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150 South Monroe Street
Tallahassee, Florida 32301-1556

A. M. Lombardo
Regulatory Vice President

December 12, 1997

Mrs. Blanca S. Bayo
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

971611-TP

Re: Approval of the Resale Agreement Negotiated by BellSouth Telecommunications, Inc. ("BellSouth") and WorldCom Technologies, Inc. pursuant to Sections 251 and 252 of the Telecommunications Act of 1996

Dear Mrs. Bayo:

Pursuant to section 252(e) of the Telecommunications Act of 1996, BellSouth and WorldCom Technologies, Inc. are submitting to the Florida Public Service Commission their negotiated agreement for the purchase of BellSouth's telecommunications services for the purpose of resale to end users by WorldCom Technologies, Inc.

Pursuant to section 252(e) of the Act, the Commission is charged with approving or rejecting the negotiated agreement between BellSouth and WorldCom Technologies, Inc. within 90 days of its submission. The Act provides that the Commission may only reject such an agreement if it finds that the agreement or any portion of the agreement discriminates against a telecommunications carrier not a party to the agreement or the implementation of the agreement or any portion of the agreement is not consistent with the public interest, convenience and necessity. Both parties aver that neither of these reasons exist as to the agreement they have negotiated and therefore, are very hopeful that the Commission shall approve their agreement.

Very truly yours,

A. M. Lombardo
Regulatory Vice President
(2)

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**Agreement Between BellSouth Telecommunications, Inc. and WorldCom Technologies, Inc.
Regarding The Sale of BellSouth Telecommunications Services to WorldCom Technologies, Inc. For
The Purposes of Resale**

THIS AGREEMENT is by and between BellSouth Telecommunications, Inc., ("BellSouth or Company"), a Georgia corporation, and WorldCom Technologies, Inc. ("Reseller"), a Delaware corporation, and shall be deemed effective as of November 24, 1997.

WITNESSETH

WHEREAS, BellSouth is a local exchange telecommunications company authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, Reseller is or seeks to become an alternative local exchange telecommunications company authorized to provide telecommunications services in the state(s) of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, Reseller desires to resell BellSouth's telecommunications services; and

WHEREAS, BellSouth has agreed to provide such services to Reseller for resale purposes and pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the mutual premises and promises contained herein BellSouth and Reseller do hereby agree as follows:

I. Term of the Agreement

A. The term of this Agreement shall be two years beginning November 24, 1997 and shall apply in the state(s) of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee to all of BellSouth's territory as of January 1, 1997.

B. This Agreement shall be automatically renewed for two additional one year periods unless either party indicates its intent not to renew the Agreement. Notice of such intent must be provided, in writing, to the other party no later than 60 days prior to the end of the then-existing contract period. The terms of this Agreement shall remain in effect after the term of the existing agreement has expired and while a new agreement is being negotiated.

C. The rates pursuant by which Reseller is to purchase services from BellSouth for resale shall be at a discount rate off of the retail rate for the telecommunications service. The discount rates shall be as set forth in Exhibit A, attached hereto and incorporated herein by this reference. Such discount shall reflect the costs avoided by BellSouth when selling a service for wholesale purposes.

II. Definition of Terms

A. **CUSTOMER OF RECORD** means the entity responsible for placing application for service, requesting additions, rearrangements, maintenance or discontinuance of service, payment in full of charges incurred such as non-recurring, monthly recurring, toll, directory assistance, etc.

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B. **COMPETITIVE LOCAL EXCHANGE COMPANY (CLEC)** means a telephone company certificated by the public service commissions of the Company's franchised area to provide local exchange service within the Company's franchised area.

C. **DEPOSIT** means assurance provided by a customer in the form of cash, surety bond or bank letter of credit to be held by the Company.

D. **END USER** means the ultimate user of the telecommunications services.

E. **END USER CUSTOMER LOCATION** means the physical location of the premises where an end user makes use of the telecommunications services.

F. **NEW SERVICES** means functions, features or capabilities that are not currently offered by BellSouth. This includes packaging of existing services or combining a new function, feature or capability with an existing service.

G. **RESALE** means an activity wherein a certificated CLEC, such as Reseller subscribes to the telecommunications services of the Company and then reoffers those telecommunications services to the public (with or without "adding value").

H. **RESALE SERVICE AREA** means the area, as defined in a public service commission approved certificate of operation, within which an CLEC, such as Reseller, may offer resold local exchange telecommunications service.

III. General Provisions

A. Reseller may resell the tariffed local exchange and toll telecommunications services of BellSouth contained in the General Subscriber Service Tariff and Private Line Service Tariff subject to the terms and conditions specifically set forth herein. Notwithstanding the foregoing, the exclusions and limitations on services available for resale will be as set forth in Exhibit B, attached hereto and incorporated herein by this reference. In addition, Reseller may not purchase telecommunications services at the wholesale rate for its own use.

BellSouth shall make available telecommunications services for resale at the rates set forth in Exhibit A to this agreement and subject to the exclusions and limitations set forth in Exhibit B to this agreement. It does not however waive its rights to appeal or otherwise challenge any decision regarding resale that resulted in the discount rates contained in Exhibit A or the exclusions and limitations contained in Exhibit B. Each Party reserves the right to pursue any and all legal and/or equitable remedies, including appeals of any decisions. If such appeals or challenges result in changes in the discount rates or exclusions and limitations, the parties agree that appropriate modifications to this Agreement will be made promptly to make its terms consistent with the outcome of the appeal.

B. The provision of services by the Company to Reseller does not constitute a joint undertaking for the furnishing of any service.

C. Reseller will be the customer of record for all services purchased from BellSouth. Except as specified herein, the Company will take orders from, bill and expect payment from Reseller for all services.

D. Reseller will be the Company's single point of contact for all services purchased pursuant to this Agreement. The Company shall have no contact with the end user except to the extent provided for herein.

E. The Company will continue to bill the end user for any services that the end user specifies it wishes to receive directly from the Company.

F. The Company maintains the right to serve directly any end user within the service area of Reseller. The Company will continue to directly market its own telecommunications products and services and in doing so may establish independent relationships with end users of Reseller.

G. Neither Party shall interfere with the right of any person or entity to obtain service directly from the other Party.

H. Telephone numbers are assigned to the service furnished. Reseller has no property right to the telephone number or any other call number designation associated with services furnished by the Company, and no right to the continuance of service through any particular central office. The Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, whenever the Company deems it necessary to do so in the conduct of its business. The Company agrees to treat numbers associated with resold services in the same manner as it treats numbers it provides to its end users. Telephone numbers transmitted via any resold service features are intended solely for the use of the end user of the feature. Unless otherwise agreed, resale of this information is prohibited.

I. The Company may provide any service or facility for which a charge is not established herein, as long as it is offered on the same terms to Reseller. The Company will provide Reseller with 45 days notice via the Internet of any such new service. Both parties realize that revisions could occur between the time BellSouth provides the notice and the time to implement the new service. Reseller will not hold BellSouth responsible for any costs incurred as a result of such revisions.

J. Service is furnished subject to the condition that it will not be used for any unlawful purpose.

K. Service will be discontinued if any law enforcement agency advises that the service being used is in violation of the law.

L. The Company can refuse service when it has grounds to believe that service will be used in violation of the law.

M. The Company accepts no responsibility to any person for any unlawful act committed by Reseller or its end users as part of providing service to Reseller for purposes of resale or otherwise.

N. The Company will cooperate fully with law enforcement agencies with subpoenas and court orders for assistance with the Company's customers. Law enforcement agency subpoenas and court orders regarding end users of Reseller will be directed to Reseller. The Company will bill Reseller for implementing any requests by law enforcement agencies regarding Reseller end users after appropriate notice to Reseller.

O. The characteristics and methods of operation of any circuits, facilities or equipment provided by any person or entity other than the Company shall not:

1. Interfere with or impair service over any facilities of the Company, its affiliates, or its connecting and concurring carriers involved in its service;
2. Cause damage to their plant;
3. Impair the privacy of any communications; or
4. Create hazards to any employees or the public.

P. Facilities and/or equipment utilized by BellSouth to provide service to Reseller remain the property of BellSouth.

Q. White page directory listings will be provided in accordance with regulations set forth in Section A6 of the General Subscriber Service Tariff and will be available for resale.

R. BellSouth will provide customer record information to the Reseller, provided the Reseller has the appropriate Letter(s) of Authorization. BellSouth may provide customer record information via one of the following methods: US mail, fax, electronic interface, or at the request of the Reseller, private provider overnight mail service (e.g., Federal Express). If the Reseller requests that BellSouth send customer record information via a private provider, the Reseller shall furnish BellSouth with its private provider mail service billing account information so that the expense of using an overnight mail service is incurred by the Reseller.

If the customer record information consists of 20 pages or less, the Company will only fax or send this information electronically unless difficulties arise that require the use of US mail. In lieu of US mail the Reseller may request that customer record information be sent via private provider overnight mail service (e.g., Federal Express). If the Reseller requests that BellSouth send customer record information via a private provider, then the Reseller shall furnish BellSouth with its private provider mail service billing account information so that the expense of using an overnight service is incurred by the Reseller.

If the customer record information is over 20 pages, the Company reserves the right to use US Mail, fax, or electronic interface, unless private provider overnight mail service is requested by the Reseller. If the Reseller requests that BellSouth send customer record via a private provider, then the Reseller shall furnish BellSouth with its private provider mail service billing account information so that the expense of using an overnight mail service is incurred by the Reseller. BellSouth will provide customer record information via US mail or fax; (unless requested by the Reseller that private provider overnight mail service) on an interim basis until both parties implement electronic interfaces.

Reseller agrees to compensate BellSouth for all BellSouth incurred expenditures associated with providing such information to Reseller pursuant to Commission Order in AT&T and/or MCI Arbitration or generic cost recovery proceeding. Charges for development of such information are as set forth in Exhibit C. Reseller will adopt and adhere to the BellSouth guidelines associated with each method of providing customer record information. BellSouth will follow industry standards when developing its guidelines.

S. BellSouth's messaging services may be made available for resale subject to the execution of BellSouth's Messaging Agreement and without the wholesale discount.

T. BellSouth's Inside Wire Maintenance Plans may be made available for resale at rates, terms and conditions as set forth by BellSouth and without the wholesale discount.

IV. BellSouth's Provision of Services to Reseller

A. Reseller agrees that its resale of BellSouth services shall be as follows:

1. The terms and conditions in BellSouth tariffs shall be applicable to resale, except in Florida. Reseller may challenge the terms and conditions applicable to specific BellSouth services as unreasonable or discriminatory by an appropriate filing with the Commission.

2. In Florida, no restrictions on the resale of services shall be allowed except for restrictions applicable to the resale of grandfathered services, residential services, and LifeLine/Linkup services to end users who are eligible to purchase such services directly from BellSouth.

3. Reseller agrees to abide by any joint marketing restrictions, if applicable to Reseller, imposed by the Telecommunications Act of 1996.

4. If telephone service is established and it is subsequently determined that the class of service restriction has been violated, Reseller will be notified and billing for that service will be immediately changed to the appropriate class of service. Service charges for changes between class of service, back billing, and interest as described in this subsection shall apply at the Company's sole discretion. Interest at a rate as set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff for the applicable state, compounded daily for the number of days from the back billing date to and including the date that Reseller actually make payment to the Company may be assessed.

5. The Company reserves the right to periodically audit services purchased by the Reseller to establish authenticity of use. BellSouth will provide written notification at least two (2) weeks prior to such an audit. As part of the written notification BellSouth shall inform the Reseller of the objective of the audit. Such audits shall not occur more than once in a calendar year shall be scheduled during normal business hours. Reseller shall make any and all records and data available to the Company or the Company's auditors on a reasonable basis. The Company shall bear the cost of said audit.

B. Reseller may resell services only within the specific resale service area as defined in its certificate.

C. Telephone numbers transmitted via any resold service feature are intended solely for the use of the end user of the feature. Resale of this information is prohibited.

D. No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement. Reseller is strictly prohibited from any use, including but not limited to sales, marketing or advertising, of any BellSouth name or trademark.

V. Maintenance of Services

- A. Both parties agree to work cooperatively to develop a maintenance and installation interface process.
- B. Services resold under the Company's Tariffs and facilities and equipment provided by the Company shall be maintained by the Company.
- C. Reseller or its end users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.
- D. Reseller accepts responsibility to notify the Company of situations that arise that may result in a service problem. This notification process as well as any feasible processes that BellSouth could use to notify Reseller of potential service problems will be addressed in the maintenance and installation interface process.
- E. Reseller will be the Company's single point of contact for all repair calls on behalf of Reseller's end users. The parties agree to provide one another with toll-free contact numbers for such purposes.
- F. Reseller will contact the appropriate repair centers in accordance with procedures established by the Company.
- G. For all repair requests, Reseller accepts responsibility for adhering to the Company's prescreening guidelines prior to referring the trouble to the Company.
- H. The Company will bill Reseller for handling troubles that are found not to be in the Company's network pursuant to its standard charges. The standard charges will be no more than what BellSouth charges to its retail customers for the same services.
- I. The company will not perform any work for which time and material charges apply until such work has been authorized by Reseller.
- J. The Company reserves the right to contact Reseller's customers, if deemed necessary, for maintenance purposes. In those instances, the Company's personnel shall identify themselves as BellSouth employees representing Reseller.

VI. Establishment of Service

- A. After receiving certification as a local exchange company from the appropriate regulatory agency, Reseller will provide the appropriate Company service center the necessary documentation to enable the Company to establish a master account for Reseller. Such documentation shall include the Application for Master Account, proof of authority to provide telecommunications services, an Operating Company Number ("OCN") assigned by the National Exchange Carriers Association ("NECA") and a tax exemption certificate.

if applicable. When necessary deposit requirements are met, the Company will begin taking orders for the resale of service.

B. Service orders will be in a standard format as defined in the BellSouth Resale Ordering Guidelines and will adhere to approved industry standards

C. When notification is received from Reseller that a current customer of the Company will subscribe to Reseller's service, standard service order intervals for the appropriate class of service will apply

D. The Company will not require end user confirmation prior to establishing service for Reseller's end user customer. Reseller must, however, be able to demonstrate end user authorization upon request

E. Reseller will be the single point of contact with the Company for all subsequent ordering activity resulting in additions or changes to resold services except that the Company will accept a request directly from the end user for conversion of the end user's service from Reseller to the Company or will accept a request from another CLEC for conversion of the end user's service from the Reseller to the other LEC. The Company will notify Reseller that such a request has been processed

F. If either party determines that an unauthorized change in local service has occurred, the service will be reestablished with the appropriate local service provider and the party initiating the unauthorized change will be assessed an unauthorized change charge as set forth in F.C.C. Tariff No. 1, Section 17. Appropriate nonrecurring charges will also be assessed to the party initiating the unauthorized change. These charges can be adjusted if the requesting party provides satisfactory proof of authorization

G. In instances where Reseller cannot establish appropriate creditworthiness, the Company may, in order to safeguard its interest, require Reseller to make a deposit to be held by the Company as a guarantee of the payment of rates and charges, unless satisfactory credit has already been established. Any such deposit may be held during the continuance of the service as security for the payment of any and all amounts accruing for the service.

H. Such deposit may not exceed two months' estimated billing

I. The fact that a deposit has been made in no way relieves Reseller from complying with the Company's regulations as to advance payments and the prompt payment of bills on presentation nor does it constitute a waiver or modification of the regular practices of the Company providing for the discontinuance of service for non-payment of any sums due the Company

J. The Company reserves the right to increase the deposit requirements upon reasonable notice, when in its sole judgment, the conditions justify such action.

K. In the event that Reseller defaults on its account, service to Reseller will be terminated and any deposits held will be applied to its account.

L. In the case of a cash deposit, interest at the rate of six percent per annum shall be paid to Reseller during the continuance of the deposit. Interest on a deposit shall accrue annually and, if requested, shall be annually credited to Reseller by the accrual date

VII. Payment And Billing Arrangements

- A. When the initial service is ordered by Reseller, the Company will establish an accounts receivable master account for Reseller.
- B. The Company shall bill Reseller on a current basis all applicable charges and credits.
- C. Payment of all charges will be the responsibility of Reseller. Reseller shall make payment to the Company for all services billed. The Company is not responsible for payments not received by Reseller from the Reseller's customer. The Company will not become involved in billing disputes that may arise between Reseller and its customer. Payments made to the Company as payment on account will be credited to an accounts receivable master account and not to an end user's account. The Company will use the same methods and judgment in processing disputed charges between Reseller and any Interexchange carrier on whose behalf the Company provides billing, as the Company uses in processing disputed charges between its own end users and Interexchange carriers.
- D. The Company will render bills each month on established bill days for each of Reseller's accounts.
- E. The Company will bill Reseller, in advance, charges for all services to be provided during the ensuing billing period except charges associated with service usage, which charges will be billed in arrears. Charges will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowances. BellSouth will also bill all charges, including but not limited to 911 and E911 charges, telecommunications relay charges, and franchise fees, to Reseller.
- F. The payment will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available funds. Payment is considered to have been made when received by the Company.
- If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If payment is not received by the payment due date, a late payment penalty, as set forth in I. following, shall apply.
- G. Upon proof of tax exempt certification from Reseller, the total amount billed to Reseller will not include any taxes due from the end user. Reseller will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the end user.
- H. As the customer of record, Reseller will be responsible for, and remit to the Company, all charges applicable to its resold services for emergency services (E911 and 911) and Telecommunications Relay Service (TRS) as well as any other charges of a similar nature.

I. If any portion of the payment is received by the Company after the payment due date as set forth preceding, or if any portion of the payment is received by the Company in funds that are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be as set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff.

J. Any switched access charges associated with Interexchange carrier access to the resold local exchange lines will be billed by, and due to, the Company. No additional charges are to be assessed to Reseller.

K. The Company will not perform billing and collection services for Reseller as a result of the execution of this Agreement. All requests for billing services should be referred to the appropriate entity or operational group within the Company.

L. Pursuant to 47 CFR Section 51.617, the Company will bill Reseller end user common line charges identical to the end user common line charges the Company bills its end users.

M. In general, the Company will not become involved in disputes between Reseller and Reseller's end user customers over resold services. If a dispute does arise that cannot be settled without the involvement of the Company, Reseller shall contact the designated Service Center for resolution. The Company will make every effort to assist in the resolution of the dispute and will work with Reseller to resolve the matter in as timely a manner as possible. Reseller may be required to submit documentation to substantiate the claim.

VIII. Billing Disputes

A. Reseller agrees to notify the Company upon the discovery of a billing dispute. In the event of a billing dispute, the Company and Reseller will endeavor to resolve the dispute within sixty (60) calendar days of the Bill Date on which such dispute charges appear. Resolution of the dispute is expected to occur at the first level of management resulting in a recommendation for settlement of the dispute. In the event of a billing dispute that cannot be resolved within the 60-day time frame, then Reseller will escalate any billing discrepancies to the BellSouth LCSC Manager. If resolution is not attained within 30 days, Reseller will escalate the discrepancy to the BellSouth Director. If the billing discrepancy is not resolved within 30 days, Reseller will obtain the name and number of the next level manager from the BellSouth Director and continue escalating until a resolution is reached.

B. If Reseller disputes a charge and does not pay such charge by the payment due date then such charge shall be subject to a late payment penalty. The late payment penalty shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be as set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff. If Reseller disputes charges and the dispute is resolved in favor of Reseller, then BellSouth shall credit the bill of Reseller for the amount of the disputed charges along with any late payment charges assessed no later than the second Bill Date after the resolution of the dispute. Accordingly, if Reseller disputes charges and the dispute is resolved in favor of the Company then Reseller shall pay BellSouth the amount of the disputed charges and any associated late payment charges assessed no later than the second bill payment due date after the resolution of the dispute. In no event shall any late payment charges be assessed on any previously assessed late payment charges.

IX. Discontinuance of Service

A. The procedures for discontinuing service to an end user are as follows:

1. Where possible, the Company will deny service to Reseller's end user on behalf of, and at the request of, Reseller. Upon restoration of the end user's service, restoral charges will apply and will be the responsibility of Reseller.
2. At the request of Reseller, the Company will disconnect a Reseller end user customer.
3. All requests by Reseller for denial or disconnection of an end user for nonpayment must be in writing.
4. Reseller will be made solely responsible for notifying the end user of the proposed disconnection of the service.
5. The Company will continue to process calls made to the Annoyance Call Center and will advise Reseller when it is determined that annoyance calls are originated from one of their end user's locations. The Company shall be indemnified, defended and held harmless by Reseller and/or the end user against any claim, loss or damage arising from providing this information to Reseller. It is the responsibility of Reseller to take the corrective action necessary with its customers who make annoying calls. Failure to do so will result in the Company's disconnecting the end user's service.

B. The procedures for discontinuing service to Reseller are as follows:

1. The Company reserves the right to suspend or terminate service for nonpayment or in the event of prohibited, unlawful or improper use of the facilities or service, abuse of the facilities, or any other violation or noncompliance by Reseller of the rules and regulations of the Company's Tariffs.
2. If payment of the undisputed amount is not received by the bill day in the month after the original bill day, the Company may provide written notice to Reseller, that additional applications for service will be refused and that any pending orders for service will not be completed if payment is not received by the fifteenth day following the date of the notice. If the Company does not refuse additional applications for service on the date specified in the notice, and Reseller's noncompliance continues, nothing contained herein shall preclude the Company's right to refuse additional applications for service without further notice.
3. If payment of account is not received, or arrangements made, by the bill day in the second consecutive month, the account will be considered in default and will be subject to denial or disconnection, or both.
4. If Reseller fails to comply with the provisions of this Agreement, including any payments to be made by it on the dates and times herein specified, the Company may, on thirty days' written notice to the person designated by Reseller to receive notices of noncompliance, discontinue the provision of existing services to Reseller at any time thereafter. In the case of such discontinuance, all billed charges, as well as applicable termination charges, shall become due. If the Company does not

discontinue the provision of the services involved on the date specified in the thirty day notice, and Reseller's noncompliance continues, nothing contained herein shall preclude the Company's right to discontinue the provision of the services to Reseller without further notice

5. If payment is not received or arrangements made for payment by the date given in the written notification, Reseller's services will be discontinued. Upon discontinuance of service on a Reseller's account, service to Reseller's end users will be denied. The Company will also reestablish service at the request of the end user or Reseller upon payment of the appropriate connection fee and subject to the Company's normal application procedures. Reseller is solely responsible for notifying the end user of the proposed disconnection of the service.

6. If within fifteen days after an end user's service has been denied no contact has been made in reference to restoring service, the end user's service will be disconnected.

X. Taxes and Fees

A. Definition

For purposes of this section, the terms "taxes" and "fees" shall include but not be limited to federal, state or local sales, use, excise, gross receipts or other taxes or tax-like fees of whatever nature and however designated (including tariff surcharges and any fees, charges or other payments, contractual or otherwise, for the use of public streets or rights of way, whether designated as franchise fees or otherwise) imposed or sought to be imposed, on or with respect to the services furnished here under or measured by the charges or payments thereof.

B. Taxes and Fees Imposed Directly on Either Providing Party or Purchasing Party

- (1) Taxes and fees imposed on the providing party which are not permitted to be passed on by the providing party to its customer, shall be borne and paid by the providing party.
- (2) Taxes and fees imposed on the purchasing party which are not required to be collected and/or remitted by the providing party.

C. Taxes and Fees Imposed on Purchasing Party but Collected and Remitted by Providing Party

- (1) Taxes and fees imposed on the purchasing party shall be borne by the purchasing party, even if the obligation to collect and/or remit such taxes or fees is placed on the providing party.
- (2) To the extent permitted by applicable law, any such taxes and/or fees shall be shown as separate items on applicable billing documents between the Parties. Notwithstanding the foregoing, the purchasing party shall remain liable for any such taxes and fees regardless of whether they are actually billed by the providing party at the time that the respective service is billed and the purchasing party shall remit such taxes when later notified.

(3) If the purchasing party determines that in its opinion any such taxes or fees are not payable, the providing party shall not bill such taxes or fees to the purchasing party if and when the purchasing party provides written certification stating that it is exempt or otherwise not subject to the tax or fee, setting forth the basis therefor, and satisfying any other requirements under applicable law. If any authority seeks to collect any such tax or fee that the purchasing party has determined and certified not to be payable, or any such tax or fee that was not billed by the providing party, the purchasing party may contest the same in good faith, at its own expense. In any such contest, the purchasing party shall promptly furnish the providing party with copies of all filings or rulings in any proceeding, protest, or legal challenge, all filings issued in connection therewith, and all correspondence between the purchasing party and the taxing authority.

(4) In the event that all or any portion of an amount sought to be collected must be paid in order to contest the imposition of any such tax or fee, or to avoid the existence of a lien on the assets of the providing party during the pendency of such contest, the purchasing party shall be responsible for the timely payment and shall be entitled to the benefits of any refund or recovery.

(5) If it is ultimately determined that any additional amount of such a tax or fee is due to the imposing authority, the purchasing party shall pay such additional amount, including any interest and penalties thereon. However, if interest and penalties are due because of lack of timely remittance by the providing party or because of untimely billing by the providing party, the providing party will be responsible for such penalties and interest.

(6) Notwithstanding any provision to the contrary, the purchasing party shall protect, indemnify and hold harmless (and defend at the purchasing party's expense) the providing party from and against any such tax or fee, interest or penalties thereon, or other charges or payable expenses (including reasonable attorney fees) with respect thereto, which are incurred by the providing party in connection with any claim for or contest of any such tax or fee.

(7) Each party shall notify the other party in writing of any assessment, proposed assessment or other claim for any additional amount of such tax or fee by a taxing authority, such notice to be provided at least ten (10) days prior to the date by which a response, protest or other appeal must be filed, but in no event later than thirty (30) days after receipt of such assessment, proposed assessment or claim.

D. Taxes and Fees Imposed on Providing Party but Passed on to Purchasing Party

(1) Taxes and fees imposed on the providing party, which are permitted or required to be passed on by providing party to the purchasing party shall be borne by the purchasing party.

(2) To the extent permitted by applicable law, any such tax and/or fees shall be shown as separate items on applicable billing documents between the Parties. Notwithstanding the foregoing, the purchasing party shall remain liable for any such taxes and fees regardless of whether they are actually billed by the providing party at the time that the respective service is billed and the purchasing party shall remit such taxes when later notified.

(3) If the purchasing party disagrees with the providing party's determinations to the application or basis for any such tax or fee, the Parties shall consult with respect to the imposition

and billing of such tax or fee and with respect to whether to contest the imposition of such tax or fee. Notwithstanding the foregoing, the providing party shall retain ultimate responsibility for determining whether and to what extent any such taxes or fees are applicable, and the purchasing party shall abide by such determination and pay such taxes or fees to the providing party. The providing party shall further retain ultimate responsibility for determining whether and how to contest the imposition of such taxes or fees; provided, however, that any such contest undertaken at the request of the purchasing party shall be at the purchasing party's expense.

(4) In the event that all or any portion of an amount sought to be collected must be paid in order to contest the imposition of any such tax or fee, or to avoid the existence of a lien on the assets of the providing party during the pendency of such contest, the purchasing party shall be responsible for such payment and shall be entitled to the benefit of any refund or recovery.

(5) If it is ultimately determined that any additional amount of such tax or fee is due to the imposing authority, the purchasing party shall pay such additional amount, including any interest and penalties thereon. However, if interest and penalties are due because of lack of timely remittance by the providing party or because of untimely billing by the providing party, the providing party will be responsible for such penalties and interest.

(6) Notwithstanding any provision to the contrary, the purchasing party shall protect, indemnify and hold harmless (and defend at the purchasing party's expense) the providing party from and against any such tax or fee, interest or penalties thereon, or other charges or payable expenses (including reasonable attorney fees) with respect thereto, which are incurred by the providing party in connection with any claim for or contest of any such tax or fee.

(7) Each party shall notify the other party in writing of any assessment, proposed assessment or other claim for any additional amount of such a tax or fee by a taxing authority, such notice to be provided at least ten (10) days prior to the date by which a response protest or other appeal must be filed, but no event later than thirty (30) days after receipt of such assessment, proposed assessment or claim.

E. Taxes and Fees Imposed on the Providing Party.

With respect to any purchase of services, facilities or arrangements, if any tax or fee is imposed by applicable law on the receipts of the providing party (Receipts Tax (or fee)), which law permits the providing party to exclude certain receipts received from sales for resale to a public utility, distributor, telephone company, local exchange carrier, telecommunications company (Telecommunications company), such exclusion being based solely on the fact that the purchasing party is also subject to a tax or fee based upon receipts, then the purchasing party shall (i) provide the providing party with notice in writing in accordance with Article XVIII in this Agreement of its intent to pay Receipts Tax (or fee) and (ii) shall timely pay the receipts tax or fee to the applicable tax authority. If the purchasing party fails to pay the Receipts Tax as required by this subsection then, as between the providing party and the purchasing party, (i) the purchasing party shall be liable for any tax or fee on its receipts and (ii) the purchasing party shall be liable for any interest assessed thereon and any penalty assessed upon the providing party with respect to such tax or fee by such authority.

F. Mutual Cooperation.

In any contest of a tax or fee by one Party, the other Party shall cooperate fully by timely providing records, testimony and such additional information or assistance as may be reasonably necessary to pursue the contest.

G. Miscellaneous.

This Agreement does not cover any tax or fee which may be imposed on either party's corporate existence, status or income.

XI. Liability and Indemnity

A. Indemnification

Except as otherwise provided, each Party agrees to release, indemnify, defend, and hold harmless the other Party from all losses, claims, demands, damages, expenses, suits or other actions, or any liability whatsoever, including, but not limited to, costs and attorney's fees, whether suffered, made, instituted, or asserted by any other party or persons, for invasion of privacy, losses, damages, or destruction of property, whether or not owned by others, to the extent proximately caused by the indemnifying Party's negligence, or willful misconduct, regardless of form of action.

B. Disclaimer

Except as specifically provided to the contrary in this agreement and in BellSouth's and Reseller's tariffs, BellSouth and Reseller make no representations or warranties to each other concerning the specific quality of any services provided under this agreement. Except as otherwise provided, the Parties disclaim, without limitation, any warranty or guarantee of merchant ability or fitness for a particular purpose, arising from course of performance, course of dealing, or from usages of trade.

XII. Treatment of Proprietary and Confidential Information

A. Identification of Information

All information, including but not limited to specifications, microfilm, photocopies, magnetic disks, magnetic tapes, drawings, sketches, models, samples, tools, technical information, data, employee records, maps, financial reports, and market data, (I) furnished by one Party to the other Party, other than customer information communicated for the purpose of publication or directory database inclusion, or (II) in written, graphic, electromagnetic, or other tangible form and marked at the time of delivery as "Confidential" or "Proprietary," or (III) communicated orally and declared to the receiving Party at the time of delivery, or written notice given to the receiving Party within ten (10) days after delivery, to be "Confidential" or "Proprietary" (collectively referred to as "Proprietary Information"), shall remain the property of the disclosing Party.

B. Return of Information

Upon request by the disclosing Party, the receiving Party shall return all tangible copies of Proprietary Information, whether written, graphic or otherwise, except that the receiving Party may retain one copy for archival purposes.

C. Protection of Information

Each Party shall keep all of the other Party's Proprietary Information confidential and shall disclose the Proprietary Information to only those employees, contractors, agents or Affiliates who have a need for it in connection with the provision of services under this Agreement, and shall use the other Party's Proprietary Information only for performing the covenants contained in the Agreement. Neither Party shall use the other Party's Proprietary Information for any other purpose except upon such terms and conditions as may be agreed upon between the parties in writing.

D. Excluded Information

Unless otherwise agreed, the obligations of confidentiality and non-use set forth in this Agreement do not apply to such Proprietary Information as :

1. "was at the time of receipt already known to the receiving Party free of any obligation to keep it confidential evidenced by written records prepared prior to delivery by the disclosing Party", or
2. "is or becomes publicly known through no wrongful act of the receiving Party", or
3. "is rightfully received from a third person having no direct or indirect secrecy or confidential obligation to the disclosing Party with respect to such information"; or
4. "is independently developed by an employee, agent, or contractor of the receiving Party which individual is not involved in any manner with the provision of services pursuant to the Agreement and does not have any direct or indirect access to the Proprietary Information"; or
5. "is disclosed to a third person by the disclosing Party without similar restrictions on such third person's rights"; or
6. "is approved for release by written authorization of the disclosing Party"; or
7. "is required to be made public by the receiving Party pursuant to applicable law or regulation provided that the receiving Party shall give sufficient notice of the requirement to the disclosing Party to enable the disclosing Party to seek protective orders."
8. If any Receiving Party is required by any governmental authority or by applicable law to disclose any Proprietary Information, then such Receiving Party shall provide the Disclosing Party with written notice of such requirements as soon as possible and prior to such disclosure. The Disclosing Party may then either seek appropriate protective relief from all or part of such requirement or, if it fails to successfully do so, it shall be deemed to have waived the Receiving Party's compliance with this Article XI with respect to all or part of such requirement. The Receiving Party shall use all

commercially reasonable efforts to cooperate with the Disclosing Party in attempting to obtain any protective relief which such Disclosing Party chooses to obtain.

9. In the event of the expiration or termination of this Agreement for any reason whatsoever, each Party shall return to the other Party or destroy all Proprietary Information and other documents, work papers and other material (including all copies thereof) obtained from the other Party in connection with this Agreement and shall use all reasonable efforts, including instructing its employees and others who have had access to such information, to keep confidential and to use any such information, unless such information is now, or is hereafter disclosed, through no act, omission or fault of such Party, in any manner making it available to the general public.

E. Effective Date

Notwithstanding any other provision of this Agreement, the Proprietary Information provision of this Agreement shall apply to all information furnished by either Party to the other in furtherance of the purpose of this Agreement, even if furnished before the date of this Agreement.

XIII. Resolution of Disputes

Except as otherwise stated in this Agreement, the parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the parties will petition the applicable state Public Service Commission for a resolution of the dispute. However, each party reserves any rights it may have to seek judicial review of any ruling made by that Public Service Commission concerning this Agreement.

XIV. Waivers

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

XV. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State in which the dispute arises without regard to its conflict of laws principles.

XVI. Arm's Length Negotiations

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all parties.

XVII. More Favorable Provisions

If as a result of any proceeding or filing before any Court, state commission or the Federal Communications Commission, voluntary agreement or arbitration proceeding pursuant to the Act or pursuant to any applicable state law, BellSouth becomes obligated to resell services to a third party at rates or on terms and conditions different than the provisions of this Agreement, Reseller shall have the option to substitute the third party's agreement in its entirety for this Agreement and this Agreement shall thereupon become null and void. The substituted agreement shall apply to the same states as such other agreement and for the identical term.

XVIII. Notices

A. Every notice, consent, approval, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered in person or given by postage prepaid mail, address to

BellSouth Telecommunications, Inc.

CLEC Account Team
3535 Colonnade Parkway
Room E4E1
Birmingham, AL 35243

WorldCom Technologies, Inc

Local Network Development
Suite 1600
1 Tower Lane _____
Oakbrook Terrace, IL 60181
Facsimile (603) 203-0569

or at such other address as the intended recipient previously shall have designated by written notice to the other party.

B. Where specifically required, notices shall be by certified or registered mail. Unless otherwise provided in this Agreement, notice by mail shall be effective on the date it is officially recorded as delivered by return receipt or equivalent, and in the absence of such record of delivery, it shall be presumed to have been delivered the fifth day, or next business day after the fifth day, after it was deposited in the mails.

XIX. Amendments

This Agreement may be amended at any time upon written agreement of both parties.

XX. Entire Agreement

This Agreement sets forth the entire understanding and supersedes prior agreements between the parties relating to the subject matter contained herein and merges all prior discussions between them, and neither party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the party to be bound thereby.

BellSouth Telecommunications, Inc.

BY: 
Signature

NAME: Jerry Hendrix

TITLE: Director - Interconnection Services Pricing

DATE: 11/24/97

WorldCom Technologies, Inc.

BY: 
Signature

NAME: John L. Sparaco

TITLE: V.P. Network Development

DATE: 11/14/97

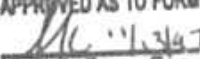
WorldCom, Inc.
APPROVED AS TO FORM

Jodi J. Caro, Esq.

EXHIBIT "A"

APPLICABLE DISCOUNTS

The telecommunications services available for purchase by Reseller for the purposes of resale to Reseller end users shall be available at the following discount off of the retail rate.

DISCOUNT

| <u>STATE</u> | <u>RESIDENCE</u> | <u>BUSINESS</u> |
|----------------|------------------|-----------------|
| ALABAMA | 17% | 17% |
| FLORIDA | 21.83% | 16.81% |
| GEORGIA | 20.3% | 17.3% |
| KENTUCKY | 16.79% | 15.54% |
| LOUISIANA* | 20.72% | 20.72% |
| MISSISSIPPI | 15.75% | 15.75% |
| NORTH CAROLINA | 21.5% | 17.6% |
| SOUTH CAROLINA | 14.8% | 14.8% |
| TENNESSEE** | 16% | 16% |

* Effective as of the Commission's Order in Louisiana Docket No. U-22020 dated November 12, 1996

** The Wholesale Discount is set as a percentage off the tariffed rates. If CLEC provides its own operator services and directory services, the discount shall be 21.56%. These rates are effective as of the Tennessee Regulatory Authority's Order in Tennessee Docket No. 90-01331 dated January 17, 1997

EXHIBIT B

| Type of Service | AL | | FL | | GA | | KY | | LA | |
|--------------------------------------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|
| | Resale? | Discount? | Resale? | Discount? | Resale? | Discount? | Resale? | Discount? | Resale? | Discount? |
| 1 Grandfathered Services | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 2 Contract Service Arrangements | Yes | Yes | Yes | Yes | Yes | No | Yes | No | Note 5 | Note 5 |
| 3 Promotions - > 90 Days | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 4 Promotions - < 90 Days | Yes | No | Yes | No | Yes | No | No | No | Yes | No |
| 5 Lifeline/Link Up Services | Yes | Yes | Yes | Yes | Yes | Yes | No | No | Yes | Yes |
| 6 911/E911 Services | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | No |
| 7 N11 Services | Yes | Yes | Yes | Yes | Yes | Yes | No | No | No | No |
| 8 AdWatch SM (See Note 8) | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| 9 MemoryCall [®] | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| 10 Mobile Services | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| 11 Federal Subscriber Line Charges | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| 12 Non-Recurring Charges | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

| Type of Service | MS | | NC | | SC | | TN | |
|--------------------------------------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|
| | Resale? | Discount? | Resale? | Discount? | Resale? | Discount? | Resale? | Discount? |
| 1 Grandfathered Services | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 2 Contract Service Arrangements | Note 5 | Note 5 | Note 5 | Yes | Yes | No | Yes | Yes |
| 3 Promotions - > 90 Days | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Note 3 |
| 4 Promotions - < 90 Days | Yes | No | No | No | Yes | No | No | No |
| 5 Lifeline/Link Up Services | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Note 4 |
| 6 911/E911 Services | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 7 N11 Services | No | No | No | No | Yes | Yes | Yes | Yes |
| 8 AdWatch SM (See Note 8) | Yes | No | Yes | No | Yes | No | Yes | No |
| 9 MemoryCall [®] | Yes | No | Yes | No | Yes | No | Yes | No |
| 10 Mobile Services | Yes | No | Yes | No | Yes | No | Yes | No |
| 11 Federal Subscriber Line Charges | Yes | No | Yes | No | Yes | No | Yes | No |
| 12 Non-Recurring Charges | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No |

Additional Comments:

- 1 Grandfathered services can be resold only to existing subscribers of the grandfathered service
- 2 Where available for resale, promotions will be made available only to end users who would have qualified for the promotion had it been provided by BellSouth directly.
- 3 In Tennessee, long-term promotions (offered for more than ninety (90) days) may be obtained at one of the following rates
 - (a) the stated tariff rate, less the wholesale discount;
 - (b) the promotional rate (the promotional rate offered by BellSouth will not be discounted further by the wholesale discount rate)
- 4 Lifeline/Link Up services may be offered only to those subscribers who meet the criteria that BellSouth currently applies to subscribers of these services. In Tennessee, Reseller shall purchase BellSouth's Message Rate Service at the stated tariff rate, less the wholesale discount. Reseller must further discount the wholesale Message Rate Service to Lifeline customers with a discount which is no less than the minimum discount that BellSouth now provides. Reseller is responsible for recovering the Subscriber Line Charge from the National Exchange Carriers Association interstate toll settlement pool just as BellSouth does today. The maximum rate that Reseller may charge for Lifeline Service shall be capped at the flat retail rate offered by BellSouth
- 5 In Louisiana and Mississippi, all Contract Service Arrangements entered into by BellSouth or terminating after the effective date of the Commission Order will be subject to resale without the wholesale discount. All CSAs which are in place as of the effective date of the Commission order will not be eligible for resale.
- 6 In North Carolina, only those Contract Service Arrangements entered into after April 15, 1997 will be available for resale
- 7 Some of BellSouth's local exchange and toll telecommunications services are not available in certain central offices and areas
- 8 AdWatchSM is tariffed as BellSouth[®] AIN Virtual Number Call Detail Service

Exhibit C

Charges for Operational Support Systems

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