

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**REBUTTAL TESTIMONY**

**OF**

**JERRY WATTS**

**ON BEHALF OF**

**ITC^DELTACOM COMMUNICATIONS, INC.**

**DOCKET NO. 030137-TP**

**JUNE 25, 2003**

**PUBLIC VERSION**

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H. J. ... CLERK

1    **Q:   PLEASE STATE YOUR NAME, POSITION AND BUSINESS**  
2       **ADDRESS.**

3    A:   My name is Jerry Watts, I am Vice President of Government and  
4       Industry Affairs for ITC^DeltaCom, Inc. My business address is  
5       4092 South Memorial Parkway, Huntsville, Alabama, 35802.

6  
7    **Q:   ARE YOU THE SAME JERRY WATTS WHO PRESENTED**  
8       **DIRECT TESTIMONY ON BEHALF OF ITC^DELTACOM IN THIS**  
9       **CASE?**

10   A:   Yes.

11

12   **Q:   WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

13   A:   The purpose of my testimony is to respond to the testimony of  
14       BellSouth witnesses Blake and Ruscilli including certain assertions  
15       regarding my direct testimony.

16

17   **RESPONSES TO BELLSOUTH WITNESS BLAKE**

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19   **Issue 26: Local Switching—Line Cap and Other Restrictions**

20   **Q:   REGARDING ISSUE 26(a), BELLSOUTH ARGUES (BLAKE, pp.**  
21       **3-4) THAT THE “4-LINE” RESTRICTION IS STILL IN EFFECT**  
22       **AND MUST BE GRANTED PRECLUSIVE WEIGHT IN THE**  
23       **PRESENT ARBITRATION. IS THIS CORRECT?**

1 A: While the parties could argue whether or not the “4-line” restriction  
2 is consistent with the parts of the FCC’s Triennial Review decision  
3 that have been made public, regardless of whether the FCC’s old  
4 UNE rules should be given effect, this Commission is not required  
5 to utilize the “4-line” restriction in Florida. As I explained in my  
6 previous testimony, the Telecom Act and the FCC’s unbundling  
7 rules have been consistently interpreted to provide federally-  
8 prescribed *minimum* unbundling obligations, *to which the states*  
9 *are free to add*, consistent with Section 251(d)(3) of the Act and  
10 FCC Rule 317 (which requires the state to conduct its own  
11 “necessary or impair” test prior to requiring additional unbundling).  
12 (See 47 U.S.C. § 251(d)(3). See also, 47 C.F.R. § 51.317. For the  
13 FCC’s consistent interpretation of the Act as permitting state  
14 commissions to add to the national list of UNEs, see *Local*  
15 *Competition Order*, ¶¶ 281-83, and the *UNE Remand Order*,  
16 ¶¶ 153-55.) Given that we know the general direction the FCC is  
17 taking with respect to impairment for unbundled switching—and  
18 that no conflict exists between the old rules and what we know of  
19 the new rules—it is clear that the Florida Public Service  
20 Commission has the discretion to find that ITC^DeltaCom is  
21 impaired without access to unbundled switching at the analog line  
22 level. Moreover, Chapter 364, Florida Statutes, includes provisions

1 for the implementation of local competition that must be complied  
2 with by BellSouth and enforced by the Commission.

3

4 **Q: DOES BELLSOUTH CURRENTLY HAVE THE ABILITY TO BILL**  
5 **UNBUNDLED SWITCHING IN CONJUNCTION WITH THE 4**  
6 **LINE RULE?**

7 A: No. Attached as Exhibit JW-2 is the BellSouth carrier notice letter  
8 informing ALECs that BellSouth will do a "true-up" twice a year.  
9 Attached as Exhibit JW-3 is a confidential spreadsheet containing  
10 BellSouth's backbilling to ITC^DeltaCom for market rates.  
11 Additionally, BellSouth recently backbilled ITC^DeltaCom for  
12 ADUF charges as far back as February 2000. The bottom line is  
13 that BellSouth is not billing ALECs correctly and it appears that  
14 despite working on this for several years, BellSouth is not able to  
15 modify its billing systems to bill in conjunction with the 4-line rule.  
16 Moreover, it appears that BellSouth has no plans to correct its  
17 billing problems.

18

19 **Q: WITH RESPECT TO ISSUE 26(b), BELLSOUTH ARGUES THAT**  
20 **THE COMMISSION HAS NO AUTHORITY TO ESTABLISH**  
21 **RATES FOR WHOLESALE SERVICES NOT SPECIFICALLY**  
22 **REQUIRED TO BE UNBUNDLED UNDER SECTION 251. HOW**  
23 **DO YOU RESPOND?**

1 A: BellSouth's assertion is incorrect. First, even if BellSouth is not  
2 required under the Section 251(c)(3) UNE rules to provide the  
3 element as a UNE, as a Bell Operating Company ("BOC") it  
4 continues to have the obligation to provide "interconnection" and  
5 certain network elements under the Section 271 competitive  
6 checklist. The obligations of Section 271 to BOCs attach  
7 independently of Section 251's obligations imposed on ILECs  
8 generally.

9  
10 The Supreme Court has repeatedly held to "the normal rule of  
11 statutory construction that identical words used in different parts of  
12 the same act are intended to have the same meaning." *Brooke*  
13 *Group Ltd. v. Brown & Williamson Tobacco Co.*, 509 U.S. 209, 230  
14 (1993) (internal citations omitted). The FCC, in its February 20<sup>th</sup>  
15 "attachment" to its Triennial Review press release, states

16  
17 The requirements of section 271(c)(2)(B) establish an  
18 independent obligation for BOCs to provide access to loops,  
19 switching, transport, and signaling, under checklist items 4-6  
20 and 10, regardless of any unbundling analysis under section  
21 251. Where a checklist item is no longer subject to section  
22 251 unbundling, section 252(d)(1) does not operate as the  
23 pricing standard. Rather, the pricing of such items is

1                   governed by the “just and reasonable” standard established  
2                   under sections 201 and 202 of the Act.

3  
4                   While the FCC, in its explanation, seeks to avoid the “normal rule  
5                   of statutory construction” articulated by the Supreme Court by  
6                   saying that Section 252(d)(1) “does not operate as the pricing  
7                   standard,” the FCC cannot simply ignore the plain language of the  
8                   Act. Section 252(d)(1) and Sections 201 and 202 of the Act all use  
9                   the exact same terms—“just and reasonable.” As the Supreme  
10                  Court has frequently held, these terms are to be given consistent  
11                  meaning within the same statute. Moreover, the Florida Public  
12                  Service Commission in this arbitration is bound by the terms of  
13                  Section 252(c)(2), which requires that a “State commission shall  
14                  establish *any rates* for interconnection, *services*, or network  
15                  elements according to subsection (d).” (emphasis added)

16  
17                  Thus, the FCC’s press release notwithstanding, it is unlikely that  
18                  this Commission would ignore the plain language of the Act and  
19                  allow BellSouth to unilaterally establish its own prices for any  
20                  element or service required by the Act, regardless of whether the  
21                  element or service is specifically required under Section 251(c)(3).  
22                  Should any existing or future UNEs no longer be priced under FCC  
23                  TELRIC rules, ITC^DeltaCom believes that this Commission will

1           prescribe an alternative pricing methodology for BellSouth  
2           “substitute” rates that protect consumers from arbitrary and  
3           anticompetitive pricing. Moreover, ITC^DeltaCom has  
4           recommended that no “substitute” rate could become effective for  
5           BellSouth services without approval by the Commission. Absence  
6           of Commission control of the prices for de-listed UNE’s would  
7           result in BellSouth’s ability to set rates at levels so high that they  
8           would, as a practical matter, be able to discontinue providing the  
9           UNE in violation the section 271 requirements.

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12    **RESPONSES TO BELLSOUTH WITNESS RUSCILLI**

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14    **Issue 1: Term of the Agreement**

15    **Q:    BELLSOUTH WITNESS RUSCILLI SUGGESTS THAT IF THE**  
16           **PARTIES WERE TO CONTINUE TO OPERATE UNDER A**  
17           **COMMISSION-APPROVED INTERCONNECTION AGREEMENT**  
18           **PENDING ARBITRATION OF A NEW AGREEMENT,**  
19           **BELLSOUTH WOULD BE STIFLED IN ITS ABILITY TO**  
20           **IMPLEMENT NEW, EFFICIENT PROCESSES. DO YOU**  
21           **AGREE?**

22    **A:**    No. It is unlikely that that the longer contract term requested by  
23           ITC^DeltaCom will force BellSouth to operate inefficiently, as

1 witness Ruscilli contends (pp. 3-4). As an initial matter,  
2 ITC^DeltaCom would most likely be more than willing to  
3 consensually amend its agreement at any time to allow for  
4 BellSouth to implement more productive or efficient processes.  
5  
6 BellSouth and ITC^DeltaCom have periodic meetings to discuss  
7 operational problems and to work toward mutually acceptable  
8 solutions. A longer term means that the Commission and the  
9 parties' resources are more efficiently utilized.

10

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12 **Issue 11: Access to UNEs**

13 **Q: BELLSOUTH WITNESS RUSCILLI SUGGESTS THAT ONLY**  
14 **THOSE OBLIGATIONS REQUIRED UNDER SECTION 251 OF**  
15 **THE ACT ARE PROPERLY INCLUDED WITHIN THE**  
16 **INTERCONNECTION AGREEMENT. DO YOU AGREE?**

17 **A:** No. Unfortunately for Mr. Ruscilli's position, the plain language of  
18 the Act clearly empowers the Florida Public Service Commission to  
19 decide "any open issue" during an arbitration. As long as the  
20 provisions in question are not inconsistent with Section 251 and  
21 the FCC's regulations implementing that Section, the state  
22 commission has discretion to incorporate these issues into the  
23 interconnection agreement. Sections 252(c)(1) and 252(e)(2)(B).



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Further, given BellSouth's desire to incorporate unilateral amendments to the interconnection agreement by reference (Ruscilli, Issue 58, pp. 37-39), it is hard to understand why BellSouth would resist ITC^DeltaCom's desire to incorporate terms concerning other legitimately related services or requirements into the interconnection agreement by reference. The terms of the Commission-designated services or requirements that ITC^DeltaCom seeks to incorporate by reference are not unilaterally set by ITC^DeltaCom. Thus, unlike the situation in which BellSouth seeks the right to unilaterally amend the interconnection agreement (even over ITC^DeltaCom's objection), ITC^DeltaCom does not unilaterally control the services and terms for which it seeks incorporation into the interconnection agreement.

**Issue 58: Unilateral Amendments to the Interconnection Agreement**

**Q: BELLSOUTH WITNESS RUSCILLI CONTENDS THAT ALLOWING BELLSOUTH TO UNILATERALLY AMEND INTERCONNECTION AGREEMENTS AND CHANGE PRICES IS THE ONLY WAY THAT IT CAN EFFICIENTLY IMPROVE ITS PROCESSES. DO YOU AGREE THAT REQUIRING BELLSOUTH TO EXECUTE AMENDMENTS WHEN IT**

1           **CHANGES PROVISIONING PROCESSES AND PRICES WOULD**  
2           **IMPOSE INEFFICIENCIES ON BELLSOUTH?**

3    A:    No, I do not believe that denying a dominant supplier unfettered  
4           discretion to unilaterally change terms and conditions in  
5           interconnection agreements with its wholesale customers will result  
6           in any increased inefficiency. If anything, limiting BellSouth's  
7           ability to behave like an unregulated monopoly may well  
8           encourage it to treat its customers like competitive market vendors  
9           treat their customers. Requiring BellSouth to execute  
10          interconnection agreement amendments when it seeks to change  
11          processes or prices should encourage BellSouth to work with its  
12          customers to develop the most cost-efficient processes for both  
13          BellSouth and its wholesale customers. On the other hand,  
14          allowing BellSouth unfettered discretion to change processes and  
15          impose costs *without regulatory scrutiny* will only further encourage  
16          BellSouth to inefficiently transfer costs to its wholesale customers  
17          and ultimately Florida consumers.

18

19    **Issue 59: Payment Due Date**

20    **Q:    BELLSOUTH CONTENDS THAT ITC^DELTACOM SHOULD BE**  
21           **REQUIRED TO PAY ITS BILL ON THE NEXT BILL DATE,**  
22           **REGARDLESS OF WHEN ITC^DELTACOM ACTUALLY**

1           **RECEIVES THE BILL. WHAT WOULD BE THE EFFECT OF**  
2           **SUCH A REQUIREMENT?**

3    A:    It would do nothing more than penalize ITC^DeltaCom for  
4           BellSouth's inefficiency, while providing no corresponding incentive  
5           for BellSouth to become anything but more inefficient. BellSouth  
6           would have no incentive to become more efficient in its billing  
7           processes. To the contrary, BellSouth would benefit by allowing  
8           ITC^DeltaCom less time to thoroughly analyze its bills. Even if  
9           ITC^DeltaCom could effectively analyze its bills within the less-  
10          than-thirty-day time frame BellSouth proposes, it would expend  
11          more resources to accomplish the task in a shortened interval.  
12          ITC^DeltaCom therefore would bear the costs of any increased  
13          inefficiency on the part of BellSouth. Approximately 94% of  
14          BellSouth's billing to ITC^DeltaCom is by way of electronic  
15          invoicing. Although these bills are delivered electronically they are  
16          not sent to ITC^DeltaCom for up to seven days after the billing  
17          date. BellSouth controls the delivery date and is not dependent on  
18          ITC^DeltaCom to determine it. ITC^DeltaCom needs every day of  
19          its requested 30 days to analyze the bills for accuracy and to  
20          dispute bills that are not correct. In a typical month ITC^DeltaCom  
21          receives approximately 1700 invoices over 21 billing periods.  
22          Errors are common as is evidenced by the nearly 4000 billing  
23          disputes that are currently pending. A reasonable and fair

1 outcome would be for BellSouth to provide ITC^DeltaCom 30 days  
2 from when ITC^DeltaCom receives its bill. This requirement would  
3 put BellSouth firmly in charge of when it gets paid, with no  
4 corresponding costs to ITC^DeltaCom.

5

6 **Issue 60: Deposits**

7 **Q: WITH RESPECT TO SUBPART (A) OF THIS ISSUE,**  
8 **BELLSOUTH CLAIMS THAT IT WOULD BE UNREASONABLE**  
9 **TO MAKE THE DEPOSIT LANGUAGE RECIPROCAL,**  
10 **BECAUSE BELLSOUTH IS NOT “SIMILARLY SITUATED” WITH**  
11 **A COMPETITIVE CARRIER. DO YOU AGREE?**

12 **A:** I agree that BellSouth is not “similarly situated” with a competitive  
13 provider in that, unlike BellSouth, competitive carriers such as  
14 ITC^DeltaCom have no captive customers against whom they can  
15 discriminate. For this reason, ITC^DeltaCom’s tariff language,  
16 which BellSouth claims is “more rigid” than BellSouth’s proposed  
17 language, does not tell the whole story. Regardless of  
18 ITC^DeltaCom’s tariff language, no ITC^DeltaCom customer has  
19 to accept these, or any other terms, proposed by ITC^DeltaCom  
20 unless the customer agrees. On the other hand, interconnecting  
21 carriers must accept whatever terms BellSouth dictates. For this  
22 very reason, reciprocal deposit language should be required by the  
23 Commission as a way of helping to make the parties more

1 "similarly situated" with respect to market power. If the terms that  
2 BellSouth wants are truly reasonable, then BellSouth should be  
3 willing to comply with the same terms it seeks to extract from its  
4 captive customers.

5

6 **Q: BELLSOUTH CONTINUES TO ASSERT THAT ITC^DELTACOM**  
7 **SHOULD NOT BE ELIGIBLE FOR A RETURN OF ITS DEPOSIT**  
8 **SIMPLY BY GENERATING A GOOD PAYMENT HISTORY.**  
9 **BELLSOUTH CONTENDS THAT A GOOD PAYMENT HISTORY**  
10 **DOES NOT INSULATE IT FROM ALL RISK OF DEFAULT. DO**  
11 **YOU AGREE? IS THIS A REASONABLE POSITION?**

12 **A:** I do agree that, absent holding a deposit from each customer in  
13 perpetuity, there is no way for BellSouth to realize the absolute  
14 insulation from business risk that it seems to desire. However,  
15 competitive markets are characterized by greater levels of risk and  
16 greater possibilities of return than regulated monopoly markets. It  
17 is unreasonable for BellSouth to expect greater insulation from  
18 risk, by way of its residual market power, than that available to  
19 competitive market participants.

20

21 With respect to subpart (b) of this issue, BellSouth is seeking not  
22 the reasonable assurance of payment, but absolute insurance from  
23 ordinary business risk. While a good payment history does not

1           guarantee BellSouth the near certainty that it seems to demand  
2           with respect to future payment, it is reasonable. It is doubtful that  
3           ITC^DeltaCom holds any customer's deposit in perpetuity.  
4           Similarly, this Commission would not allow BellSouth to hold a  
5           retail consumer's deposit indefinitely, assuming that consumer had  
6           a record of timely payment.

7  
8           It is natural for BellSouth, as a government-created monopoly, to  
9           seek to raise rates to the full extent its market power will allow.  
10          BellSouth's request that its competitors insure it against the  
11          ordinary risks of being a wholesale provider is simply another way  
12          of transferring costs (in the form of business risk) from its  
13          shareholders to its competitors. Such a transfer of costs has no  
14          different effect than would an outright price increase.

15  
16          It is helpful to consider the severity of the "problem," given the  
17          clear burden of the "cure" to be borne by competitive carriers such  
18          as ITC^DeltaCom. According to the FCC's ARMIS database,  
19          BellSouth's uncollectible rate on interstate special access services  
20          sold in Florida has risen somewhat, but at a remarkably low rate,  
21          over the past three years. This is all the more remarkable given  
22          the striking growth in interstate special access revenue over the  
23          same time period. Based on the numbers reported in FCC ARMIS

1 Report 43-04, BellSouth's uncollectible rates from 2000 through  
2 2002 increased by 1.9%. (Data discussed is taken from the  
3 BellSouth Florida information on the FCC ARMIS Report 43-04 for  
4 the years 2000-2002. Percentage interstate special access  
5 uncollectibles were calculated by dividing the uncollectible  
6 interstate revenue (line 4040, column d) by the interstate special  
7 access revenue (line 4012, column d).) To gain some perspective  
8 on these percentage numbers, in absolute terms, BellSouth's  
9 uncollectible revenues have increased by about \$21 million during  
10 this time period, while its total interstate special access revenues in  
11 Florida grew by nearly \$258 million. BellSouth never disputes  
12 ITC^DeltaCom's assertion that BellSouth faces no extraordinary  
13 risks other than those borne by other market participants.  
14 BellSouth only responds that, even with a demonstrated history of  
15 good payment, there is some chance a customer will still default.  
16 This is an unpleasant part of a competitive marketplace, but not a  
17 basis for transferring costs to ITC^DeltaCom.

18

19 **Q: HAS THE FCC EVER SANCTIONED DEPOSIT REQUIREMENTS**  
20 **LIKE THOSE BELLSOUTH HAS SUBMITTED IN THIS**  
21 **PROCEEDING?**

22 A: No.

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**Issue 62: Limitation on Backbilling**

**Q: DO YOU BELIEVE THAT THE PROPER TIME FRAME FOR BELLSOUTH TO RECOVER BACKBILLED AMOUNTS SHOULD CORRESPOND TO THE TIME PERIOD UNDER CHAPTER 25-4.110(10) OF THE RULES OF THE FLORIDA PUBLIC SERVICE COMMISSION?**

A: No. Because the Florida PSC has broad authority to regulate the rates and billing practices of common carriers, the Commission is free to set different terms for carriers seeking the recovery of carrier-to-carrier backbilled charges, as opposed to end-user backbilled charges, and it should in this instance. The time period of 90 days requested by ITC^DeltaCom is reasonable given the circumstances of the parties' relationship and the difficulty that ITC^DeltaCom has in collecting back-billed charges from its own customers.

It seems unreasonable that BellSouth on the one hand contends that 30 days from the billing date is an adequate period for ITC^DeltaCom to analyze the accuracy of its bill, but that BellSouth should have 12 months to discover and bill for any errors it makes. The 90-day backbilling limitation proposed by ITC^DeltaCom is necessary to provide the requisite incentives for BellSouth to



1 deliver timely and accurate bills to ITC^DeltaCom. As BellSouth  
2 well knows, in a competitive environment customers are unlikely to  
3 accept charges backbilled in excess of 90 days. Moreover, in a  
4 competitive market churn figures are higher, so it is quite likely that  
5 after the 12 months proposed by BellSouth, many of these same  
6 customers will no longer be with ITC^DeltaCom.

7  
8 Charges that are backbilled after 90 days are substantially  
9 uncollectible by ITC^DeltaCom from its customers. Moreover,  
10 even if the customer agrees to pay the charges, the customer will  
11 have a negative opinion of ITC^DeltaCom. Thus, with no  
12 reasonable backbilling window, BellSouth has no incentive to  
13 improve its own billing accuracy. At best (for BellSouth), it gets to  
14 impose costs on its competitors that they must absorb (because  
15 their own customers are either gone or refuse to pay). At worst,  
16 the competitor recovers from its customer but suffers from a  
17 customer perception of incompetence. Because of these distorted  
18 incentives, the business relationship between BellSouth and  
19 ITC^DeltaCom is not directly comparable to an ordinary contract,  
20 where both parties have an incentive to diligently comply and  
21 police compliance. For these reasons, the Commission should  
22 exercise its lawful jurisdiction and impose a reasonable time

1 limitation on actions to recover backbilled charges under this  
2 interconnection agreement.

3  
4 Further, ITC^DeltaCom's ability to verify the correctness of  
5 BellSouth's billing is diminished over time due to issues  
6 surrounding retention and quality of data. It is much more difficult  
7 to verify records and identify billing errors when bills are not  
8 rendered in a reasonable period of time.

9  
10 Finally, this Commission should note that allowing BellSouth the  
11 ability to backbill over 90 days encourages BellSouth to backbill  
12 rather than "fix" its billing problems. Attached as Exhibit JW-4 is an  
13 affidavit from ITC^DeltaCom's Senior Manager of Line Cost  
14 Accounting, Mr. Kevin McEacharn, and an e-mail from BellSouth  
15 regarding spreadsheets showing backbilling by BellSouth for  
16 ADUF charges. Those spreadsheets were attached as Exhibit JW-  
17 1 to my Direct Testimony.

18  
19

20 **Q: DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

21 **A:** Yes.

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**BellSouth Interconnection Services**

675 West Peachtree Street  
Atlanta, Georgia 30375

DOCKET 030137-TP  
WITNESS: WATTS  
EXHIBIT \_\_\_\_\_ (JW-2)  
PAGE 1 OF 7

**Carrier Notification  
SN91083713**

Date: May 23, 2003

To: Competitive Local Exchange Carriers (CLECs)

Subject: CLECs – **Revision to Carrier Notification SN91083665** - Reconciliation and Retroactive  
Billing of Unbundled Network Element – Platform (UNE-P) Market Rates

This is to advise that Carrier Notification Letter SN91083665, posted on April 9, 2003, advising that in May 2003, BellSouth would begin applying the fourth phase of reconciliation and billing of UNE-P Market Rates has been revised.

Please refer to the revised letter for details.

Sincerely,

**ORIGINAL SIGNED BY JERRY HENDRIX**

Jerry Hendrix – Assistant Vice President  
BellSouth Interconnection Services

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**BellSouth Interconnection Services**675 West Peachtree Street  
Atlanta, Georgia 30375DOCKET 030137-TP  
WITNESS: WATTS  
EXHIBIT \_\_\_\_\_ (JW-2)  
PAGE 2 OF 7**Carrier Notification  
SN91083665**

Date: May 23, 2003

To: Competitive Local Exchange Carriers (CLECs)

Subject: CLECs – **REVISED**; Reconciliation and Retroactive Billing of Unbundled Network Element  
– Platform (UNE-P) Market Rates (Originally posted on April 9, 2003)

As described in Carrier Notification SN91083301, posted to the BellSouth Interconnection Services' Web site on August 30, 2002, BellSouth began reconciling and applying retroactive billing of UNE-P Market Rates, where applicable, in October 2002. This first phase of reconciliation applied to recurring charges for UNE-P lines within the Federal Communications Commission (FCC) Unbundled Local Switching Exemption billed in April 2002 through June 2002 for Louisiana, and October 2001 through December 2001 for Florida.

Further reconciliation billing did not occur until January 2003. During this second phase, BellSouth reconciled and billed UNE-P Market Rates again for the same criteria and states but for the timeframes of July - August 2002 for Louisiana, and January – February 2002 for Florida.

The most recent and third phase of UNE-P Market Rate billing occurred in March 2003, and again applied to the same criteria but for the timeframes of September – October, 2002 for Louisiana and March – April, 2002 for Florida.

This is to advise that in May 2003, BellSouth will apply the fourth phase of reconciliation and billing of UNE-P Market Rates. This phase shall include recurring and nonrecurring charges for UNE-P lines within the FCC Unbundled Local Switching Exemption and will apply to Florida, Georgia, Louisiana, North Carolina and Tennessee. BellSouth will adhere to each CLEC's Interconnection Agreement and the state statute of limitations in the application of these charges. Billing shall apply to the following timeframes unless otherwise limited by the Interconnection Agreement.

Florida:	May 2002 – January 2003
Georgia:	February 2000 – January 2003
Louisiana:	November 2002 – January 2003
North Carolina:	February 2000 – January 2003
Tennessee	February 2000 – January 2003

**Due to the timing of entering the charges into the billing system, some charges were actually applied in the April 2003 bill period. The reconciled charges were entered into BellSouth's billing system on April 26, 2003 to be effective immediately. Therefore, CLECs with bill periods on the 26<sup>th</sup> and greater may have received their reconciled charges on their April 2003 bill for the impacted Q Accounts rather than the May bill. Not all CLECs with a bill period of the 26<sup>th</sup> and greater received the reconciled billing in the April bill period as the processing times varied for each state. BellSouth apologizes for any inconvenience this may have caused.**

A prospective mechanized billing application of UNE-P Market Rates is still under development and an implementation date has not been determined. BellSouth will reconcile under-billed UNE-P Market Rates and will bill every six months from this point forward (every May and November of each year) until such mechanized solution can be developed.

The charges will be listed in the Other Charges and Credits (OC&C) portion of your company's BellSouth bill. Further, BellSouth will provide the underlying data supporting BellSouth's reconciliation of the charges for each affected telephone number on compact disc to the billing contact name provided by your BellSouth Local Contract Manager.

If you have questions regarding the Interconnection Agreement, please contact your Local Contract Manager. If you have questions regarding billing, please contact BellSouth's Billing and Collections department.

Sincerely,

**ORIGINAL SIGNED BY JERRY HENDRIX**

Jerry Hendrix – Assistant Vice President  
BellSouth Interconnection Services

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**BellSouth Interconnection Services**

675 West Peachtree Street  
Atlanta, Georgia 30375

DOCKET 030137-TP  
WITNESS: WATTS  
EXHIBIT \_\_\_\_\_ (JW-2)  
PAGE 4 OF 7

**Carrier Notification  
SN91083627**

Date: March 6, 2003  
To: Competitive Local Exchange Carriers (CLECs)  
Subject: CLECs – Billing Reconciliation for Access Daily Usage File (ADUF), Enhanced Optional Daily Usage File (EODUF) and Option Daily Usage File (ODUF)

This is to advise that during the months of March and April 2003, BellSouth will be contacting Daily Usage File (DUF) customers to reconcile ADUF/ODUF/EODUF billing for the time period beginning February 2000 through November 2001.

As background information, in June 2002, BellSouth identified several deficiencies with DUF billing. BellSouth corrected these deficiencies and since that time, billing has been performed accurately. Further, BellSouth has worked to reconcile unbilled or incorrectly billed charges for the timeframe prior to June 2002. Part of this reconciliation was conducted in September and October 2002, when DUF customers were initially contacted to resolve billing deficiencies that occurred from December 2001, through June 2002.

Additional reconciliation is needed for the time period from February 2000 through November 2001. During this time, BellSouth did not bill for ADUF messages. Also, the ODUF messages on resale accounts were billed at a state default rate rather than the CLEC-specific contract rate. Therefore, as stated above, BellSouth will be contacting DUF customers in March and April 2003 to reconcile the charges for these messages.

Please contact your BellSouth Contract Manager with any questions.

Sincerely,

**ORIGINAL SIGNED BY JERRY HENDRIX**

Jerry Hendrix – Assistant Vice President  
BellSouth Interconnection Services

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**BellSouth Interconnection Services**

675 West Peachtree Street  
Atlanta, Georgia 30375

DOCKET 030137-TP  
WITNESS: WATTS  
EXHIBIT \_\_\_\_\_ (JW-2)  
PAGE 5 OF 7

**Carrier Notification  
SN91082723**

Date: February 12, 2003

To: Competitive Local Exchange Carriers (CLEC)

Subject: CLECs – **REVISED** – Announcement of Billing Initiatives for Operational Support System (OSS) Charges; and Announcement of a BellSouth Web Site Link for Viewing Bill Detail Associated with these Initiatives (Latest revision dated December 20, 2002)

On November 13, 2001, BellSouth advised that it planned to proceed with the initial billing of OSS charges in two separate circumstances. The billing of these charges was scheduled initially to complete in January 2002. The initial billing of charges for item number 2 below completed in January 2002. However, the billing for item number 1 was delayed and has since been completed during the fourth quarter of 2002. **Subsequently, BellSouth has identified billing inaccuracies with item number 1, "Billing Initiative B", which warrants adjustments as appropriate.** Similarly, a third and fourth circumstance had arisen meriting the need for respective initial billing efforts. Item numbers 3 and 4 below are now completed and have been processed in the fourth quarter of 2002.

The billing of initiatives numbered 1, 3 and 4 will only apply to those CLECs for which OSS charges were not applied previously or were not applied in full to a CLEC's bill either due to system needs or renegotiations of a CLEC's Interconnection Agreement. OSS charges will only be applied in accordance with the terms of the CLEC's Interconnection Agreement with BellSouth and in accordance with the statute of limitations applicable within each state.

**1. "Incremental Manual Service Order Charges - Unbundled Network Elements (UNE)":** Billing will apply to any CLEC for which a state commission has ordered OSS cost recovery for manually submitted orders on a per element basis and where the CLEC's Interconnection Agreement stipulates that OSS charges are to be billed at the per element rates. This means that if a CLEC ordered multiple elements on a single service order, "First" and "Additional" manual service order charges would be applicable according to the total number of elements ordered by the CLEC. (Example: For the manual OSS Uniform Service Ordering Charge (USOC) of "SOMAN", a service order with three loops would have one "First" SOMAN charge and two "Additional" SOMAN charges.) CLECs' Interconnection Agreements that contain or have contained the "per element" structure for manual service order charges are potentially subject to this billing. This item is "**Billing Initiative B**" per the announcement below of a BellSouth Web Link for viewing bill detail.

**2. "Canceled Local Service Requests (LSR)":** Where appropriate contract language exists, BellSouth bills CLECs for OSS charges for ordering activity that results in a canceled LSR. This phase was implemented in January 2002, for non-CABS (Carrier Access Billing System) customers. This item is "**Billing Initiative A**".

3. **"Rectype-C UNE Orders"**: Billing will apply to any CLEC who has submitted orders for retype C, **local number portability (LNP) without loops** wherein OSS charges had not previously been applied. BellSouth had not applied the OSS charge during the ordering process for LSRs submitted for rectype-C orders. This item is **"Billing Initiative C"**.

4. **"Canceled Local Service Requests (LSR)"**: Where appropriate contract language exists, BellSouth will bill CLECs for OSS charges for ordering activity that results in a canceled LSR where such LSRs were not previously billed for non-CABS customers. This item is **"Billing Initiative E"**.

For any of the above billing initiatives, a review of past LSR submission activity and the resulting charges related to such activity of any of the initiatives has been conducted retroactive to June 2000, contingent upon state statute of limitations. Where appropriate contract language exists, for those CLECs affected, BellSouth will show these charges in the Other Charges and Credits (OC&C) section of the bill. Charges appeared on the bills of those affected CLECs during the fourth quarter of 2002. No interest will be applied to these charges.

**Announcement of a BellSouth Web Link for Viewing Bill Detail Associated with these Billing Initiatives**

Given that the charges related to the above-described billing initiatives will generally appear as summed charges in the CLEC's OC&C of its bill, BellSouth has created a new link within the BellSouth Interconnection Services' Web site that will enable affected CLECs to obtain the billing detail behind the summed charges for each respective billing initiative. Additionally, this Web site link will be useful for viewing bill detail for other special billing initiatives for UNE products and for Resale. The link will be available as of Tuesday, October 1, 2002, in the BellSouth Interconnection Services' Billing Section located at:

**<http://www.interconnection.bellsouth.com/products/html/billing.html>**

Once in the Billing Section, select "Special Billing Initiatives." CLEC specific bill detail is only accessible through this link by entering the CLEC's username and password. Only CLECs who are impacted by the above-mentioned billing initiatives will be able to obtain the username and password for this Web site link as of October 1, 2002, by contacting the BellSouth Electronic Commerce (EC) Support Group at 1-888-462-8030, Monday through Friday, from 7:00 AM until 6:00 PM Central Time. Only one username and password will be available per CLEC contract. At the time of deployment of this Web site link, the link will be set up to provide access to bill detail for five special billing initiatives. Not all CLECs will be affected by each of these initiatives. An initiative will be populated with an excel file of bill detail only if the CLEC is affected by that particular initiative. The five initiatives available for viewing bill detail are:

- Initiative A: OSS – Cancelled LSR (Non-CABS Monthly Billing)
- Initiative B: OSS – Per Element
- Initiative C: OSS – Recype C (LNP)
- Initiative D: UNEP – Market Rate Billing
- Initiative E: OSS – Cancelled LSR (Non-CABS Billing)

For any disputes related to billing charges appearing on a CLEC's bill or the associated backup bill detail via the Web site link, CLECs should contact BellSouth Billing & Collections and follow



the standard process for handling billing disputes per the terms of the CLEC's interconnection agreement.

Please contact BellSouth Billing & Collections with any questions.

Sincerely,

**ORIGINAL SIGNED BY JERRY HENDRIX**

Jerry Hendrix – Assistant Vice President  
BellSouth Interconnection Services

**EXHIBIT JW-3**  
**IS PROPRIETARY**

**AFFIDAVIT**

STATE OF GEORGIA     )  
                                  )  
COUNTY OF ITROUP     )

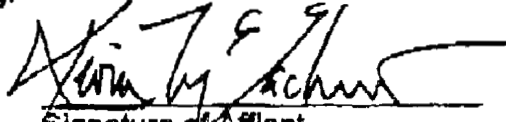
I, Kevin McEachern, Sr. Manager - Line Cost for ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom, being first duly sworn, do hereby affirm that the following set forth below is true:

I am over the age of 18. I have been employed by ITC^DeltaCom Communications, Inc. for 5 years.

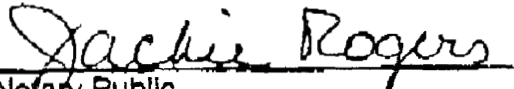
ITC^DeltaCom has received the following notices of items and amounts that were backbilled beginning in the fourth quarter of 2002 (retroactive through February 2000) from BellSouth Telecommunications, Inc. (see attached Carrier Notifications):

- |  |              |
|--|--------------|
| 1. OSS - Cancelled LSR (Non-CABS monthly billing): | \$ 439.67    |
| 2. OSS - Per Element:                              | \$11,276.32  |
| 3. Rectype-C UNE Orders:                           | \$ 35,377.28 |
| 4. OSS - Cancelled LSR (Non-CABS Billing)          | \$ 890.40    |
| 5. ADUF/ODUF Charges                               | \$118,136.31 |

At no time, however, has BellSouth, in accordance with APSC Telephone Rules, Rule T-5 (C)(5), extended the option to repay the amounts due in monthly installments equal to the period of backbilling.

  
\_\_\_\_\_  
Signature of Affiant

Sworn to and Subscribed before me  
this the 10<sup>th</sup> day of June, 2003.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_ MY COMMISSION EXPIRES MARCH 8, 2006.





"Nelms, Leesona"  
<Leesona.Nelms@Bell  
South.com>

03/21/2003 09:27 AM

To: "KMcEacharn@itcdeltacom.com" <KMcEacharn@itcdeltacom.com>  
cc:  
Subject: DUF Reconciliation Files

Per our conversation, BellSouth is reconciling DUF (daily usage file) billing for the time period February 2000 through November 2001. Attached is an Excel spreadsheet with pivot table that will provide details as to what was billed and what should have been billed. Please contact me with questions and/or confirmation of receipt. Thank you.

Leesona Nelms  
205 977 8714  
e-mail: leesona.nelms@bellsouth.com

-  - DELTA COM RESALE.zip
-  - DELTA COM UNE.zip