

REDACTED

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Complaint of Sprint-Florida, Incorporated)	Docket No. 041144-TP
Against KMC Telecom III LLC,)	
KMC Telecom V, Inc. and KMC Data LLC,)	
for failure to pay intrastate)	
Access charges pursuant to its interconnection)	
Agreement and Sprint's tariffs and for violation of)	
Section 364.16(3)(a), Florida Statutes.)	Filed: April 14, 2005
_____)	

Sprint-Florida, Incorporated's Request for Confidential Classification
Pursuant to Section 364.183(1), Florida Statutes

Sprint-Florida, Incorporated (hereinafter, "Sprint-Florida") hereby requests that the Florida Public Service Commission ("Commission") classify certain documents and/or records identified herein as confidential, exempt from public disclosure under Chapter 119, Florida Statutes and issue any appropriate protective order reflecting such a decision.

1. The information that is the subject of this request is confidential and proprietary as set forth in paragraph 3. Sprint previously filed a Claim and Notice of Intent to Request Confidential Classification related to this information on September 24, 2004 and is filing this request pursuant to Rule 25-22-2006, F.A.C. The following documents or excerpts from documents are the subject of this request:

- CMP _____
- COM _____
- CTR _____
- GCL _____
- OPC _____
- MMS _____
- RCA _____
- SCR _____
- SEC J
- OTH _____

- a. **Highlighted portions of Sprint's Complaint against KMC, pages 9-11, 13 and 15-18**
- b. **Highlighted portions of Attachment 4 to Sprint's Complaint**
- c. **Highlighted portions of Attachment 5 to Sprint's Complaint**
- d. **Highlighted portions of Attachment 6 to Sprint's Complaint**

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

2. Two redacted copies of the information are attached to this request. One unredacted copy of the confidential information was filed under seal with the Division of Records and Reporting on September 24, 2004 (Document No. 10408-04).
3. The information for which the Request is submitted is KMC customer account information Sprint is required by law and contract (Sprint's interconnection agreements with KMC) to keep confidential, pursuant to s. 364.24, F.S. Specific justification for confidential treatment is set forth in Attachment A.
4. Section 364.183(3), F.S., provides:
 - (3) The term "proprietary confidential business information" means information, regardless of form or characteristics, which is owned or controlled by the person or company, is intended to be and is treated by the person or company as private in that the disclosure of the information would cause harm to the ratepayers or the person's or company's business operations, and has not been disclosed unless disclosed pursuant to a statutory provision, an order of a court or administrative body, or private agreement that provides that the information will not be released to the public. The term includes, but is not limited to:
 - (a) Trade Secrets.
 - (b) Internal auditing controls and reports of internal auditors
 - (c) Security measures, systems, or procedures.
 - (d) Information concerning bids or other contractual data, the disclosure of which would impair the efforts of the company or its affiliates to contract for goods or services on favorable terms.
 - (e) Information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of information.
 - (f) Employee personnel information unrelated to compensation, duties, qualifications, or responsibilities.

5. Section 364.24, Florida Statutes, prohibits a telecommunications company from intentionally disclosing customer account records, except as authorized by the customer or allowed by law.

6. **The subject information has not been publicly released by Sprint.**

Based on the foregoing, Sprint respectfully requests that the Commission grant the Request for Confidential Classification, exempt the information from disclosure under Chapter 119, Florida Statutes and issue any appropriate protective order, protecting the information from disclosure while it is maintained at the Commission.

RESPECTFULLY SUBMITTED this 14th day of April 2005.

Susan S. Masterton
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ATTORNEY FOR SPRINT

ATTACHMENT A

Document and page and line numbers	Justification for Confidential Treatment
Highlighted information on page 9, of Sprint's Complaint	This information is KMC customer account information (location of exchanges where KMC has local interconnection trunks with Sprint) that Sprint is required by law and contract to keep confidential. Section 364.24, F.S.
Highlighted information on page 10 of Sprint's Complaint	This information is KMC customer account information (location of exchanges where KMC has local interconnection trunks with Sprint and access charges Sprint alleges KMC owes Sprint) that Sprint is required by law and contract to keep confidential. Section 364.24, F.S.
Highlighted information on page 11 of Sprint's Complaint	This information is KMC customer account information (access charges Sprint alleges KMC owes Sprint) that Sprint is required by law and contract to keep confidential. Section 364.24, F.S.
Highlighted information on page 13 of Sprint's Complaint	This information is KMC customer account information (reciprocal compensation amounts) that Sprint is required by law and contract to keep confidential. Section 364.24, F.S.
Highlighted information on page 15, 16, 17, and 18 of Sprint's Complaint	This information is KMC customer account information (minutes of use and associated intercarrier compensation) that Sprint is required by law and contract to keep confidential. Section 364.24, F.S.
Highlighted information in Attachment 4 to Sprint's Complaint	This information is KMC customer account information (minutes of use and associated intercarrier compensation) that Sprint is required by law and contract to keep confidential. Section 364.24, F.S.
Highlighted information on page 2 of Attachment 5 to Sprint's Complaint	This information is KMC customer account information (access charges Sprint billed KMC) that Sprint is required by law and contract to keep confidential. Section 364.24, F.S.
Highlighted information on	This information is KMC customer account information (access charges Sprint billed KMC) that Sprint is required by law and contract

page 1 of
Attachment 6
to Sprint's
Complaint

to keep confidential. Section 364.24, F.S.

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altered or inserted charge party number information in the signaling transmission. As stated in paragraph 12, this is critical information because for billing purposes the charge party number is used with the terminating called number to determine the jurisdiction of a call as local or interexchange, and if interexchange as intrastate or interstate. Using the Agilent system Sprint extracted call detail usage records for traffic terminated to Sprint over the local interconnection trunks between Sprint and KMC in Sprint's [REDACTED] exchanges. The call detail records identified Carrier Identification Codes (CIC) and IXC trunk groups that were used to transport the traffic which was ultimately delivered to KMC. KMC then switched and routed the traffic to Sprint end users over local interconnection trunks. Sprint's analysis, among other things, revealed this intrastate interexchange traffic that was originated from a Sprint local customer and handed to an IXC for delivery to a Sprint local customer in another local calling area was improperly delivered to Sprint over KMC's local interconnection facilities with an altered or inserted charge party number. Sprint's analysis also identified cases where identical pseudo-charge party numbers⁹ had been used for various IXC-carried calls. These pseudo-charge party numbers wrongfully replaced the true originating charge party number, and as a result Sprint was deceived into rating and billing for this traffic as local rather than as access.

14. To verify its findings, Sprint contracted with Agilent Technologies to conduct a similar yet independent study as described in the preceding paragraph. Agilent's analysis revealed results similar to Sprint's analysis, namely instances of KMC improperly altering/inserting charge party numbers and the use of repetitive pseudo-charge party numbers for various IXC carried calls.

⁹As used herein the term "pseudo-charge party numbers" means a contrived number inserted into the SS7 signal for purposes of affecting the nature of the call on the switch record.

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15. In addition, in Sprint's [REDACTED] exchanges, Sprint found that KMC continuously was routing interstate and intrastate traffic over local interconnection trunks between KMC and Sprint without altering the charge party number. Sprint's billing system classified this traffic as "unknown" and incorrectly billed a substantial portion of the traffic as local pursuant to the PIU and PLU factors established by KMC.

16. The 1997 MCI Agreement and the FDN Agreement require KMC to terminate local traffic and interexchange traffic to Sprint over separate trunks. See Section 1.1.2 of Attachment IV of the 1997 MCI Agreement (attached to this Complaint as Attachment 1) and Section 57.1.1.2 of Part F of the FDN Agreement (attached as this Complaint as Attachment 3). Absent an intention to avoid paying access compensation, there is no legitimate business purpose for an interexchange carrier with access connections to Sprint to route traffic through KMC to terminate to Sprint end users. Instead the interexchange carrier should route that call to Sprint over existing access facilities for termination to Sprint end users.

17. Based on the call detail records generated by the Agilent system, it is logical to conclude that KMC has made arrangements with various carriers to inappropriately terminate interexchange traffic bound for Sprint end users over its local interconnection trunks with Sprint. These arrangements violate KMC's interconnection agreements (see Attachment 1, Section 4 and Attachment IV, Section 1 of the 1997 MCI Agreement and Part C, Section 37 and Part F, Section 57 of the FDN Agreement), Sprint's tariffs and Florida law.

18. For the period from July 2002 through June 2004, Sprint has determined that the Florida intrastate amount due from KMC for terminating intrastate interexchange traffic over local interconnection trunks is \$ [REDACTED].¹⁰ See Attachment 4 to this Complaint. This amount

¹⁰ This amount reflects amounts due through June 2004. Additional amounts may be determined to be due subsequent to that date.

was calculated based on the percentage of terminated traffic that Sprint has determined to be intrastate interexchange minutes of use times the average access charge rate less any charges that Sprint billed to KMC as local traffic at the applicable reciprocal compensation rate.

Sprint's Attempts to Resolve this Issue with KMC Have Been Unsuccessful

19. Sprint notified KMC of its findings and the additional amounts due Sprint pursuant to the applicable interconnections agreements. On November 6, 2003, Sprint sent KMC an initial notification letter (See Attachment 5 to this Complaint) advising that it was back-billing KMC in the amount of \$ [REDACTED] for this traffic for the time period July 2002 through August 2003. KMC filed a dispute and the parties held a conference call with KMC on January 28, 2004 that resulted in an agreement that Sprint would provide KMC with sample call data for the date of September 10, 2003. On February 23, 2004, Sprint sent a CD with September 10, 2003 data to KMC, along with a summary of billing from July 2002 to December 2003 and an explanation of Sprint's calculation process. KMC agreed to advise of its findings within two weeks after receipt of the September 10, 2003 call detail usage records.

20. Sprint had numerous communications with KMC after February 23, 2004. The sample call detail usage data, including additional fields at KMC's request, was resent on March 31, 2004. Attempts to resolve the issues with KMC continued and a second demand letter was sent on April 30, 2004. See Attachment 6 to this Complaint. Subsequent to the April 30th letter, the parties engaged in verbal discussions in which KMC attempted to justify the discrepancies noted by Sprint. On June 7, 2004 Sprint requested a written response to the April 30 demand letter, however, to date no such written response has been received, nor has KMC offered any additional information or explanations concerning this dispute.

used this number of minutes and, applying the 3:1 ratio of terminating-to-originating traffic, calculated the number of minutes that Sprint terminated to KMC for which it needed to pay KMC the higher voice reciprocal compensation rate. From July 2002 – July 2003, in addition to KMC's failure to pay Sprint applicable intrastate access charges, KMC's deliberate actions to misrepresent interexchange traffic as local traffic caused Sprint to overpay KMC for reciprocal compensation in the amount of \$ [REDACTED].

COUNT I
Violation of Interconnection Agreements

23. Sprint incorporates by reference as though fully set forth herein Paragraphs 1-22 of this Complaint.

24. As described in Paragraph 4, Sprint has had two effective interconnection agreements with KMC applicable to this dispute. The 1997 MCI Agreement, as amended by Amendment No. 1, defines local traffic as:

“Local Traffic” for the purposes of this Agreement the Parties shall agree that “Local Traffic” means traffic (excluding CMRS traffic) that is originated and terminated within Sprint’s local calling area, or mandatory expanded area service (EAS) area, as defined by State commissions or, if not defined by State commissions, then as defined in existing Sprint tariffs. Notwithstanding, the Parties agree that if the Commission has defined the local calling area for purposes of reciprocal compensation in an order applicable to the Parties, the Parties will abide by that order. For this purpose, Local Traffic does not include any Information Access Traffic (see ISP Compensation Order); and/or 2) telecommunications traffic exchanged by a LEC and a CMRS provider that originates and terminates within the same Major Trading Area, as defined in 47 CFR §24.202(a). Neither Party waives its’ [sic] rights to participate and fully present its’ [sic] respective positions in any proceeding delaing with the compensation for Internet traffic.
(Amendment No. 1, section 2.3)

25. Pursuant to section 4.2 of Attachment I – Price Schedule of the 1997 MCI Agreement, interexchange traffic is to be compensated as follows:

30. From July 2002 through June 2004, KMC terminated [REDACTED] minutes of traffic to Sprint over local interconnection trunks that KMC represented as being minutes subject to reciprocal compensation. However, as described in paragraphs 13-18, Sprint's investigations indicate that such traffic was, in fact, intrastate interexchange traffic, for which KMC should have paid Sprint terminating intrastate switched access.

31. KMC violated Section 4.2 of the MCI Agreement and Section 37.2 of the FDN Agreement, as set forth above, because it did not pay Sprint for the termination of these [REDACTED] minutes of toll traffic based upon the applicable access charges. KMC also violated Attachment IV, section 1.1.2 of the MCI Agreement and Part F, Section 57.1.1.2 of the FDN Agreement by transporting this toll traffic over local interconnection trunks. Sprint is due \$ [REDACTED] for access charges applicable to this traffic from KMC.¹²

32. In addition, from July 2002 through June 2003, KMC terminated [REDACTED] minutes of traffic to Sprint that Sprint's records indicate were interexchange traffic minutes but which erroneously were treated as local minutes for the purpose of establishing the 3:1 ratio. KMC's misclassification of traffic caused Sprint to unknowingly overpay KMC \$ [REDACTED] in reciprocal compensation payments in violation of Sections 3 and 4 of Amendment No. 1 to the 1997 MCI Agreement.

COUNT II
Violation of Sprint's Lawful Tariffs

33. Sprint incorporates by reference as though fully set forth herein Paragraphs 1-32 of this Complaint.

34. Section A1 of Sprint's General Exchange Tariff defines "toll message" as "a communication between two telephone stations, the called station being outside of the local

¹² This amount reflects amounts due through June 2004. Additional amounts may be determined to be due subsequent to that date.

service area of the station from which the message originates.” See Attachment 7 to this Complaint.

35. Sections E1 and E2 of Sprint’s Florida Access Service Tariff set forth the applicability and current terms and conditions for Sprint’s provision of intrastate access service in Florida. Sections E3 and E6 of Sprint’s Florida Access Service Tariff set forth the rates applicable for terminating intrastate interexchange switched access services (Sprint’s tariffs are publicly available on file with the Commission and at www.sprint.com). Under Florida law, tariffs duly filed by a utility have the force and effect of law.¹³

36. From July 2002 through June 2004, KMC terminated [REDACTED] minutes of traffic to Sprint that Sprint’s records indicate were intrastate interexchange traffic minutes but for which KMC failed to pay the applicable access charges set forth in Sprint’s Access Service Tariff. Sprint is due \$ [REDACTED] for access charges applicable to this traffic from KMC.¹⁴

37. KMC has violated Sprint’s lawful tariffs by not paying Sprint the tariffed rates for intrastate interexchange traffic as required by Sprint’s tariffs.

COUNT III
Violation of section 364.16(3)(a), Florida Statutes

38. Sprint incorporates by reference as though fully set forth herein Paragraphs 1-37 of this Complaint.

39. Section 364.16(3)(a), F.S., prohibits a local exchange company from knowingly terminating interexchange traffic over local interconnection arrangements to avoid the payment of access charges. Specifically, the statute provides:

¹³ See, *Maddalena v. Southern Bell*, 382 So. 2d 1246 (Fla. 4th DCA 1980); *In re: Complaint by Mr. Paul Leon and Mr. Joseph Olazabal against Florida Power & Light Company regarding tariff for moving electric light poles*, Docket No. 981216-EL, Order No. PSC-98-1385-FOF-EL, issued October 15, 1998.

¹⁴ This amount reflects amounts due through June 2004. Additional amounts may be determined to be due subsequent to that date.

No local exchange telecommunications company or alternative local exchange telecommunications company shall knowingly deliver traffic, for which terminating access service charges would otherwise apply, through a local interconnection arrangement without paying the appropriate charges for such terminating access service.

40. The section further provides a local exchange company may request the Florida Public Service Commission to enforce this provision. Specifically, section 364.16(3)(b), Florida Statutes, states:

Any party with a substantial interest may petition the commission for an investigation of any suspected violation of paragraph (a). In the event any certificated local exchange service provider knowingly violates paragraph (a), the commission shall have jurisdiction to arbitrate bona fide complaints arising from the requirements of the subsection and shall, upon such complaint have access to all relevant customer records and accounts of any telecommunications company.

41. From July 2002 through June 2004, KMC terminated [REDACTED] minutes of traffic over its local interconnection arrangements with Sprint and for which KMC represented that reciprocal compensation, rather than access charges applied. However, as described in paragraphs 13-18, Sprint's investigations indicate that such traffic was, in fact, intrastate interexchange traffic, for which KMC should have paid Sprint's terminating intrastate access charges. Sprint is due \$ [REDACTED] for access charges applicable to this traffic from KMC.¹⁵

42. Based on KMC's behavior as described in paragraphs 13 - 18, Sprint alleges that KMC knew that such traffic was interexchange traffic and knowingly terminated the traffic in such manner to avoid payment to Sprint of the applicable intrastate terminating access charges.

43. KMC has violated s. 364.16(3)(a), F.S., by knowingly delivering traffic for which terminating access service charges would otherwise apply, through a local interconnection arrangement without paying the appropriate charges for such terminating access service.

¹⁵ This amount reflects amounts due through June 2004. Additional amounts may be determined to be due subsequent to that date.

Request for Relief

WHEREFORE, Sprint asks the Commission to initiate appropriate proceedings to consider the issues set forth in this complaint and to rule in favor of Sprint and against KMC as follows:

1. Pursuant to s. 364.16(3)(b), F.S., conduct an investigation of KMC for knowingly delivering traffic for which access charges would otherwise apply through a local interconnection arrangement, as prohibited by s. 364.16(3)(a), F.S.

2. Find that KMC has violated the terms of its interconnection agreements with Sprint, the terms of Sprint's tariffs, and the provisions of section 364.16(3)(a), F.S., by wrongfully terminating interexchange traffic over local interconnection trunks and thereby failing to pay intrastate access charges that were due to Sprint for the termination of intrastate interexchange traffic.

3. Order KMC to pay Sprint \$ [REDACTED], plus interest, for access charges that KMC should have paid to Sprint from July 2002 through June 2004, as well as any additional amounts that are determined to be due subsequent to that date.

4. Order KMC to refund to Sprint \$ [REDACTED], plus interest, for Sprint's overpayments of reciprocal compensation charges due to KMC's violation of its interconnection agreements with Sprint, Sprint's tariffs and Florida law by wrongfully terminating interexchange traffic over local interconnection trunks.

5. Order KMC to discontinue its wrongful termination of interexchange traffic over local interconnection trunks in violation of its interconnection agreements with Sprint and to pay any appropriate intrastate access charges due to Sprint for the termination of intrastate interexchange

Sprint Strategic Segment - Florida
 KMC CLEC PLU Backbilling - Intrastate Charges and MOUs
 For the period of July 02 through June 04

Intrastate MONTH	Co 39		Co 27		FL Total	
	Revenues	MOUs	Revenues	MOUs	Revenues	MOUs
July 02						
August 02						
September 02						
October 02						
November 02						
December 02						
January 03						
February 03						
March 03						
April 03						
May 03						
June 03						
July 03						
August 03						
September 03						
October 03						
November 03						
December 03						
January 04						
February 04						
March 04						
April 04						
May 04						
June 04						
Total						

Attachment #5 November 6,
2003 Demand Letter from
Sprint

Amboam & Salter

*p.c. G Clayton
H Bernard
L Hodges
J Cronenwett*



William E. Cheek
President
Wholesale Markets

Local Telecommunications Di
6480 Sprint Parkway
Overland Park, KS 66251
KSOP:HM0310-3A253
Voice 913 315 8026
Fax 913 315 0628
Bill.Cheek@mail.sprint.com

November 6, 2003

Larry Salter
Executive Vice President - Network Services
KMC Telecom
1755 North Brown Road
Lawrenceville GA 30043

Dear Mr. Salter:

This letter is advance notice of a bill KMC Telecom will soon begin receiving. Sprint recently completed a review of traffic records and discovered that a large number of calls KMC Telecom terminated to Sprint over local interconnection trunks were not originated as local traffic. As a result of this review, Sprint will begin assessing KMC Telecom the applicable switched access charges for this traffic in accordance with the interconnection agreement and Sprint's tariffs in the state of Florida.

Sprint's review included an analysis of the call detail and billing records to determine the jurisdiction of the minutes of use (MOU) and their originating Calling Party Number. Sprint also placed test calls that corroborated the analysis results. Sprint performed traffic studies using information from the SS7 network, trunks terminating KMC local traffic and billing records to determine that a large percentage of the minutes of use terminating to Sprint over the local interconnection facilities were not originated as local or EAS traffic.

As a result, Sprint will be sending KMC Telecom a bill assessing switched access charges for any toll-originated traffic terminating over Sprint's local interconnection trunks for the period beginning July 2002 through August 2003. Sprint interprets Florida law as allowing Sprint to bill intrastate access charges to KMC for the intrastate toll calls being terminated over these local facilities. In addition, Florida Statute §364.16(3)(a) states that "No local exchange telecommunications company or alternative local exchange telecommunications company shall knowingly deliver traffic, for which terminating access service charges would otherwise apply, through a local interconnection arrangement without paying the appropriate charges for such terminating access service."

Sprint is providing this communication as advance notice prior to the next bill date of November 12, 2003 to inform KMC Telecom of the billing adjustment in the amount of

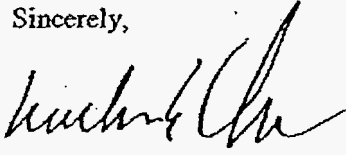
Page 2
November 6, 2004
Mr. Larry Salter

\$ [REDACTED] that will be issued for switched access MOU generated from July 2002 through August 2003.

Also, please be advised that Sprint objects to the manipulation or alteration of any traffic records associated with traffic that KMC Telecom is terminating to Sprint. Such efforts are an attempt to mask the true nature and jurisdiction of the traffic, and should Sprint discover any future evidence that the true jurisdiction of any non-local traffic has been manipulated or altered and terminated as local traffic Sprint will pursue all appropriate remedies.

If you have any questions regarding this notice or the forthcoming billing adjustment, please feel free to contact me at (913) 315-8026.

Sincerely,



William E. Cheek
President Wholesale Markets



William E. Check
Assistant Vice President
Strategic Sales & Account
Management

Sprint Business Solutions
6480 Sprint Parkway
Mailstop: KSOPHM0310-3A253
Overland Park, KS 66251
Voice 913 315 8026
Fax 913 315 0628

April 30, 2004

Mr. Larry Salter
Sr. Vice President Network Services
KMC
1755 N. Brown Road
Lawrenceville, GA 30043

Re: Payment of access billing on long distance traffic terminated over local facilities

Dear Mr. Salter:

On April 21, 2004 the Federal Communications Commission (FCC) released its order dealing with AT&T's petition to declare that phone-to-phone VoIP service is not subject to access charges. The FCC rejected AT&T's request and found that AT&T's service is both "telecommunications" and a "telecommunications service" because it provides only voice transmission without any net protocol conversion. Further, the end users of AT&T's service do not order a different service, pay different rates, or place and receive calls any differently than they do through AT&T's traditional circuit-switched long distance service. It is clear from the Order that this ruling applies to all similarly situated carriers in detailing how phone-to-phone VoIP will be treated for access charge purposes.

Sprint has previously placed KMC on notice of its liability for delivering long distance traffic for termination over local interconnection arrangements and has previously billed KMC \$[REDACTED] for this traffic. Sprint demands payment of this balance and will deliver additional bills for traffic accumulated in the current billing period.

KMC has an interconnection contract with Sprint whose terms, among other things, spell out the traffic the parties are authorized to exchange under the agreement. Each Party is authorized to "terminate Local Traffic and IntraLATA/InterLATA toll calls originating on the other Party's network." The contract states that for "non-local traffic, the Parties agree to exchange traffic and compensate one another based on the rates and elements in each Party's access tariffs." The contract further provides that separate "two-way trunks will be made available for the exchange of equal-access InterLATA or IntraLATA interexchange traffic that transits Sprint's network." The interconnection contract between the two parties provides for the termination of KMC originated traffic or the handling of traffic that transits Sprint's network. The contract does not contemplate KMC terminating over its local interconnection facilities with Sprint non-local

traffic (as defined in the interconnection agreement) that does not originate on KMC's facilities (e.g., traffic handed off from other LECs or IXCs, or access traffic involving an intermediate IXC). Thus, Sprint asserts that KMC has violated its interconnection contract by using the local interconnection facilities to send Sprint non-local traffic that does not originate on KMC's network or that involves the transport of interexchange traffic.

Further, Sprint's Florida Access Service Tariff, Section E2.4.8, for example, requires each customer to place an order with Sprint for access service. In the case of access service, KMC and Sprint could have agreed, pursuant to Sprint's tariff, to bill IXCs for access using a single bill, multiple bill, or pass through method. However, no customer order was placed with Sprint for the access services coming through KMC pursuant to Sprint's Florida Access Service Tariff Section E2.4.8.C.2 for the traffic in question. Instead, KMC, in violation of its interconnection contract and obligations under Sprint's Florida Access Service Tariff, used the local interconnection facilities to pass to Sprint for termination interexchange traffic that either did not originate on its network or that involved an IXC customer. The fact that this traffic either did not originate on the KMC network and that it was long distance traffic, or that an IXC was involved in the transport of the calls, was hidden from Sprint because call detail records were manipulated before the calls entered Sprint's network. Sprint believes this manipulation was done with the intent to avoid the payment of access charges.

Given these facts, Sprint asserts that the interconnection agreement with KMC and the terms of Sprint's tariff require KMC to pay Sprint access charges, as previously billed for past periods in the state of Florida. Billing for current periods must also be paid. Sprint further reserves the right to send access bills for additional states where KMC has engaged in similar behavior.

Consistent with the FCC's April 21 order, Sprint demands that KMC reconfigure its network within the next ten (10) business days to stop sending long distance traffic to Sprint over its local facilities. Sprint further demands that KMC either place that traffic on access facilities where it has always rightfully belonged, or cease delivering to Sprint over the local facilities access traffic that does not originate on KMC's network or that involves the transport of IXC traffic. Prompt action in regard to payment and reconfiguration of KMC's network will avoid the need for formal legal action to collect the current balance due and to stop your company from continued use of these unlawful traffic routing approaches.

In addition to the above, and in order to avoid legal action and possible self-help, which Sprint will be entitled to take under its contract or tariff, Sprint requires KMC to submit a sworn affidavit and certification by an officer of KMC setting forth the following:

- 1) the total amount of traffic (MOU), by month for the past 24 months, KMC sent to Sprint local interconnection trunks or local PRI circuits without the correct calling party number information (i.e., the number from which the call originates) or without any calling party number information;
- 2) the total amount of traffic (MOU), by month for the past 24 months, KMC sent to Sprint local interconnection trunks or local PRI circuits under color of a claim that it was VoIP traffic;

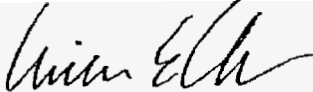
Page 3
KMC
April 30, 2004

- 3) the names and addresses of CLECs, IXCs or other carriers that have sent or are sending traffic to KMC that KMC delivers to Sprint over the local interconnection facilities or local PRI circuits as identified above;
- 4) the amount of traffic from each CLEC, IXC or other carrier identified in #3 above, separated and designated by the MOU of traffic sent under color of a VoIP claim and the MOU of traffic sent otherwise;
- 5) the terms of any contractual agreement between KMC and any other carrier specifically regarding the obligations of each party and the ultimate assignment of responsibility for the payment of access charges if VoIP traffic or other traffic delivered over Sprint local interconnection trunks or local PRI circuits is found to be subject to access charges due to regulatory or legal action (which has now occurred);
- 6) a certification that all KMC traffic flowing to Sprint over local interconnection facilities is either traffic that originates on KMC's local network and is local traffic as defined in KMC's interconnection agreement with Sprint, or a certification that the traffic originates on the network of another carrier, that KMC has contractual commitments with the other carrier to only send local exchange traffic for termination to Sprint, and that, in either case, all calling records are sent without manipulation; and
- 7) a detailed identification and quantification of any "enhanced services" traffic that KMC sends on its own account or from others to Sprint for local termination, including a full explanation of the basis for the claimed exemption including an accounting for traffic that originates and terminates on a circuit switched network.

We look forward to your full and immediate cooperation in addressing this matter, including the requested payment and certification.

If you have any questions, please contact me.

Sincerely,



William E. Check

WEC/lr

pc: Rich Morris *hand delivered 5/3*