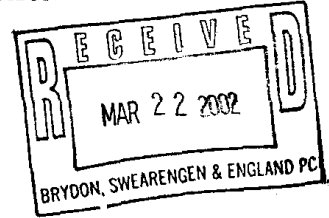


BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI



In the Matter of the Joint Application of)
GTE Midwest, Inc., d/b/a Verizon)
Midwest and CenturyTel of Missouri,)
LLC for 1) Authority to Transfer and)
Acquire Part of Verizon Midwest's)
Franchise, Facilities and System Located)
in the State of Missouri; 2) For Issuance of)
Certificate of Service Authority to)
CenturyTel of Missouri, LLC; 3) To)
Designate CenturyTel of Missouri, LLC as)
Subject to Regulation as a Price Cap)
Company; and 4) To Designate)
CenturyTel of Missouri, LLC as a)
Telecommunications Carrier Eligible to)
Receive Federal Universal Service)
Support.)

Case No. TM-2002-232

NONUNANIMOUS STIPULATION AND AGREEMENT

On November 28, 2001, CenturyTel of Missouri, LLC ("CenturyTel") and GTE Midwest Incorporated d/b/a Verizon Midwest ("Verizon"), filed a Joint Application with the Missouri Public Service Commission ("Commission") requesting authority for Verizon to sell and CenturyTel to acquire certain of Verizon's telephone properties consisting of 96 Missouri exchanges. In the Joint Application, CenturyTel also requested certificates of service authority to serve the subject exchanges, and Verizon requested that it be authorized to discontinue providing service in those exchanges. CenturyTel also requested that the Commission determine that it is subject to price cap regulation pursuant to § 392.245, RSMo, and that the Commission designate it an eligible telecommunications carrier eligible to received federal Universal Service Fund funds.

Exhibit No. 5
Date 4/25/02 Case No. TM-2002-232
Reporter KCM

As a result of meetings and discussions between the parties ("Parties") concerning the above-described transactions, the parties to this Stipulation and Agreement reached the following agreements and make the following recommendations to the Commission.

1. Transfer of assets

The Parties stipulate that CenturyTel possesses the managerial, engineering and financial expertise necessary to continue to provide the quality of service Verizon currently provides to its customers in the enumerated exchanges. CenturyTel's parent company, CenturyTel, Inc., provides telecommunications services to more than three million customers in 21 states. CenturyTel proposes no immediate change in the field operation of the Verizon properties and proposes to retain all of Verizon's existing employees. Moreover, CenturyTel proposes no immediate changes in the rates, terms and conditions of the telecommunications service currently provided to the customers in the enumerated exchanges.

The Parties recommend that the Commission issue its order finding that the transfer is not detrimental to the public interest and approving the transfer and acquisition of that part of Verizon's franchise, facilities and system used in providing service to the public in the Missouri exchanges listed on Exhibit 3 to the Joint Application in accordance with the terms of the Asset Purchase Agreement attached to the Joint Application as Exhibit 2.

2. Issuance of certificates

The Parties stipulate that CenturyTel possesses the necessary technical, financial and managerial resources and abilities to provide telecommunications services, including basic local telecommunications services and interexchange telecommunications service.

The Parties recommend that the Commission grant conditional certificates of service authority to CenturyTel to provide local telecommunications service, including basic local

telecommunications service and interexchange telecommunications service, in the subject exchanges to become effective on the date of closing of the sale. The Parties also recommend that Verizon's certificate(s) to provide telecommunications services should be cancelled following notice from Verizon that the sale has closed.

3. Tariffs

CenturyTel shall file tariff sheets with a minimum 45-day effective date reflecting the rates, rules, regulations, terms and conditions, and the services it will offer, within 30 days of a Commission order approving transfer of Verizon's Missouri assets to CenturyTel, and shall simultaneously file a pleading in this case advising the Commission that the tariffs have been filed. Upon the effective date of CenturyTel's tariffs, which will be the date of the asset transfer, all Verizon tariffs will be cancelled.

4. Price Cap Status

The Parties stipulate that upon the transfer of the enumerated exchanges, CenturyTel will have met the conditions necessary to be designated as a price cap company pursuant to § 392.245.2, RSMo, in that a competitive local exchange company ("CLEC") is properly certified to provide service in its service area and that the CLEC is, in fact, providing service in the CenturyTel service area.

The Parties, therefore, recommend that the Commission find that CenturyTel is subject to price cap regulation pursuant to § 392.245.2, RSMo, effective and commencing as of the date of transfer.

5. Eligible Telecommunications Carrier Status

The Parties stipulate that CenturyTel has, through its verified application, satisfied all of the requirements necessary to be designated by the Commission as an eligible

telecommunications carrier, eligible to receive federal universal service support. CenturyTel stipulates that it will offer all of the services supported by the federal universal service support, including Lifeline services, and will advertise the availability of and charges for such services using a media of general distribution within its service area. The Parties, therefore, recommend that the Commission designate CenturyTel as an eligible telecommunications carrier eligible to receive federal universal service support.

6. Conditions

As a condition of the authorizations recommended in paragraphs 1-4 above, CenturyTel and Verizon agree to the following:

A. Rates

CenturyTel agrees to use the same rates, terms and provisions, including intrastate access rates, that Verizon charges customers as of the date of transfer for telecommunications services in the subject exchanges.

B. Interconnection agreements

CenturyTel agrees to negotiate in good faith new interconnection agreements with all CLECs who currently have interconnection agreements with Verizon and who desire to have interconnection with CenturyTel. Where it is not technically infeasible, CenturyTel will enter into agreements which have the same rates, terms and conditions as those agreements previously negotiated with Verizon. These agreements will be substantially similar to the current agreements with Verizon with only technical differences to reflect the way CenturyTel interfaces with the CLEC. If CenturyTel and any CLEC are unable to agree on the terms of these agreements, CenturyTel agrees to submit any disputes to the Commission for resolution. In those situations where the CLEC is already providing service in an exchange to be transferred,

CenturyTel agrees to cooperate with the CLEC in requesting expedited approval of these new interconnection agreements from the Commission. CenturyTel shall cooperate with CLECs to ensure continuity of service for all CLEC customers.

CenturyTel agrees to provide local interconnection services, as defined in Part 51 of the Rules of the Federal Communications Commission, as set forth in the interconnection agreement between Verizon and AT&T Communications of the Southwest, Inc. and adopted by Fidelity Communication Services II, Inc., (hereinafter "CLECs") including, but not limited to, interconnection trunking, number portability and 911/E911 service, for one year after the closing of the sale of the telephone properties referenced herein. If any particular interconnection agreement has not been replaced through negotiation or arbitration within one year, that agreement will continue in force on a month-to-month basis until so replaced. CenturyTel shall perform all obligations set forth in such interconnection agreements except for functions, services or elements that CenturyTel is technically incapable of providing. In any proceeding concerning the technical infeasibility or unreasonableness of a particular provision of the Interconnection Agreement, the burden is on CenturyTel to prove such assertion. Notwithstanding the forgoing, CLECs understand and agree that the method used by CenturyTel to process service orders will be different from the method currently utilized by Verizon. CenturyTel agrees to make available at the time of the transfer an Internet-based e-mail service ordering system, and CLECs may choose between placing orders by facsimile or e-mail.

C. Surveillance reports

Verizon currently submits surveillance data reports to the Financial Analysis Department of the Commission on a monthly basis. As a condition of approval for this transaction, CenturyTel agrees to submit surveillance data reports in accordance with the Commission's

standard format for its Surveillance Utility Reporting Tracking System to the Financial Analysis Department on a monthly basis until otherwise ordered by this Commission.

D. Service quality

Verizon agrees to provide three monthly Quality of Service Reports to the Office of Public Counsel and the Staff of the Commission ("Staff"), beginning 90 days before the close of the transaction. Quality of Service Objectives are set forth in Commission rule 4 CSR 240-32.080. For every service objective not met each month, Verizon will submit a report to the Office of Public Counsel and Staff detailing why Verizon service objective(s) were not met and what action is being taken to improve service quality. Verizon's obligation to file Quality of Service Reports ends after the filing of the third report.

CenturyTel of Missouri, LLC and Spectra Communications Group, LLC d/b/a CenturyTel each agree to provide Quality of Service Reports to the Office of Public Counsel and Staff on a monthly basis until the company meets all Service Objectives for six consecutive months. Quality of Service Objectives are set forth in Commission rule 4 CSR 240-32.080. For every service objective not met each month, the above CenturyTel companies will submit a report to the Office of Public Counsel and Staff detailing why service objective(s) were not met and what action is being taken to improve service quality.

CenturyTel and Verizon transition teams will provide to the Office of Public Counsel and Staff a detailed timeline of system conversions and updates. This timeline will state operations being transferred from Verizon responsibility, the date of transfer, the changes in facilities and services, customer assistance number changes, and CenturyTel transition team coordinators' names and contact information.

E. Depreciation

CenturyTel agrees to implement the same depreciation rates as those used by Verizon at the time of the transfer of assets. CenturyTel further agrees to notify the Staff of the Commission if, in the future, the Company changes these rates. Verizon agrees to provide all available historical plant mortality data (annual additions, retirements, and balances) to CenturyTel in an electronic format prior to or coincident with the transfer of assets. CenturyTel agrees to maintain and update this data on an annual basis. CenturyTel will submit a file of all of the historical plant mortality data it receives from Verizon to Staff, in Staff's requested format, no more than 45 days after receipt of the data from Verizon.

7. Additional Terms

In the event the Commission accepts the specific terms of this Stipulation and Agreement, the Signatories waive, with respect to the issues resolved herein, their respective rights to present testimony and to cross-examine witnesses pursuant to § 536.070(2) RSMo 2000, and to present oral argument or written briefs pursuant to § 536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to § 536.080.2 RSMo 2000; and their respective rights to judicial review pursuant to § 386.510 RSMo 2000.

The Staff shall file suggestions or a memorandum in support of this Stipulation and Agreement and the other parties shall have the right to file responsive suggestions or prepared testimony. All responsive suggestions, prepared testimony, or memorandum shall be subject to the terms of any Protective Order that may be entered in this case.

The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably

practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is required from the Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

Respectfully submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 21st day of March 2002.

Wm K Haas

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