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Stipulation and Settlement Agreement

This Stipulation and Settlement Agreement ("Agreement") is entered into by and among USLD Communications, Inc. ("USLD"), and the Staff of the Public Utilities Commission of Ohio ("Staff") and shall be binding upon all parties.

PUCO

WHEREAS, USLD is a telephone company subject to the jurisdiction of the Public Utilities Commission of Ohio by Chapter 4905 of the Ohio Revised Code; and

WHEREAS, it was discovered that certain USLD customers received bills for intrastate long distance services that had been rated incorrectly; and

WHEREAS, USLD has corrected the inaccuracies in its billing systems that caused the bills to be incorrectly rated and has implemented a quality assurance program to assist with the prevention of further billing inaccuracies; and

WHEREAS, USLD agreed to provide credits to customers for the period May 1, 1999 through August 1, 2001, reflecting the amount incorrectly billed to those customers, plus interest; and

WHEREAS, USLD has completed the process of providing such credits to its customers; and

WHEREAS, on February 4, 2002, Staff requested that USLD cease assessing customers the Non-Subscriber Surcharge set forth on First Revised Page 23.1 of its PUCO Tariff No. 1; and

WHEREAS, USLD agreed to immediately cease assessing the Non-Subscriber Surcharge as requested by the Staff.

NOW, THEREFORE, in full resolution of all issues addressed by this Agreement, the parties stipulate and agree as follows:

1. USLD shall pay the amount of \$35,000.00 (thirty-five thousand dollars) to the State of Ohio within thirty days of the effective date of this Agreement;
2. USLD shall file the appropriate changes to eliminate the current provision for the Non-Subscriber Surcharge from its tariff within thirty days of the effective date of the Agreement;

only to be used for that purpose and not for any other purpose
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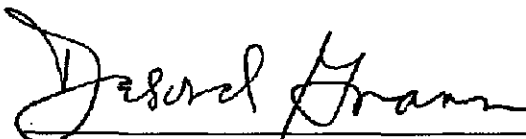
3. Prospectively, USLD is not prohibited from seeking authority to establish a Non-Subscriber Surcharge, or a charge similar to the Non-Subscriber Surcharge, to the extent permitted by Ohio law;
4. USLD shall provide, upon the request of the Staff, documentation to verify that it has distributed the credits identified above in the Agreement;
5. USLD shall provide credits to any other customers who contact USLD and provide documentation that, during the May 1, 1999 through August 1, 2001, time period, USLD sent invoices to such customers containing the same billing inaccuracies for which credits were provided to other customers as set forth in this Agreement, and that these credits were not provided to such customers;
6. The Staff shall take no further action against USLD with respect to either the intrastate long distance charges or the Non-Subscriber Surcharge addressed in this Agreement.

This Agreement, which is subject to the laws of the State of Ohio and the rules of the Public Utilities Commission of Ohio, shall not be effective until adopted and approved by the Commission. The date of the Commission Finding and Order adopting this Stipulation and Settlement Agreement shall be the effective date of the Agreement.



Judith Sanders, Esq.
For USLD Communications, Inc.

5/21/02
Date



Deborah Gnann, Director
Consumer Services Department
Public Utilities Commission of Ohio

Date