

FLORIDA PUBLIC SERVICE COMMISSION  
Capital Circle Office Center @ 2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

**M E M O R A N D U M**

May 7, 1997

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

**FROM:** DIVISION OF COMMUNICATIONS (STAVANJA) *vs* *W*  
DIVISION OF LEGAL SERVICES (STOVER) *MLB* *MLB*

**RE:** DOCKET NO. 970257-TP - REQUEST FOR APPROVAL OF RESALE  
AGREEMENT NEGOTIATED BY BELLSOUTH TELECOMMUNICATIONS,  
INC. WITH STRATEGIC TECHNOLOGIES, INC.

**AGENDA:** MAY 19, 1997 - REGULAR AGENDA - PARTIES MAY PARTICIPATE

**CRITICAL DATES:** COMMISSION MUST APPROVE OR DENY BY MAY 27,  
1997 PER TELECOMMUNICATIONS ACT OF 1996

**SPECIAL INSTRUCTIONS:** S:\PSC\CNU\WP\970257TP.RCM

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**CASE BACKGROUND**

On February 26, 1997, BellSouth Telecommunications, Inc. (BellSouth) and Strategic Technologies, Inc. (STI) filed a request for approval of a resale agreement. The agreement is for two years beginning November 12, 1996. The parties are seeking approval of the agreement under the Telecommunications Act of 1996.

DOCUMENT NUMBER - DATE

04514 MAY-75

FPSC-RECORDS/REPORTING

DOCKET NO. 970257-TP  
DATE: MAY 7, 1997

### **DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Commission approve the proposed agreement between BellSouth and STI?

**RECOMMENDATION:** Yes. The Commission should approve the proposed resale agreement between BellSouth and STI. The Commission should require BellSouth and STI to file any subsequent supplements or modifications to their agreement for Commission review under the provision of 47 U.S.C. §252(e).

**STAFF ANALYSIS:** As stated in the Case Background, BellSouth and STI are seeking approval of their resale agreement under the federal Telecommunications Act of 1996 (the Act). The Act encourages parties to enter into negotiated agreements to bring about local exchange competition as quickly as possible. If the parties reach a negotiated agreement, under 47 U.S.C. § 252 (e), the agreement is to be filed with the state commission for approval. 47 U.S.C. § 252(a)(1) requires that "the agreement shall include a detailed schedule of itemized charges for interconnection and each service or network element included in the agreement." Under 47 U.S.C. §252(e)(4), the state commission must approve or reject the agreement within 90 days after submission, or the agreement shall be deemed approved. However, approval of this agreement by the Commission in no way constitutes a determination that BellSouth has met the requirements of Section 271 of the Act.

The agreement is a two year agreement governing the relationship between the companies regarding the resale of tariffed services and Line Information Data Base (LIDB) service. The agreement states that telecommunications services provided by BellSouth for resale, will be available for purchase by STI at a discount rate of 18% for residential services and 12% for business services (see Attachment 1). Staff has reviewed the BellSouth and STI proposed agreement for compliance with the Act and recommends that the Commission approve it pursuant to §252 (e) (2) (A).

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**ISSUE 2:** Should Docket No. 970257-TP be closed?

**RECOMMENDATION:** Yes, with the adoption of staff's recommendation in Issue 1, and issuance of the Commission's order approving the agreement, Docket No. 970257-TP should be closed.

**STAFF ANALYSIS:** With the adoption of staff's recommendation in Issue 1, and issuance of the Commission's order approving the agreement, Docket No. 970257-TP should be closed.

**Agreement Between BellSouth Telecommunications, Inc. and  
Strategic Technologies, Inc. Regarding The Sale of BST's  
Telecommunications Services to Reseller For The Purposes of  
Resale**

**THIS AGREEMENT** is by and between BellSouth Telecommunications, Inc., ("BellSouth or Company"), a Georgia corporation, and Strategic Technologies, Inc. ("Reseller"), a Florida corporation, and shall be deemed effective as of Nov. 12, 1996.

**WITNESSETH**

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

**WHEREAS**, Reseller is an alternative local exchange telecommunications company authorized to provide telecommunications services in the state of Florida; 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; and

**WHEREAS**, it is the intent of BellSouth and Reseller to comply with the applicable provisions of Sections 251 and 252 of the Telecommunications Act of 1996 ("Act");

**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 Nov. 12, 1996. This Agreement shall apply to all of BellSouth's serving territory as of January 1, 1996, in the state of Florida.

**B.** This Agreement shall be automatically renewed on a month-to-month basis 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 this Agreement or no later than 30 days prior to the end of this Agreement if this Agreement is automatically renewed on a month-to-month basis. 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.

**II. Definition of Terms**

**A.** **CUSTOMER CODE** means the three digit number following a customer's telephone number as shown on the customer's bill.

**B. 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 toll, directory assistance, etc.

**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. OTHER LOCAL EXCHANGE COMPANY (OLEC)** 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.

**H. RESALE** means an activity wherein a certificated OLEC, 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").

**I. RESALE SERVICE AREA** means the area, as defined in a public service commission approved certificate of operation, within which an OLEC, 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 subject to the terms, and conditions specifically set forth herein. Notwithstanding the foregoing, the following are not available for purchase: Grandfathered services; promotional and trial retail service offerings; lifeline and linkup services; contract service arrangements; installment billing options; 911 and E911 services; interconnection services for mobile service providers; legislatively or administratively mandated specialized discounts (e.g., education institution discount) and promotional or discount service offerings of ninety days or less.

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. Reseller shall not interfere with the right of any person or entity to obtain service directly from the Company.

H. In most circumstances, the current telephone number of an end user may be retained by the end user unless the end user has past due charges associated with the BellSouth account for which payment arrangements have not been made. The Company will not, however, make the end user's previous telephone number available to Reseller until the end user's outstanding balance has been paid. If Reseller requests service for an end user that has been denied service or disconnected for non-payment by BellSouth, and the end user still has an outstanding balance with the Company, the Company will establish service for that end user through Reseller. Denied service means that the service of an end user provided by a local exchange telecommunications company, including BellSouth, has been temporarily suspended for nonpayment and subject to complete disconnection.

I. Subject to FCC orders, rules and regulations concerning ownership interests in, proprietary rights to and assignment of telephone numbers, telephone numbers are the property of the Company and 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.

J. 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.

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

L. Service will be discontinued if any law enforcement agency

advises that the service being used is in violation of the law.

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

**N.** 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.

**O.** 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.

**P.** 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.

**Q.** Reseller assumes the responsibility of notifying the Company regarding less than standard operations with respect to services provided by it.

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

**S.** 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.

#### **IV. BellSouth's Provision of Services to Reseller**

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

1. The resale of telecommunications services shall be limited to users and uses conforming to the class of service restrictions.

2. To the extent Reseller is a telecommunications carrier that serves greater than 5 percent of the Nation's presubscribed access lines, Reseller shall not jointly market its interLATA services with the telecommunications services purchased from BellSouth

pursuant to this Agreement in any of the states covered under this Agreement. For the purposes of this subsection, to jointly market means any advertisement, marketing effort or billing in which the telecommunications services purchased from BellSouth for purposes of resale to customers and interLATA services offered by Reseller are packaged, tied, bundled, discounted or offered together in any way to the end user. Such efforts include, but are not limited to, sales referrals, resale arrangements, sales agencies or billing agreements. This subsection shall be void and of no effect for a particular state covered under this Agreement as of February 8, 1999 or on the date BellSouth is authorized to offer interLATA services in that state, whichever is earlier.

3. Hotel and Hospital PBX service are the only telecommunications services available for resale to Hotel/Motel and Hospital end users, respectively. Similarly, Access Line Service for Customer Provided Coin Telephones is the only local service available for resale to COCOTS customers. Shared Tenant Service customers can only be sold those telecommunications services available in the Company's A23 or A27 Shared Tenant Service Tariff, as such or other Shared Tenant Service tariffs are amended by the Company, filed with and approved by the Florida Public Service Commission.

4. Reseller is prohibited from furnishing both flat and measured rate service on the same business premises to the same subscribers (end users) as stated in A2.3.2.A. of the Company's Tariff except for backup service as indicated in the applicable state tariff Section A3.38.

5. 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 the rate of 0.000590 per day, compounded daily for the number of days from the back billing date to and including the date that Reseller actually makes the payment to the Company may be assessed.

6. The Company reserves the right to periodically audit services purchased by Reseller to establish authenticity of use. Such audit shall not occur more than once in a calendar year. Reseller shall make any and all records and data available to the Company or the Company's auditor's on a reasonable basis. The Company shall bear the cost of said audit.

B. Resold services can only be used in the same manner as specified in the Company's Tariff. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of the Company in the appropriate section of the Company's Tariffs. Specific tariff features, e.g. a usage allowance per month, shall not be aggregated across multiple resold services. Resold services cannot be used to aggregate traffic from more than one end user



customer except as specified in Section A23. or A27 of the Company's Tariff referring to Shared Tenant Service.

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

D. 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.

E. No patent, copyright, trademark of other proprietary right is licensed, granted or otherwise transferred by this Agreement. Reseller is strictly prohibited from any use, including but limited to sale, marketing or advertising, of any BellSouth name or trademark.

F. 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.

G. BellSouth's provision of services made available for resale must be at least equal in quality to that provided by BellSouth to itself or to any subsidiary, affiliate or any other party including an end user, and with the same timeliness.

#### V. Maintenance of Services

A. Services resold under the Company's Tariffs and facilities and equipment provided by the Company shall be maintained by the Company.

B. 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.

C. Reseller will be the Company's single point of contact for all repair calls on behalf of Reseller's end users.

D. Reseller will contact the appropriate repair centers in accordance with procedures established by the Company.

E. For all repair requests, Reseller accepts responsibility for adhering to the Company's prescreening guidelines prior to referring the trouble to the Company.

F. The Company will bill Reseller for handling troubles that are found not to be in the Company's network pursuant to its standard time and material charges. The standard time and material charges will be no more than what BellSouth charges to its retail customers for the same services.

G. The Company reserves the right to contact Reseller's customers, if deemed necessary, for maintenance purposes.

#### 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 designated by the Company.

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. Ordering and provision of services purchased from BellSouth for resale purposes by Reseller shall be as set forth in the OLEC-to-BellSouth Ordering Guidelines (Reseller) as those guidelines are amended by BellSouth from time to time during the term of this Agreement.

D. When an existing customer of the Company switches to Reseller, Reseller must provide the Company with the Customer Code or Codes, when multiple codes apply, for that end user.

E. 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.

F. 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 OLEC 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.

G. If the Company determines that an unauthorized change in local service to Reseller has occurred and such change in service was initiated by the Reseller, the Company will reestablish service with the appropriate local service provider and will assess Reseller as the OLEC initiating the unauthorized change, an unauthorized change charge similar to that described in F.C.C. Tariff No. 1, Section 13.3.3. Appropriate nonrecurring charges, as set forth in Section M4. of the General Subscriber Service Tariff, will also be assessed to Reseller.

These charges will be cancelled and, if necessary, remitted to Reseller if paid by Reseller, if Reseller provides satisfactory proof of authorization.

	Nonrecurring Charge
(a) each Residence or Business line	\$19.61
(b) each Public or Semi-Public line	\$34.19

M. The Company will, 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.

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

J. 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.

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 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.

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, on an individual end user account level.

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 the lesser of:

1. The highest interest rate (in decimal value) which may be levied by law for commercial transaction, compounded daily for the number of days from the payment due date to and including the date that Reseller actually makes the payment to the Company, or

2. 0.000590 per day, compounded daily for the number of days from the payment due date to and including the date that Reseller actually makes the payment to the Company.

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. Until such time as the Company receives permission from the FCC to bill the End User Common Line (EUCL) charge to Reseller, the Company will, on an interim basis, bill the charges shown below which are identical to the EUCL rates billed by BST to its end users.

	Monthly Rate
1. Residential	
(a) Each Individual Line or Trunk	\$3.50
2. Single Line Business	
(b) Each Individual Line or Trunk	\$3.50
3. Multi-line Business	
(c) Each Individual Line or Trunk	\$6.00

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.

N. Reseller is responsible for payment of all appropriate charges for completed calls, services, and equipment. If objection in writing is not received by the Company within twenty-nine days after the bill is rendered, the account shall be deemed correct and binding upon Reseller.

#### VIII. 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 account 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 days 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.

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.

## **IX. Liability and Indemnification**

**A.** With respect to any claim or suit, whether based in contract, tort or any other theory of legal liability, by Reseller, a customer of Reseller or by any other person or entity, for damages associated with any of the services provided by BellSouth pursuant to or in connection with this Agreement, including but not limited to the installation, provision, preemption, termination, maintenance, repair or restoration of service, and subject to the provisions of the remainder of this Article IX, BellSouth's liability shall be limited to any amount equal to the proportionate charge for the service provided pursuant to this Agreement for the period during which the service was affected. Notwithstanding the foregoing, claims for damages by Reseller, any Reseller customer, or any other person or entity resulting from the gross negligence or willful misconduct of BellSouth and claims for damages by Reseller resulting from the failure of BellSouth to honor in one or more material respects any one or more of the material provisions of this Agreement shall not be subject to such limitation of liability.

**B.** With respect to any claim or suit, whether based in contract, tort or any other theory of legal liability, by BellSouth, a BellSouth customer or by any other person or entity, for damages associated with any of the services provided by Reseller pursuant to or in connection with this Agreement, including but not limited to the installation, provision, preemption, termination, maintenance, repair or restoration of service, and subject to the provisions of the remainder of this Article IX, Reseller's liability shall be limited to an amount equal to the proportionate charge for the service provided pursuant to this Agreement for the period during which the service was affected. Notwithstanding the foregoing, claims for damages by BellSouth, any BellSouth customer, or any other person or entity resulting from the gross negligence or willful misconduct of Reseller and claims for damages by BellSouth resulting from the failure of Reseller to honor in one or more material respects any one or more of the material provisions of this Agreement shall not be subject to such limitation of liability.

**C.** Neither party shall be liable for any act or omission of any other telecommunications company to the extent such other telecommunications company provides a portion of a service.

**D.** Neither party shall be liable for damages to the other party's terminal location, POI or other party's customers' premises resulting from the furnishing of a service, including but not limited to the installation and removal of equipment and associated wiring, except to the extent the damages are caused by such party's gross negligence or willful misconduct.

**E.** Notwithstanding subsection A., the party providing services under this Agreement, its affiliates, and its parent company shall be indemnified, defended and held harmless by the party receiving such services against any claim, loss or damage arising from the receiving party's use of the services provided

under this Agreement, involving: 1) Claims for libel, slander, invasion of privacy or infringement of copyright arising from the receiving party's own communications; 2) any claim, loss, or damage claimed by the receiving party's customer(s) arising from such customer's use of any service, including 911/E911, that the customer has obtained from the receiving party and that the receiving party has obtained from the supplying party under this Agreement; or 3) all other claims arising out of an act or omission of the receiving party in the course of using services provided pursuant to this Agreement.

Notwithstanding Subsection A., Reseller shall be indemnified, defended and held harmless by the Company and/or the end user against any claim, loss or damage arising from the use of services offered for resale involving: (1) Claims for libel, slander, invasion of privacy or infringement of copyright arising from the Company's own communications; or (2) Claims for patent infringement arising in connection with facilities, equipment or services furnished by the Company.

Notwithstanding the foregoing, to the extent that a claim, loss or damage is caused by the gross negligence or willful misconduct of a supplying party, the receiving party shall have no obligation to indemnify, defend and hold harmless the supplying party hereunder.

F. BellSouth assumes no liability for accuracy of the data provided to it by Reseller and Reseller agrees to indemnify and hold harmless BellSouth for any claim, action, cause of action, damage, injury whatsoever, that may result from the supply of data from Reseller to BellSouth in conjunction with the provision of any service provided pursuant to this Agreement.

G. Neither party guarantees or makes any warranty with respect to its services when used in an explosive atmosphere. Notwithstanding subsection A., each party shall be indemnified, defended and held harmless by the other party or the other party's customer from any and all claims by any person relating to the other party or other party's customer's use of services so provided.

H. No license under patents (other than the limited license to use) is granted by one party to the other or shall be implied or arise by estoppel, with respect to any service offered pursuant to this Agreement. Notwithstanding subsection A., the party providing a service pursuant to this Agreement will defend the party receiving such service against claims of patent infringement arising solely from the use by the receiving party of such service and will indemnify the receiving party for any damages awarded based solely on such claims. Such indemnification shall not, however, extend to claims for patent infringement to the extent the alleged infringement results from:

(1) Modification of the service by someone other than the providing party and/or its subcontractors, where there would be no such infringement or violation in the absence of such modification; or

(2) The combination, operation or use of the service with any product, data or apparatus not provided by the providing party and/or its subcontractors, where there would be no such infringement or violation in the absence of such combination, operation or use.



I. Promptly after receipt of notice of any claim or the commencement of any action for which a party may seek indemnification pursuant to this Article IX, such party (the "Indemnified Party") shall promptly give written notice to the other party (the "Indemnifying Party") of such claim or action, but the failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability it may have to the Indemnified Party except to the extent the Indemnifying Party has actually been prejudiced thereby. The Indemnifying Party shall be obligated to assume defense of such claim, at its own expense. The Indemnified Party shall cooperate with the Indemnifying Party's reasonable requests for assistance or information relating to such claim, at the Indemnifying Party's expense. The Indemnified Party shall have the right to participate in the investigation and defense of such claim or action, with separate counsel chosen and paid for by the Indemnified Party.

J. A party's failure to provide or maintain services offered pursuant to this Agreement shall be excused to the extent such failure is the result of labor difficulties, governmental orders, civil commotion, criminal actions taken against such party, acts of God and other circumstances beyond such party's reasonable control.

## **X. More Favorable Provisions**

A. If as a result of any proceeding before any Court, Commission, or FCC, voluntary agreement or arbitration proceeding pursuant to the Act, or pursuant to any applicable state law, BellSouth becomes obligated to provide services for resale, whether or not presently covered by this Agreement, to another telecommunications carrier operating within the State of Florida, Reseller, subject to a written amendment to this Agreement, shall be entitled to substitute such rates, terms or conditions in their entirety for the relevant provisions of this Agreement and such substituted rates, terms or conditions shall be deemed to have been effective under this Agreement as of the effective date thereof to such other carrier.

B. If the provision of services is a result of the action of an appropriate regulatory agency or judicial body whether commenced before or after the effective date of this Agreement, after the waiver or exhaustion of all administrative and judicial remedies, the parties agree to incorporate such order in this Agreement as of its effective date. In the event BellSouth files and receives approval for a tariff offering to provide any substantive service of this Agreement in a way different than that provided for herein, the parties agree that Reseller shall be eligible for subscription to said service at the rates, terms and conditions contained in tariffs as of the effective date of the tariff.

## **XI. Treatment of Proprietary and Confidential Information**

A. Both parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including trade secret information, including but not limited to, technical and business plans, technical information, proposals, specifications, drawings, procedures, customer account data and like information (hereinafter collectively referred to as "Information"). Both parties agree that all information shall either be in writing or

other tangible forms and clearly marked with a confidential, private or proprietary legend, or, when the Information is communicated orally, it shall also be communicated that the Information is confidential, private or proprietary. The Information will be returned to the owner within a reasonable time. Both parties agree that the Information shall not be copied or reproduced in any form. Both parties agree to receive such Information and not disclose such Information. Both parties agree to protect the Information received from distribution, disclosure or dissemination to anyone except employees of the parties with a need to know such Information and which employees agree to be bound by the terms of this Section. Both parties will use the same standard of care to protect Information received as they would use to protect their own confidential and proprietary Information.

B. Notwithstanding the foregoing, both parties agree that there will be no obligation to protect any portion of the Information that is either: 1) made publicly available by the owner of the Information or lawfully disclosed by a nonparty to this Agreement; 2) lawfully obtained from any source other than the owner of the Information; or 3) previously known to the receiving party without an obligation to keep it confidential.

### **XII. 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 the that Public Service Commission concerning this Agreement.

### **XIII. Limitation of Use**

The parties agree that this Agreement shall not be proffered by either party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other party in that jurisdiction or for any other purpose.

### **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 of Florida, 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. 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.  
Attn: OLEC Account Team  
3535 Cahaba Highway  
Birmingham, AL 35293

Strategic Technologies, Inc.  
730 NW 107 Avenue, Ste. 304  
Miami, FL 33172

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.

**XVIII. Amendments**

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

**XIX. 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.

Strategic Technologies, Inc.

BY:   
Signature

BY:   
Signature

NAME: Jerry D. Hendrix  
Printed Name

NAME: Robert D. Rubin  
Printed Name

TITLE: Director

TITLE: President


EXHIBIT "A"  
APPLICABLE DISCOUNTS

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

STATE	RESIDENCE	DISCOUNT	BUSINESS
ALABAMA	10%		10%
FLORIDA	21.03%		16.01%
GEORGIA	11.6%		9.6%
KENTUCKY	10%		8%
LOUISIANA	11%		10%
MISSISSIPPI	9%		8%
NORTH CAROLINA	12%		9%
SOUTH CAROLINA	10%		9%
TENNESSEE	11%		9%

If a state commission orders a discount different from those specified above, and if Company has provided those discounts to another reseller, those same discounts will be offered to Reseller.

\*These discounts shall become effective upon Florida Public Service Commission approval of either: (a) the arbitration agreement filed by BellSouth Telecommunications and AT&T Communications of the Southern States, Inc. in Docket No. 960833-TP or (b) the arbitration agreement filed by BellSouth Telecommunications, Inc. and MCI Telecommunications Corporation/MCI Metro Access Transmission Services, Inc. in Docket No. 960846-TP. Until such time, telecommunications services available for purchase by STI for the purposes of resale to STI's end-users shall be available at the following discount off of the BellSouth retail rates: 18% for residence and 12% for business.

 2/17/97

**LINE INFORMATION DATA BASE (LIDB)  
STORAGE AGREEMENT**

This Agreement, effective as of November 12, 1986, 1986, is entered into by and between BellSouth Telecommunications, Inc. ("BST"), a Georgia corporation, and STRATEGIC TECHNOLOGIES, INC. ("Local Exchange Company"), a FLORIDA corporation, their fully authorized officers.

WHEREAS, in consideration of the mutual covenants, agreements and obligations set forth below, the parties hereby agree as follows:

**L SCOPE**

A. This Agreement sets forth the terms and conditions pursuant to which BST agrees to store in its LIDB certain information at the request of the Local Exchange Company and pursuant to which BST, its LIDB customers and Local Exchange Carrier shall have access to such information. Local Exchange Carrier understands that BST provides access to information in its LIDB to various telecommunications service providers pursuant to applicable tariffs and agrees that information stored at the request of Local Exchange Carrier, pursuant to this Agreement, shall be available to those telecommunications service providers. The terms and conditions contained in the attached Addendum No. 1 are hereby made a part of this Agreement as if fully incorporated herein.

**B. LIDB is created for the following purposes:**

1. **Billed Number Screening**
2. **Calling Card Validation**
3. **Fraud Control**

**C. BST will provide seven days per week, 24-hours per day, fraud control and detection services. These services include, but are not limited to, such features as sorting Calling Card Fraud detection according to domestic or international calls in order to assist the pinpointing of possible theft or fraudulent use of Calling Card numbers; monitoring bill-to-third number and collect calls made to numbers in BST's LIDB, provided such information is included in the LIDB query, and establishing Account Specific Thresholds, at BST's sole discretion, when necessary. Local Exchange Company understands and agrees BST will administer all data stored in the LIDB, including the data provided by Local Exchange Company pursuant to this Agreement, in the same manner as BST's data for BST's end user customers. BST shall not be responsible to Local Exchange Company for any lost revenue which may result from BST's administration of the LIDB pursuant to its established practices and procedures as they exist and as they may be changed by BST in its sole discretion from time to time.**

**Local Exchange Company understands that BST currently has in effect numerous billing and collection agreements with various interexchange carriers and billing clearing houses. Local Exchange Company further understands that these billing and collection customers of BST query BST's LIDB to determine whether to accept various billing options from end users. Additionally, Local Exchange Company understands that presently BST has no method to differentiate between BST's own billing and line data in the LIDB and such data which is**

includes in the LIDB on Local Exchange Company's behalf pursuant to this Agreement. Therefore, until such time as BST can and does implement in its LIDB and its supporting systems the means to disseminate Local Exchange Company's data from BST's data and the parties to this Agreement execute appropriate amendments hereto, the following terms and conditions shall apply:

(a) The Local Exchange Company agrees that it will accept responsibility for telecommunications services billed by BST for its billing and collection customers for Local Exchange Customer's end user accounts which are resident in LIDB pursuant to this Agreement. Local Exchange Company authorizes BST to place such charges on Local Exchange Company's bill from BST and agrees that it shall pay all such charges. Charges for which Local Exchange Company hereby takes responsibility include, but are not limited to, collect and third number calls.

(b) Charges for such services shall appear on a separate BST bill page identified with the name of the entity for which BST is billing the charge.

(c) Local Exchange Company shall have the responsibility to render a billing statement to its end users for these charges, but Local Exchange Company's obligation to pay BST for the charges billed shall be independent of whether Local Exchange Company is able or not to collect from the Local Exchange Company's end users.

(d) BST shall not become involved in any disputes between Local Exchange Company and the entities for which BST performs billing and collection. BellSouth will not issue statements for charges billed on behalf of an entity to Local Exchange Company. It shall

be the responsibility of the Local Exchange Company and the other party to negotiate and arrange for any appropriate adjustments.

**II. TERM**

This Agreement will be effective as of November 12, 1996, and will continue in effect for one year, and thereafter may be continued until terminated by either party upon thirty (30) days written notice to the other party.

**III. FEES FOR SERVICE AND TAXES**

A. The Local Exchange Company will not be charged a fee for storage services provided by BST to the Local Exchange Company, as described in Section I of this Agreement.

B. Sales, use and all other taxes (excluding taxes on BST's income) determined by BST or any taxing authority to be due to any federal, state or local taxing jurisdiction with respect to the provision of the service set forth herein will be paid by the Local Exchange Company. The Local Exchange Company shall have the right to have BST contest with the imposing jurisdiction, at the Local Exchange Company's expense, any such taxes that the Local Exchange Company deems are improperly levied.

**IV. INDEMNIFICATION**

To the extent not prohibited by law, each party will indemnify the other and hold the other harmless against any loss, cost, claim, injury, or liability relating to or arising out of negligence or willful misconduct by the indemnifying party or its agents or contractors in connection with the indemnifying party's provision of services, provided, however, that any indemnity for any loss, cost, claim, injury or liability arising out of or relating to errors or omissions in the provision of services under this Agreement shall be limited as otherwise



specified in this Agreement. The indemnifying party under this Section agrees to defend any suit brought against the other party for any such loss, cost, claim, injury or liability. The indemnified party agrees to notify the other party promptly, in writing, of any written claims, lawsuits, or demands for which the other party is responsible under this Section and to cooperate in every reasonable way to facilitate defense or settlement of claims. The indemnifying party shall not be liable under this Section for settlement by the indemnified party of any claim, lawsuit, or demand unless the defense of the claim, lawsuit, or demand has been tendered to it in writing and the indemnifying party has unreasonably failed to assume such defense.

#### V. LIMITATION OF LIABILITY

Neither party shall be liable to the other party for any lost profits or revenues or for any indirect, incidental or consequential damages incurred by the other party arising from this Agreement or the services performed or not performed hereunder, regardless of the cause of such loss or damage.

#### VI. MISCELLANEOUS

A. It is understood and agreed to by the parties that BST may provide similar services to other companies.

B. All terms, conditions and operations under this Agreement shall be performed in accordance with, and subject to, all applicable local, state or federal legal and regulatory tariffs, rulings, and other requirements of the federal courts, the U. S. Department of Justice and state and federal regulatory agencies. Nothing in this Agreement shall be construed to cause either party to violate any such legal or regulatory requirement and either party's obligation to perform shall be subject to all such requirements.

C. The Local Exchange Company agrees to submit to BST all advertising, sales promotion, press releases, and other publicity matters relating to this Agreement wherein BST's corporate or trade names, logos, trademarks or service marks or those of BST's affiliated companies are mentioned or language from which the connection of said names or trademarks therewith may be inferred or implied; and the Local Exchange Company further agrees not to publish or use advertising, sales promotions, press releases, or publicity matters without BST's prior written approval.

D. This Agreement constitutes the entire agreement between the Local Exchange Company and BST which supersedes all prior agreements or contracts, oral or written representations, statements, negotiations, understandings, proposals and undertakings with respect to the subject matter hereof.

E. Except as expressly provided in this Agreement, if any part of this Agreement is held or construed to be invalid or unenforceable, the validity of any other Section of this Agreement shall remain in full force and effect to the extent permissible or appropriate in furtherance of the intent of this Agreement.

F. Neither party shall be held liable for any delay or failure in performance of any part of this Agreement for any cause beyond its control and without its fault or negligence, such as acts of God, acts of civil or military authority, government regulations, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, strikes, power blackouts, volcanic action, other major environmental disturbances, unusually severe weather conditions, inability to secure products or services of other persons or transportation facilities, or acts or omissions of transportation common carriers.

G. This Agreement shall be deemed to be a contract made under the laws of the State of Georgia, and the construction, interpretation and performance of this Agreement and all transactions hereunder shall be governed by the domestic law of such State.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their fully authorized officers.

BELLSOUTH TELECOMMUNICATIONS, INC.

By: [Signature]  
Title: Director  
Date: October 23, 1996  
Address: 2965 675 West Peachtree St, N.E  
Atlanta, Georgia 30375

THE LOCAL EXCHANGE COMPANY  
STRATEGIC TECHNOLOGIES, INC.

By: [Signature]  
Title: ROBERT D. RUBIN - PRESIDENT  
Date: OCTOBER 16, 1996  
Address: 730 NW 107 AVENUE  
MIAMI, FL 33172

(Revised)

**ADDENDUM NO. 1  
TO LINE INFORMATION DATA BASE (LIDB)  
STORAGE AGREEMENT**

This Addendum No. 1 to the Line Information Data Base Storage Agreement dated November 12, 1996, between BellSouth Telecommunications, Inc. ("BST"), and STRATEGIC TECHNOLOGIES, INC. ("Local Exchange Company"), effective the 12<sup>th</sup> day of November, 1996.

**I. GENERAL**

This Addendum sets forth the terms and conditions for Local Exchange Company's provision of billing number information to BST for inclusion in BST's LIDB. BST will store in its LIDB the billing number information provided by Local Exchange Company, and BST will provide responses to on-line, call-by-call queries to this information for purposes specified in Section I.B. of the Agreement.

**II. DEFINITIONS**

- A. **Billing number** - a number used by BST for the purpose of identifying an account liable for charges. This number may be a line or a special billing number.
- B. **Line number** - a ten digit number assigned by BST that identifies a telephone line associated with a resale local exchange service, or with a SPNP arrangement.

- C. **Special billing number** - a ten digit number that identifies a billing account established by BST in connection with a resold local exchange service or with a SPNP arrangement.
- D. **Calling Card number** - a billing number plus PIN number assigned by BST.
- E. **PIN number** - a four digit security code assigned by BST which is added to a billing number to compose a fourteen digit calling card number.
- F. **Toll billing exception indicator** - associated with a billing number to indicate that it is considered invalid for billing of collect calls or third number calls or both, by the Local Exchange Company.
- G. **Billed Number Screening** - refers to the activity of determining whether a toll billing exception indicator is present for a particular billing number.
- H. **Calling Card Validation** - refers to the activity of determining whether a particular calling card number exists as stated or otherwise provided by a caller.
- I. **Billing number information** - information about billing number or Calling Card number as assigned by BST and toll billing exception indicator provided to BST by the Local Exchange Company.

**III. RESPONSIBILITIES OF PARTIES**

- A. **BST will include billing number information associated with resold exchange lines or SPNP arrangements in its LIDB. The Local Exchange Company will request any toll billing exceptions via the Local Service Request (LSR) form used to order resold exchange lines, or the SPNP service request form used to order SPNP arrangements.**

B. Under normal operating conditions, BST shall include the billing number information in its LIDS upon completion of the service order establishing either the resold local exchange service or the SPNP arrangement, provided that BST shall not be held responsible for any delay or failure in performance to the extent such delay or failure is caused by circumstances or conditions beyond BST's reasonable control. BST will store in its LIDS an unlimited volume of the working telephone numbers associated with either the resold local exchange lines or the SPNP arrangements. For resold local exchange lines or for SPNP arrangements, BST will issue line-based calling cards only in the name of Local Exchange Company. BST will not issue line-based calling cards in the name of Local Exchange Company's individual end users. In the event that Local Exchange Company wants to include calling card numbers assigned by the Local Exchange Company in the BST LIDS, a separate agreement is required.

C. BST will provide responses to on-line, call-by-call queries to the stored information for the specific purposes listed in the next paragraph.

D. BST is authorized to use the billing number information to perform the following functions for authorized users on an on-line basis:

1. Validate a 14 digit Calling Card number where the first 10 digits are a line number or special billing number assigned by BST, and where the last four digits (PIN) are a security code assigned by BST.
2. Determine whether the Local Exchange Company has identified the billing number as one which should not be billed for collect or third number calls, or both.

**IV. COMPLIANCE**

Unless expressly authorized in writing by the Local Exchange Company, all billing  
number information provided pursuant to this Addendum shall be used for no purpose other  
than those set forth in this Addendum.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed by  
their fully authorized officers.

**BELLSOUTH TELECOMMUNICATIONS, INC**

By: [Signature]  
Title: Director  
Date: October 22, 1986  
Address: 29165 675 West Peachtree Street, N.E.  
Atlanta, Georgia 30375

**THE LOCAL EXCHANGE COMPANY  
STRATEGIC TECHNOLOGIES, INC.**

By: [Signature]  
Title: ROBERT B. SMITH - PRESIDENT  
Date: OCTOBER 16, 1986  
Address: 730 NW 107 AVENUE  
MIAMI, FL 33172