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July 22, 2002

VIA HAND DELIVERY

Blanca S. Bayo, Director
Division of Records and Reporting
Betty Easley Conference Center
4075 Esplanade Way
Tallahassee, Florida 32399-0870

Re: Docket No. 020563-TI

Dear Ms. Bayo:

I am enclosing for filing and appropriate distribution, a revised attachment to the Petition which initiated the above docket. The revision is intended to clarify the nature of the monetary payment described in paragraph 31. Similar descriptive language was included in early versions of the document, but was omitted from the attachment to the Petition. The additional language is as follows:

“This payment shall be for any and all costs, direct and indirect, presently known or unknown, incurred by the OAG during the course of its Investigation. Costs means: Costs of document copying and review, expenses for travel, lodging and other expenses during previous on-site and remote visits, and meetings, telecommunications and data processing costs, attorneys’ fees and support staff salaries, and allocable overhead or indirect costs.”

This insert is the only change to the attachment that accompanied the original Petition. It affects no substantive provisions or terms of the Settlement Agreement.

Thank you for your assistance.

Sincerely,



Joseph A. McGlothlin

Jam/mls

cc: Harold McLean w/out attachment
Lee Fordham w/out attachment
Jack Shreve w/out attachment
Commissioners w/out attachment
John Topa w/out attachment

Enclosure

RECEIVED FPSC
02 JUL 22 PM 3:56

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (the "Agreement") is entered into on this ___ day of ___, 2002, between the Department of Legal Affairs, Office of the Attorney General of the State of Florida ("OAG"), and Qwest Communications International, Inc. ("Qwest").

WITNESSETH:

WHEREAS, the OAG caused an investigation to be made into the marketing and sales practices of Qwest and LCI International Telecom Corp. (LCI) (now a Qwest subsidiary) relating to the acquiring of telecommunications Consumers (as defined below) in or from the State of Florida;

WHEREAS, the investigative period for the OAG's investigation of Qwest (which includes the investigation of LCI) is from January 1, 1997 to present;

WHEREAS, the Parties acknowledge that Qwest enters into this Agreement for settlement purposes only. Qwest does not admit to any of the factual allegations made by the OAG and this Agreement shall not be construed as either an admission or finding of any wrongdoing or violation of any state or federal law, rule, or regulation; and

WHEREAS, Qwest and the OAG desire to conclude the Investigation and reach an Agreement that will fully and finally settle, resolve, release, discharge, and compromise the Matters Investigated (as defined below) related to the Investigative Period (as defined below) concerning Qwest and LCI and all claims and causes of action by the OAG against Qwest or LCI relating thereto. [The parties agree to provide acknowledgment of the course taken relative to the FPSC and insert it here in a final recital, reflecting that there has also been a full resolution of their claims for the same period, if the FPSC agrees to grant Qwest's Petition.]

NOW THEREFORE, in consideration of the premises and the mutual promises, agreements, covenants and obligations contained herein, and for other good and valuable consideration as stated herein, the receipt of which are hereby acknowledged, the OAG and Qwest hereby agree and stipulate to the following:

RECEIVED
RLM
OFFICE OF THE ATTORNEY GENERAL
EXHIBIT A (REVISED)

DEFINITIONS

1. The term "Claim" shall mean any claims or causes of action for fines, damages, liabilities, penalties, attorneys' fees, losses, costs, expenses, or other relief of any kind or character whatsoever, at law or equity, regarding the Matters Investigated.

2. The term "Consumer" means any person, a natural person, individual, governmental agency or entity, partnership, corporation, limited liability company or corporation, trust, estate, incorporated or unincorporated association, and any other legal or commercial entity however organized located in the State of Florida.

3 The term "Distributor" means a third-party entity or agent engaging in face-to-face sales or engaging in telemarketing of Long Distance Services to Consumers on behalf of Qwest

4 The Term "Effective Date" means the date upon which Qwest receives notice that the Florida Attorney General has accepted this Agreement, but shall be no later than thirty (30) days subsequent to the last date of execution of this Agreement

5. The term "Investigation" shall mean the OAG's investigative case, number L01-3-1193, which was opened on or about January 31, 2001, and covers the time period from January 1, 1997 through the date of execution of this Agreement.

6. The term "Investigative Period" shall mean the time period of the Investigation, January 1, 1997 through the date of execution of this Agreement

7. The term "Long Distance Services" means any 1+ service provided directly by Qwest to a Consumer.

8. The term "Long Distance Telephone Service Provider" means the entity that is chosen by a Consumer to transport "Long Distance Services" and shall include and is synonymous with the terms "Primary Interexchange Company," "Interexchange Carrier," "Primary Interexchange Carrier," "Preferred Carrier," "Interexchange Company," and "long distance company".

9. The term "Matters Investigated" means the activities of Qwest and its agents

relating to their efforts to solicit and transfer Consumers' incumbent Long Distance Telephone Service Providers to Qwest occurring in the State of Florida or from other jurisdictions to Consumers located in the State of Florida, and includes the investigation into allegations that some of these activities involved the switching or attempted switching of Long Distance Telephone Service Providers to Qwest without the Consumers' knowledge, consent or legal authorization.

10. The term "Parties" as used in this Agreement shall mean Qwest and the OAG.

11. The term "Qwest" as used herein means Qwest Communications International, Inc., and any of its affiliates, subsidiaries, branches, divisions, departments, groups, Distributors, employees, officers, directors, consultants, agents, attorneys or representatives; and any corporate predecessors, successors or assigns controlling or controlled by Qwest Communications International Inc. The term "Qwest" is expressly intended to include, but is not limited to, Qwest Communications Corporation and its subsidiary LCI. The term "Qwest" does not mean or include any switchless, switch based, or facilities based carrier or reseller of Long Distance Services that has contracted with Qwest.

REPRESENTATIONS AND WARRANTIES

12. Qwest represents and warrants that it is a properly named Respondent with respect to the Investigation and the Matters Investigated and a properly named Party to this Agreement and can incur the obligations set forth herein.

13. The Parties represent and warrant that this Agreement is entered into by the Parties as their own free and voluntary acts and with full knowledge and understanding of the nature of the proceedings and the obligations and duties imposed by this Agreement. Each Party represents and warrants that no waivers, offers, agreements, representations, warranties or inducements of any nature whatsoever concerning this Agreement, other than those contained herein, have been made to it by the other Party to procure this Agreement.

14. Qwest represents and warrants that it is solvent and it has good and sufficient funds available to meet fully all financial obligations called for in this Agreement. Qwest also

represents and warrants that it has reviewed its financial situation and that it currently is solvent within the meaning of 11 U.S.C. § 547(b)(3), and will remain solvent following its payment to the OAG hereunder.

15. Qwest represents and warrants that, within ninety (90) days of the Effective Date of this Agreement, it will send a written notice to all Consumers whose Long Distance Telephone Service was with Qwest on the date of execution of this Agreement. Qwest further warrants and represents that said notice shall clearly and conspicuously state to each such Consumer that his/her Long Distance Telephone Service Provider is Qwest and that the Consumer would have the option to remain with Qwest or switch to a Long Distance Telephone Service Provider of the Consumer's choice without cost to the Consumer if the Consumer was transferred to Qwest in error and without consent. A copy of the notice required by this Paragraph 15 is attached hereto as Exhibit A.

16. Qwest represents and warrants that it has provided and will continue to provide rate adjustments, credits, change of Long Distance Telephone Service Provider, or other redress, to all complaining Consumers whose Long Distance Telephone Service Provider was changed to Qwest without proper authorization as a result of solicitations and activities by or on behalf of Qwest involving Consumers located in the State of Florida during the time period specified in the Matters Investigated up to and including the date of this Agreement.

17. Qwest represents and warrants that neither Qwest nor any of its representatives, employees, agents or any other person acting directly under, by, through or on behalf of Qwest, shall state, represent or imply that the Attorney General of the State of Florida, the OAG, or any other governmental unit or subdivision of Florida has approved, sanctioned, or authorized any practice, act or conduct of Qwest pursuant to this Agreement except to the extent that this Agreement expressly mandates or incorporates such practices and procedures as adequate corrective action measures to meet the terms and conditions of the obligations undertaken by Qwest in this Agreement.

18. Qwest represents and warrants that it shall not effect any change in its form of

doing business or its organizational identity or participate directly or indirectly in any activity to form a separate entity or corporation for the purpose of engaging in acts prohibited by this Agreement or for any other purpose which would otherwise circumvent any part of this Agreement or the spirit or purposes of this Agreement.

APPLICATION

19. This Agreement shall be binding upon and inure to the benefit of the Parties, and their respective successors and assigns. This Agreement shall also be binding upon and inure to the benefit of any corporate parent, holding company, dba, affiliate or subsidiary of Qwest to the extent necessary to ensure that the rights and obligations created by this Agreement are effectuated and survive any merger, dissolution, or change in Qwest's corporate name, identity, organization or function.

20. This Agreement applies to Qwest acting directly, or through a Distributor which Qwest directs or controls, in connection with the offering for sale, selling or providing Qwest Long Distance Services in or from the State of Florida to Consumers within the State of Florida.

21. This Agreement applies to any current and future officer, servant, representative, employee, agent, Distributor, or any other person who acts on behalf of Qwest in or affecting the sale of Long Distance Services within the State of Florida. Where applicable, for the three years following the Effective Date of this Agreement, Qwest shall be responsible for making the substantive terms and conditions of this Agreement known to its respective officers, directors, successors, and appropriate managers, employees and those persons associated with Qwest, including Distributors acting on Qwest's behalf, who are responsible for implementing the obligations set forth in this Agreement.

22. For a period of three (3) years following the Effective Date of this Agreement and termination of the Investigation, prior to any sale, dissolution, reorganization, assignment, merger, acquisition or other action that would result in any successor or assign of any of Qwest's obligations with regard to selling Long Distance Services and/or acquiring long distance telephone Consumers in the State of Florida, Qwest shall furnish a copy of this Agreement to

such prospective successor or assign and advise same of its duties and obligations under this Agreement.

COMPLIANCE

23. Qwest shall, within sixty (60) days of the Effective Date of this Agreement, deliver a summary of this Agreement to all applicable managerial and supervisory employees having responsibilities for the implementation of the subject matter of this Agreement. Within thirty (30) days following the Effective Date of this Agreement, Qwest's Corporation's Executive Vice Presidents for Consumer Sales and National Business Accounts shall send a directive to. (1) all Qwest employees; and (2) all Distributors of Qwest involved in the sale of Long Distance Services to Florida Consumers having duties and responsibilities related to the subject matters of this Agreement, including solicitation of customers and monitoring of distributors. The directive shall provide information about the general terms and conditions of this Agreement, with instructions to Distributors that such information be provided to their employees.

24 Qwest shall implement and maintain a corporate compliance program for each of Qwest's divisions or operations providing Long Distance Services to Consumers. For the three years following the Effective Date of this Agreement, continuation by Qwest of its current practices implemented in compliance with Sections 13, 14, 15, 16, 17, 18, and 19, of the Consent Decree entered into by Qwest Communications International Inc. and the Federal Communications Commission captioned In the Matter of Qwest Communications International, Inc. (July 19, 2000), file No ENF-99-11, NAL/ Acct. No. 916EF008 and attached hereto as Exhibit B shall satisfy the requirements of this Paragraph 24.

25. With regard to selling or providing Long Distance Services in or from the State of Florida to Consumers, Qwest, its representatives, officers, agents, Distributors, employees, or consultants shall:

(a) comply with Title 47 of the Code of Federal Regulations relating to Telecommunications;

(b) follow in good faith the procedures for transferring Consumers delineated

in Title 25-4.118 of the Florida Administrative Code relating to the Public Service Commission, and

(c) comply with Sections 812.014, 831.01 and 831.02, Florida Statutes.

26. It is hereby agreed by Qwest that immediately upon the Effective Date of this Agreement and for a period of three (3) years thereafter, Qwest shall, with regard to selling Long Distance Services in or from the State of Florida to Consumers, adopt and implement adequate and responsible training, policies, guidelines, and procedures to monitor and ensure regularly and routinely that Qwest or its representatives, officers, agents, Distributors, employees, and consultants shall not receive, submit, change or attempt to receive, submit, or change Consumer orders or selections of Long Distance Telecommunications Providers, under false pretenses or without authorization or consent from the Consumer to be affected.

27. Qwest shall, within ninety (90) days of the Effective Date of this Agreement, begin providing the notice required by Paragraph 15 above and shall complete the notice within one hundred and twenty (120) days of the Effective Date of this Agreement

28. Qwest shall continue to promptly resolve any and all Consumer complaints involving the Matters Investigated, which are referred to Qwest directly by the Consumer, referred to Qwest by the OAG, or referred to Qwest by any other source.

29. For a period of three (3) years after the Effective Date of this Agreement, Qwest shall continue its current practice of maintaining records of Consumer complaints for a period of two years following the date that a complaint is lodged (calculated on a rolling basis from each and every complaint made) and shall make such complaint information available to the OAG for inspection and copying during normal business hours upon reasonable notice, which shall mean at least five (5) business days notice, although, when necessary, the Parties shall work cooperatively and Qwest shall be given additional time to comply as needed.

CERTIFICATION AND VERIFICATION

30. Qwest shall provide certification to the OAG within one hundred and thirty (130) days of the Effective Date of this Agreement. Said certification shall be in writing by an

appropriate employee of Qwest, who has personal knowledge of the matters contained in the certification. Qwest shall send the original certification to the OAG. The certification shall include:

- (a) a statement indicating the position and title of the person providing the certification;
- (b) a statement that the person providing the certification is executing the certification on behalf of Qwest pursuant to this Agreement; and
- (c) a statement that Qwest has complied with the notification provisions of Paragraphs 15 and 27, is complying with and will continue to comply with the complaint redress provision of Paragraph 28, and all other provisions of this Agreement.

MONETARY PROVISIONS & TERMINATION OF INVESTIGATION

31. In consideration of the mutual agreements, conditions and covenants set forth herein, upon execution of this Agreement, Qwest shall pay to the OAG the sum of 3.25 million dollars (\$3,250,000). This payment shall be for any and all costs, direct and indirect, presently known or unknown, incurred by the OAG during the course of its Investigation. Costs means: Costs of document copying and review, expenses for travel, lodging and other expenses during previous on-site and remote visits, and meetings, telecommunications and data processing costs, attorneys' fees and support staff salaries, and allocable overhead or indirect costs. This monetary obligation to the OAG shall be paid at the time of execution of this Agreement by Qwest, made payable to the "Legal Affairs Revolving Trust Fund". Payment shall be by wire transfer and notification of payment of said funds shall be delivered to Assistant Attorney General John A. Topa, Office of the Attorney General, The Capitol PL-01, Tallahassee, Florida 32399-1050.

32. Upon acceptance of the Agreement by the Florida Attorney General the OAG shall immediately terminate the Investigation and shall not pursue any further investigation of or action or Claims by the OAG against Qwest, or against past or present officers, directors, and employees of Qwest, regarding the Matters Investigated that are related to the Investigative

Period.

GENERAL PROVISIONS AND CONDITIONS

33. The Parties agree that venue for any and all matters or disputes arising out of this Agreement and asserted by or against the OAG shall lie solely in Leon County, Florida.

34. This Agreement shall become effective upon its acceptance by the Florida Attorney General, who may refuse to accept it at his discretion. The Florida Attorney General will accept or reject this Agreement within thirty (30) days of its submission and execution by Qwest and the submission of the total payment set forth in Paragraph 31. Upon his acceptance of the Agreement, the Florida Attorney General shall terminate the Investigation and notify Qwest. In the event the Florida Attorney General does not accept this Agreement, the payment made pursuant to Paragraph 31 shall be immediately returned to Qwest and this Agreement shall become null and void.

35. This Agreement constitutes the entire agreement between Qwest, on the one hand, and the OAG, on the other hand, with regard to terminating the Investigation and resolving the Matters Investigated, and all prior negotiations and understandings between Qwest and the OAG shall be deemed merged into this Agreement.

36. No waiver, modification or amendment of the terms of this Agreement shall be valid or binding unless made in writing, signed by all Parties affected and then only to the extent set forth in such written waiver, modification, or amendment.

37. Qwest retains the right to modify and improve its Customer service policies, training programs and Distributor agreements and is not bound to maintain such policies, programs or agreements in any particular form. Substance, text and content of policies, programs and agreements adopted to implement the requirements set forth in this Agreement may be modified by Qwest at any time as long as the Customer service goals of eliminating unauthorized switches of Customers' Long Distance Service are continued and the underlying purposes of this Agreement are not thwarted.

38. Any failure by either Party to this Agreement to insist on strict performance by the other Party of any provision of the Agreement shall not be deemed a future waiver of any of the provisions of this Agreement, and such Party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all provisions of this Agreement

39 This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Florida, including, but not limited to, its conflict of law principles.

40. If any clause, provision, or section of the Agreement shall, for any reason, be held illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other clause, provision, or section of this Agreement, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable clause, section, or other provision had not been contained herein.

41. With regard to its conduct, Qwest denies any liability, wrongful acts, or violation of law, and enters into this Agreement without any admission of liability, wrongful acts, or violation of law While by this Agreement Qwest seeks to cooperate with, and to address and resolve concerns that the OAG may have with respect to the Matters Investigated, this Agreement does not constitute an admission of any sort by Qwest

42. Qwest specifies in Paragraph 46 the address and telephone number where it can be contacted and served with process in the event of default under this Agreement. In addition, Qwest shall provide the new address, telephone number and facsimile number within five (5) business days of any future change to the contact information provided in Paragraph 46. Service upon Qwest for the purposes of enforcing the provisions of this Agreement in the event of default shall be effective upon mailing a notice via first class mail and facsimile transmissions.

43. Nothing in this Agreement shall be construed to limit the authority of the Florida Attorney General to protect the interests of the State or the people of the State of Florida except to the extent of the express settlement of Claims delineated herein and as expressly stated in this Agreement.

44. Nothing in this Agreement shall be construed as relieving Qwest of its obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions of this Agreement be deemed to be permission to engage in any acts or practices prohibited by such law, regulation or rule

45. This document shall not be construed against the “drafter” because both Parties participated in the drafting of this document.

46. Except as otherwise provided herein, any notice, affidavit, certification, or statement, sworn or otherwise, required to be sent to the OAG or Qwest by this Agreement shall be sent by United States mail, certified mail return receipt requested or other nationally recognized courier service that provides for tracking services and identification of the person signing for the document. The documents shall be sent to the following:

For the OAG: John A. Topa, Assistant Attorney General
 Office of the Attorney General
 PL-01 The Capitol
 Tallahassee, Florida 32399-1050
 Phone: 850-414-3600
 Fax: 850-488-4483

For Qwest: Andrew D. Holleman, Senior Attorney
 1801 California Street, Suite 3800
 Denver, Colorado 80202
 Phone: 303-672-2774
 Fax: 303-672-2757

and James A. Smith, Executive Vice President
 Consumer Markets
 1801 California Street, Suite 5200
 Denver, CO 80202
 Phone: 303-992-6001
 Fax: 303-296-4977

47. This Agreement sets forth the entire agreement between the parties, and there are no representations, agreements, arrangements, or understandings, oral or written, between the Parties relating to the subject matter of this Agreement which are not fully expressed herein or

attached hereto.

48. Except for the Parties' respective obligations hereunder, and for and in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged the OAG and the Attorney General for the State of Florida do hereby and forever discharge and release Qwest, and its respective parent, subsidiary and affiliate corporations, officers, directors, shareholders, employees, agents, successors, Distributors, consultants, representatives, attorneys and assigns, of and from any and all manner of demands, actions, causes of action, Claims, suits, debts, sums of money, promises or damages whatsoever, in law or in equity, suspected or unsuspected, whether heretofore asserted or not, arising out of, or occurring as a result of, or in any way connected with the Claims that exist as of the date of this Agreement, concerning the Matters Investigated during the Investigative Period.

QWEST COMMUNICATIONS INTERNATIONAL, INC.

_____ Dated: _____
By
Title:

OFFICE OF THE ATTORNEY GENERAL

_____ Dated: _____
By Mary Leontakianakos
Chief of Economic Crimes