

**STIPULATION FOR QWEST TO PAY FUNDS
TO NON-PARTY OREGON CITIES**

THIS STIPULATION is made between Qwest Corporation, a Colorado corporation (“Qwest”), and the Oregon cities of Adair Village, Adams, Albany, Astoria, Athena, Baker City, Beaverton, Bend, Cannon Beach, Central Point, Coburg, Columbia City, Corvallis, Cottage Grove, Culver, Dallas, Dunes City, Falls City, Florence, Gearhart, Gladstone, Gold Hill, Grants Pass, Gresham, Harrisburg, Hubbard, Independence, Irrigon, Jacksonville, Jefferson, Johnson City, Junction City, Klamath Falls, Lake Oswego, Lowell, Madras, Maywood Park, Medford, Metolius, Millersburg, Milton-Freewater, Milwaukie, Monmouth, Newport, Oakland, Oakridge, Oregon City, Phoenix, Prescott, Prineville, Rainier, Rogue River, Roseburg, Seaside, Siletz, Sisters, Stanfield, St. Helens, Sumpter, Sutherlin, Talent, Tangent, Tigard, Toledo, Tualatin, Umatilla, Veneta, Warrenton, Westfir, West Linn, Weston, Winston, and Woodburn (“Non-Party Cities”). Qwest and the Non-Party Cities, by and through their undersigned counsel of record, stipulate as follows:

1. In or about June 2001, Qwest filed a lawsuit against the City of Portland, entitled *Qwest Corporation v. City of Portland*, in the United States District Court, District of Oregon, Case No. 01 CV 1005 JE (the “Lawsuit”).

2. Qwest and the Non-Party Cities desire to enter into this Stipulation so that the Non-Party Cities may be paid funds withheld during the course of the Lawsuit, as well as funds to be paid while the Lawsuit is on appeal. By entering into this Stipulation, the Non-Party Cities and Qwest do not waive any right or obligation they have under any franchise agreement, ordinance, code, provision, or any other law.

3. Within 14 calendar days of the execution of this Stipulation, Qwest agrees to pay all sums it withheld from any and all of the Non-Party Cities together with simple interest accruing at a rate of 9% (or if specifically set forth in any franchise

agreement or ordinance, any other interest rate applicable to a particular Non-Party City). Interest shall accrue on the withheld sums from the date when those sums became due until the date on which Qwest submits payments to the Non-Party Cities. Qwest agrees to pay all amounts accruing during any appeal and discretionary review of the Lawsuit in compliance with the terms of each Non-Party City's applicable franchise agreement and law.

4. If any Non-Party City disputes the amounts paid, that dispute will be resolved in the normal process for determining the correct amount owed, including city audits and/or financial reviews. Qwest agrees to cooperate in good faith in any such audits and/or financial reviews, in a spirit of resolving any financial questions. Qwest agrees that it will not contend that any Non-Party City waived its right to contest Qwest's calculation of the amount owed nor its right to conduct an audit and/or financial review.

5. The Non-Party Cities agree that Qwest may deduct from the fee payments made to any Non-Party City those sums owing to Qwest by such Non-Party City, if any, resulting from Oregon Public Utility Commission Docket No. UT 125, plus interest at the rate of 4.15% from July 15, 2001 until paid. By agreeing to accept a set-off amount equal to 71% of the amount Qwest claims as the OPUC refund, Qwest does not waive any claim or right it otherwise may have to seek recovery of 100% of the amount it claims as the OPUC refund. By agreeing to pay a set-off amount equal to 71% of the amount Qwest claims as the OPUC refund, the Cities paying this amount do not waive any claim or right they otherwise may have to dispute the amount of the refund and to pay a lesser amount. This stipulation does not modify any executed refund agreements between Qwest and any of the Cities.

6. The Non-Party Cities agree that by making payments to the Non-Party Cities, Qwest has not waived any right that it otherwise may have had to seek to recover those payments made pursuant to this Stipulation at a later date.

7. This Stipulation contains the entire agreement of the parties with respect to payment of right of way amounts pending appeal and discretionary review of the Lawsuit. This Stipulation may be changed only by a written agreement signed by the party against whom enforcement of any change is sought. This Stipulation may be executed in separate or counterpart originals. Fax copies of signatures are sufficient. Each signatory to this Stipulation is representing without condition that he/she has full authority on behalf of the entity so identified to enter into this Stipulation.

8. The validity, construction and performance of this Stipulation shall be governed by the laws of the State of Oregon, without regard to choice of law provisions of such laws. In any action to enforce the terms of this Stipulation, the prevailing party shall be entitled to reasonable attorneys' fees and costs. The parties to this Stipulation agree that jurisdiction for any lawsuit brought to enforce this Stipulation is in the United States District Court, District of Oregon.

DATED this ____ day of April, 2002.

QWEST CORPORATION

NON-PARTY CITIES

By: _____
Title: _____

By: _____
Pamela J. Beery
Of Their Attorneys
Beery & Elsner LLP

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