGREEMENT BETWEEN
CENTURYLINK AND THE U.S.
DEPARTMENT OF DEFENSE
AND ALL OTHER FEDERAL
EXECUTIVE AGENCIES**

Qwest Corporation d/b/a CenturyLink-QC ("CenturyLink") hereby notifies the Commission and parties of record that a Settlement Agreement and Stipulation ("Settlement Agreement") has been entered into between CenturyLink and the U.S. Department of Defense and All Other Federal Executive Agencies ("DoD/FEA") (collectively CenturyLink and the DoD/FEA are referred to below as the "Settling Parties"). The Settlement Agreement, a copy of which is attached, sets forth all of the terms and conditions of the Settling Parties' agreement. With the commitments represented in the Settlement Agreement, as indicated therein, DoD/FEA acknowledges that approval of CenturyLink QC's Application by the Arizona Corporation Commission would be in the public interest as it pertains to DoD/FEA and, as such, DoD/FEA does not oppose the grant of CenturyLink QC's Application in this Docket under the conditions of this settlement. Further, the Settlement Agreement provides that DoD/FEA will move to

1 dismiss its opposition by filing a request for withdrawal of its intervention, discovery requests
2 and responses, and withdrawal of its pre-filed written testimony.

3 RESPECTFULLY SUBMITTED, this 19th day of April, 2012.

4 QWEST CORPORATION d/b/a
5 CENTURYLINK-QC

6 
7 Norman G. Curtright
8 Associate General Counsel
9 20 E. Thomas Road, 1st Floor
10 Phoenix, Arizona 85012
11 Telephone: (602) 630-2187

12 ORIGINAL and thirteen (13) copies filed
13 this 19th day of April, 2012, with:

14 Docket Control
15 ARIZONA CORPORATION COMMISSION
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 Copy of the foregoing sent via e-mail and
19 U.S. Mail this 19th day of April, 2012, to:

20 Steve M. Olea, Director
21 Utilities Division
22 ARIZONA CORPORATION COMMISSION
23 1200 West Washington Street
24 Phoenix, Arizona 85007

20 Janice Alward, Chief Counsel
21 Legal Division
22 ARIZONA CORPORATION COMMISSION
23 1200 West Washington Street
24 Phoenix, Arizona 85007

18 Maureen A. Scott, Senior Staff Counsel
19 Legal Division
20 ARIZONA CORPORATION COMMISSION
21 1200 West Washington Street
22 Phoenix, Arizona 85007

18 Daniel Pozefsky
19 RUCO
20 1110 West Washington, Suite 220
21 Phoenix, AZ 85007

21 Lyn Farmer
22 Utilities Division
23 ARIZONA CORPORATION COMMISSION
24 1200 West Washington Street
25 Phoenix, Arizona 85007

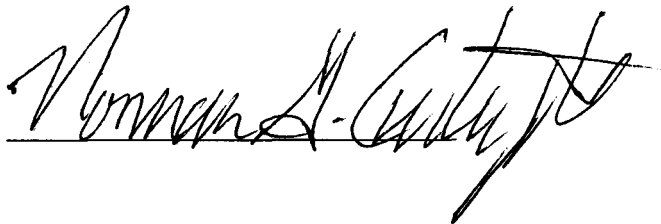
21 Stephen S. Melnikoff
22 General Attorney
23 Regulatory Law Office (JALS-RL/IP)
24 Office of the Judge Advocate General
25 U. S. Army Legal Services Agency
9275 Gunston Road
Fort Belvoir, VA 22060-5546

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2 Phoenix, AZ 85003

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1200 West Washington Street
Phoenix, Arizona 85007

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SETTLEMENT AGREEMENT AND STIPULATION

This Settlement Agreement and Stipulation ("Settlement Agreement" or "Agreement") is entered into between Qwest Corporation d/b/a CenturyLink-QC ("CenturyLink-QC") and the U.S. Department of Defense and All Other Federal Executive Agencies (DoD/FEA") (collectively "Parties" or individually a "Party") as part of CenturyLink-QC's Application with the Arizona Corporation Commission ("Commission").

On October 13, 2011, CenturyLink-QC filed an application ("Application") with the Commission seeking (1) a determination pursuant to ACC. R14-2-1108 that all Commission-regulated local exchange services CenturyLink-QC provides are competitive telecommunications services and (2) a determination that pursuant to A.R.S. § 40-281(e) certain of the retail services CenturyLink provides are not essential or integral to the public service and shall not be regulated by the Commission. The Application is docketed as Commission Docket No. T-01051B-11-0378 (the "Docket").

DoD/FEA has intervened in the Docket and has raised certain issues in connection with the Application. The Parties subsequently engaged in settlement discussions to address DoD/FEA's issues, and now voluntarily enter into this Settlement Agreement to resolve all contested issues between them in this proceeding.

Therefore, the Parties hereby agree as follows:


1. In reaching this Agreement, no Party accedes to any particular argument made by any other Party.
2. All of the conditions agreed upon by the Parties are set forth in this Agreement.
3. CenturyLink-QC will file this Agreement, and the Parties hereby state the Agreement is the complete and final resolution of all contested issues raised by DoD/FEA in this proceeding.
4. All Parties agree to use their best efforts to support the Agreement as a settlement of all contested issues in the pending proceeding. No Party to this Agreement or their agents, employees, consultants or attorneys will engage in any advocacy contrary to this Agreement or support any other party's opposition to this Agreement before the Commission or otherwise in the proceeding, excluding settlements between CenturyLink-QC and other parties.
5. All Parties agree: (1) to provide each other the right to review and approve in advance of publication of all announcements or news releases that any other Party intends to make about the Agreement (with the right of review to include a reasonable opportunity to request changes to the text of such announcements) and (2) to include in any news release or announcement a statement that this Agreement is in the public interest.

6. The Parties have entered into this Agreement to avoid further expenses, inconvenience, uncertainty and delay. Because this Agreement represents a compromise position of the Parties in this Commission's proceedings, the Parties agree that no conduct, statements or documents disclosed in the negotiation of the Agreement shall be admissible as evidence in this or any other proceeding.
7. The Parties acknowledge that this Agreement is the product of negotiations and compromise and shall not be construed against any party on the basis that it was the drafter of any or all portions of this Agreement. This Agreement constitutes the Parties' entire agreement on all matters set forth herein, and it supersedes any and all prior oral and written understandings or agreements on such matters that previously existed or occurred in this proceeding, and no such prior understanding or agreement or related representations shall be relied upon by the Parties.
8. This Agreement is considered executed when all Parties sign the Agreement. A designated and authorized representative may sign the Agreement on a Party's behalf. The Parties may execute this Agreement in counterparts. If the Agreement is executed in counterparts, all counterparts shall constitute one agreement. A faxed or electronic transmission signature page containing the signature of a Party is acceptable as an original signature page signed by that Party. Each Party shall indicate the date of its signature on the Agreement.

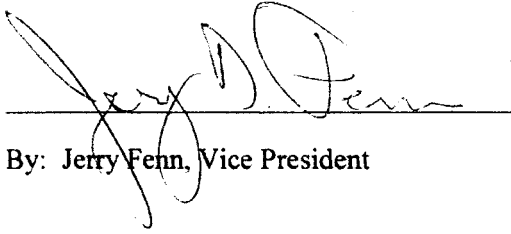
Dated this 18th day of April, 2012.

U.S. DEPARTMENT OF DEFENSE AND ALL OTHER
FEDERAL EXECUTIVE AGENCIES


By: Stephen S. Melnikoff


Date

Qwest Corporation d/b/a CenturyLink-QC



A handwritten signature in cursive script, appearing to read "Jerry Fenn", is written over a horizontal line.

By: Jerry Fenn, Vice President

April 18, 2012

Date

ATTACHMENT 1

1. Definitions.

As used in this Agreement certain terms shall have the meanings stated below:

(a) "Arizona Regulated Services" shall mean intrastate telecommunications services that are contained in CenturyLink-QC's effective tariffs on file at the Arizona Corporation Commission ("Commission" or "ACC") as of the Effective Date.

(b) "Current Contract" shall mean any contract now in effect between Qwest Corporation d/b/a CenturyLink-QC ("CenturyLink-QC") or its affiliates, that is limited to providing Arizona Regulated Services to DoD/FEA locations in the State of Arizona.

(c) "Successor Contracts" shall mean contracts awarded during the "Rate protection Period."

(d) "Effective Date" shall mean the date that this Agreement is executed on behalf of CenturyLink-QC and DoD/FEA.

(e) "Rate Protection Period" shall mean the five year period that commences upon the Effective Date.

(f) "DoD/FEA": U.S. Department of Defense and All Other Federal Agencies including all entities and components of the Federal government (both military and nonmilitary).

(g) "Commission" for the purposes of this Agreement is defined as the Arizona Corporation Commission.

(h) "Application": "Application of Qwest Corporation d/b/a CenturyLink-QC ("CenturyLink") to Classify and Regulate Retail Local Exchange Telecommunications Services as Competitive and to Classify and Deregulate Certain Services as Non-Essential" filed with the Commission on October 13, 2012. That Application was docketed as Commission Docket No. T-01051B-11-0378.

2. Rate Protection Commitment

In the event that during the Rate Protection Period DoD/FEA solicits bids for procurement of telecommunications services for Arizona locations where CenturyLink-QC is the incumbent local exchange carrier but not the existing contract awardee, CenturyLink-QC commits to bid on the procurement.

In the event that during the Rate Protection Period DoD/FEA solicits bids for procurement of telecommunications services for the same location as a Current Contract, CenturyLink-QC will (i) bid on the procurement, (ii) and, to the extent such bid is for Arizona Regulated Services included in the Current Contract, the CenturyLink-QC bid shall offer rates, terms, and conditions for such Arizona Regulated Services that shall be no higher or less advantageous than the rates, terms and conditions provided under the Current Contract. This commitment shall apply to bids during the Rate Protection Period for all Successor Contracts. This commitment shall not apply to mandatory fees and charges ordered by the ACC and Federal Communications Commission authorized charges. Nothing in this commitment is intended to prevent CenturyLink-QC from aggressively competing on new bids, *i.e.*, offering lower prices or more favorable terms and conditions in future bids than those in Current Contracts or where CenturyLink-QC is the incumbent LEC.

3. Tariff Availability Commitment

In the event that a CenturyLink-QC Arizona Regulated retail service that is currently provided by CenturyLink-QC to DoD/FEA is deregulated and CenturyLink-QC withdraws the tariff for the service during the Rate Protection Period, CenturyLink-QC agrees to retain a copy of the tariff that was in effect immediately preceding any detariffing or deregulation and will make that tariff available to DoD/FEA for review electronically upon request. Further, in the event that (a) DoD/FEA solicits bids for procurement of Arizona Regulated telecommunications services for the same locations as the Current Contracts, or (b) Arizona Regulated services are procured by DoD/FEA via CenturyLink-QC tariffs where CenturyLink-QC is the incumbent LEC, CenturyLink-QC will offer rates, terms, and conditions to the DoD/FEA that shall be no higher or less advantageous than the rates, terms and conditions provided under the contracts or tariffs, respectively, in effect immediately preceding the Effective Date of this Settlement Agreement. This commitment will remain in place for the Rate Protection Period.

4. Service Quality

CenturyLink-QC commits that all service quality requirements that are part of any contract, commission order, as well as any other service quality requirements ordered by the Commission shall be applicable to the service provided to the DoD/FEA under this Agreement.

5. Rate Increases

If CenturyLink-QC increases a rate or files with the Commission for approval of an increase to a rate or a maximum rate for a service during the Rate Protection Period, DoD/FEA shall not object to, oppose, or comment negatively about such increase or filing in proceedings before the Commission. CenturyLink-QC agrees to send notice of such filings to Chief, Regulatory Law Office, U.S. Army Legal Services Agency (JALS-RL/IP), 9275 Gunston Rd., Fort Belvoir, Virginia 22060-5546.

6. Withdrawal from Proceeding

As soon as practical prior to the date for filing rebuttal testimony in Commission Docket No. T-01051B-11-0378 CenturyLink-QC will file notice of this Settlement Agreement and a copy of the executed document with the Commission and with electronic service to all parties in the proceeding. DoD/FEA agrees, that shortly thereafter, as soon as practical, to take all necessary steps to withdraw all opposition to the CenturyLink-QC Application in Arizona Corporation Commission Docket No. T-01051B-11-0378, regardless of the form by which that opposition has been asserted, including a request for withdrawal of its intervention, discovery requests and responses, , and withdrawal of all testimony opposing the Application. In reaching this Agreement, no Party accedes to any particular argument made by any other Party. Because this Agreement represents a compromise position of the Parties in this proceeding, the Parties agree that no conduct, statements or documents disclosed in the negotiation of the Agreement shall be admissible as evidence in this or any other proceeding. Furthermore, because this Agreement represents a compromise position of the Parties in this proceeding, no Party may use this Agreement or the testimonies or pleadings and briefs of the other Party regarding this settlement in this proceeding as precedent on the appropriateness of the positions of that other Party in any other proceeding.

Notice of this Settlement Agreement and an executed copy thereof shall be filed in Commission Docket No. T-01051B-11-0378, although it is not filed for approval by the Commission unless required by Commission rule or order.

The rate protection commitments provided in this Settlement Agreement are predicated on previously existing volume and term agreements or individual case basis pricing agreements between the Parties, entered into pursuant to the provisions of CenturyLink-QC tariffs or pursuant to rules of the Commission. Contracts which are entered in conformity with this Settlement Agreement shall be filed with the Commission if required by the Commission's rules. The commitments of this Settlement Agreement are binding on the Effective Date, and are not contingent upon regulatory approvals.

Further, DoD/FEA hereby acknowledges that approval of CenturyLink-QC's Application by the Arizona Corporation Commission would be in the public interest as it pertains to DoD/FEA and, as such, DoD/FEA does not oppose the grant of CenturyLink-QC's Application in Commission Docket No. T-01051B-11-0378 under the conditions of this settlement.

7. Relationship to Other Settlements.

This settlement is not impacted by settlements with other parties in Commission Docket No. T-01051B-11-0378. This Settlement is independent of the merger settlement agreement entered into by CenturyLink, Qwest and DoD/FEA which was approved by the Commission in Commission Docket No. T-01051B-10-0194, regarding the merger of CenturyLink and Qwest.

(END)