

BellSouth Telecommunications, Inc. 850 224-7798
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150 South Monroe Street
Tallahassee, Florida 32301-1356

A M Lombardo
Regulatory Vice President

March 20, 1998

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

780394-TP

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

Dear Mrs. Bayo:

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

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

Very truly yours,


Regulatory Vice President
(af)

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FPSC RECORDS/REPORTING

- 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 Basicphone 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 Basicphone, may offer resold local exchange telecommunications service.

III. General Provisions

- A. Basicphone 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. Basicphone may purchase resale services from BellSouth for their own use in operating their business. The resale discount will apply to those services under the following conditions:
 1. Basicphone must resell services to other end users.
 2. Basicphone must order services through resale interfaces, i. e., the LCSC and/or appropriate Resale Account Teams.
 3. Basicphone cannot be an alternative local exchange telecommunications company for the single purpose of selling to themselves.

- C. The provision of services by the Company to Basicphone does not constitute a joint undertaking for the furnishing of any service.
- D. Basicphone 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 Basicphone for all services.
- E. Basicphone 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.
- F. 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.
- G. The Company maintains the right to serve directly any end user within the service area of Basicphone. 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 Basicphone.
- H. Neither Party shall interfere with the right of any person or entity to obtain service directly from the other Party.
- I. 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. Basicphone 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 Basicphone.
- 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 used in violation of the law.
- N. The Company accepts no responsibility to any person for any unlawful act committed by Basicphone or its end users as part of providing service to Basicphone 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 Basicphone will be directed to Basicphone. The Company will bill Basicphone for implementing any requests by law enforcement agencies regarding Basicphone 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. Basicphone assumes the responsibility of notifying the Company regarding less than standard operations with respect to services provided by Basicphone.
- R. Facilities and/or equipment utilized by BellSouth to provide service to Basicphone 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.
- T. BellSouth will provide customer record information to Basicphone provided Basicphone has the appropriate Letter(s) of Authorization. BellSouth may provide customer record information via one of the following methods: US mail, fax, or by electronic interface. BellSouth will provide customer record information via US mail or fax on an interim basis only.
1. Basicphone agrees to compensate BellSouth for all BellSouth incurred expenditures associated with providing such information to Basicphone. Basicphone will adopt and adhere to the BellSouth guidelines associated with each method of providing customer record information.
 2. All costs incurred by BellSouth to develop and implement operational interfaces shall be recovered from Basicphone who utilize the services.
- U. BellSouth will provide certain selected messaging services to Basicphone for resale of messaging service without the wholesale discount.
- V. BellSouth's Inside Wire Maintenance Plans may be made available for resale at rates, terms and conditions as set forth by BellSouth and without the wholesale discount.
- W. All costs incurred by BellSouth for providing services to Basicphone that are not covered in the BellSouth tariffs shall be recovered from the Basicphone(s) who utilize those services.

IV. BellSouth's Provision of Services to Basicphone

- A. Basicphone 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 Basicphone is a telecommunications carrier that serves greater than 5 percent of the Nation's presubscribed access lines, Basicphone 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 Basicphone 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.

- D. Basicphone accepts responsibility to notify the Company of situations that arise that may result in a service problem.
- E. Basicphone will be the Company's single point of contact for all repair calls on behalf of Basicphone's end users. The parties agree to provide one another with toll-free contact numbers for such purposes.
- F. Basicphone will contact the appropriate repair centers in accordance with procedures established by the Company.
- G. For all repair requests, Basicphone accepts responsibility for adhering to the Company's prescreening guidelines prior to referring the trouble to the Company.
- H. The Company will bill Basicphone 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 Basicphone'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, Basicphone will provide the appropriate Company service center the necessary documentation to enable the Company to establish a master account for Basicphone. 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 Basicphone that a current customer of the Company will subscribe to Basicphone'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 Basicphone's end user customer. Basicphone must, however, be able to demonstrate end user authorization upon request.
- E. Basicphone 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 Basicphone to the Company or will accept a request from another OLEC for conversion of the end user's service from Basicphone to the other LEC. The Company will notify Basicphone that such a request has been processed.
- F. If the Company determines that an unauthorized change in local service to Basicphone has occurred, the Company will reestablish service with the appropriate local service provider and will assess Basicphone as the OLEC initiating the unauthorized change, the unauthorized change charge described in F.C.C. Tariff No. 1, Section 13. Appropriate nonrecurring charges, as set forth in Section A4. of the General Subscriber Service Tariff, will also be assessed to Basicphone. These charges can be adjusted if Basicphone provides satisfactory proof of authorization.
- G. In order to safeguard its interest, the Company reserves the right to secure the account with a suitable form of security deposit, unless satisfactory credit has already been established.

1. 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 Basicphone, the total amount billed to Basicphone will not include any taxes due from the end user. Basicphone 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, Basicphone 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 Basicphone.
- K. The Company will not perform billing and collection services for Basicphone as a result of the execution of this Agreement. Requests by the Basicphone for assistance with 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 Basicphone end user common line charges identical to the end user common line charges the Company bills its end users.
- M. In general, the Company will not become involved in disputes between Basicphone and Basicphone's end user customers over resold services. If a dispute does arise that cannot be settled without the involvement of the Company, Basicphone 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 Basicphone to resolve the matter in as timely a manner as possible. Basicphone 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 Basicphone's end user on behalf of, and at the request of, Basicphone. Upon restoration of the end user's service, restoral charges will apply and will be the responsibility of Basicphone.
 2. At the request of Basicphone, the Company will disconnect a Basicphone end user customer.
 3. All requests by Basicphone for denial or disconnection of an end user for nonpayment must be in writing.

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 Basicphone 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 Basicphone.
- C. The Company shall be indemnified, defended and held harmless by Basicphone 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 Basicphone'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 Basicphone.
 - 3. All other claims arising out of an act or omission of Basicphone or its end user in the course of using services.
- D. Basicphone 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 Basicphone with respect to any end user of Basicphone.

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, either Party may petition the 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 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

A failure or delay of either Party to enforce any of the provisions hereof, to exercise any option which is herein provided, or to require performance of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or options, 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.

**EXHIBIT A
APPLICABLE DISCOUNTS**

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

DISCOUNT*		
STATE	RESIDENCE	BUSINESS
ALABAMA	16.3%	16.3%
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%

* In the case of a cross boundary situation, the discount which applies is the discount applicable to the location of the end user's central office.

** In Tennessee, if ALEC provides its own operator services and directory services, the discount shall be 21.56%. ALEC must provide written notification to BellSouth within 30 days prior to providing its own operator services and directory services to qualify for the higher discount rate of 21.56%.

OPERATIONAL SUPPORT SYSTEMS (OSS) RATES				
	Interactive Ordering and Trouble Maintenance System		OSS Order Charge	
	Non-Recurring Establishment Charge	Recurring Charge, per month	Charge per order (unlimited end user accounts)	Surcharge for manually placed orders, per end user account
ALABAMA	\$100.00	\$50.00	\$10.80	\$22.00
FLORIDA	\$100.00	\$50.00	\$10.80	\$22.00
GEORGIA	\$100.00	\$50.00	\$10.80	\$22.00
KENTUCKY	\$100.00	\$50.00	\$10.80	\$22.00
LOUISIANA	\$100.00	\$50.00	\$9.16	\$18.14
MISSISSIPPI	\$100.00	\$50.00	\$10.80	\$22.00
NORTH CAROLINA	\$100.00	\$50.00	\$10.80	\$22.00
SOUTH CAROLINA	\$100.00	\$50.00	\$10.80	\$22.00
TENNESSEE	\$100.00	\$50.00	\$10.80	\$22.00

EXHIBIT B
Page 2 of 2

- 6 In North Carolina, Contract Service Arrangements entered into by BellSouth before April 15, 1997, shall be subject to resale at no discount, while BellSouth CSAs entered into after that date shall be subject to resale with the discount.
- 7 Some of BellSouth's local exchange and toll telecommunications services are not available in certain central offices and areas.
- 8 AdWatchSM Service is tariffed as BellSouth[®] AIN Virtual Number Call Detail Service
- 9 In Alabama, Contract Service Arrangements entered into prior to Feb. 6, 1997 are not available for resale. CSAs entered into between Feb. 6, 1997 and May 13, 1997 are available for resale without a discount to the same client to whom the CSA is applicable. CSAs entered into May 14, 1997 and later are available for resale with a discount to the same client to whom the CSA is applicable.
- 10 Exclusions for N11/911/E911 are also applicable to equipment associated with the service