APPENDIX A

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Rulemaking on the Commission's Own Motion to Govern Open Access to Bottleneck Services and Establish a Framework for Network Architecture Development of Dominant Carrier Networks.	R.93-04-003 (Collocation Phase)
Investigation on the Commission's Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks.	I.93-04-002

SETTLEMENT AGREEMENT

This Settlement Agreement ("Settlement Agreement") is entered into this ____ day of October, 2006, by and between Pacific Bell Telephone Company d/b/a AT&T California ("AT&T California") and the undersigned CLECs ("CLECs"). AT&T California and CLECs may each be referred to individually by their name or as a "Party" or collectively as "Parties" hereafter.

RECITALS

WHEREAS, AT&T California filed a Motion to Set Final Collocation Rates in the above captioned proceeding with the California Public Utilities Commission ("CPUC" or "Commission") on July 8, 2005.

WHEREAS, the CLECs that are signatories to this Settlement Agreement are parties to or intervenors in the above-captioned proceeding, or are affected companies with existing, former, and/or prospective collocation arrangements with AT&T California.

WHEREAS, AT&T California and the signatory CLECs agree that they will be bound by the terms of this Settlement Agreement regardless of their respective status in the above-captioned proceeding.

WHEREAS, the Parties wish to fix collocation rates and charges for existing and new collocation arrangements and augments in California and compromise and settle

finally and fully all disputed issues relating to collocation rates and charges, in accordance with the terms and conditions detailed below:

AGREEMENT

NOW, THEREFORE, in consideration of the mutual obligations and covenants contained herein, the Parties agree as follows:

I. COLLOCATION RATES AND CHARGES.

Collocation arrangements will be billed as set forth below on a going-forward basis commencing on the date of the approval of this Settlement Agreement by the Commission ("Effective Date").

A. For existing collocation arrangements or augments billed under the FCC Tariff 128 (now renamed FCC 1), and/or CPUC-approved 175-T tariff and/or 175-T discounted tariff, the respective tariffed rates and charges will become fixed rates and charges, as set forth in section II, herein.

B. For existing collocation arrangements or augments, including cageless collocation arrangements, billed under existing CPUC-approved interconnection agreements or under AT&T Accessible Letters ("AL") AL CLECC00-064, AL CLECC00-111, and AL CLECC99-200, the respective rates and charges therein will become fixed rates and charges, as set forth in section II, herein.

C. A CLEC may elect the AL CLECC00-064 (for non fiber-based collocation elements) and/or AL CLECC00-111 (for fiber-based collocation elements) rates and charges on a going forward basis for all of its collocation arrangements. For avoidance of doubt, the parties agree that an election under this provision will result in the application of rates and charges under AL CLECC00-064 (for non fiber-based collocation elements) and AL CLECC00-111 (for fiber-based collocation elements) on all of CLEC's existing collocation arrangements.

D. For orders for new collocation arrangements and/or augments to existing arrangements placed after the date of approval of this Settlement Agreement by the CPUC, the rates and charges under AL CLECC00-064 (for non fiber-based collocation elements) and/or AL CLECC00-111 (for fiber-based collocation elements) will apply on a going forward basis, as set forth in section II.

E. For all existing and all new collocation arrangements and/or augments for which AT&T California has been charging or would otherwise attempt to charge for power on both feeds (A & B feed) into the DC Power Delivery arrangement, AT&T California agrees to eliminate the charge for redundant power, if any, on a prospective basis, as of the date of approval of this Settlement Agreement by the CPUC. The Parties further agree that

they may voluntarily enter into negotiations regarding DC Power Delivery billing and rating issues (not involving actual rates and charges) upon mutual agreement after the approval of this Settlement Agreement by the CPUC.

II. FIXED RATES AND CHARGES.

The Parties agree that the rates and charges referenced in section I, above, subject to the rights of AT&T California, Qwest and Telscape in section III.B, below, for existing and prospective collocation arrangements will be fixed for a period of three years from the Effective Date. Upon expiration of this three-year period, all rates and charges shall convert to the rates and charges in AL CLECC00-064 (for non fiber-based collocation elements) and AL CLECC00-111 (for fiber-based collocation elements) unless otherwise negotiated and mutually agreed to by AT&T California and an individual CLEC, or ordered by the CPUC; provided, however, that the elimination of the charge for redundant power addressed in Paragraph I.E above shall remain in effect after the expiration of this three-year period, unless otherwise negotiated and mutually agreed to by AT&T California and an individual CLEC, or ordered by the CPUC. Parties may not request a change in collocation rates and charges during this three-year period of time, commencing on the Effective Date.

III. TRUE UP WAIVER.

A. In light of the Parties' agreement to set the collocation rates and charges as set forth in Paragraph II above, the Parties waive any and all true-up rights, if any, accorded to them in the collocation phase of the OANAD or any other proceeding with respect to the rates and charges found in the 175-T tariff, 175T discounted tariff, AL CLECC99-200, AL CLECC00-054, AL CLECC00-064, AL CLECC00-111, FCC Tariff 128 (now renamed FCC 1), and/or interconnection agreements, except for and excluding the rights accorded Parties regarding billing claims as set forth in Sections III.B. and IV, below.

B. This Section III.B shall apply only to AT&T California, Telscape, and Qwest Communications Corporation and Qwest !nterprise America Inc. (collectively, "Qwest"). No other parties to this Settlement Agreement shall be affected by or subject to this section. Notwithstanding anything contained in this Settlement Agreement, AT&T California, Qwest and Telscape reserve any and all rights they may have in C.05-05-030. Notwithstanding anything contained in section I hereof, AT&T California, Qwest and Telscape agree that any rates and charges determined in C.05-05-030 will become fixed rates and charges under this Settlement Agreement, unless Qwest or Telscape subsequently elect prospective rates and charges pursuant to section I.C hereof. The existence of this Settlement Agreement and/or the contents thereof shall not be used by AT&T California, Qwest or Telscape in (i) Commission Docket C.05-05-030 or reviews thereof, or (ii) Pacific Bell Telephone Company v. California Public Utilities Commission et al, U.S. District Court (N.D.CA) Case C 06 5868 or any appeals thereof, as an admission or as evidence that AT&T California, Qwest or Telscape is entitled or not entitled to any relief in these actions. AT&T California, Qwest and Telscape

acknowledge and agree that the adjustment of Qwest's and/or Telscape's rates and charges by AT&T California pursuant to ordering paragraph 2 of D.06-08-006 does not constitute an election under Section I.C. hereof.

IV. CIVIL CODE SECTION 1542 RELEASE AND DISCHARGE.

A. AT&T California, on behalf of and for itself and its past, present and future subsidiaries, parent, affiliates, employees, officers, directors, shareholders, partners, owners, agents, managers, representatives, accountants, attorneys, trustees, advisors, experts, consultants, predecessors and successors in interest, heirs, executors and assigns, hereby fully and unconditionally releases, acquits and forever discharges each CLEC party to this Settlement Agreement, including its past, present and future subsidiaries, parent, affiliates, employees, officers, directors, shareholders, partners, owners, agents, managers, representatives, accountants, attorneys, trustees, advisors, experts, consultants, predecessors and successors in interest, heirs, executors and assigns, from, and does hereby relinquish, any and all past and present actions, suits, arbitrations, damages, claims, demands in law or equity, obligations, charges, complaints, causes of action, injuries, liabilities, rights, duties, judgments, penalties, fines, losses, bonds, bills, expenses and all other legal responsibilities prior to the date this Settlement Agreement is executed, whether known or unknown or suspected or unsuspected, including but not limited to causes of action for compensatory, equitable and/or injunctive relief, general, specific or punitive damages, costs, losses, expenses and compensation, based on any theory of recovery, which AT&T California has against each individual CLEC arising out of any and all disputes concerning rates and charges[1] for collocation in California, whether assessed or not assessed, billed or not billed, charged or not charged, paid or not paid, or provided or not provided, up to the date when this Settlement Agreement is executed, except for all actions, damages, claims, demands in law or equity, obligations, charges, complaints, causes of action, injuries, liabilities, rights, judgments, penalties, fines, losses, bonds, bills, expenses and all other legal responsibilities related to the following disputes: (1) the currently pending formal Commission complaint case C.05-05-030 between Qwest and AT&T California, including those Parties' rights as reserved under section III.B, above, (2) the currently pending U.S. District Court (N.D.CA) Case C 06 5868 among AT&T, the Commission and Qwest, including the Parties' rights as reserved under III.B., above, and (3) the currently pending informal dispute initiated by Eschelon against AT&T California regarding UNE services alleged by Eschelon to have been transferred to US TelePacific in connection with the transfer of certain collocations.[2]

B. Each CLEC individually, on behalf of and for itself and its past, present and future subsidiaries, parent, affiliates, employees, officers, directors, shareholders, partners, owners, agents, managers, representatives, accountants, attorneys, trustees,

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[1] Parties do not waive their rights to collect and/or dispute any current monthly charges for collocation services billed on or after July 25, 2006. AT&T California does not waive its right to collect outstanding charges for prior billing periods that are reflected on AT&T's July 25, 2006 bills, provided that AT&T has no right to collect any outstanding charges that are not reflected on AT&T's July 25, 2006 bills.

[2] AT&T California does not believe this claim involves a collocation billing dispute but has agreed to include it as an exclusion nevertheless.

advisors, experts, consultants, predecessors and successors in interest, heirs, executors and assigns, hereby fully and unconditionally releases, acquits and forever discharges AT&T California, including its past, present and future subsidiaries, parent, affiliates, employees, officers, directors, shareholders, partners, owners, agents, managers, representatives, accountants, attorneys, trustees, advisors, experts, consultants, predecessors and successors in interest, heirs, executors and assigns, from, and does hereby relinquish, any and all past and present actions, suits, arbitrations, damages, claims, demands in law or equity, obligations, charges, complaints, causes of action, injuries, liabilities, rights, duties, judgments, penalties, fines, losses, bonds, bills, expenses and all other legal responsibilities prior to the date this Settlement Agreement is executed, whether known or unknown or suspected or unsuspected, including but not limited to causes of action for compensatory, equitable and/or injunctive relief, general, specific or punitive damages, costs, losses, expenses and compensation, based on any theory of recovery, which any individual CLEC has against AT&T California arising out of any and all disputes concerning rates and charges[3] for collocation in California, whether assessed or not assessed, billed or not billed, charged or not charged, paid or not paid, or provided or not provided, up to the date when this Settlement Agreement is executed, except for all actions, damages, claims, demands in law or equity, obligations, charges, complaints, causes of action, injuries, liabilities, rights, judgments, penalties, fines, losses, bonds, bills, expenses and all other legal responsibilities related to the following disputes: (1) the currently pending formal complaint case C.05-05-030 between Qwest and AT&T California, including those Parties' rights as reserved under section III.B, above, (2) the currently pending U.S. District Court (N.D.CA) Case C 06 5868 among AT&T, the Commission and Qwest, including the Parties' rights as reserved under III.B., above, and (3) the currently pending informal dispute initiated by Eschelon against AT&T California regarding UNE services alleged by Eschelon to have been transferred to US TelePacific in connection with the transfer of certain collocations.[4]

C. With respect to this Settlement Agreement and the releases set forth in Sections IV.A. and IV.B. above, the Parties hereby expressly waive the provisions of Section 1542 of the California Civil Code, which provides that:

> "Section 1542. (General Release – Claims Extinguished.) A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known to him must have materially affected his settlement with the debtor."

The Parties acknowledge that they have had the opportunity to confer with their own counsel regarding the legal effect and significance of this waiver.

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[3] Parties do not waive their rights to collect and/or dispute any current monthly charges for collocation services billed on or after July 25, 2006. AT&T California does not waive its right to collect outstanding charges for prior billing periods that are reflected on AT&T's July 25, 2006 bills, provided that AT&T has no right to collect any outstanding charges that are not reflected on AT&T's July 25, 2006 bills.

[4] AT&T California does not believe this claim involves a collocation billing dispute but has agreed to include it as an exclusion nevertheless.

V. AMENDMENTS TO INTERCONNECTION AGREEMENTS.

This Settlement Agreement shall immediately take effect upon CPUC approval. Parties agree that they will execute amendments to their interconnection agreements in the form set forth in Exhibit A hereto to reflect the terms of this Settlement Agreement.

VI. APPLICABILITY OF THIS PROCEEDING TO ILECS OTHER THAN AT&T CALIFORNIA.

The terms of this Settlement Agreement apply only to AT&T California and AT&T California's serving territory. Neither this Settlement Agreement nor any portion hereof applies to any other incumbent LEC providing service in California, regardless of whether such ILEC is a party to this proceeding.

VII. GENERAL PROVISIONS.

A. This Settlement Agreement is subject to approval by the CPUC. The Parties shall file a joint motion seeking approval of this Settlement Agreement.

B. The Parties have noticed and convened a settlement conference, in accordance with Rule 51.1(b)-(c) of the CPUC's Rules of Practice and Procedure.

C. Neither AT&T California nor any other party to this Settlement Agreement shall hold *ex parte* meetings with CPUC decision-makers concerning this Settlement Agreement while it is pending approval in the OANAD collocation proceeding, unless all Parties to this Settlement Agreement are invited to such meetings.

D. This Settlement Agreement constitutes the entire agreement with respect to collocation rates and charges in California between the Parties as of the Effective Date. This Settlement Agreement cancels and supersedes any and all prior proposals (oral or written), understandings, representations, conditions, warranties, covenants and other communications between the Parties, which relate to the subject mater of this Settlement Agreement. No Party shall seek, directly or indirectly, to have the CPUC modify the terms of this Settlement Agreement without the express consent of all other Parties.

E. The Parties each agree, without further consideration, to execute and/or cause to be executed, any other documents, including the amendments in the form as attached hereto as Exhibit A and to take any other action as may be necessary, to effectively consummate the subject matter of this Settlement Agreement.

F. This Settlement Agreement shall not establish, be interpreted as establishing, or be used by any party to establish or to represent their relationship as any form of agency, partnership or joint venture. No party shall have any authority to bind the other or to act as an agent for the other unless written authority, separate from this Agreement, is provided.

G. By executing this Settlement Agreement, each Party represents and warrants that it has the full power and authority to enter into this Settlement Agreement. This Settlement Agreement and all covenants set forth herein shall be binding upon and shall inure to the benefit of the respective Parties hereto, their legal successors, heirs, assigns, partners, representatives, executors, administrators, parent companies, subsidiary companies, affiliates, divisions, units, agents, attorneys, officers, directors, and shareholders.

H. This Settlement Agreement and the provisions contained herein shall not be construed or interpreted for or against any party hereto because that party drafted or caused its legal representative to draft any of its provisions.

I. This Settlement Agreement shall be governed by and interpreted in accordance with the domestic laws of the state of California.

J. This Settlement Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, with the same effect as if all Parties had signed one and the same document. All such counterparts shall be deemed to be an original and shall together constitute one and the same Settlement Agreement.

K. The provisions of this Settlement Agreement are not severable. If the CPUC or any court of competent jurisdiction rules that any material provision of this Settlement Agreement is invalid or unenforceable, or materially modifies any material provision of this Settlement Agreement, then this Settlement Agreement shall be deemed rescinded and the Parties returned to the status quo as of the date of execution of this Settlement Agreement.

L. The Parties hereto acknowledge each has read this Settlement Agreement, that each fully understands its rights, privileges and duties under this Agreement, and that each enters this Settlement Agreement freely and voluntarily. Each Party further acknowledges that it has had the opportunity to consult with an attorney of its own choosing to explain the terms of this Settlement Agreement and the consequences of signing it.

M. The Parties each represent that they and/or their counsel have made such investigation of the facts and law pertaining to the matters described in this Settlement Agreement as they deem necessary and that they have not relied and do not rely upon any statement, promise or representation by any other Party or its counsel, whether oral or written, except as specifically set forth in this Settlement Agreement. The Parties each expressly assume the risk of any mistake of law or fact made by them or their counsel.

N. No provision of this Settlement Agreement shall be considered precedential for purposes of any future or concurrent proceeding.

O. The undersigned hereby acknowledge and covenant that they have been duly authorized to execute this Settlement Agreement on behalf of their respective principals and that such execution is made within the course and scope of their respective agency and/or employment.

P. The Parties acknowledge and agree that the Parties have entered into this Settlement Agreement as a compromise and settlement of differences between the Parties regarding the implementation of fixed rates for collocation. The Parties agree that they will not attempt to introduce or present this Settlement Agreement to any individual, entity, administrative, regulatory or judicial body for the purpose of attempting to demonstrate that any other Party (or one or more of its predecessors, successors, assigns, agents, parents, subsidiaries, affiliates, officers, directors, or employees) has endorsed or advocated any particular term of this Settlement Agreement. The Parties further agree that all statements and conduct of any Party made in connection with the negotiation of this Settlement Agreement will be inadmissible as evidence under Federal Rule of Evidence 408 and any similar federal or state statute or rule.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement on the pages that follow:

[SIGNATURE PAGES AS FOLLOW:]

(END OF APPENDIX A)