

Steven J. Pitterle
Director - Negotiations
Network Services



600 Hidden Ridge HQE03B67
P.O. Box 152092
Irving, Texas 75038

Phone 972/718-1333
Fax 972/718-1279
steve.pitterle@verizon.com

June 10, 2002

Mr. W. Scott Schaefer
President and CEO
QuantumShift Communications, Inc.
88 Rowland Way
Novato, CA 94945

Re: Requested Adoption Under Section 252(i) of the TA96

Dear Mr. Schaefer:

Verizon New England Inc., d/b/a Verizon Massachusetts, f/k/a New England Telephone and Telegraph Company, d/b/a Bell Atlantic - Massachusetts ("Verizon"), a New York corporation, with principal place of business at 185 Franklin Street, Boston, MA 02110, has received your letter stating that, under Section 252(i) of the Telecommunications Act of 1996 (the "Act"), QuantumShift Communications, Inc. ("QuantumShift"), a California corporation, with principal place of business at 88 Rowland Way, Novato, CA 94945, wishes to adopt the terms of the arbitrated Interconnection Agreement between SPRINT Communications Company L.P. ("SPRINT") and Verizon that was approved by the Massachusetts Department of Telecommunications and Energy (the "Commission") as an effective agreement in the Commonwealth of Massachusetts in Docket No. DTE 00-54-5, as such agreement exists on the date hereof after giving effect to operation of law (the "Terms"). I understand QuantumShift has a copy of the Terms. Please note the following with respect to QuantumShift's adoption of the Terms.

1. By QuantumShift's countersignature on this letter, QuantumShift hereby represents and agrees to the following three points:
 - (A) QuantumShift adopts (and agrees to be bound by) the Terms of the SPRINT/Verizon arbitrated agreement for interconnection as it is in effect on the date hereof after giving effect to operation of law, and in applying

the Terms, agrees that QuantumShift shall be substituted in place of SPRINT Communications Company L.P. and SPRINT in the Terms wherever appropriate.

- (B) Notice to QuantumShift and Verizon as may be required under the Terms shall be provided as follows:

To QuantumShift:

Ms. Jenna Brown
QuantumShift Communications, Inc.
88 Rowland Way
Novato, California 94945
Telephone Number: 415-209-7004
Facsimile Number: 415-899-8339
Email Address: jbrown@quantumshift.com

With a copy to:

Mr. Patrick J. O'Connor
Gray Cary Ware & Freidenrich
Attention: QuantumShift Communications, Inc.
1625 Massachusetts Ave., NW, Ste 300
Washington, DC 20036
Telephone Number: 202-238-7722
Facsimile Number: 202-238-7701

To Verizon:

Director-Contract Performance & Administration
Verizon Wholesale Markets
600 Hidden Ridge
HQEWMNOTICES
Irving, TX 75038
Telephone Number: 972-718-5988
Facsimile Number: 972-719-1519
Internet Address: wmnotices@verizon.com

with a copy to:

Vice President and Associate General Counsel
Verizon Wholesale Markets
1515 N. Court House Road
Suite 500
Arlington, VA 22201
Facsimile: 703-351-3664

- (C) QuantumShift represents and warrants that it is a certified provider of local telecommunications service in the Commonwealth of Massachusetts, and that its adoption of the Terms will cover services in the Commonwealth of Massachusetts only.
2. QuantumShift's adoption of the SPRINT arbitrated Terms shall become effective as of June 24, 2002. The Parties understand and agree that Verizon will file this adoption letter with the Commission promptly upon my receipt of a copy of this letter, countersigned by QuantumShift as to points (A), (B), and (C) of paragraph 1 above. The term and termination provisions of the SPRINT/Verizon agreement shall govern QuantumShift's adoption of the Terms. The adoption of the Terms is currently scheduled to expire on July 19, 2004.
 3. As the Terms are being adopted by you pursuant to your statutory rights under section 252(i), Verizon does not provide the Terms to you as either a voluntary or negotiated agreement. The filing and performance by Verizon of the Terms does not in any way constitute a waiver by Verizon of any position as to the Terms or a portion thereof, nor does it constitute a waiver by Verizon of all rights and remedies it may have to seek review of the Terms, or to petition the Commission, other administrative body, or court for reconsideration or reversal of any determination made by the Commission pursuant to arbitration in Docket No. DTE 00-54-5, or to seek review in any way of any provisions included in these Terms as a result of QuantumShift's 252(i) election.
 4. Nothing herein shall be construed as or is intended to be a concession or admission by Verizon that any contractual provision required by the Commission in Docket No. DTE 00-54-5 (the SPRINT arbitration) or any provision in the Terms complies with the rights and duties imposed by the Act, the decisions of the FCC and the Commissions, the decisions of the courts, or other law, and Verizon expressly reserves its full right to assert and pursue claims arising from or related to the Terms.
 5. Verizon reserves the right to deny QuantumShift's adoption and/or application of the Terms, in whole or in part, at any time:
 - (a) when the costs of providing the Terms to QuantumShift are greater than the costs of providing them to SPRINT;
 - (b) if the provision of the Terms to QuantumShift is not technically feasible; and/or

- (c) to the extent that Verizon otherwise is not required to make the Terms available to QuantumShift under applicable law.
6. For avoidance of doubt, please note that adoption of the Terms will not result in reciprocal compensation payments for Internet traffic. Verizon has always taken the position that reciprocal compensation was not due to be paid for Internet traffic under section 251(b)(5) of the Act. Verizon's position that reciprocal compensation is not to be paid for Internet traffic was confirmed by the FCC in the Order on Remand and Report and Order adopted on April 18, 2001 ("*FCC Internet Order*"), which held that Internet traffic constitutes "information access" outside the scope of the reciprocal compensation obligations set forth in section 251(b)(5) of the Act.¹ Accordingly, any compensation to be paid for Internet traffic will be handled pursuant to the terms of the *FCC Internet Order*, not pursuant to adoption of the Terms.² Moreover, in light of the *FCC Internet Order*, even if the Terms include provisions invoking an intercarrier compensation mechanism for Internet traffic, any reasonable amount of time permitted for adopting such provisions has expired under the FCC's rules implementing section 252(i) of the Act.³ In fact, the *FCC Internet Order* made clear that carriers may not adopt provisions of an existing interconnection agreement to the extent that such provisions provide compensation for Internet traffic.⁴
7. Should QuantumShift attempt to apply the Terms in a manner that conflicts with paragraphs 3-6 above, Verizon reserves its rights to seek appropriate legal and/or equitable relief.
8. In the event that a voluntary or involuntary petition has been or is in the future filed against QuantumShift under bankruptcy or insolvency laws, or any law relating to the relief of debtors, readjustment of indebtedness, debtor reorganization or composition or extension of debt (any such proceeding, an "Insolvency Proceeding"), then: (i) all rights of Verizon under such laws, including, without limitation, all rights of Verizon under 11 U.S.C. § 366, shall be preserved, and QuantumShift's adoption of the Verizon Terms shall in no way impair such rights of Verizon; and (ii) all rights of QuantumShift resulting from QuantumShift's adoption of the Verizon terms shall be subject to and modified by any Stipulations and Orders entered in the Insolvency Proceeding, including,

¹ Order on Remand and Report and Order, In the Matters of: Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 and Intercarrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68 (rel. April 27, 2001) ("*FCC Remand Order*") ¶44, *remanded, WorldCom, Inc. v. FCC*, No. 01-1218 (D.C. Cir. May 3, 2002). Although the D.C. Circuit remanded the *FCC Remand Order* to permit the FCC to clarify its reasoning, it left the order in place as governing federal law. *See WorldCom, Inc. v. FCC*, No. 01-1218, slip op. at 5 (D.C. Cir. May 3, 2002).

² For your convenience, an industry letter distributed by Verizon explaining its plans to implement the *FCC Internet Order* can be viewed at Verizon's Customer Support Website at URL www.verizon.com/wise (select Verizon East Customer Support, Resources, Industry Letters, CLEC).

³ *See, e.g.*, 47 C.F.R. Section 51.809(c).

⁴ *FCC Internet Order* ¶ 82.

without limitation, any Stipulation or Order providing adequate assurance of payment to Verizon pursuant to 11 U.S.C. § 366.

Please arrange for a duly authorized representative of QuantumShift to sign this letter in the space provided below and return it to the undersigned.

Sincerely,

VERIZON NEW ENGLAND INC., D/B/A VERIZON MASSACHUSETTS

Steven J. Pitterle
Director – Negotiations
Network Services

Reviewed and countersigned as to points A, B, and C of paragraph 1:

QUANTUMSHIFT COMMUNICATIONS, INC.

(SIGNATURE)

(PRINT NAME)

c: R. Ragsdale – Verizon