

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: PETITION BY NATIONAL TELECOMMUNICATIONS, INC., FOR RESOLUTION OF DISPUTE WITH BELLSOUTH TELECOMMUNICATIONS, INC.

DOCKET NO. 971044-TP

FILED: November 4, 1997

DIRECT TESTIMONY OF MARK MANSOUR

Q. Please state your name and business address.

A. Mark Mansour, Vice President of Operations of NationalTel, 6363 N.W. 6th Avenue, Suite 1000, Fort Lauderdale, Florida 33319.

Q. What is your educational and business background?

A. I graduated from the University of Arkansas in 1986 with a degree in Industrial Engineering. From January 1987 through March 1980, I worked for Burlington Industries of Greensboro, North Carolina as an industrial engineer. From March 1988 through march 1991, I was Director of Operations for Delta Textile, Inc., a manufacturing company in Greenville, Mississippi. I joined NationalTel in March 1991 as Director of MIS and Billing for its interexchange operations. I became NationalTel's Vice President of Operations in 1992.

Q. What are your duties and responsibilities as Vice President of Operations?

ACK  
ADA

Noted

1  
3 rows

1

1           A.    I am responsible for all aspects of telecommunications  
2 service operations of NationalTel relating to our long distance  
3 telephone business and also our new local exchange telephone  
4 service business.  I am responsible for the company's contracts  
5 with suppliers and vendors.  
6

7           Q.    Describe for us the business operations of NationalTel in  
8 Florida.  
9

10          A.    NationalTel was formed in 1990 to enter the long distance  
11 telephone business in Florida.  We obtained our Florida certificate  
12 as an interexchange carrier in 1990.  We are a switched-based  
13 reseller with sales/service offices located in Orlando,  
14 Jacksonville, Tampa, Fort Lauderdale, Miami and Pensacola.  Since  
15 1990, NationalTel has expanded into Texas, Georgia and several  
16 other states.  Our principal national offices are located in  
17 Austin, Texas.  With the recent changes in the telecommunications  
18 industry, we decided to take advantage of the new opportunities to  
19 become a full service telephone provider and obtained our Florida  
20 certificate as an alternative local exchange carrier in 1996.  
21 NationalTel also has ALEC certification in Georgia.  
22

23          Q.    What has been the experience of NationalTel in obtaining  
24 interconnection from Florida incumbent LECs?  
25

1           A.    In July 1996, I concluded negotiations with BellSouth  
2 Telecommunications, Inc., for a comprehensive Interconnection  
3 agreement dated July 16, 1996.  Earlier this year, I negotiated  
4 with BellSouth a separate resale agreement dated May 1, 1997.  A  
5 copy of that agreement titled Agreement Between BellSouth  
6 Telecommunications, Inc., and NationalTel Regarding The Sale of  
7 BST's Telecommunications Services For The Purposes of Resale is  
8 attached to this testimony as Exhibit MAM-1.  Jerry D. Hendrix  
9 executed it on behalf of BellSouth.  The Resale Agreement was  
10 approved by this Commission in Docket No. 970766-TP by Order No.  
11 PSC-97-1179-FOF-TP issued October 2, 1997.  NationalTel also  
12 recently entered into an interconnection agreements with GTE  
13 Florida and Sprint/United.

14  
15           Q.    Why has NationalTel brought this dispute with BellSouth  
16 to the Commission?

17  
18           A.    As part of the Resale Agreement approved by the  
19 Commission, NationalTel and BellSouth specifically provided, in  
20 Article XI of the Agreement, for resolution of any disputes to be  
21 accomplished by petition made to the Florida (or any other  
22 applicable state) Commission.

23  
24           Q.    What is the nature of the dispute?  
25

1           A.    NationalTel began its ALEC business operations in 1996,  
2 focusing on resale customers. The predominant NationalTel customer  
3 arrangement was for a current BellSouth customer to be converted as  
4 a NationalTel resale customer, with the customer maintaining the  
5 identical services and features of its local service.

6  
7           To initiate service to these customers, NationalTel  
8 submitted the appropriate order documentation to BellSouth and the  
9 customers became NationalTel customers. This customer arrangement  
10 is referred to as "switch as is" service, as no changes are made to  
11 the services and features utilized by the customer.

12  
13          Q.    How did NationalTel discover a problem with BellSouth's  
14 billings to NationalTel for its new customers?

15  
16          A.    Of course, as NationalTel began its local service  
17 business, the receipt of wholesale bills from BellSouth was a new  
18 experience. As we reviewed the BellSouth statements, most of the  
19 charges appeared to be correct charges billed to NationalTel at the  
20 appropriate wholesale discounts. But, we found in the billings  
21 charges listed as "charge for processing change in service" at the  
22 rates of \$10.00 for residential customers and \$19.00 for business  
23 customers. We have since learned that these charges are the non-  
24 discounted amounts of BellSouth's Secondary Service Charges  
25 contained in Section A4.3.1C. of its General Subscriber Service

1     Tariff.

2

3           Q.     Did NationalTel attempt to resolve this issue directly  
4 with BellSouth?

5

6           A.     Yes. NationalTel representatives made several efforts to  
7 discuss these charges with BellSouth, as we could find no reference  
8 whatsoever to such a "processing change charge" in either the  
9 parties' 1996 Interconnection Agreement, the Resale Agreement or  
10 BellSouth's tariff. We received several conflicting explanations  
11 from BellSouth representatives as they attempted to justify the  
12 "processing change charge". It was finally explained to  
13 NationalTel that the "processing change charge" is a Secondary  
14 Service Charge under Section A4.3.1C. that applies for a "Transfer  
15 of Responsibility" under Section A4.2.4.C.1 of BellSouth's GSSA  
16 tariff. A copy of the June 4, 1997, letter of BellSouth lawyer  
17 Stephen A. Vinsavitch is attached as Exhibit MAM-2.

18

19           Q.     Why is the "processing change charge" not appropriate in  
20 circumstances where a BellSouth customer is converted to a  
21 NationalTel customer in a "switch as-is" situation?

22

23           A.     The 1996 Interconnection Agreement had no provision  
24 authorizing a processing change charge or application of the  
25 Section A4.3.1C. Secondary Service Charge in the "switch as-is"

1 situation. In fact, however, the Interconnection Agreement was  
2 superseded by the parties' May 1997 Resale Agreement which is  
3 intended to address all aspects of BellSouth's service to  
4 NationalTel in the resale arrangement. The Resale Agreement in  
5 Paragraph I.A. provides that it is to apply as of January 1, 1997,  
6 and in Paragraph XIX says that it "supersedes prior agreements  
7 between the parties relating to the subject matter contained  
8 herein". The Resale Agreement itself makes no provision at all for  
9 any charge such as this.

10  
11 Q. Why is the charge not appropriate under the BellSouth  
12 tariff provisions?

13  
14 A. In the first instance, it appears that the charge is not  
15 intended by BellSouth to be a true wholesale charge of a tariffed  
16 service, which is the basic concept of the resale relationship. If  
17 BellSouth had intended the charge to be a wholesale charge under  
18 the Resale Agreement, it would have and should have applied the  
19 wholesale discounts contemplated in the Resale Agreement. It did  
20 not use a discounted rate. I also observe that BellSouth has not  
21 called the charge a Secondary Service Charge on its bills to  
22 NationalTel; it has called it a "Charge for processing Change in  
23 Service". So, it seems to be a non-recurring charge assessed to  
24 NationalTel outside of the resale arrangement and at a retail rate.  
25 And, BellSouth has not demonstrated that this "processing charge

1 charge" of \$10/\$19 is a tariff charge properly imposed on  
2 NationalTel even with the proper discount.

3  
4 Secondly, the Secondary Service Charge described in the  
5 tariff is simply not applicable - by the language of the tariff -  
6 in a resale "switch as-is" initiation of service. The plain  
7 language of the tariff refers to "transfers of responsibility"  
8 (SA4.2.4.C.1). Some examples of transfers of responsibility that  
9 come to mind would be where a parent may assume responsibility for  
10 a child or other family member's account, or where a new roommate  
11 takes over responsibility for telephone service to an apartment.  
12 In NationalTel's resale arrangement, there is no transfer of  
13 responsibility for the customer's account. When NationalTel  
14 obtains a resale customer, NationalTel is the customer; BellSouth's  
15 customer relationship with its now former customer ends and  
16 BellSouth, I presume, sends a final bill for its services. The  
17 conversion of a BellSouth customer is just not a transfer of  
18 responsibility for a customer account.

19  
20 Q. What is the magnitude fo the "processing charge changes"  
21 assessed by BellSouth to NationalTel?

22  
23 A. It appears that BellSouth has imposed this charge each  
24 time NationalTel has initiated service to a resale customer in a  
25 "switch as-is" setting. I do not at this time have an exact amount

1 of the charges assessed, but it looks like over \$29,000.00 through  
2 August 1997.

3

4 Q. What relief is NationalTel asking the Commission to grant  
5 it in this docket?

6

7 A. Upon finding the processing change charges to be  
8 improper, BellSouth should be ordered to stop imposing the charges  
9 and to refund to NationalTel all of these charges paid by  
10 NationalTel, with interest at the legal rate of interest.  
11 NationalTel will certainly pay BellSouth all charges, with the  
12 correct wholesale discount, that are proper and legal under its  
13 contract and the BellSouth tariff. It is unfair, however, for  
14 NationalTel to be put at a competitive disadvantage by having to  
15 pay any additional charges that are not proper.

16

17 Q. Does this conclude your direct testimony?

18

19 A. Yes.

20

21

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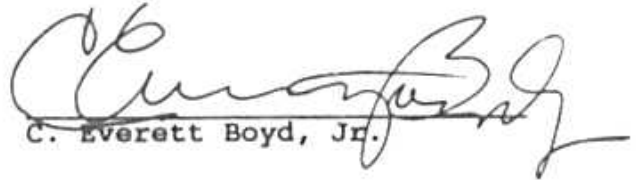
CERTIFICATE OF SERVICE

I CERTIFY that a copy of the Direct Testimony of Mark Mansour has been furnished by U.S. mail to the following parties this

4<sup>th</sup> day of November 1997:

William P. Cox  
Division of Legal Services  
Fla. Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

Nancy B. White  
c/o Nancy H. Sims  
150 South Monroe Street  
Suite 400  
Tallahassee, FL 32301

  
C. Everett Boyd, Jr.

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

THIS AGREEMENT is by and between BellSouth Telecommunications, Inc., ("BellSouth or Company"), a Georgia corporation, and National Tel ("Reseller"), a Florida Corporation, and shall be deemed effective as of April 30, 1997.

**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 or seeks to become an alternative local exchange telecommunications company authorized to provide telecommunications services in the states of Florida, Georgia, Alabama, Mississippi, Louisiana, Tennessee, Kentucky, North Carolina and South Carolina; and

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

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

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

**I. Term of the Agreement**

- A. The term of this Agreement shall be two years beginning April 30, 1997 and shall apply to all of BellSouth's serving territory as of January 1, 1997 in the state(s) of Florida, Georgia, Alabama, Mississippi, Louisiana, Tennessee, Kentucky, North Carolina & South Carolina (ALL)
- B. This Agreement shall be automatically renewed for two additional one year periods unless either party indicates its intent not to renew the Agreement. Notice of such intent must be provided, in writing, to the other party no later than 60 days prior to the end of the then-existing contract period. The terms of this Agreement shall remain in effect after the term of the existing agreement has expired and while a new agreement is being negotiated.
- C. The rates pursuant by which Reseller is to purchase services from BellSouth for resale shall be at a discount rate off of the retail rate for the telecommunications service. The discount rates shall be as set forth in Exhibit A, attached hereto and incorporated herein by this reference. Such discount shall reflect the costs avoided by BellSouth when selling a service for wholesale purposes.

**II. Definition of Terms**

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

B. 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.

C. END USER means the ultimate user of the telecommunications services.

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

E. 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.

F. 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.

G. 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").

H. 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 contained in the General Subscriber Service Tariff and Private Line Service Tariff subject to the terms, and conditions specifically set forth herein. Notwithstanding the foregoing, the exclusions and limitations on services available for resale will be as set forth in Exhibit B, attached hereto and incorporated herein by this reference.

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

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

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

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

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

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

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

H. Current telephone numbers may normally be retained by the end user. However, 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.

I. The Company may provide any service or facility for which a charge is not established herein, as long as it is offered on the same terms to Reseller.

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

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

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

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

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

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

1. Interfere with or impair service over any facilities of the Company, its affiliates, or its connecting and concurring carriers involved in its service.

2. Cause damage to their plant;
3. Impair the privacy of any communications; or
4. Create hazards to any employees or the public.

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

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

R. 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.

S. BellSouth will provide customer record information to the Reseller provided the Reseller has the appropriate Letter(s) of Authorization. BellSouth may provide customer record information via one of the following methods: US mail, fax, telephone or by electronic interface. BellSouth will provide customer record information via US mail, fax or telephone on an interim basis only.

Reseller agrees to compensate BellSouth for all BellSouth incurred expenditures associated with providing such information to Reseller. Reseller will adopt and adhere to the BellSouth guidelines associated with each method of providing customer record information.

T. BellSouth's retail voice mail service shall be available for resale at rates, terms and conditions as mutually agreed to by the parties.

#### 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 Independent Payphone Provider (IPP) customers. Shared Tenant Service customers can only be sold those telecommunications services available in the Company's A23 Shared Tenant Service Tariff.

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 of the Company's Tariff except for backup service as indicated in the applicable state tariff Section A3.

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 shall be at a rate as set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff for the applicable state, compounded daily for the number of days from the back billing date to and including the date that Reseller actually 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. 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 or other proprietary right is licensed, granted or otherwise transferred by this Agreement. Reseller is strictly prohibited from any use, including but not limited to sales, marketing or advertising, of any BellSouth name or trademark.

#### V. Maintenance of Services

A. Reseller will adopt and adhere to the standards contained in the applicable BellSouth Work Center Interface Agreement regarding maintenance and installation of service.

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

C. Reseller or its end users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.

D. Reseller accepts responsibility to notify the Company of situations that arise that may result in a service problem.

E. Reseller will be the Company's single point of contact for all repair calls on behalf of Reseller's end users. The parties agree to provide one another with toll-free contact numbers for such purposes.

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

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

H. The Company will bill Reseller for handling troubles that are found not to be in the Company's network pursuant to its standard 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.

I. 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.

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

E. Reseller will be the single point of contact with the Company for all subsequent ordering activity resulting in additions or changes to resold services except that the Company will accept a request directly from the end user for conversion of the end user's service from Reseller to the Company or will accept a

request from another 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.

F. If the Company determines that an unauthorized change in local service to Reseller has occurred, 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 A4. of the General Subscriber Service Tariff, will also be assessed to Reseller.

These charges can be adjusted if Reseller provides satisfactory proof of authorization.

|                                     | Nonrecurring Charge |
|-------------------------------------|---------------------|
| (a) each Residence or Business line | \$19.41             |

G. 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.

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

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

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

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

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

## VII. Payment And Billing Arrangements

A. When the initial service is ordered by Reseller, the Company will establish an accounts receivable master account for Reseller.

B. The Company shall bill Reseller on a current basis all applicable charges and credits.

C. Payment of all charges will be the responsibility of Reseller. Reseller shall make payment to the Company for all services billed. The Company is not responsible for payments not received by Reseller from 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, to Reseller.

F. The payment will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available funds. Payment is considered to have been made when received by the Company.

If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If payment is not received by the payment due date, a late payment penalty, as set forth in I. following, shall apply.

G. Upon proof of tax exempt certification from Reseller, the total amount billed to Reseller will not include any taxes due from the end user. Reseller will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the end user.

H. As the customer of record, Reseller will be responsible for, and remit to the Company, all charges applicable to its resold services for emergency services (E911 and 911) and Telecommunications Relay Service (TRS) as well as any other charges of a similar nature.

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

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

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

L. Pursuant to 47 CFR Section 51.617, the Company will bill the charges shown below which are identical to the EUCL rates billed by BST to its end users.

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

### 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

A. The liability of the Company for damages arising out of mistakes, omissions, interruptions, preemptions, delays errors or defects in transmission, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service or other facilities and not caused by the negligence of Reseller, or of the Company in failing to maintain proper standards of maintenance and operation and to exercise reasonable supervision shall in no event exceed an amount equivalent to the proportionate charge to Reseller for the period of service during which such mistake, omission, interruption, preemption, delay, error or defect in transmission or defect or failure in facilities occur. The Company shall not be liable for damage arising out of mistakes, omission, interruptions, preemptions, delays, errors or defects in transmission or other injury, including but not limited to injuries to persons or property from voltages or currents transmitted over the service of the Company, (1) caused by customer-provided equipment (except where a contributing cause is the malfunctioning of a Company-provided connecting arrangement, in which event the liability of the Company shall not exceed an amount equal to a proportional amount of the Company billing for the period of service during which such mistake, omission, interruption, preemption, delay, error, defect in transmission or injury occurs), or (2) not prevented by customer-provided equipment but which would have been prevented had Company-provided equipment been used.

B. The Company shall be indemnified and saved harmless by Reseller against any and all claims, actions, causes of action, damages, liabilities, or demands (including the costs, expenses and reasonable attorneys' fees, on account thereof) of whatever kind or nature that may be made by any third party as a result of the Company's furnishing of service to Reseller.

C. The Company shall be indemnified, defended and held harmless by Reseller 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 Reseller's or end user's own communications.

2. Claims for patent infringement arising from acts combining or using Company services in connection with facilities or equipment furnished by the end user or Reseller.

3. All other claims arising out of an act or omission of Reseller or its end user in the course of using services.

D. Reseller accepts responsibility for providing access for maintenance purposes of any service resold under the provisions of this Tariff. The Company shall not be responsible for any failure on the part of Reseller with respect to any end user of Reseller.

#### X 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 format 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.

#### XI. Resolution of Disputes

Except as otherwise stated in this Agreement, the parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the parties will petition the applicable state Public Service Commission for a resolution of the dispute. However, each party reserves

any rights it may have to seek judicial review of any ruling made by that Public Service Commission concerning this Agreement.

## XII. 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.

## XIII. 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.

## XIV. Governing Law

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

## XV. 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.

## XVI. More Favorable Provisions

### A. The parties agree that if ---

1. the Federal Communications Commission ("FCC") or the Commission finds that the terms of this Agreement are inconsistent in one or more material respects with any of its or their respective decisions, rules or regulations, or

2. the FCC or the Commission preempts the effect of this Agreement, then, in either case, upon such occurrence becoming final and no longer subject to administrative or judicial review, the parties shall immediately commence good faith negotiations to conform this Agreement to the requirements of any such decision, rule, regulation or preemption. The revised agreement shall have an effective date that coincides with the effective date of the original FCC or Commission action giving rise to such negotiations. The parties agree that the rates, terms and conditions of any new agreement shall not be applied retroactively to any period prior to such effective date except to the extent that such retroactive effect is expressly required by such FCC or Commission decision, rule, regulation or preemption.

B. In the event that BellSouth, either before or after the effective date of this Agreement, enters into an agreement with any other telecommunications carrier (an "Other Resale Agreement") which provides for the provision within the state(s) of Florida of any of the arrangements covered by this Agreement upon

*Georgia, Alabama, Mississippi, Tennessee, North Carolina, Louisiana, Kentucky*

rates, terms or conditions that differ in any material respect from the rates, terms and conditions for such arrangements set forth in this Agreement ("Other Terms"), BellSouth shall be deemed thereby to have offered such other Resale Agreement to Reseller in its entirety. In the event that Reseller accepts such offer, such Other Terms shall be effective between BellSouth and Reseller as of the date on which Reseller accepts such offer.

C. In the event that after the effective date of this Agreement the FCC or the Commission enters an order (a "Resale Order") requiring BellSouth to provide within the state(s) of Florida (ALL) any of the arrangements covered by this agreement upon Other Terms, then upon such Resale Order becoming final and not subject to further administrative or judicial review, BellSouth shall be deemed to have offered such arrangements to Reseller upon such Other Terms, in their entirety, which Reseller may only accept in their entirety, as provided in Section XVI.E. In the event that Reseller accepts such offer, such Other Terms shall be effective between BellSouth and Reseller as of the date on which Reseller accepts such offer.

D. In the event that after the effective date of this Agreement BellSouth files and subsequently receives approval for one or more intrastate tariffs (each, a "Resale Tariff") offering to provide within the state(s) of Florida (All) any of the arrangements covered by this Agreement upon Other Terms, then upon such Resale Tariff becoming effective, BellSouth shall be deemed thereby to have offered such arrangements to Reseller upon such Other Terms, which Reseller may accept as provided in Section XVI.E. In the event that Reseller accepts such offer, such Other Terms shall be effective between BellSouth and Reseller as of the date on which Reseller accepts such offer.

E. The terms of this Agreement, other than those affected by the Other Terms accepted by Reseller, shall remain in full force and effect.

F. **Corrective Payment.** In the event that --

1. BellSouth and Reseller revise this Agreement pursuant to Section XVI.A, or

2. Reseller accepts a deemed offer of an Other Resale Agreement or Other Terms, then BellSouth or Reseller, as applicable, shall make a corrective payment to the other party to correct for the difference between the rates set forth herein and the rates in such revised agreement or Other Terms for substantially similar services for the period from the effective date of such revised agreement or Other Terms until the date that the parties execute such revised agreement or Reseller accepts such Other Terms, plus simple interest at a rate equal to the thirty (30) day commercial paper rate for high-grade, unsecured notes sold through dealers by major corporations in multiples of \$1,000.00 as regularly published in *The Wall Street Journal*.

## 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.  
OLEC Account Team

Reseller  
National Tel

3535 Colonnade Pkwy Rm E4E1  
Birmingham, AL 35243

6565 NW 1<sup>st</sup> Way #1000  
Ft. Lauderdale, FL 33309

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.

BY: \_\_\_\_\_

Signature

NAME: \_\_\_\_\_

Printed Name

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

Reseller

BY: \_\_\_\_\_

Signature

NAME: \_\_\_\_\_

Printed Name

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_



EXHIBIT "A"

APPLICABLE DISCOUNTS

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

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

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

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



## EXHIBIT B

| Type of Service                 | AL      |           | FL      |           | GA      |           | KY      |           | LA      |           |
|---------------------------------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|
|                                 | Resale? | Discount? | Resale? | Discount? | Resale? | Discount? | Resale? | Discount? | Resale? | Discount? |
| 1 Grandfathered Services        | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       |
| 2 Contract Service Arrangements | Yes     | No        | Yes     | Yes       | Yes     | No        | Yes     | No        | Yes     | No        |
| 3 Promotions - > 90 Days        | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       |
| 4 Promotions - < 90 Days        | Yes     | No        | Yes     | No        | Yes     | No        | No      | No        | Yes     | No        |
| 5 Lifeline/Link Up Services     | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       |
| 6 911/E911 Services             | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | No      | No        |
| 7 N11 Services                  | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | No      | No        | No      | No        |
| 8 Non-Recurring Charges         | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       |

| Type of Service                 | MS      |           | NC      |           | SC      |           | TN      |           |
|---------------------------------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|
|                                 | Resale? | Discount? | Resale? | Discount? | Resale? | Discount? | Resale? | Discount? |
| 1 Grandfathered Services        | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       |
| 2 Contract Service Arrangements | Yes     | No        | Yes     | Yes       | Yes     | No        | Yes     | Yes       |
| 3 Promotions - > 90 Days        | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | No        |
| 4 Promotions - < 90 Days        | Yes     | No        | No      | No        | Yes     | No        | No      | No        |
| 5 Lifeline/Link Up Services     | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       |
| 6 911/E911 Services             | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       |
| 7 N11 Services                  | No      | No        | No      | No        | Yes     | Yes       | Yes     | Yes       |
| 8 Non-Recurring Charges         | Yes     | Yes       | Yes     | Yes       | Yes     | Yes       | Yes     | No        |

## Additional Comments:

- Grandfathered services can be resold only to existing subscribers of the grandfathered service
- Where available for resale, promotions will be made available only to end users who would have qualified for the promotion had it been provided by BellSouth directly.
- Lifeline/Link Up services may be offered only to those subscribers who meet the criteria that BellSouth currently applies to subscribers of these services.
- In Louisiana and Mississippi, all Contract Service Arrangements entered into by BellSouth or terminating after the effective date of the Commission Order will be subject to resale without the wholesale discount. All CSAs which are in place as of the effective date of the Commission order will not be eligible for resale.

Stephen M. Vinsavich  
General Attorney

BellSouth Telecommunications, Inc.  
Legal Department - Suite 4300  
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Atlanta, Georgia 30375-0001  
Telephone 404-335-0776  
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June 4, 1997

Mr. C. Everett Boyd, Jr.  
Ervin, Varn, Jacobs & Ervin  
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Tallahassee, FL 32301

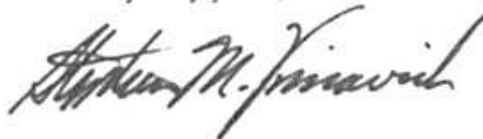
Dear Mr. Boyd,

My client has referred to me your letters of April 15 and April 29, 1997 concerning your client National Telecommunications. I believe the contract and tariff language previously cited to you support application of the \$19.00 charge in question.

Section A4.2.4.C.1 of the tariff clearly states that a Secondary Service Charge applies for "Transfer of responsibility." In the instant matter the service is transferred by BellSouth from the end user to the reseller, in this case National Telecommunications. Responsibility for the service thus transfers from the end user to National Telecommunications. The end user no longer receives a bill from BellSouth, since as regards BellSouth, it is no longer the responsible party. The party billed by BellSouth is National Telecommunications, the new responsible party. The charge is intended to reimburse BellSouth for the cost of making changes in its records to reflect the change in customer. I hope this clarifies BellSouth's position in this matter.

Your client should make immediate arrangements to pay the past due charges relating to this issue. Thank you for your attention to this matter.

Very truly yours,



cc: Chris Walker

EXHIBIT MAM-2