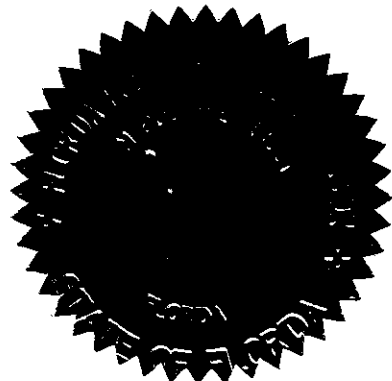


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of :
Complaint of WorldCom :
Technologies, Inc. Against :
BellSouth Telecommunications, :
Inc. for breach of terms of :
Florida Partial Interconnection: :
Agreement under Sections 251 :
and 252 of the Telecommuni- :
cations Act of 1996 and :
request for relief. :

DOCKET NO. 971478-TP



Complaint of Teleport :
Communications, Group Inc./TCG :
South Florida against BellSouth: :
Telecommunications, Inc. for :
breach of terms of :
interconnection agreement under: :
Section 252 of the :
Telecommunications Act of 1996 :
and request for relief. :

DOCKET NO. 980184-TP

Complaint of Intermedia :
Communications, Inc. against :
BellSouth Telecommunications, :
Inc. for breach of terms of :
Florida Partial Interconnection: :
Agreement under Sections 251 :
and 252 of the Telecommuni- :
cations Act of 1996 and :
request for relief. :

DOCKET NO. 980495-TP

Complaint of MCI Metro Access :
Transmission Services, Inc. :
against BellSouth Telecommuni- :
cations, Inc. for breach of :
approved interconnection :
agreement by failure to pay :
compensation for certain local :
traffic. :

DOCKET NO. 980499-TP

VOLUME 2
Pages 190 through 333

DOCUMENT NUMBER-DATE

06344 JUN 16 88

FILED-RECORDS/REGISTRATION

1 PROCEEDINGS: HEARING
2
3 BEFORE: CHAIRMAN JULIA L. JOHNSON
4 COMMISSIONER J. TERRY DEASON
5 COMMISSIONER SUSAN F. CLARK
6 COMMISSIONER JOE GARCIA,
7 (appearing telephonically)
8 COMMISSIONER E. LEON JACOBS, JR.
9
10 DATE: Thursday, June 11, 1998
11
12 TIME: Commenced at 9:30 a.m.
13 Concluded 15 2:50 p.m.
14
15 PLACE: Betty Easley Conference Center
16 Room 148
17 4075 Esplanade Way
18 Tallahassee, Florida
19
20 REPORTED BY: H. RUTHE POTAMI, CSR, RPR
21 Official Commission Reporter
22
23 APPEARANCES:
24
25 (As heretofore noted.)

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I N D E X

MISCELLANEOUS

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WITNESSES

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EXHIBITS

NUMBER	ID.	ADMTD.
5 RM-1	194	214
6 JDH-1 and 2	216	331
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1 **P R O C E E D I N G S**

2 (Transcript continues in sequence from
3 Volume 1.)

4 **CHAIRMAN JOHNSON:** We're going to go back on
5 the record.

6 **MR. BOND:** MCI would call Ron Martinez.

7 - - - - -

8 **RONALD MARTINEZ**

9 was called as a witness on behalf of MCI
10 Telecommunications Corporation and, having been duly
11 sworn, testified as follows:

12 **DIRECT EXAMINATION**

13 **BY MR. BOND:**

14 **Q** Could you state your name and business
15 address for the record, please?

16 **A** My name is Ron Martinez, and I work at 780
17 Johnson Ferry Road, Atlanta, Georgia, 30342.

18 **Q** And did you cause to be filed five pages of
19 direct testimony in this matter.

20 **A** Yes, I did.

21 **Q** And did you cause to be filed seven pages of
22 rebuttal testimony in this matter?

23 **A** Yes, I did.

24 **Q** Do you have any changes or corrections that
25 you would like to make of that testimony at this time?

1 **A** No, I don't.

2 **Q** Okay. If I was to ask you the same
3 questions today that appear in your prefiled direct
4 and rebuttal testimony, would your answers be the
5 same?

6 **A** Yes, they would.

7 **MR. BOND:** Madam Chairman, I would ask that
8 Mr. Martinez's prefiled direct and rebuttal testimony
9 be inserted into the record as though read, subject to
10 cross-examination.

11 **CHAIRMAN JOHNSON:** It will be so inserted.

12 **Q** **(By Mr. Bond)** Attached to your direct
13 testimony, did you also prefile Exhibit RM-1
14 consisting of excerpts of the BellSouth/MCI
15 interconnection agreement?

16 **A** Yes, I did.

17 **MR. BOND:** Madam Chairman, I would ask that
18 RM-1 be marked as an exhibit in this matter.

19 **CHAIRMAN JOHNSON:** It will be marked as
20 Exhibit 5.

21 **(Exhibit 5 marked for identification.)**

22

23

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25

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DIRECT TESTIMONY OF RONALD MARTINEZ**

3 **ON BEHALF OF MCIMETRO ACCESS TRANSMISSION SERVICES, INC.**

4 **DOCKET NO. 980499-TP**

5 **April 17, 1998**

6

7 **Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.**

8 A. My name is Ronald Martinez. My business address is 780 Johnson Ferry Road,
9 Atlanta Georgia 30342. I am employed by MCI Telecommunications Corporation
10 in the Law and Public Policy Group as an Executive Staff Member II. My
11 responsibilities in my current position include working with the MCI business units
12 to ensure timely introduction of products and services.

13

14 **Q. PLEASE PROVIDE YOUR BACKGROUND AND EXPERIENCE.**

15 A. In my previous position at MCI, I managed the business relationships between
16 MCI and approximately 500 independent local exchange companies in twenty-one
17 states. I have experience in network engineering, administration and planning;
18 facilities engineering, management and planning; network sales; and technical sales
19 support. Prior to joining MCI, I was the Director of Labs for Contel Executone
20 for several years. Before that, I worked for sixteen years in the Bell system in
21 numerous engineering, sales and sales support functions. I have a Master of
22 Science degree in Operations Research and a Bachelor of Science Degree in
23 Electrical Engineering from the University of New Haven.

1 **Q. ARE YOU FAMILIAR WITH THE FLORIDA INTERCONNECTION**
2 **AGREEMENT BETWEEN MCI AND BELLSOUTH?**

3 A. Yes. I was the lead negotiator in the negotiation of the Interconnection
4 Agreement (the "MCI Agreement") on behalf of MCImetro Access Transmission
5 Services, Inc. ("MCImetro"). Although I am not a lawyer and do not express legal
6 opinions in this testimony, I am quite familiar with the provisions discussed below
7 and what the parties intended them to accomplish.

8
9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A. The purpose of my testimony is to provide information to the Florida Public
11 Service Commission concerning the provisions of the MCI Agreement that are
12 relevant to the reciprocal compensation issue. I have attached copies of the
13 relevant provisions of the MCI Agreement as Exhibit ___ (RM-1).

14
15 **Q. WHAT IS RECIPROCAL COMPENSATION?**

16 A. Reciprocal compensation is the mechanism by which interconnecting parties
17 compensate each other for local traffic terminated on each other's lines. Thus,
18 when a customer calling from a BellSouth line calls a customer on MCImetro's
19 network, BellSouth pays MCImetro to terminate that call.

20
21 **Q. WHAT CONTRACTUAL OBLIGATION DOES BELLSOUTH HAVE TO**
22 **PAY RECIPROCAL COMPENSATION TO MCIMETRO FOR LOCAL**

1 **TRAFFIC ORIGINATED ON BELLSOUTH'S LINES AND**
2 **TERMINATED ON MCIMETRO'S LINES?**

3 A. Attachment IV, Subsection 2.2.1 of the Agreement provides in relevant part: "The
4 Parties shall bill each other reciprocal compensation at the rates set forth for Local
5 Interconnection in this Agreement and the Order of the FPSC. Local Traffic is
6 defined as any telephone call that originates in one exchange and terminates in
7 either the same exchange, or a corresponding Extended Area (EAS) exchange."
8 Rates for the exchange of local traffic are set forth in Table 1 of Attachment I to
9 the MCI Agreement. As noted in Attachment I, Subsection 7.1, compensation for
10 the exchange of local traffic is to be billed on a per-minutes-of-use basis and is to
11 be measured in accordance with Attachment IV (i.e., in accordance with the
12 definition in Subsection 2.2.1 quoted above). These provisions make it clear that
13 BellSouth is required to pay MCImetro at the agreed-upon rate for all local calls
14 originated on BellSouth's lines and terminated on MCImetro's lines.

15
16 **Q. DOES MCIMETRO "TERMINATE" TELEPHONE CALLS TO THE**
17 **INTERNET SERVICE PROVIDERS ON ITS NETWORK?**

18 A. Yes. A "telephone call" placed over the public switched telephone network is
19 "terminated" when it is delivered to the telephone exchange service premise
20 bearing the called telephone number. As a communications service, a call is
21 completed at that point, regardless of the identity or status of the called party. An
22 internet service provider ("ISP") that purchases local service from MCImetro is
23 assigned a telephone number by MCImetro for local service at the ISP's premise.

1 When a BellSouth customer originates a call by dialing that number, as far as
2 MCImetro is concerned that call terminates at the ISP premise, just as any other
3 telephone call. A connection that an ISP may subsequently enable over the
4 internet is between the ISP and its other providers.

5
6 **Q. HOW DOES THE MCI AGREEMENT APPLY TO LOCAL TELEPHONE**
7 **CALLS MADE FROM BELLSOUTH'S NETWORK TO ISPs SERVED BY**
8 **MCIMETRO'S NETWORK?**

9 A. BellSouth must pay reciprocal compensation for the termination of such calls to
10 ISPs. The definition of Local Traffic in Attachment IV, Subsection 2.2.1, which
11 was included at BellSouth's request, makes no exception for telephone calls
12 terminated to ISPs. Had such an exception been intended, it would have been
13 expressly included by the parties.

14

15 **Q. HAVE OTHER PUBLIC SERVICE COMMISSIONS ADDRESSED THE**
16 **QUESTION OF WHETHER RECIPROCAL COMPENSATION MUST BE**
17 **PAID FOR LOCAL CALLS TO ISPS?**

18 A. Yes. To my knowledge, more than a dozen state commissions now have ruled that
19 telephone calls to ISPs constitute local traffic that are subject to reciprocal
20 compensation. The one state commission in the Southeast that has ruled on the
21 question -- the North Carolina Utilities Commission has -- concluded that
22 BellSouth must pay reciprocal compensation for such calls. The hearing officer for

1 the Tennessee Regulatory Authority reached the same conclusion just this week. I
2 am not aware of any state commission that has ruled to the contrary.

3

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 **A.** Yes, it does at this time.

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**
2 **REBUTTAL TESTIMONY OF RONALD MARTINEZ**
3 **ON BEHALF OF MCIMETRO ACCESS TRANSMISSION SERVICES, INC.**
4 **DOCKET NO. 980499-TP**
5 **MAY 1, 1998**

- 6
- 7 **Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.**
- 8 **A. My name is Ronald Martinez. My business address is 780 Johnson Ferry Road,**
9 **Atlanta Georgia 30342. I am employed by MCI Telecommunications Corporation**
10 **in the Law and Public Policy Group as an Executive Staff Member II. My**
11 **responsibilities in my current position include working with the MCI business units**
12 **to ensure timely introduction of products and services.**
- 13
- 14 **Q. ARE YOU THE SAME RON MARTINEZ THAT FILED DIRECT**
15 **TESTIMONY IN THIS MATTER?**
- 16 **A. Yes.**
- 17
- 18 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**
- 19 **A. The purpose of my testimony is to rebut the testimony filed by BellSouth Witness**
20 **Jerry Hendrix. In particular, I explain that BellSouth agreed to the definition of**
21 **Local Traffic contained in the MCImetro/BellSouth Interconnection Agreement**
22 **(“Agreement”). Indeed, BellSouth proposed the language. BellSouth agreed that it**
23 **would pay reciprocal compensation for telephone calls which fall under that**

1 definition. ISP traffic falls under that definition; therefore, BellSouth must pay
2 reciprocal compensation to MCI metro for ISP traffic.

3

4 **Q. ON PAGE 2, LINE 23, TO PAGE 3, LINE 1, MR. HENDRIX CLAIMS**
5 **THAT CALL TERMINATION DOES NOT OCCUR AT THE ISP**
6 **PREMISES. DO YOU AGREE?**

7 **A.** No. As I explained in my direct testimony, a “telephone call” placed over the
8 public switched telephone network is “terminated” when it is delivered to the
9 telephone exchange service premise bearing the called telephone number. As a
10 telecommunications service, a call is completed at that point, regardless of the
11 identity or status of the called party. An internet service provider (“ISP”) that
12 purchases local service from MCI metro is assigned a telephone number by
13 MCI metro for local service at the ISP’s premises. When a BellSouth customer
14 originates a telephone call by dialing that number, the telephone call terminates at
15 the ISP premises, just as any other telephone call terminates when it reaches the
16 premises with the phone number that the end user dialed. A connection that an
17 ISP may subsequently enable over the internet is between the ISP and its other
18 providers and does nothing to change the inherent local nature of the telephone
19 call to the ISP.

20

21 **Q. HOW DOES THE MCIMETRO AGREEMENT APPLY TO LOCAL**
22 **TELEPHONE CALLS MADE FROM BELLSOUTH’S NETWORK TO**
23 **ISPs SERVED BY MCIMETRO’S NETWORK?**

1 A. The Agreement defines local traffic “as any telephone call that originates in one
2 exchange and terminates in either the same exchange, or a corresponding Extended
3 Area (EAS) exchange.” Attachment IV, Sec. 2.2.1. As already explained,
4 MCImetro terminates these telephone calls at the ISP’s premises. Since telephone
5 calls to ISPs meet the definition of Local Traffic contained in the Agreement,
6 BellSouth must pay reciprocal compensation for the termination of such telephone
7 calls.

8
9 **Q. ON PAGE 3, LINES 1 TO 6, MR. HENDRIX STATES THAT “A SECOND
10 BASIC REQUIREMENT [OF THE AGREEMENTS] IS THAT TRAFFIC
11 BE JURISDICTIONALLY LOCAL AS DEFINED BY THE
12 AGREEMENTS.” HOW DO YOU RESPOND?**

13 A. The Agreement itself defines “Local Traffic.” While Mr. Hendrix pays lip service
14 to the Agreement by stating that the traffic must be “jurisdictionally local as
15 defined by the Agreements,” he proceeds to ignore the definition in the Agreement.
16 Instead, Mr. Hendrix wants the Commission to make a generic determination as to
17 whether ISP traffic is local in nature. If the MCImetro Agreement did not define
18 Local Traffic, such a determination might be necessary. Since the Agreement does
19 define Local Traffic the only relevant question is whether ISP traffic meets that
20 definition. In any event, even if the generic question was relevant, ISP traffic, as
21 this Commission has previously found and as BellSouth witnesses have previously
22 testified, is jurisdictionally local in nature. See Docket No. 880423-TP, Order No.
23 21815, p. 25.

1 **Q. HOW DOES ISP TRAFFIC DIFFER FROM LONG DISTANCE**
2 **TRAFFIC?**

3 **A.** Long distance or interstate phone voice traffic is easily distinguishable from ISP
4 traffic because, in order to make an interstate telephone call, the end user must dial
5 the phone number of the party in the other state. That call terminates at the other
6 party's premises in the other state, and is thus interstate in nature. However, when
7 an end user makes a telephone call to his or her ISP, the end user simply dials a
8 local number. Accordingly, the call terminates at the ISP premises, which is in the
9 end user's local area.

10

11 **Q. MR. HENDRIX CLAIMS ON PAGE 13, LINES 22 TO 25, THAT THE**
12 **TELEPHONE CALL DOES NOT TERMINATE IN THE LOCAL AREA**
13 **BECAUSE "THERE IS NO INTERRUPTION OF THE CONTINUOUS**
14 **TRANSMISSION OF SIGNALS BETWEEN THE END USER AND THE**
15 **HOST COMPUTERS." DO YOU AGREE?**

16 **A.** No. Mr. Hendrix' suggestion that a telephone call to an ISP does not terminate at
17 the ISP local telephone number, but instead terminates on the Internet at some
18 distant website, completely misunderstands the nature of an Internet call. An
19 Internet call is a two step process consisting of: (1) a local telephone call from the
20 end user to the ISP that both originates and terminates in the local calling area;
21 and, (2) a subsequent connection between the ISP and the Internet. BellSouth's
22 position that a single, long distance telephone call occurs when a user connects to
23 the Internet would hardly explain the ability of an end user to undertake a World

1 Wide Web search and visit multiple websites at many different ultimate
2 destinations. This subsequent connection made by the ISP that provides access to
3 the Internet is an “enhanced service” that is not a telecommunications service. The
4 provision of this enhanced service, after the local telephone call to the ISP has
5 been made, does not change the inherent local nature of that initial telephone call
6 made to the ISP. As the FCC has stated:

7

8 ISPs alter the format of the information through computer processing
9 applications such as protocol conversion and interaction with stored data,
10 while the statutory definition of telecommunications only includes
11 transmissions that do not alter the form of the content of the information
12 sent. (footnote omitted) When a subscriber obtains a connection to an
13 Internet service provider via voice grade access to the public switched
14 network, that connection is a telecommunications service and is
15 distinguishable from the Internet service provider’s offering.

16

17 In the Matter of Federal-State Joint Board on Universal Service, Report and
18 Order, FCC 97-157, CC Docket No. 96-45, rel. May 8, 1997, Para. 789. As with
19 the definition under federal law, the definition of “telecommunications” under the
20 Agreement only includes transmissions that do not alter the form or content of the
21 information sent. Agreement, Part B, page 11.

22

1 **Q. ON PAGE 9, LINES 23 TO 25, MR. HENDRIX STATES THAT**
2 **BELLSOUTH AND MCIMETRO DID NOT "MUTUALLY AGREE" TO**
3 **TREAT ISP TRAFFIC AS LOCAL TRAFFIC FOR PURPOSES OF**
4 **RECIPROCAL COMPENSATION. HOW DO YOU RESPOND?**

5 **A.** MCImetro and BellSouth certainly mutually agreed to the definition of "Local
6 Traffic" contained in the Agreement. In fact, it was BellSouth which proposed the
7 definition. MCImetro and BellSouth further mutually agreed to pay reciprocal
8 compensation for telephone calls which met that definition of local traffic. As
9 already explained, telephone calls to an ISP meet that definition. Had an exception
10 been intended for ISP traffic (or for any other subset of local traffic), it would have
11 been expressly included by the parties. No such exception is contained in the
12 Agreement and no such exception was ever suggested by BellSouth.

13
14 **Q. WHAT IS THE EFFECT OF MR. HENDRIX' RECOLLECTION OF THE**
15 **PARTIES' INTENT?**

16 **A.** Under Mr. Hendrix view of the parties' intent, telephone calls to ISPs would be the
17 **ONLY** type of traffic between MCImetro and BellSouth that is **NOT** covered by
18 the Agreement. I believe that the parties intended for the Agreement to be a
19 comprehensive one which would cover all types of traffic. Section 7 of Attachment
20 I covers local traffic (Section 7.1), toll traffic (Section 7.3), 800/888 traffic
21 (Section 7.3), traffic completed via an interim local number portability arrangement
22 (Section 7.4) and "transit" traffic (Section 7.5). Contrary to Mr. Hendrix, I don't

1 believe that either party intended for the agreement to be silent about any type of
2 traffic that might pass over their interconnection facilities.

3

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 **A. Yes, it does.**

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1 Q (By Mr. Bond) Mr. Martinez, are you
2 prepared to give a summary of your testimony?

3 A Yes, I am.

4 Good afternoon. And I'll try to be as brief
5 as the testimony that I filed. This is clear and
6 simple a contract dispute. MCI feels strongly that
7 the calls that we are terminating are fully in
8 compliance with the definition of local traffic as was
9 put forth by BellSouth.

10 In our original agreement the term "local
11 traffic" was the only term that was in that
12 paragraph 2.2.1 of Attachment 4.

13 Bell's argument was to us -- and myself
14 personally, because I was the chief negotiator for
15 MCI, as well as to commissions -- that they were
16 afraid that we were going to game the system. We were
17 going to create a smaller local exchange area than
18 what they had; hence, we would be charging them access
19 charges, terminating interLATA access charges when
20 they had a local call.

21 With that said, we agreed to the changes
22 with the stipulation that they provide us with full
23 disclosure of all NPA-NXX's associated with the local
24 exchange, and the contract went on from there, and it
25 was never in dispute again.

1 Clear and simple the calls that we -- that
2 our customer -- that come from BellSouth's customers
3 to our customer, which is an ISP, clearly complete
4 within the definition of that paragraph. And with
5 that said, I'll close.

6 MR. BOND: Mr. Martinez is available for
7 cross-examination.

8 MR. SELF: No questions.

9 MR. HOFFMAN: No questions.

10 CHAIRMAN JOHNSON: Staff?

11 CROSS EXAMINATION

12 BY MR. PELLEGRINI:

13 Q Mr. Martinez, how is local traffic defined
14 in MCI's agreement with BellSouth?

15 A It's defined most succinctly in the
16 compensation section, and that would be
17 Attachment 4 , 2.2.1, which basically relates that a
18 call that originates and terminates within the same
19 local exchange area or extended exchange area service,
20 as defined in Bell's Section A3 of their tariff, would
21 constitute a local call.

22 Q Can one reasonably read an exception for
23 traffic terminated to ISPs?

24 A No. And, in fact, as this was BellSouth's
25 language, if there were such an exception, it should

1 have been put in there at the time that they put it
2 forward. If they had rendered such an exception, we
3 would never have agreed to it, and this Commission
4 would have had to decide what local traffic was.

5 If you recall, MCI, even prior to the
6 signing of the interconnection agreement, has been and
7 always will be an Internet provider, and we were at
8 that time purchasing local services from BellSouth.
9 In fact, BellSouth designed our local services to be
10 the most cost-effective out of the general exchange
11 tariff.

12 One of the constraints that we had put on
13 them was that they should be flat-rated and, in fact,
14 based on their knowledge of their own tariffs, they
15 came back and recommended a measured service on
16 certain states because the measurement occurred only
17 on the inbound side; and, hence, there was no inbound
18 traffic, that we would be getting a better rate, a
19 better local rate going with that measured service.

20 So had they ever tried to put something in
21 the contract, we would have immediately complained,
22 and this Commission would have been asked to make that
23 decision then.

24 Q I know you were the principal negotiator for
25 MCI. Was there ever any discussion during the course

1 of the negotiations with BellSouth regarding
2 specifically the treatment of ISP traffic?

3 A No, there wasn't. The only one I referenced
4 was the actual definition of local, which for the
5 reasons I so stated in my opening remarks.

6 Q Mr. Hendrix will testify that BellSouth had
7 no reason to consider ISP traffic to be anything but
8 jurisdictionally interstate. I assume you would
9 disagree, but if you would, tell me why.

10 A Yes. I would disagree wholeheartedly, and I
11 don't know why Mr. Hendrix would make such statements
12 in that as I stated before, MCIT has an Internet
13 provider, has purchased Internet services from
14 BellSouth out of the general exchange tariff. They
15 had to be used solely for Internet services.

16 These services were designed by the
17 BellSouth account teams and BellSouth engineers to be
18 the most cost-effective local rates that we could get
19 in all of their major areas.

20 So to say that they were in one hand
21 designing a local service offering for us and then
22 suggesting at the same time that there should be
23 access just doesn't make sense to me.

24 Q Are you familiar with the balance of local
25 traffic termination as between MCI and BellSouth?

1 A I am, to a certain extent. I've been
2 testifying around the nine states -- well, actually
3 about five states. We have a traffic problem in the
4 sense that traffic originating from the Bell into us
5 is blocking. And this will happen for some time as an
6 embryonic entity, or a new entity in the marketplace.
7 We're not going to be originating as many calls as the
8 mass would be originating to us.

9 Now, hopefully, as we build our population
10 up of subscribers, that balance will start to shift
11 and we'll start to equalize. And then eventually, if
12 we're as good as we hope we are, we will actually
13 start terminating more traffic to them than they are
14 terminating to us. But in the start-up days it's very
15 critical to get the mass traffic from the multitude of
16 customers -- and I can't remember the number in
17 Florida; it's four to 5 million, I think -- who have
18 access now to the limited customers that we have.

19 So there's more of a pent-up demand in one
20 way than there would be the other. So that balance
21 will stay -- I would -- from an engineering
22 perspective, I would say three to four years before we
23 start to see that swing coming back where we're
24 starting to catch up and start to terminate as much as
25 we're -- terminate on them as much as we are

1 terminating on ourselves.

2 Q But even in these early days, do you
3 understand that the balance of ISP traffic termination
4 is in favor of the CLECs, MCI particularly or CLECs in
5 general, which is BellSouth?

6 A Yeah. And I think there's a valid reason.
7 I think there was a pent-up demand, I believe, in the
8 ISP or the enhanced service provider community to get
9 to competitive environment whereby they could get
10 more, more value for what they wanted for their
11 customers.

12 We all, the CLECs that are here, bid on this
13 traffic, bid in the sense that you can't change your
14 tariff rates or what have you. But what you can do is
15 provide collocation so that the equipment that's going
16 to generate the business comes in, and then just get
17 reasonable dollars back for that in the sense that if
18 I had to buy a frame, compensate me for the frame that
19 I bought to put your equipment in.

20 And I think that's a -- sort of like a
21 breath of fresh air to these people who have always
22 had to fight and gouge for everything that they needed
23 from the Bell companies. And I think ultimately
24 that's what will happen to the remainder of the people
25 in Florida as well, is that competition will take

1 over, and services will be -- value will be added to
2 the service to get it, and service will follow.

3 Q Is it true that the -- as you would
4 understand, at least -- that the CLECs' business plans
5 included targeting ISP providers?

6 A I don't know that our plan specifically
7 targeted, nor can I speak to others. I believe that
8 there was a demand, a pent-up demand, that sort of
9 flowed forward once CLECs started to become engaged in
10 a particular state.

11 So whether they -- you know, actively we
12 have multiple sales arms in MCI, and I don't know that
13 they had any more activity going out after that ISP
14 traffic than at the original start as our mass markets
15 did.

16 I just believe that there was a desire from
17 the receiver of the goods, and that is the ISP, to get
18 more value or to get, perhaps, friendlier
19 relationships with the person that was going to
20 provide them the service.

21 MR. PELLEGRINI: No further questions.
22 Thank you, Mr. Martinez.

23 CHAIRMAN JOHNSON: Commissioners?

24 COMMISSIONER DEASON: Mr. Martinez, do you
25 pay commissions to your ISPs for the amount of traffic

1 they generate on the network?

2 **WITNESS MARTINEZ:** No. We do not pay
3 commissions for that traffic at all. They pay us to
4 provide the services that we provide.

5 **CHAIRMAN JOHNSON:** Any redirect?

6 **MR. BOND:** No, no redirect.

7 **CHAIRMAN JOHNSON:** Exhibits?

8 **MR. BOND:** MCI would move Exhibit 5.

9 **CHAIRMAN JOHNSON:** Show it admitted without
10 objection.

11 (Exhibit 5 received in evidence.)

12 **CHAIRMAN JOHNSON:** Thank you, sir. You're
13 excused.

14 (Witness Martinez excused.)

15 - - - - -

16 **MR. RANKIN:** BellSouth would call Jerry
17 Hendrix to the stand, and as Mr. Hendrix approaches
18 the stand, we were distributing an executed errata
19 sheet from his deposition.

20

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JERRY HENDRIX

1
2 was called as a witness on behalf of BellSouth
3 Telecommunications, Inc. and, having been duly sworn,
4 testified as follows:

DIRECT EXAMINATION

5
6 **BY MR. RANKIN:**

7 Q Are you ready to proceed, Mr. Hendrix?

8 A Yes, I am.

9 Q Would you please state your name and your
10 business address for us?

11 A Yes. My name is Jerry D. Hendrix. My
12 business address is 675 West Peachtree Street,
13 Atlanta, Georgia.

14 Q By whom are you employed and in what
15 capacity?

16 A BellSouth, as director over pricing.

17 Q Have you caused to be filed in this case
18 prefiled direct testimony consisting of 24 pages?

19 A Yes, I did.

20 Q And do you have any changes to make to that
21 testimony?

22 A No, I do not.

23 Q Have you caused also to be prefiled 24 pages
24 of rebuttal testimony?

25 A Yes, I did.

1 Q And do you have any changes to make to that
2 testimony?

3 A No, I do not.

4 Q If I ask you the questions that are
5 contained in both the direct and the rebuttal
6 testimonies today, would your answers be the same?

7 A Yes, they would be.

8 **MR. RANKIN:** Madam Chairman, I ask at this
9 time that Mr. Hendrix's prefiled direct and rebuttal
10 testimony be inserted into the record.

11 **CHAIRMAN JOHNSON:** It will be so inserted.

12 Q **(By Mr. Rankin)** Mr. Hendrix, did you cause
13 to be filed and attached to your direct testimony two
14 exhibits labeled JDH-1 and JDH-2?

15 A Yes, I did.

16 **MR. RANKIN:** And I'd ask, Madam Chair, that.
17 those two exhibits be marked as the next hearing exhibits.

18 **CHAIRMAN JOHNSON:** They will marked as
19 composite exhibit -- do you want them a composite or
20 separately?

21 **MR. RANKIN:** A composite is fine, sure.

22 **CHAIRMAN JOHNSON:** Composite Exhibit 6.

23 **(Exhibit 6 marked for identification.)**
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BELLSOUTH TELECOMMUNICATIONS, INC.

TESTIMONY OF JERRY HENDRIX

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NOS. 971478-TP, 980184-TP, 980495-TP, 980499-TP

April 17, 1998

Q. PLEASE STATE YOUR NAME AND COMPANY NAME AND ADDRESS.

A. My name is Jerry Hendrix. I am employed by BellSouth Telecommunications, Inc. as Director - Interconnection Services Pricing. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. PLEASE SUMMARIZE YOUR BACKGROUND AND EXPERIENCE.

A. I graduated from Morehouse College in Atlanta, Georgia in 1975 with a Bachelor of Arts Degree. I began employment with Southern Bell in 1979 and have held various positions in the Network Distribution Department before joining the BellSouth Headquarters Regulatory organization in 1985. On January 1, 1996 my responsibilities moved to Interconnection Services Pricing in the Interconnection Customer Business Unit. In my position as Director, I oversee the negotiation of interconnection agreements between BellSouth and Alternative Local Exchange Companies (ALECs).

Q. HAVE YOU TESTIFIED PREVIOUSLY?

1

2 A. Yes. I have testified in proceedings before the Alabama, Florida, Georgia,
3 Kentucky, Louisiana, Mississippi, South Carolina, and Tennessee Public
4 Service Commissions and the North Carolina Utilities Commission.

5

6 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

7

8 A. The purpose of my testimony is to discuss whether reciprocal compensation for
9 internet service provider (ISP) non-voice type traffic is required under the
10 interconnection agreements that have been negotiated between BellSouth and
11 the parties in this proceeding. As I explain below, calls made by an end user
12 customer to access the internet or other services offered by an ISP do not
13 constitute local traffic, but instead are in the nature of exchange access traffic
14 that is jurisdictionally interstate. Therefore, these types of calls (ISP traffic)
15 are not subject to the reciprocal compensation requirements in the
16 interconnection agreements at issue.

17

18 Q. WHAT ARE THE RECIPROCAL COMPENSATION REQUIREMENTS
19 INCLUDED IN THE INTERCONNECTION AGREEMENTS
20 NEGOTIATED BETWEEN BELLSOUTH AND THE PARTIES IN THIS
21 PROCEEDING?

22

23 A. All agreements require the termination of calls on either BellSouth's network
24 or the other party's network for reciprocal compensation payments to occur.
25 As I explain below in more detail, call termination does not occur when an

1 ALEC, serving as a conduit, places itself between BellSouth and an ISP. A
2 second basic requirement is that traffic be jurisdictionally local as defined by
3 the agreements. Clearly, that is not the case with ISP traffic, because the
4 Federal Communications Commission (FCC) has concluded that enhanced
5 service providers, of which ISPs are a subset, use the local network to provide
6 interstate services.

7

8 Q. PLEASE DESCRIBE THE RECIPROCAL COMPENSATION
9 REQUIREMENTS INCLUDED IN EACH OF THE INDIVIDUAL
10 INTERCONNECTION AGREEMENTS NEGOTIATED BETWEEN
11 BELL SOUTH AND THE PARTIES IN THIS PROCEEDING.

12

13 A. First, the agreement with WorldCom at Section 5.8.1 states:

14 Reciprocal compensation applies for transport and termination of Local
15 Traffic (including EAS and EAS-like traffic) billable by BST or MFS
16 which a Telephone Exchange Service Customer originates on BST's or
17 MFS' network for termination on the other Party's network.

18 Section 1.40 states:

19 "Local Traffic" refers to calls between two or more Telephone Exchange
20 Service users where both Telephone Exchange Services bear NPA-NXX
21 designations associated with the same local calling area of the incumbent
22 LEC or other authorized area (e.g., Extended Area Service Zones in
23 adjacent local calling areas). Local traffic includes traffic types that have
24 been traditionally referred to as "local calling" and as "extended area
25 service (EAS)." All other traffic that originates and terminates between

1 end users within the LATA is toll traffic. In no event shall the Local
2 Traffic area for purposes of local call termination billing between the
3 parties be decreased.

4 Clearly, at a minimum, this agreement requires the termination of traffic on
5 either BellSouth's or WorldCom's network for reciprocal compensation to
6 apply. Further, the definition of local traffic obviously hinges on the words
7 "traffic types that have been traditionally referred to as 'local calling' and as
8 'extended area service (EAS)'." ISP traffic has never been traditionally
9 referred to as local traffic. Treatment of ISP traffic falls under section 5.8.3 of
10 the agreement. It states, in part:

11 The reciprocal compensation arrangements set forth in this Agreement
12 are not applicable to Switched Exchange Access Service.

13

14 The Intermedia agreement at Section IV.A and a portion of IV.B states:

15 The delivery of local traffic between the parties shall be reciprocal and
16 compensation will be mutual according to the provisions of this
17 agreement. The parties agree that the exchange of traffic on BellSouth's
18 EAS routes shall be considered as local traffic and compensation for the
19 termination of such traffic shall be pursuant to the terms of this section.
20 EAS routes are those exchanges within an exchange's Basic Local
21 Calling Area, as defined in Section A3 of BellSouth's General
22 Subscriber Services Tariff.

23

24

25

1 Each party will pay the other for terminating its local traffic on the
2 other's network the local interconnection rates as set forth in Attachment
3 B-1, by reference incorporated herein.

4 As can easily be seen, this agreement also requires the termination of traffic on
5 either BellSouth's or Intermedia's network for reciprocal compensation to
6 apply. It also states that the compensation is for the termination of local traffic
7 as defined in Section A3 of BellSouth's Tariff. Local traffic as defined in
8 Section A3 in no way implies ISP traffic. No Intermedia representative ever
9 indicated to BellSouth that Intermedia assumed the traditional local calling
10 area definition in Section A3 to include ISP traffic. If that was Intermedia's
11 intent, that intent should have been made unmistakably clear.

12

13 The MCImetro agreement states in Attachment IV, Section 2.2.1:

14 The Parties shall bill each other reciprocal compensation at the rates set
15 forth for local interconnection in this Agreement and the Order of the
16 FPSC. Local traffic is defined as any telephone call that originates in
17 one exchange and terminates in either the same exchange, or a
18 corresponding Extended Area (EAS) exchange. The terms Exchange and
19 EAS exchanges are defined and specified in Section A3. of BellSouth's
20 General Subscriber Service Tariff.

21 Again, as in the previous two agreements, the call must terminate at MCImetro
22 within the local calling area as specified by Section A3 of BellSouth's Tariff.

23 This is simply not the case with ISP traffic; the call does not terminate at
24 MCImetro's switch, and the call does not terminate in a local calling area as
25 defined by Section A3 of BellSouth's Tariff.

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Finally, the Teleport agreement states in Section IV.B and part of IV.C:
The delivery of local traffic between the parties shall be reciprocal and compensation will be mutual according to the provisions of this Agreement.

Each party will pay the other for terminating its local traffic on the other's network the local interconnection rates as set forth in Attachment B-1, incorporated herein by this reference.

In sum, it is very clear is that traffic must terminate on each of the party's networks for reciprocal compensation to occur. This requirement is a common and well known fact in the industry. Common in all of the agreements is that the traffic must be jurisdictionally local as defined by the agreements and must terminate on either party's network.

ISSUE #1

Q. UNDER THEIR FLORIDA PARTIAL INTERCONNECTION AGREEMENT, ARE WORLDCOM TECHNOLOGIES, INC./MFS COMMUNICATIONS COMPANY, INC., AND BELLSOUTH TELECOMMUNICATIONS, INC., REQUIRED TO COMPENSATE EACH OTHER FOR TRANSPORT AND TERMINATION OF TRAFFIC TO INTERNET SERVICE PROVIDERS?

1 A. No. I am the person responsible for all negotiations with ALECs. Further, I
2 either negotiated the agreements or have spoken with the persons responsible
3 for the agreements. The main concern at the time most of these agreements
4 were negotiated was the balance of traffic between the parties. This concern
5 led to the cap provision being included in the Teleport and Intermedia
6 agreements and in the initial MCI partial agreement. BellSouth has entered
7 into hundreds of agreements with ALECs across its region and has included in
8 those agreements language discussing payment of reciprocal compensation.
9 No where in those agreements has BellSouth acknowledged or agreed to define
10 ISP traffic as local traffic subject to reciprocal compensation. Further,
11 BellSouth has not knowingly paid reciprocal compensation to ALECs who
12 have transported traffic to their ISP customers, nor has BellSouth knowingly
13 billed ALECs for performing that same service.

14
15 Q. IF WORLDCOM TECHNOLOGIES, INC./MFS COMMUNICATIONS
16 COMPANY, INC., AND BELLSOUTH TELECOMMUNICATIONS, INC.,
17 DID NOT MUTUALLY INTEND TO TREAT THIS TYPE OF TRAFFIC AS
18 LOCAL TRAFFIC FOR PURPOSES OF RECIPROCAL COMPENSATION,
19 CAN EITHER PARTY BE REQUIRED TO PAY RECIPROCAL
20 COMPENSATION FOR THAT TRAFFIC?

21
22 A. No. If both of the parties did not mutually intend to treat this traffic as local
23 for purposes of reciprocal compensation, then BellSouth is under no
24 contractual obligation to pay reciprocal compensation for such traffic.

25

1 Moreover, given that the traffic is clearly interstate traffic and not local traffic
2 as shown later, reciprocal compensation should not apply for that traffic.

3

4 ISSUE #2

5

6 Q. UNDER THEIR INTERCONNECTION AGREEMENT, ARE TELEPORT
7 COMMUNICATIONS GROUP, INC./TCG SOUTH FLORIDA AND
8 BELLSOUTH TELECOMMUNICATIONS, INC., REQUIRED TO
9 COMPENSATE EACH OTHER FOR TRANSPORT AND TERMINATION
10 OF TRAFFIC TO INTERNET SERVICE PROVIDERS?

11

12 A. No. For reasons stated previously, I can unequivocally state that it was not
13 BellSouth's intent for ISP traffic to be subject to reciprocal compensation. In
14 fact, the main concern was the balance of traffic which led to the cap provision
15 being included in the Teleport agreement. BellSouth and Teleport did not
16 mutually agree to treat this type of traffic as local traffic for purposes of
17 reciprocal compensation. No where in that agreement has BellSouth
18 acknowledged or agreed to define ISP traffic as local traffic subject to
19 reciprocal compensation. Further, BellSouth has not knowingly paid
20 reciprocal compensation to ALECs who have transported traffic to their ISP
21 customers, nor has BellSouth knowingly billed ALECs for performing that
22 same service.

23

24 Q. IF TELEPORT COMMUNICATIONS GROUP, INC./TCG SOUTH
25 FLORIDA, AND BELLSOUTH TELECOMMUNICATIONS, INC., DID

1 NOT MUTUALLY INTEND TO TREAT THIS TYPE OF TRAFFIC AS
2 LOCAL TRAFFIC FOR PURPOSES OF RECIPROCAL COMPENSATION,
3 CAN EITHER PARTY BE REQUIRED TO PAY RECIPROCAL
4 COMPENSATION FOR THAT TRAFFIC?

5

6 A. No. If both of the parties did not mutually intend to treat this traffic as local
7 for purposes of reciprocal compensation, then BellSouth is under no
8 contractual obligation to pay reciprocal compensation for such traffic.
9 Moreover, given that the traffic is clearly interstate traffic and not local traffic
10 as shown later, reciprocal compensation should not apply for that traffic.

11

12 ISSUE #3

13

14 Q. UNDER THEIR INTERCONNECTION AGREEMENT, ARE MCIMETRO
15 ACCESS TRANSMISSION SERVICES, INC., AND BELL SOUTH
16 TELECOMMUNICATIONS, INC., REQUIRED TO COMPENSATE EACH
17 OTHER FOR TRANSPORT AND TERMINATION OF TRAFFIC TO
18 INTERNET SERVICE PROVIDERS?

19

20 A. No. For reasons stated previously, I can unequivocally state that it was not
21 BellSouth's intent for ISP traffic to be subject to reciprocal compensation. In
22 fact, the main concern was the balance of traffic which led to the cap provision
23 being included in the initial MCI metro agreement. BellSouth and MCI metro
24 did not mutually agree to treat this type of traffic as local traffic for purposes of
25 reciprocal compensation. No where in that agreement has BellSouth

1 acknowledged or agreed to define ISP traffic as local traffic subject to
2 reciprocal compensation. Further, BellSouth has not knowingly paid
3 reciprocal compensation to ALECs who have transported traffic to their ISP
4 customers, nor has BellSouth knowingly billed ALECs for performing that
5 same service.

6

7 Q. IF MCIMETRO ACCESS TRANSMISSION SERVICES, INC., AND
8 BELLSOUTH TELECOMMUNICATIONS, INC., DID NOT MUTUALLY
9 INTEND TO TREAT THIS TYPE OF TRAFFIC AS LOCAL TRAFFIC FOR
10 PURPOSES OF RECIPROCAL COMPENSATION, CAN EITHER PARTY
11 BE REQUIRED TO PAY RECIPROCAL COMPENSATION FOR THAT
12 TRAFFIC?

13

14 A. No. If both of the parties did not mutually intend to treat this traffic as local
15 for purposes of reciprocal compensation, then BellSouth is under no
16 contractual obligation to pay reciprocal compensation for such traffic.
17 Moreover, given that the traffic is clearly interstate traffic and not local traffic
18 as shown later, reciprocal compensation should not apply for that traffic.

19

20 ISSUE #4

21

22 Q. UNDER THEIR INTERCONNECTION AGREEMENT, ARE INTERMEDIA
23 COMMUNICATIONS, INC., AND BELLSOUTH
24 TELECOMMUNICATIONS, INC., REQUIRED TO COMPENSATE EACH

25

1 OTHER FOR TRANSPORT AND TERMINATION OF TRAFFIC TO
2 INTERNET SERVICE PROVIDERS?

3

4 A. No. For reasons stated previously, I can unequivocally state that it was not
5 BellSouth's intent for ISP traffic to be subject to reciprocal compensation. In
6 fact, the main concern was the balance of traffic which led to the cap provision
7 being included in the Intermedia agreement. BellSouth and Intermedia did not
8 mutually agree to treat this type of traffic as local traffic for purposes of
9 reciprocal compensation. No where in that agreement has BellSouth
10 acknowledged or agreed to define ISP traffic as local traffic subject to
11 reciprocal compensation. Further, BellSouth has not knowingly paid
12 reciprocal compensation to ALECs who have transported traffic to their ISP
13 customers, nor has BellSouth knowingly billed ALECs for performing that
14 same service.

15

16 Q. IF INTERMEDIA COMMUNICATIONS, INC., AND BELLSOUTH
17 TELECOMMUNICATIONS, INC., DID NOT MUTUALLY INTEND TO
18 TREAT THIS TYPE OF TRAFFIC AS LOCAL TRAFFIC FOR PURPOSES
19 OF RECIPROCAL COMPENSATION, CAN EITHER PARTY BE
20 REQUIRED TO PAY RECIPROCAL COMPENSATION FOR THAT
21 TRAFFIC?

22

23 A. No. If both of the parties did not mutually intend to treat this traffic as local
24 for purposes of reciprocal compensation, then BellSouth is under no
25 contractual obligation to pay reciprocal compensation for such traffic.

1 Moreover, given that the traffic is clearly interstate traffic and not local traffic
2 as shown later, reciprocal compensation should not apply for that traffic.

3

4 Q. DESCRIBE THE TYPE OF TRAFFIC IN DISPUTE.

5

6 The following describes how a call by an end user is routed to the internet.

7 Internet service is a subset of the services that the FCC has classified as
8 enhanced services. As I explain below in more detail, the FCC has exempted
9 enhanced service providers from paying access charges. Hence, ISPs are
10 permitted to obtain and use local exchange services to collect and terminate
11 their traffic. End users gain access to the internet through an ISP. The ISP
12 location, generally referred to as an ISP Point of Presence (POP), represents
13 the edge of the internet. ISPs can use the public switched network to collect
14 their subscribers' calls to the internet. In this case, ISP subscribers access the
15 ISP by dialing a local telephone number via their computers and modems that
16 connect the subscribers to the ISP. The ISP will have purchased flat-rated
17 business service lines from various local exchange company end offices and
18 physically terminated those lines at an ISP premises consisting of modem
19 banks. The ISP converts the signal of the incoming call to a digital signal and
20 routes the call over its own network to a backbone network provider, where it
21 is ultimately routed to an internet-connected host computer. Backbone
22 networks can be regional or national in nature. These networks not only
23 interconnect ISP POPs but also interconnect ISPs with each other and with
24 online content.

25

1 The essence of internet service is the ease with which a user can access and
2 transport information from any host connected to the internet. The internet
3 enables information and internet resources to be widely distributed and
4 eliminates the need for the user and the information to be physically located in
5 the same area. ISPs typically provide, in addition to internet access, internet
6 services such as e-mail, usenet news, and Web pages to their customers. ISPs
7 that have multiple local dial facility locations (as is the case for many ISPs)
8 would not have duplicate hosts for such services in each local dial location.
9 Indeed, such duplication would defeat a primary advantage of the internet.
10 Thus, when a user retrieves e-mail or accesses usenet messages, for example, it
11 is highly unlikely that the user is communicating with a host that is located in
12 the same local calling area as the user. To the contrary, the concentration of
13 information is more likely to result in an interstate, or even international,
14 communication.

15
16 In short, an ISP takes a call and, as part of the information service it offers to
17 the public, transmits that call to and from the communications network of other
18 telecommunications carriers (e.g., internet backbone providers such as MCI or
19 Sprint) whereupon it is ultimately delivered to internet host computers, almost
20 all of which are not located in the local serving area of the ISP.

21
22 Thus, the call from an end user to the ISP only transits through the ISP's local
23 point of presence; it does not terminate there. There is no interruption of the
24 continuous transmission of signals between the end user and the host
25 computers.

1

2 The fact that an ISP can now obtain business service lines from an ALEC
3 switch in no way alters the continuous transmission of signals between an
4 incumbent local exchange company's (ILEC's) end user to a host computer. In
5 other words, if an ALEC puts itself in between BellSouth's end office and the
6 internet service provider, it is acting like an intermediate transport carrier or
7 conduit, not a local exchange provider entitled to reciprocal compensation. See
8 JDH exhibits 1 and 2 attached to this testimony.

9

10 Q. WHAT IS THE JURISDICTIONAL NATURE OF SUCH TRAFFIC?

11

12 A. Internet traffic is not local traffic subject to reciprocal compensation
13 obligations. The vast majority of this traffic is interstate in nature. The
14 dispersion of servers world-wide and the lack of duplication attests to the fact
15 that use of the internet will invariably involve interstate communications.
16 Further, the fact that a single internet call may simultaneously be interstate,
17 international and intrastate makes it inseverable for jurisdictional purposes.
18 This inability to distinguish the jurisdictional nature of each communication
19 that traverses an internet connection coupled with the predominant interstate
20 nature of internet communications leads to the inescapable conclusion that all
21 internet traffic must be considered jurisdictionally interstate. The FCC has
22 long held that jurisdiction of traffic is determined by the end-to-end nature of a
23 call. The end-to-end nature of a call has been the subject of many workshops
24 (i.e., PIU) with the Florida Public Service Commission ("FPSC" or
25 "Commission") as well. It is, therefore, irrelevant that the originating end user

1 and the ISP's POP are in the same local calling area or that local
2 interconnection trunks are used to transmit calls to ISPs, because the ISP's
3 POP is not the terminating point of this ISP traffic. The FCC stated in
4 Paragraph 12 in an order dated February 14, 1992, in Docket Number 92-18,
5 that:

6 Our jurisdiction does not end at the local switch, but continues to the
7 ultimate termination of the call. The key to jurisdiction is the nature of
8 the communication itself, rather than the physical location of the
9 technology.

10

11 The ending point of a call to an ISP is not the ISP switch, but rather the
12 computer database or information source to which the ISP provides access. As
13 such, calls to an ISP constitute exchange access traffic, not telephone exchange
14 service (local service) subject to reciprocal compensation. Calls that merely
15 transit an ALEC's network without terminating on it, cannot be eligible for
16 reciprocal compensation.

17

18 The FCC has always recognized that the true nature of ISP traffic was access
19 traffic. For example, in the 1983 order in which it initially established the ISP
20 access charge exemption, the FCC stated: "Among the variety of users of
21 access service are ... enhanced service providers." Likewise, in its 1987 Notice
22 of Proposed Rulemaking in CC Docket No. 87-215 which it proposed to lift
23 the ISP access charge exemption, the FCC stated:

24

25

1 We are concerned that the charges currently paid by enhanced service
2 providers do not contribute sufficiently to the costs of the exchange
3 access facilities they use in offering their services to the public. As we
4 have frequently emphasized in our various access charge orders, our
5 ultimate objective is to establish a set of rules that provide for recovery
6 of the costs of exchange access used in interstate service in a fair,
7 reasonable, and efficient manner from all users of access service,
8 regardless of their designation as carriers, enhanced service providers, or
9 private customers. Enhanced service providers, like facilities-based
10 interexchange carriers and resellers, use the local network to provide
11 interstate services. To the extent that they are exempt from access
12 charges, the other users of exchange access pay a disproportionate share
13 of the costs of the local exchange that access charges are designed to
14 cover. (emphasis added)

15 In both of these dockets, the FCC decided not to impose access charges on
16 ISPs. In each case, however, the FCC – after referring to the interstate nature
17 of the call – cited only policy reasons for its decision, in particular, its concern
18 that imposing access charges at that time upon enhanced service providers
19 could jeopardize the viability of what was still a fledgling industry.

20
21 Notably, absent from any of these decisions is a determination by the FCC, or
22 even a question raised by it, that traffic to ISPs is local traffic, rather than
23 access traffic. Instead, in each case, the FCC granted or perpetuated an
24 exemption from the access charge regime, based solely on pragmatic (and
25 political) considerations regarding the impact of existing access charges on the

1 ISP industry. Moreover, in each instance, the FCC specifically noted the
2 possibility that access charges, either as currently structured or modified, might
3 be applied at some point in the future to ISPs. If the FCC had concluded that
4 traffic received by ISPs was local, there would have been no need for it to
5 exempt that traffic from the access charge regime; access charges would not
6 have been applied in the first place. Moreover, the FCC could not have held
7 out the possibility that it might, in the future, assess some sort of access charge
8 on such traffic. It should be noted that this exchange access arrangement
9 parallels the Feature Group A arrangement, where interstate access charges are
10 applicable. On Feature Group A calls, as with ISP calls, end users dial local
11 numbers to make non-local calls.

12
13 Therefore, under clear FCC precedent, calls bound for the internet through an
14 ISP's switch can only be characterized as interstate exchange access traffic
15 because they "terminate" not at the ISP's equipment, but rather at the database
16 or information source to which the ISP provides access. The FCC has not held
17 that ISP traffic is local traffic or that ISPs are end users for regulatory
18 purposes. Rather the FCC, for policy reasons, has exempted ISPs from paying
19 switched access charges to the local exchange companies for originating
20 computer-based non-voice enhanced service traffic to them. This in no way
21 alters the fact that the traffic they collect is access traffic, not local traffic. It is
22 important to note that BellSouth's compliance with the FCC access charge
23 exemption (not applying access charges for the origination of computer-based
24 non-voice enhanced service traffic to ISPs) in no way implies that BellSouth
25 must pay reciprocal compensation on such traffic.

1

2 Q. WHEN BELLSOUTH NEGOTIATED THE INTERCONNECTION
3 AGREEMENTS IN QUESTION, WAS IT AWARE OF FCC RULINGS
4 ADDRESSING THE JURISIDICTIONAL NATURE OF ISP TRAFFIC?

5

6 A. Yes.

7

8 Q. DID BELLSOUTH CONSIDER ISP TRAFFIC AS LOCAL TRAFFIC
9 SUBJECT TO RECIPROCAL COMPENSATION AT THE TIME IT
10 NEGOTIATED THESE OR ANY OTHER INTERCONNECTION
11 AGREEMENTS?

12

13 A. Absolutely not. BellSouth would have had no reason to consider ISP traffic to
14 be anything other than jurisdictionally interstate traffic when it negotiated
15 these agreements. Further, had BellSouth understood that the other parties
16 considered ISP traffic to be local traffic subject to reciprocal compensation, the
17 issue would have been discussed at length. During the negotiations of the
18 agreements with the parties in this docket, as well as with any ALEC, no party
19 questioned whether ISP traffic should be considered local traffic. Had any
20 party raised the issue, BellSouth would have not agreed to either bill for or pay
21 for reciprocal compensation associated with such traffic, because that traffic
22 cannot possibly be considered to be local traffic, as reflected by a review of the
23 FCC rulings discussed above.

24

25

1 Again, BellSouth's interconnection agreements intend for reciprocal
2 compensation to apply only when local traffic is terminated on either party's
3 network. This interpretation is consistent with the Telecommunications Act of
4 1996, which established a reciprocal compensation mechanism to encourage
5 local competition. The payment of reciprocal compensation for ISP traffic
6 would impede local competition. The FCC, in its August 1996 local
7 interconnection order, made it perfectly clear that reciprocal compensation
8 rules did not apply to non-local traffic such as interexchange traffic. To quote
9 from paragraph 1034 of that order:

10 We conclude that Section 251(B)(5), reciprocal compensation obligation,
11 should apply only to traffic that originates and terminates within a local
12 area assigned in the following paragraph. We find that reciprocal
13 compensation provisions of Section 251(B)(5) for transport and
14 termination of traffic do not apply to the transport and termination of
15 interstate or intrastate interexchange traffic.

16

17 Q. WOULD IT HAVE MADE ECONOMIC SENSE FOR BELL SOUTH TO
18 HAVE AGREED TO CLASSIFY ISP TRAFFIC AS LOCAL TRAFFIC
19 UNDER THE INTERCONNECTION AGREEMENTS AT ISSUE?

20

21 A. Absolutely not, and this reality is further proof that BellSouth never intended
22 for ISP traffic to be subject to reciprocal compensation. A simple example will
23 illustrate that point. First, it should be realized that traffic collected by non-
24 voice ISPs will always be one-way, not two-way, as intended by the Act. That
25 is, the traffic will originate from an end user and terminate through the ISP

1 network to a host computer. Reciprocal compensation becomes one-way
2 compensation to those ALECs specifically targeting large ISPs. Hence, if ISP
3 traffic was subject to payment of reciprocal compensation, the originating
4 carrier in most instances would be forced to pay the interconnecting carrier
5 more than the originating carrier receives from an end user to provide local
6 telephone service. BellSouth would have never agreed to such an absurd result.

7
8 For example, assume a BellSouth residential customer in Miami subscribes to
9 an ISP and that ISP is served by an ALEC. That customer uses the internet
10 two hours a day, which is a reasonable assumption given the long holding
11 times associated with internet usage. This usage would generate a reciprocal
12 compensation payment by BellSouth to the ALEC of \$36.00 per month
13 assuming a 1.0 cents per minute reciprocal compensation rate [$$.01 * 2 \text{ hours} * 60 \text{ minutes/hr.} * 30 \text{ days}$]. BellSouth serves residence customers in Miami at
14 \$10.65 per month. Therefore, in this example, BellSouth would be forced to
15 pay the ALEC \$25.35 per month more that it receives from the end user for
16 local service. Further, a significant portion of additional residential lines are
17 bought primarily to access the internet and would not require more than a
18 simple flat-rate line with no additional features. The originating carrier,
19 BellSouth in this example, would not only be forced to turn over to the ALEC
20 that serves the ISP every penny of local revenue it receives from its end users,
21 but it would also have to pay a significant amount more per month in
22 reciprocal compensation alone. This situation makes no economic sense and
23 would place an unfair burden on BellSouth and its customers. It is
24 incomprehensible that BellSouth would have willingly agreed to pay the
25

1 parties in this proceeding \$25 more per month per customer than it receives
2 from those customers for providing local service.

3

4 Q. IN FPSC DOCKET NUMBER 880423-TP, THE BELLSOUTH WITNESS
5 TESTIFIED THAT CONNECTIONS TO THE LOCAL EXCHANGE
6 NETWORK FOR THE PURPOSE OF PROVIDING AN INFORMATION
7 SERVICE SHOULD BE TREATED LIKE ANY OTHER LOCAL
8 EXCHANGE SERVICE. HOW DOES THAT STATEMENT RELATE TO
9 YOUR CURRENT POSITION?

10

11 A. First, the statement of the BellSouth witness must be reviewed in the
12 context of that entire docket and the regulatory rulings in effect at the time. It
13 is inappropriate to consider the testimony from a previous FPSC hearing which
14 was held prior to the final FCC ruling on that issue. BellSouth ultimately lost
15 the argument it had advanced to this Commission when the matter came before
16 the FCC. Additionally, this Commission held that its finding was interim and
17 that it would be revisited again. Moreover, in its Order in that docket, the
18 Commission plainly recognized that local exchange facilities provided to the
19 ISP are used to carry intrastate and interstate calls, not just local calls.

20

21 Q. IS THE FCC CURRENTLY CONSIDERING THE PRECISE ISSUE
22 RAISED BY WORLDCOM AND THE OTHER PARTIES TO THIS
23 PROCEEDING?

24

25

1 A. Yes. The FCC initiated a proceeding in response to a June 20, 1997 letter
2 from the Association for Local Telecommunications Services (ALTS) in which
3 ALTS seeks a ruling from the FCC that “nothing in the [FCC’s] Local
4 Competition Order...altered the [FCC’s] long standing rule that calls to an
5 [ISP] made from within a local calling area must be treated as local calls by
6 any and all LECs involved in carrying those calls.” ALTS also asserted in its
7 letter that the clarification it requested was “plainly within the [FCC’s]
8 exclusive jurisdiction.” ALTS’ decision to seek relief from the FCC on this
9 issue supports BellSouth’s position that even ALECs seeking reciprocal
10 compensation for ISP traffic understand that the FCC has viewed this traffic as
11 interstate, not local. If the traffic were truly local, how would the FCC have
12 “exclusive jurisdiction” to provide ALTS with the relief it seeks? Indeed, as
13 recently as April 10, 1998, in CC Docket No. 96-45 (Report to Congress), the
14 FCC indicated that it does have jurisdiction to address whether ALECs that
15 serve ISPs are entitled to reciprocal compensation. The FCC has received
16 comments from numerous interested parties and is set to rule soon on the
17 ALTS request in Docket No. CCB/CPD 97-30.

18

19 In addition, in a docket entitled Usage of Public Switched Network by
20 Information Service and Internet Access Providers, Docket Number 96-263,
21 the FCC sought comments on whether the current exemption from access
22 charges should continue for ISPs.

23

24

25

1 Q. IN LIGHT OF THE PENDING FCC PROCEEDINGS, WHAT ACTION
2 DOES BELLSOUTH RECOMMEND THIS COMMISSION TAKE IN THIS
3 PROCEEDING?

4
5 A. Between now and the time the FCC acts in either of these dockets, the
6 Commission should take no action. Deferring a ruling in this proceeding will
7 place WorldCom and the other parties at parity with BellSouth in the treatment
8 of this traffic. ALECs and BellSouth would be required to hand off traffic to
9 ISPs without receiving compensation (other than local service rates and related
10 charges) either from the ISPs or from each other. This would leave the parties
11 similarly situated -- would, in other words, maintain the status quo -- until the
12 FCC determines how ISP traffic should be treated and priced in its pending
13 proceedings. Alternatively, should the Commission decide to not defer ruling
14 on the petitions, it should find that ISP traffic is not local traffic under the
15 parties' interconnection agreements with BellSouth and, accordingly, is not
16 subject to payment of reciprocal compensation.

17

18

19

20 Q. WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY?

21

22 A. Yes. First, BellSouth has not mutually agreed with any ALEC to treat the
23 transport and termination of traffic to ISPs as local traffic for purposes of
24 reciprocal compensation. Further, BellSouth has not acknowledged or agreed
25 to define ISP traffic as local traffic. Hence, neither BellSouth nor the ALECs

1 can be required to pay reciprocal compensation for such traffic. Moreover,
2 given that the traffic is clearly interstate traffic, such compensation should not
3 apply. According to unbroken FCC and judicial precedent, the FCC's
4 jurisdiction under the Communications Act extends from the inception of the
5 communication to its completion, regardless of any intermediate facilities.
6 This is the very jurisdictional underpinning that lies at the heart of the current
7 enhanced service provider exemption to interstate access charges. While
8 BellSouth realizes that the FPSC issued an order in 1989 addressing the issue
9 of end user access to information service providers, BellSouth has been
10 operating under subsequent FCC rulings that ISP traffic is interstate.

11

12 The Commission should defer ruling on the petitions filed by the parties
13 regarding this issue until such time that the FCC has ruled in either of the
14 dockets described in my testimony. Alternatively, should the Commission
15 decide to not defer ruling on the petitions, it should find that ISP traffic is not
16 local traffic under the parties' interconnection agreements with BellSouth and,
17 accordingly, is not subject to payment of reciprocal compensation.

18

19 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

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21 A. Yes.

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BELLSOUTH TELECOMMUNICATIONS, INC.
REBUTTAL TESTIMONY OF JERRY HENDRIX
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NOS. 971478-TP, 980184-TP,980495-TP,980499-TP

May 1, 1998

Q. PLEASE STATE YOUR NAME AND COMPANY NAME AND ADDRESS.

A. My name is Jerry Hendrix. I am employed by BellSouth Telecommunications, Inc. as Director - Interconnection Services Pricing. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. ARE YOU THE SAME JERRY HENDRIX WHO FILED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to rebut the testimony filed in these dockets by Teleport's witness, Paul Kouroupas, MCImetro's witness, Ronald Martinez, WorldCom's witness, Gary Ball, and Intermedia's witness, Michael Viren, regarding whether reciprocal compensation for internet service provider (ISP)

1 traffic is required under the interconnection agreements that have been
2 negotiated between BellSouth and the parties in this proceeding.

3

4 **Rebuttal of Mr. Paul Kouroupas' Testimony**

5 Q. ON PAGE 2 OF MR. KOUROUPAS' TESTIMONY, MR. KOUROUPAS
6 STATES THAT "BELLSOUTH'S POSITION SUFFERS FROM THREE
7 FLAWS, ANY OF WHICH COULD CONSTITUTE A BASIS FOR THE
8 COMMISSION TO UPHOLD TCG'S COMPLAINT." DO YOU AGREE
9 WITH HIS ASSESSMENT OF BELLSOUTH'S POSITION?

10

11 A. No. BellSouth adamantly disagrees with Mr. Kouroupas' assessment.

12

13 Q. PLEASE ADDRESS MR. KOUROUPAS' FIRST PURPORTED FLAW,
14 WHICH STATES THAT "THE PLAIN LANGUAGE OF TCG'S
15 INTERCONNECTION AGREEMENT MAKES CLEAR THAT TRAFFIC
16 DESTINED FOR ISP END USERS IS SUBJECT TO RECIPROCAL
17 COMPENSATION ARRANGEMENTS."

18

19 A. Mr. Kouroupas is simply wrong when he states that the plain language in the
20 TCG interconnection agreement makes it clear that traffic destined for ISPs is
21 subject to reciprocal compensation arrangements. TCG's agreement, at
22 Section IV.C, states:

23

24

25

Each party will pay the other for terminating its local traffic on the
other's network the local interconnection rates set forth in Attachment B-
1, incorporated herein by this reference.

1 Given that ISP traffic is neither local nor terminates on TCG's network, which
2 must occur for reciprocal compensation to apply, it is very clear to BellSouth
3 that reciprocal compensation does not and should not apply for ISP traffic.
4 Indeed, at the time the contract was negotiated, BellSouth never intended for
5 reciprocal compensation to apply to such traffic. At a minimum, the current
6 TCG agreement does not state that traffic destined for ISPs is subject to
7 reciprocal compensation arrangements.

8
9 Q. PLEASE ADDRESS MR. KOUROUPAS' SECOND PURPORTED FLAW
10 TO BELLSOUTH'S POSITION, WHICH STATES THAT "AT THE TIME
11 TCG AND BELLSOUTH ENTERED INTO THE INTERCONNECTION
12 AGREEMENT, THIS COMMISSION HAD PREVIOUSLY CONCLUDED
13 IN A WRITTEN ORDER THAT END-USER ACCESS TO AN ISP IS
14 LOCAL EXCHANGE TRAFFIC."

15
16 A. As stated in my direct testimony, the Florida Public Service Commission
17 (FPSC) held that its finding on this issue was interim and that it would be
18 revisited again. On page 8 of the FPSC Order No. 21815, in Docket No.
19 880423-TP, the FPSC wrote:

20 We see this as an evolving process, and envision further proceedings to
21 refine the decisions made in this proceeding.

22 The FPSC further states on page 15 of the same order:

23 We again reiterate the caveat that the final determination of the
24 state/federal jurisdiction question currently resides in the federal

25

1 appellate process. We recognize that our decisions herein are subject to
2 modification based on the results of the Ninth Circuit Appeal.

3 The court, in the above referenced appeal, stated that the FCC would have
4 jurisdiction over information services when they were inseverable. The appeal
5 focused on the FCC's attempt to preempt states in the regulation of enhanced
6 or information services. The decision was that the FCC could not preempt
7 intrastate regulation solely based on it being an enhanced service, but that the
8 FCC could preempt intrastate regulation of information services that were
9 inseverable.

10

11 The FCC has long held that jurisdiction of traffic is determined by the end-to-
12 end nature of a call. As stated in my direct testimony, the fact that a single
13 internet call may simultaneously be interstate, international and intrastate
14 makes it inseverable for jurisdictional purposes. This inability to distinguish
15 the jurisdictional nature of each communication that traverses an internet
16 connection coupled with the predominant interstate nature of internet
17 communications leads to the inescapable conclusion that all internet traffic
18 must be considered jurisdictionally interstate. BellSouth has therefore been
19 operating under FCC rulings that ISP traffic is interstate.

20

21 Q. PLEASE ADDRESS MR. KOUROUPAS' THIRD PURPORTED FLAW TO
22 BELLSOUTH'S POSITION, WHICH STATES THAT "BELLSOUTH'S
23 ATTEMPT TO CAMOUFLAGE ITS BEHAVIOR BY REFERENCING
24 FEDERAL COMMUNICATION COMMISSION ("FCC") POLICIES IS
25 ENTIRELY GROUNDLESS."

1
2 A. BellSouth is totally befuddled with this statement. BellSouth's position, based
3 on its knowledge of several FCC orders, is that the FCC has jurisdiction over
4 interstate communications services of enhanced service providers, which
5 includes ISPs. The FCC has made it perfectly clear that communications
6 involving enhanced services are interstate in nature, not local. The FCC has
7 always recognized that ESPs/ISPs use local exchange facilities for interstate
8 access. The ESPs/ISPs have been exempted from access charges, not because
9 they provided local services outside the FCC's jurisdiction, but rather as a
10 matter of policy to protect the new interstate businesses, over which the FCC
11 does have jurisdiction, from rate shock during a vulnerable start-up time.

12
13 As stated in my direct testimony, the FCC recognized the true nature of ISP
14 traffic in the 1983 Access Reconsideration Order, Docket No. 78-72, in which
15 it initially established the access charge exemption for ESPs/ISPs. The FCC
16 stated: "Among the variety of users of access service are ... enhanced service
17 providers." Likewise, in its 1987 Notice of Proposed Rulemaking in CC
18 Docket No. 87-215 which it proposed to lift the access charge exemption for
19 ESPs/ISPs, the FCC stated: "Enhanced service providers, like facilities-based
20 interexchange carriers and resellers, use the local network to provide interstate
21 services."

22
23 BellSouth's interconnection agreements intend for reciprocal compensation to
24 apply only when local traffic is terminated on either party's network. This
25 interpretation is consistent with the Telecommunications Act of 1996, which

1 established a reciprocal compensation mechanism to encourage local
2 competition. The FCC, in its August 1996 local interconnection order, made it
3 perfectly clear that reciprocal compensation rules do not apply to non-local
4 traffic such as interexchange traffic. To quote from paragraph 1034 of that
5 order:

6 We conclude that Section 251(b)(5), reciprocal compensation obligation,
7 should apply only to traffic that originates and terminates within a local
8 area assigned in the following paragraph. We find that reciprocal
9 compensation provisions of Section 251(b)(5) for transport and
10 termination of traffic do not apply to the transport and termination of
11 interstate or intrastate interexchange traffic

12

13 Q. MR. KOUROUPAS, ON PAGE 2 OF HIS TESTIMONY, REFERS TO THE
14 FACT THAT AT LEAST 14 STATES HAVE REQUIRED INCUMBENT
15 LOCAL EXCHANGE CARRIERS TO PAY RECIPROCAL
16 COMPENSATION FOR TRAFFIC TERMINATED TO ISPS. WHAT
17 IMPACT SHOULD THAT HAVE ON THE DECISION BY THIS
18 COMMISSION?

19

20 A. The fact that several states have required incumbent local exchange companies
21 (ILECs) to pay reciprocal compensation for ISP traffic should have no impact
22 on this Commission's decision. This Commission is known to chart its own
23 course, and as a result, has been a leader on many issues, as opposed to a
24 follower on issues. The FPSC should review the facts in this proceeding as
25 they relate to the unique interconnection agreements between the parties

1 involved. It should also be noted that appeals are pending or planned in at least
2 eight of the sixteen states that have required the ILECs to pay reciprocal
3 compensation for ISP traffic. Also, many decisions simply kept the status quo
4 pending explicit FCC decisions and did not make an affirmative finding.
5 Further, several state commissions have yet to rule on this issue.

6
7 The FPSC should rather consider that the FCC -- in two separate dockets -- is
8 currently reviewing the precise issue raised by the parties in this docket. In the
9 first docket, the FCC initiated a proceeding in response to a June 20, 1997
10 letter from the Association for Local Telecommunications Services (ALTS) in
11 which ALTS seeks a ruling from the FCC that "nothing in the [FCC's] Local
12 Competition Order...altered the [FCC's] long standing rule that calls to an
13 [ISP] made from within a local calling area must be treated as local calls by
14 any and all LECs involved in carrying those calls." ALTS also asserted in its
15 letter that the clarification it requested was "plainly within the [FCC's]
16 exclusive jurisdiction." ALTS' decision to seek relief from the FCC on this
17 issue supports BellSouth's position that even ALECs seeking reciprocal
18 compensation for ISP traffic understand that the FCC has viewed this traffic as
19 interstate, not local. If the traffic were truly local, how would the FCC have
20 "exclusive jurisdiction" to provide ALTS with the relief it seeks? Indeed, as
21 recently as April 10, 1998, in CC Docket No. 96-45 (Report to Congress), the
22 FCC indicated that it does have jurisdiction to address whether ALECs that
23 serve ISPs are entitled to reciprocal compensation. The FCC has received
24 comments from numerous interested parties and is set to rule soon on the
25 ALTS request in Docket No. CCB/CPD 97-30.

1

2 In addition, in a docket entitled Usage of Public Switched Network by
3 Information Service and Internet Access Providers, Docket Number 96-263,
4 the FCC sought comments on whether the current exemption from access
5 charges should continue for ISPs.

6

7 Between now and the time the FCC acts in either of the two referenced FCC
8 dockets addressing this issue, the FPSC should take no action. Deferring a
9 ruling in this proceeding will keep Teleport and the other parties at parity with
10 BellSouth regarding the treatment of this traffic.

11

12 Q. MR KOUROUPAS, ON PAGE 6, LINES 15 - 17, STATES THAT
13 “ALTHOUGH THE TREATMENT OF ISPS HAS BEEN POPULARLY
14 REFERRED TO AS AN ‘EXEMPTION,’ THIS SHORTHAND
15 EXPRESSION DOES NOT ACCURATELY REFLECT INTERSTATE
16 ACCESS CHARGE RULES.” PLEASE COMMENT.

17

18 A. The FCC has obviously recognized that ESPs/ISPs collect interstate traffic
19 much like interexchange carriers and therefore would be subject to access
20 charges but for the FCC’s decision not to allow such charges for this interstate
21 traffic, which is , in no uncertain terms, an exemption. Mr. Kouroupas seems
22 to be re-defining the FCC’s authority. The FCC has the authority and
23 responsibility to enforce the Telecommunications Act. The FCC created the
24 term “exemption.” As Mr. Kouroupas states himself on page 7, lines 21 and
25 22, “ It is true that the FCC has referred to an ‘exemption’ several times since

1 the creation of access charge tariffs in 1984; ...” One would assume that the
2 FCC would be more familiar with the interstate access charge rules it created
3 than Mr. Kouroupas. Thus, the FCC’s action truly was an exemption from the
4 application of access charges.

5

6 Q. MR. KOUROUPAS FURTHER STATES ON PAGE 8, LINES 1 AND 2,
7 THAT “NO SUCH EXEMPTION IS CODIFIED IN THE INTERSTATE
8 ACCESS CHARGE RULES.” PLEASE RESPOND.

9

10 A. The FCC does not need to codify such an exemption. The exemption has been
11 labeled as temporary or transitional since its beginning. Common sense would
12 dictate that one should not codify a temporary arrangement. FCC orders
13 constitute binding requirements. As such, the FCC access charge “exemption”
14 for ISP traffic clearly applies here . But, the bottom line is that, whether or not
15 the exemption is codified, traffic to ISPs is interstate and not local!

16

17 Q. AT PAGE 7, ON LINES 10 THROUGH 12, OF MR. KOUROUPAS’
18 TESTIMONY, IT STATES THAT “BELLSOUTH HAD AVAILABLE TO IT
19 FACTS WHICH WOULD HAVE INDICATED THAT SOME PORTION OF
20 TCG’S AND BELLSOUTH’S LOCAL TRAFFIC INVOLVED CALLS TO
21 ISPS.” DO YOU AGREE?

22

23 A. No. BellSouth’s negotiators had no way of knowing who the customers of
24 ALECs were during negotiations. This information would not be needed to
25 negotiate an interconnection agreement. Further, Teleport did not advise

1 BellSouth that some portion of their traffic involved calls to ISPs. If it had,
2 BellSouth would never have agreed to include that traffic since it is interstate
3 in nature.

4
5 Q. MR. KOUROUPAS, ON PAGE 10, LINES 16 THROUGH 18, OF HIS
6 TESTIMONY, STATES THAT "BELLSOUTH'S CURRENT POSITION
7 WOULD HAVE THE EFFECT OF CREATING A CLASS OF INTER-
8 CARRIER TRAFFIC THAT WOULD NOT BE COMPENSABLE AS
9 EITHER LOCAL CALLS OR EXCHANGE ACCESS SERVICE." DO YOU
10 AGREE?

11
12 A. No. The FCC has ruled that ESPs, which includes ISPs, use local exchange
13 facilities to provide interstate communications services. Therefore, each
14 carrier would have to seek compensation from ISPs using local connection
15 charges. BellSouth has been collecting local exchange business rates from
16 ISPs in compliance with the FCC rulings. ALECs, in their provisioning of
17 telecommunications service, would also have to seek compensation by
18 charging appropriate rates to ISPs. Further, ALECs are not bound by the Part
19 69 Access Charge rules and regulations, and therefore are free to charge
20 whatever the market will allow.

21
22 Even more of a concern is the current position of Teleport and the other
23 ALECs in this proceeding. As I described in my direct testimony, their
24 position would have the effect of creating a class of inter-carrier traffic that
25 would require a carrier, such as BellSouth, serving end users originating calls

1 to ISPs to not only turn over to the ALECs that serve these ISPs every penny
2 of local exchange revenue it receives from its end users, but to also pay a
3 significant amount more per month in reciprocal compensation. This situation
4 makes no economic sense and would place an unfair burden on a carrier, such
5 as BellSouth, and its customers.

6

7 Q. ON PAGE 12 OF HIS TESTIMONY, MR KOUROUPAS STATES THAT
8 “THE FCC HAS ENDORSED THE CHARACTERIZATION THAT THE
9 INFORMATION SERVICE IS SEPARATE FROM THE LOCAL CALL.”
10 PLEASE RESPOND TO THIS STATEMENT.

11

12 A. Mr. Kouroupas has taken the FCC’s commentary totally out of context. The
13 purpose of the Non-Accounting Safeguards docket was to deal specifically
14 with the issue of separate subsidiary requirements for interLATA information
15 service. What the Regional Bell Operating Companies (RBOCs) argued, and
16 the FCC endorsed, was that there are two components of interLATA
17 information service: 1) interLATA transport and 2) information service. If an
18 entity other than the local exchange company (LEC) provides end users with
19 interLATA transport, the LEC would not be providing interLATA information
20 service, and therefore, would not be subject to the separate subsidiary
21 requirements. This ruling did not contradict the long standing FCC position
22 that ESPs/ISPs services include jurisdictionally interstate traffic. The
23 determination of jurisdiction must be based on the end-to-end nature of a call,
24 not one component or a few components of a call.

25

1 The ruling in the Non-Accounting Safeguards docket was driven by the FCC's
2 view as to the policies and statutory provisions that govern the provisions of
3 interLATA services by RBOCs – policies and provisions that are totally
4 unrelated to those governing the jurisdictional classification of calls and the
5 reciprocal compensation obligation.

6
7 However, BellSouth must admit to some confusion in one area of Teleport's
8 argument. That is, BellSouth understands that AT&T is in the process of
9 purchasing Teleport, and it is also BellSouth's understanding that AT&T has
10 admitted more than once that ISP traffic is overwhelmingly and inseparably
11 interstate in nature. AT&T stated the following on page 2 of its comments in
12 the FCC's Docket No. CCB/CPD 97-30:

13 AT&T has taken the position before the Commission that ISP traffic is
14 overwhelmingly and inseparably interstate in nature and is unlike local
15 business traffic because, for the vast majority of traffic, it is switched by
16 the ISP at its local point of presence (POP) to distant data centers or
17 Internet sites located in other states (or other countries).

18 AT&T also stated the following on page 4 of its reply comments in the same
19 docket:

20 Although the Eighth Circuit struck down the Commission's rules
21 governing the pricing of local intrastate telephone services (including the
22 terms of reciprocal compensation for the transport and termination of
23 local exchange traffic), it did not – nor could it – restrict or eliminate the
24 authority of the Commission to determine the compensation rules for
25 interstate communications services – which include Internet services.

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Rebuttal to Mr. Martinez's Testimony

Q. DOES BELLSOUTH AGREE WITH MR. MARTINEZ'S STATEMENT ON PAGE 3 OF HIS TESTIMONY WHERE HE STATES THAT "THE PROVISIONS MAKE IT CLEAR THAT BELLSOUTH IS REQUIRED TO PAY MCIMETRO AT THE AGREED-UPON RATE FOR ALL LOCAL CALLS ORIGINATED ON BELLSOUTH'S LINES AND TERMINATED ON MCIMETRO LINES?"

A. Yes.

Q. DO YOU AGREE WITH MR. MARTINEZ THAT MCIMETRO TERMINATES TELEPHONE CALLS TO THE INTERNET SERVICE PROVIDERS ON ITS NETWORK?

A. No. MCImetro, in fact, is only acting as an intermediate transport carrier or conduit. Moreover, the actual call to the ISP only transits through the ISP's local point of presence (POP). The ending point of a call to an ISP is not the ISP switch, but rather the computer database or information source to which the ISP provides access. As such, calls to an ISP constitute exchange access traffic, not telephone exchange service (local service) subject to reciprocal compensation. Calls that merely transit an ALEC's network without terminating on it cannot be eligible for reciprocal compensation.

1 Q. MR. MARTINEZ, ON PAGE 4, LINES 10 THROUGH 12, STATES: "THE
2 DEFINITION OF LOCAL TRAFFIC IN ATTACHMENT IV,
3 SUBSECTION 2.2.1, WHICH WAS INCLUDED AT BELLSOUTH'S
4 REQUEST, MAKES NO EXCEPTION FOR TELEPHONE CALLS
5 TERMINATED TO ISPS." WAS IT BELLSOUTH'S INTENT FOR THIS
6 DEFINITION TO INCLUDE ISP TRAFFIC?

7

8 A. No. BellSouth, as stated previously, considers ISP traffic to be interstate in
9 nature. As such, BellSouth never submitted a definition of local traffic that in
10 any way included ISP traffic. The basis for the submitted definition is found in
11 the FPSC approved Section A1 of the General Subscriber Service Tariff
12 (GSST), and ISP traffic is not included in this definition. Section A1 defines
13 Exchange, Local service, Local service area, and Extended area service.
14 Further, it should be noted that Section A1 also contains a separate and distinct
15 definition for Enhanced service. The definitions for Exchange, Local service,
16 Local service area and Extended area service are as follows:

17

18 Exchange: A central office or group of central offices, together with the
19 subscriber's stations and lines connected thereto, forming a local system
20 which furnishes means of telephonic intercommunication without toll
21 charges between subscribers within a specified area, usually a single city,
22 town or village.

23 When an exchange includes only one central office, it is termed a single
24 office exchange, but when it includes more than one central office, the
25 exchange is termed a multioffice exchange.

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Local service: A type of localized calling whereby a subscriber can complete calls from his station to other stations within a specified area without the payment of long distance charges.

Local service area: The area within which telephone service is furnished subscribers under a specified schedule of exchange rates and without long distance charges. A local service area may include one or more exchange service areas.

Extended area service: A type of telephone service furnished under tariff provisions whereby subscribers of a given exchange may complete calls to and, where provided by tariff, receive messages from one or more exchanges without the application of long distance message telecommunications charges.

Note that in none of these definitions is there a mention of internet services, information services or enhanced services. These traditional definitions do not consider traffic to such services as being local traffic. Compare these traditional definitions with the definition of enhanced service also found in Section A1 of the GSST.

Enhanced service: The term “enhanced service” shall refer to services, offered by using common carrier transmission facilities, which employ computer processing applications that act on the format, content, code,

1 protocol or similar aspects of the subscriber's transmitted information;
2 provide the subscriber additional, different or restructured information;
3 or involve subscriber interaction with stored information.

4
5 The enhanced service definition in no way implies that calls complete to other
6 stations within a specified area as required in the definition of local service
7 area. To the contrary, the definition states that common carrier transmission
8 facilities are used to provide a myriad of services that require some computer
9 processing or interaction with stored information. As stated in my direct
10 testimony, under clear FCC precedent, calls bound for the internet through an
11 ISP's switch can only be characterized as interstate exchange access traffic
12 because they "terminate" not at the ISP's equipment, but rather at the database
13 or information source to which the ISP provides access.

14

15 **Rebuttal to Mr. Ball**

16 Q. ON PAGES 3 AND 4 OF HIS TESTIMONY, MR. BALL STATES THAT
17 THE WORLDCOM AND BELLSOUTH INTERCONNECTION
18 AGREEMENT IS CLEAR AND UNAMBIGUOUS ON ITS FACE
19 REGARDING THE TREATMENT OF ISP TRAFFIC AS LOCAL TRAFFIC
20 FOR PURPOSES OF RECIPROCAL COMPENSATION. DO YOU
21 AGREE?

22

23 A. No. The only way that this agreement would be clear and unambiguous
24 regarding the treatment of ISP traffic as local traffic for purposes of reciprocal
25 compensation is if it was specifically stated in the agreement. The agreement

1 clearly does not contain such words. Further, the parties did not mutually
2 intend to treat this traffic as local for purposes of reciprocal compensation.

3 Section 1.40 of the agreement states:

4 Local traffic includes traffic types that have been traditionally referred to
5 as “local calling” and as “extended area service (EAS).”

6 ISP traffic has never been traditionally referred to as local traffic. As
7 previously stated, the traditional definition of local service does not consider
8 traffic to such services as enhanced services, information services or internet
9 services as being local traffic. Reciprocal compensation obligations only apply
10 to traffic that originates and terminates within a local area. Thus, reciprocal
11 compensation obligations do not apply for ISP traffic.

12

13 Further, as stated in section 5.8.1 of the agreement, there is a requirement for
14 the traffic to terminate on either party’s network for reciprocal compensation to
15 apply. Call termination does not occur on the ALEC’s network when an
16 ALEC places itself between BellSouth and an ISP. The ALEC is simply acting
17 like an intermediate transport carrier, or conduit, not a local exchange provider
18 entitled to reciprocal compensation.

19

20 Q. PLEASE ADDRESS MR. BALL’S ARGUMENT, BEGINNING ON THE
21 BOTTOM OF PAGE 5, THAT BELLSOUTH DID NOT EXCLUDE ISP
22 TRAFFIC FROM THE DEFINITION OF LOCAL TRAFFIC OR
23 RECIPROCAL COMPENSATION, AND AS A RESULT, SUPPORTS HIS
24 VIEW THAT THE CALLS ARE LOCAL.

25

1 A. First and foremost, it is BellSouth position that the interconnection agreement
2 between WorldCom and BellSouth does not require the payment of reciprocal
3 compensation for ISP traffic. Calls from end users to the ISP only transits
4 through ISP's local POP; it does not terminate there.

5

6 However, it should be noted that the exception quoted by WorldCom, in fact,
7 includes ISP traffic. As WorldCom noted, section 1.62 of the Agreement
8 states:

9 "Switched Exchange Access Service" means the following types of
10 Exchange Access Services: Feature Group A, Feature Group B, Feature
11 Group D, 800/888 access, and 900 access and their successors or similar
12 Switched Exchange Access services.

13

14 Like Feature Group A exchange access traffic, ISP exchange access traffic is
15 transmitted over local interconnection trunks. The ISP exchange access
16 arrangement parallels the Feature Group A arrangement. On Feature Group A
17 calls, as with ISP calls, end users dial local numbers to make non-local calls.
18 Hence, ISP traffic would be included in the words "similar Switched Exchange
19 Access services." Thus, BellSouth never intended for WorldCom, Intermedia,
20 MCImetro or Teleport to have reciprocal compensation apply to internet
21 traffic.

22

23 Q. ON PAGE 7 OF MR. BALL'S TESTIMONY, HE STATES THAT
24 WORLDCOM SERVES ISPS VIA ITS LOCAL EXCHANGE SERVICES
25 TARIFF. PLEASE COMMENT ON THAT STATEMENT.

1

2 A. The ability to serve ISP via local exchange service tariffs comes from the
3 FCC's exemption of access charges to ISPs. This only confirms the fact that
4 the FCC has jurisdiction over ISP traffic. The FCC allows ESPs/ISPs to use
5 local exchange facilities to provide their interstate services.

6

7 Q. ON THE BOTTOM OF PAGE 8 OF WORLDCOM'S TESTIMONY, MR.
8 BALL STATES THAT BELL SOUTH TREATS ISP TRAFFIC AS A LOCAL
9 CALL FOR THE PURPOSES OF JURISDICTIONAL SEPARATIONS AND
10 ARMIS REPORTS. PLEASE COMMENT ON THIS STATEMENT.

11

12 A. While I am not a separations expert, I will respond to this statement. The
13 separations treatment of ISP traffic is not part of the interconnection agreement
14 and was not part of the negotiations. Although irrelevant to the contract
15 language, the statement is partially correct.

16

17 The separations process is controlled by Part 36 of the FCC rules. BellSouth
18 cannot allocate cost based on actual jurisdiction, but is required to follow the
19 separations rules. Separations rules make a number of broad-based allocations
20 that are not precise (e.g., 25% gross allocator, 10% interstate special access
21 allocated to interstate, etc.). BellSouth cannot report ISP traffic correctly -- as
22 interstate calls -- until the FCC approves new separations rules. It is
23 BellSouth's position that the separations rules must be followed regardless of
24 their accuracy. Further, ARMIS rules must reflect separations rules.

25

1 Periodically, separations rules must be updated if they are to remain accurate,
2 even at a broad-based level. To my knowledge, separations rules have not
3 been updated to allow for the proper allocation of several new or growing
4 services such as services provided by ISPs and services using unbundled
5 network elements. Also, there was previously no need to update separations to
6 properly allocate ISP traffic to the interstate jurisdiction due to the ISP access
7 charge exemption initially being labeled as temporary or transitional. Similar
8 reporting problems existed when the FCC introduced Feature Group A service.
9 Separations and ARMIS reporting will not be accurate until the transitional
10 access charge exemption is revoked or until the FCC approves new separations
11 procedures.

12

13 Recent separation activities have focused on freezing separations rules rather
14 than making continual adjustments as in the past. To the extent separations
15 rules should be updated, rather than frozen, it is BellSouth's position that the
16 rules should be revised to reflect the actual jurisdiction of ISP traffic. In no
17 circumstances should the jurisdiction of the traffic be changed to agree with
18 separations rules as suggested by Mr. Ball.

19

20 **Rebuttal of Mr. Viren's Testimony**

21

22 Q. ON PAGE 4, LINES 8 THROUGH 12, MR. VIREN STATES THAT
23 "BELLSOUTH'S REFUSAL TO PROVIDE RECIPROCAL
24 COMPENSATION FOR LOCAL ISP TRAFFIC ORIGINATED BY ITS
25 END-USERS THAT TERMINATES ON INTERMEDIA'S NETWORK

1 CONSTITUTES A MATERIAL AND WILLFUL BREACH OF THE TERMS
2 OF THE INTERCONNECTION AGREEMENT.” DO YOU AGREE?

3

4 A. No. BellSouth strongly disagrees with this statement. As previously stated,
5 ISP traffic does not terminate on Intermedia’s network. Intermedia is only
6 acting like an intermediate transport carrier or conduit, not a local exchange
7 provider entitled to reciprocal compensation. Further, local traffic as defined
8 by the agreement does not include ISP traffic as stated in my direct testimony.

9

10 Q. MR. VIREN FURTHER STATES ON PAGE 4, LINES 12 THROUGH 15
11 THAT “BELLSOUTH’S ACTION ALSO VIOLATES SECTION 251(B)(5)
12 OF THE ACT WHICH SETS FORTH THE OBLIGATIONS OF ALL
13 LOCAL EXCHANGE COMPANIES (LECS) TO PROVIDE RECIPROCAL
14 COMPENSATION.” PLEASE COMMENT.

15

16 A. BellSouth’s position that reciprocal compensation applies only to local traffic
17 terminated on a party’s network is in direct agreement with the
18 Telecommunications Act of 1996 (“Act”).

19

20 Section 251(b)(5) of the Act imposes upon LECs the duty to establish
21 reciprocal compensation arrangements for the transport and termination of
22 telecommunications. Section 252(d)(2)(A) provides that for purposes of
23 compliance by an ILEC with Section 251(b)(5), a State commission shall not
24 consider the terms and conditions for reciprocal compensation to be just and
25 reasonable unless, inter alia, they allow recovery of costs “associated with the

1 transport and termination on each carrier's network of calls that originate on
2 the network facilities of the other carrier." (emphasis added)

3

4 The FCC, in paragraphs 1034-1035 of its August 8, 1996 First Report and
5 Order, CC Docket No. 96-98, explicitly held that Section 251(b)(5) reciprocal
6 compensation obligations

7 should apply only to traffic that originates and terminates within a local
8 area ... [R]eciprocal compensation for transport and termination is
9 intended for a situation in which two carriers collaborate to complete a
10 local call ... Traffic originating or terminating outside of the applicable
11 local area would be subject to interstate and intrastate access charges.

12

13 Q. ON PAGES 4 AND 5 OF HIS TESTIMONY, MR. VIREN STATES THAT
14 "[T]HE PARTIES OWE EACH OTHER RECIPROCAL COMPENSATION
15 FOR ANY LOCAL TRAFFIC TERMINATED ON THE OTHER'S
16 NETWORK. TRAFFIC TO ISPS MEETS THIS DEFINITION." PLEASE
17 RESPOND TO THESE STATEMENTS.

18

19 A. BellSouth agrees with Mr. Viren when he states that reciprocal compensation
20 applies for local traffic terminated on the parties' networks. However,
21 BellSouth strongly disagrees with the statement that traffic to ISPs meets this
22 definition for the reason stated earlier. First, ISP traffic is not terminated at the
23 ALEC's last point of switching or the ISP's switch. The call terminates at a
24 distant computer database or information source to which the ISP provides
25 access. Second, the main concern at the time of this agreement was negotiated

1 was the balance of traffic between the parties. This concern led to the cap
2 being included in the agreement. Finally, the compensation is for termination
3 of local traffic as defined in Section A3 of the Tariff. Local traffic as defined
4 in Section A3 in no way implies ISP traffic.

5

6 Further, it should be noted that Intermedia accepted the BellSouth standard
7 interconnection agreement. Included in that standard agreement was
8 BellSouth's definition of local traffic. Intermedia accepted our standard
9 agreement with our local definition. BellSouth can firmly state that our
10 definition of local traffic never included ISP traffic.

11

12 Q. AT PAGE 7, ON LINES 9 THROUGH 13, OF MR. VIREN'S TESTIMONY,
13 IT STATES THAT "WHEN WE AMENDED THE CONTRACT TO
14 INCLUDE THE PRESENT LANGUAGE, OUR LARGEST CUSTOMER
15 WAS AN ISP, SO OBVIOUSLY, RECIPROCAL COMPENSATION
16 REQUIREMENTS WERE SIGNIFICANT TO US AND PRESUMABLY
17 BELLSOUTH WAS AWARE OF THIS." WERE BELLSOUTH'S
18 NEGOTIATORS AWARE OF THIS?

19

20 A. No. BellSouth's negotiators had no way of knowing who the customers of
21 ALECs were during negotiations. This information would not be needed to
22 negotiate an interconnection agreement. Further, Intermedia did not advise
23 BellSouth that its largest customer was an ISP. If it had, BellSouth would
24 never have agreed to include that traffic since it is interstate in nature.

25

1 Q. CAN YOU SUMMARIZE YOUR REBUTTAL TESTIMONY?

2

3 A. Yes. Messrs. Kouroupas, Martinez, Ball, and Viren are incorrect in claiming
4 that the interconnection agreements between BellSouth and Teleport,
5 MCImetro, WorldCom, and Intermedia require payment of reciprocal
6 compensation for ISP traffic. When those agreements were negotiated,
7 BellSouth understood, based on FCC orders, that such traffic was interstate in
8 nature. Based on that understanding, BellSouth never intended to include such
9 traffic in the definition of local traffic for reciprocal compensation purposes.
10 The agreements therefore do not require such treatment and the Florida
11 Commission should so order.

12

13 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

14

15 A. Yes.

16

17

18

19

20

21

22

23

24

25

1 **Q** **(By Mr. Rankin)** Mr. Hendrix, have you
2 prepared a summary of your testimony for us?

3 **A** Yes, I have.

4 **MR. PELLEGRINI:** Excuse me, Chairman
5 Johnson. Before Mr. Hendrix begins his summary, Staff
6 would offer exhibit JDH-3 and ask that it be marked
7 for identification. It consists of Mr. Hendrix's
8 deposition transcript as well as Late-filed Deposition
9 Exhibits Nos. 1 through 5.

10 **CHAIRMAN JOHNSON:** JDH-3 will be marked as
11 Exhibit 7, and JDH-1 and 2 is Composite Exhibit 6.

12 (Exhibit 7 marked for identification.)

13 **MR. PELLEGRINI:** Thank you.

14 **WITNESS HENDRIX:** As part of my summary, I
15 want to just diagram exactly what it is we're talking
16 about, but prior to doing that, let me state that I am
17 in charge of all of the negotiations for BellSouth.
18 BellSouth never addressed ISP traffic because it was
19 interstate traffic.

20 There is no point in addressing anything
21 that you have no jurisdiction over. The FCC required
22 us to offer local services to these ISPs for them to
23 have access for where their end-user customers could
24 actually reach them. That is only an interim measure
25 until access charges will be assessed to these

1 carriers.

2 It was never the intent to compensate for
3 this traffic, and once we got wind and once we found
4 out that CLECs or ALECs were, in fact, sending us this
5 traffic to be compensated for, we issued the letter;
6 and that's the August 12, Ernest Bush letter. It was
7 never intended, and if you were to look below the
8 whereas clauses in each of the agreements, it states
9 in each of the agreements that the parties must
10 mutually agree.

11 We never agreed to ISP traffic. We never
12 addressed it, and that was the reason it was never
13 addressed, because we had no intention of addressing
14 it because it was interstate traffic.

15 **COMMISSIONER CLARK:** Let me just back you up
16 there. It's your view that it's addressed in the
17 access part. It is part of access as described in
18 your agreement, so it is addressed as access.

19 **WITNESS HENDRIX:** Well, what we did was to
20 make the reference that if it's addressed in any of
21 the agreements, it would be that part addressed in the
22 access arena, but it's clearly not local.

23 The one common thread in all of the
24 agreements with the ALECs is that the local calling
25 area is pretty much consistent with the local calling

1 area that has been approved by this state. It
2 references A3 in each of the agreements, and it also
3 in one agreement it used the whole LATA as the
4 originating and terminating points within the LATA.

5 This has shades of the PIU issues that we've
6 addressed in this state, and it took us two years to
7 get to the bottom of that issue. And that issue
8 addressed the originating and terminating points of a
9 given call to ensure that the appropriate moneys
10 flowed to the appropriate jurisdiction.

11 When we look at an ISP call if this is the
12 end user customer that is wanting to use an ISP, what
13 happens is that the end user customer will go to
14 BellSouth's end office, or central office as it may be
15 referred to by other parties. In a normal diagram of
16 this traffic flow, what would actually happen is that
17 it would then go to an ISP point of presence.

18 The ISP will then send that out to the
19 Worldwide Web. The Worldwide Web is made up of a
20 backbone of different networks and different players.
21 All have parts of that network. And then they will
22 allow access to what is the host computer that this
23 end user would actually use to retrieve data or info
24 from.

25 Clearly the termination point of this call

1 made by this end user is at the host. It is not at
2 the ISP POP, and that is the reason the FCC has
3 claimed jurisdiction over that traffic, because this
4 end user customer can have multiple jurisdictions up
5 at one time.

6 That end user customer may be dialing a
7 7-digit number, but they may have an international
8 host. They may have an intrastate host. They may
9 even have an intraLATA host, but they can keep three
10 different sites up at the same time.

11 Now, I beg to differ with what has been
12 couched here as the CLECs or the ALECs not having the
13 ability to identify that traffic. This is nothing
14 more than what you would do when you were trying to
15 identify Feature Group A traffic. It's based on a
16 number. It's based on a number. And as Mr. Bush
17 stated in his letter, we will not expect you to
18 compensate us for ISP traffic, neither will we
19 compensate you for ISP traffic.

20 The last point I'm wanting to make in this
21 summary is that it simply would not make sense for
22 BellSouth to have agreed to compensate for this
23 traffic.

24 I use this example in my testimony, wherein
25 if a customer is on line as little as two hours per

1 day -- and I can tell you that's not a whole lot of
2 usage -- at let's say a penny a minute, that's \$36
3 that we would end up paying for a month period to the
4 ALEC.

5 BellSouth, in turn, from that residential
6 customer would actually get \$10.65 based on one of the
7 current rate groups that we have in this state.

8 If we're wanting ALECs or CLECs to come in
9 to serve residential customers, this is not the way
10 you do it, because what you're telling the ALECs and
11 CLECs, come in and serve these residential customers
12 and we can guarantee that you will give up money.

13 We simply do not agree to this. We did not
14 address it, and every party has actually stated we
15 never addressed it, and the reason being is because we
16 view it as interstate traffic.

17 Yes, there was a docket here in 1989. A
18 ruling was made. We lost, and we've been operating
19 under the federal ruling since.

20 It was there that we were required to give
21 ISPs local service to use to access their -- for their
22 customers to actually access them. That is an interim
23 measure.

24 **COMMISSIONER CLARK:** Let me ask you that.
25 It's interim, but it's been interim since 1989; is

1 that right? Which one are you talking about; this
2 Commission's or the FCC's.

3 **WITNESS HENDRIX:** The FCC's.

4 **COMMISSIONER CLARK:** All right.

5 **WITNESS HENDRIX:** It's a little bit later
6 than 1989.

7 **COMMISSIONER CLARK:** Let me ask you about
8 this. There's no dispute that the service that has to
9 be offered to the ISP is local service.

10 **WITNESS HENDRIX:** It has to be all -- yes,
11 yes, I would agree, there is none.

12 **COMMISSIONER CLARK:** And you have to offer
13 it out of your local service tariff.

14 **WITNESS HENDRIX:** Exactly right.

15 **COMMISSIONER CLARK:** And how were you
16 proposing to segregate that in terms of measuring the
17 compensation?

18 **WITNESS HENDRIX:** You can do it by telephone
19 numbers. It is no different from what is happening
20 today when a carrier has to report a usage factor for
21 us to be able to generate a bill. It's no different.
22 They use telephone numbers. They're able to identify
23 the actual telephone numbers, and they look at the
24 originating and terminating points; and that was the
25 outcome of various workshops and dockets and orders in

1 this state.

2 In other words, you all -- this state
3 actually led the country in a -- once we worked
4 through the jurisdictional issues here, we actually
5 met with Judy Nitchie (phonetic) up at the federal
6 level and presented to her our tariff. And then we
7 moved from this state and filed it at the federal
8 level and then filed it in the other states.

9 This is no different. The terminating point
10 of this call has nothing to do with whether this is an
11 enhanced service and this is a telephone service.

12 The FCC gained jurisdiction over that
13 traffic because you could have multiple jurisdictions
14 out, and we simply did not address it. It wasn't
15 appropriate to be addressed.

16 **COMMISSIONER CLARK:** And the reason the FCC
17 has jurisdiction is because even though it comes out
18 of your local exchange tariff, it connects to an
19 interstate service, so it is interstate. The whole
20 thing is interstate.

21 **WITNESS HENDRIX:** Exactly right. Let me
22 give two examples that I think will probably make this
23 more clear. One is, if you remember back what
24 happened to resellers, resellers for a long time
25 purchased basic service, the A3 services just as your

1 ESPs and ISPs do here; basic services.

2 The FCC then moved to say, okay; we will
3 apply access charges to these resellers. The same
4 thing is happening here. The FCC has even couched
5 this as an interim step and that at some point they
6 will likely assess access charges, but they did not
7 want to stifle the growth in the Internet usage. This
8 is an interim step.

9 **COMMISSIONER CLARK:** Well, let me ask you
10 this, then: Is that whole line of traffic from the
11 end user through to the host, would you term that
12 interLATA telecommunications service, or is it
13 interLATA information service?

14 **WITNESS HENDRIX:** I would say that -- it
15 doesn't really matter.

16 **COMMISSIONER CLARK:** Okay.

17 **WITNESS HENDRIX:** To me it doesn't really
18 matter. I don't know that you need to really get into
19 defining what this traffic is. The key point is that
20 the jurisdiction rests with the federal -- with the
21 FCC, and they will determine when it is appropriate to
22 assess access charges.

23 **COMMISSIONER CLARK:** Okay.

24 **WITNESS HENDRIX:** That's the end of my
25 summary.

1 **CHAIRMAN JOHNSON:** Thank you.

2 **MR. RANKIN:** Mr. Hendrix, is available for
3 cross.

4 **MR. HOFFMAN:** No questions.

5 **MS. CANZANO:** No questions.

6 **MR. BOND:** MCI has no questions.

7 **MR. SELF:** WorldCom has no questions.

8 **CHAIRMAN JOHNSON:** Staff?

9 **MR. PELLEGRINI:** We have some questions.

10 **CROSS EXAMINATION**

11 **BY MR. PELLEGRINI:**

12 **Q** Good afternoon, Mr. Hendrix.

13 **A** Good afternoon.

14 **Q** I'd like to begin by referring you to the
15 definition of local traffic in the WorldCom agreement,
16 Section 1.40?

17 **A** Okay. Let me get the agreement. I'm there.

18 **Q** How would you apply that definition to
19 support your contention that a call placed to the
20 ISP -- to the ISP is, indeed, an interstate call?

21 **A** Well, it's very simple. If you were to look
22 at the current rulings that you have with the current
23 tariff that we have to operate under for special
24 access, the FCC has ordered that if 10% or more on a
25 special access circuit is interstate traffic, just 10

1 or more, that whole circuit is interstate.

2 The FCC has claimed this traffic to be
3 interstate. There is no question. There is nothing
4 more to interpret. The FCC has jurisdiction over that
5 traffic. It doesn't matter whether it's enhanced or
6 even the initial piece where you dial a 7-digit
7 number; it's interstate traffic.

8 Q But would you not agree with me that a call
9 from the end user to the ISP is precisely the call
10 that is identified, or that is defined in
11 Section 1.40?

12 A No, I would not. That is speaking of local
13 traffic, and I believe -- I can't remember the exact
14 agreement, but it may refer to the traditional -- it
15 does. This agreement refers to traditional local
16 service. ISP, being a growing industry, is not a
17 traditional local service, so it will not fit here
18 under 1.4.

19 Q Well, the definition says that local traffic
20 consists of calls between two or more telephone
21 exchange service users. Now, I think -- would you
22 agree with me that the end users and the ISP are
23 telephone exchange service users?

24 A No. I would not. And that's another
25 misstatement that has been made here. An ISP is not

1 an end user. An ISP, according to the federal orders,
2 are only being allowed to use end user type services
3 in lieu of paying access charges. They are not an end
4 user. They're only being treated this way to keep
5 from having to pay access charges.

6 I would not agree. They are a carrier.
7 They are a different provider. They're not an IXC
8 type carrier, but they are, in fact, a different type
9 of carrier. They're not an end user.

10 Q Well, the deposition doesn't use the word
11 "end." It speaks about telephone exchange service
12 users where both bear the same NPA-NXX designations.
13 It seems to me that both the end user, that is the
14 person wishing to access the Internet and the ISP
15 provider -- and the ISP fall within that definition.

16 A Okay. Well, I would simply have to agree
17 with you, because the issue is not a relevant issue,
18 because the FCC has jurisdiction over this traffic,
19 and that was the reason it was never talked about with
20 any of the parties.

21 Q On Page 12 of your direct testimony at
22 Line 10 --

23 A Yes, I'm there.

24 Q -- you state there that ISPs are permitted
25 to obtain and use local exchange service to collect

1 and terminate their traffic; is that correct?

2 A That's correct.

3 Q How is that statement consistent with your
4 position that the traffic is interstate in nature?

5 A It's simple. They're simply using exchange
6 service as ordered by the FCC that these services be
7 applied to this type of carrier, and that they will
8 use this service for the end user customers that they
9 have to access them.

10 I mean, it squares very well with what I've
11 stated. It's not in conflict. It's very consistent
12 with what I've filed and what I've stated.

13 Q Well, would you agree that the FCC intends
14 for ISP traffic to be treated as local traffic,
15 regardless of the jurisdictional nature?

16 A I do not agree totally with what you said.
17 I would agree with the first part, that the FCC agreed
18 for ISPs to have access to A3 intrastate type tariff
19 services, your basic services; and it's only that they
20 would have access to these services in lieu of paying
21 access, just as they did for the resellers and then
22 ultimately moved to have the resellers assess access
23 charges.

24 Q You took exception to what part of my
25 question; the jurisdictional part of my question?

1 A Yes. I mean, they've claimed jurisdiction
2 over this traffic. They simply ordered us to use
3 certain services or allow them to use certain services
4 for their end users to access them.

5 Q You've testified this afternoon,
6 Mr. Hendrix, that there simply was no need to address
7 ISP traffic because, at least in BellSouth's view, it
8 was interstate in nature. Would it not have been
9 reasonable for you to have thought that the CLECs
10 would have a different point of view about the
11 characterization of that traffic?

12 A Well, I can tell you for certain that if the
13 CLECs had raised that as an issue as part of
14 negotiating, then that issue would have been
15 addressed. It was the furthest thing from BellSouth's
16 mind, and I can tell you with certainty also that it
17 was the furthest thing from many of the CLECs' minds,
18 because the CLECs were more focusing on -- were more
19 focused on the balance of traffic. The actual
20 thinking was that they would end up paying us a whole
21 lot more for this local traffic, or for local traffic,
22 period, than BellSouth would actually be paying them.

23 But if the issue had come up, it would have
24 been addressed. And let me say this: With two of the
25 parties in this docket -- and I will not name those

1 parties -- when we've gone in to settle up with the
2 carriers, we made it known in the early part of
3 1997 -- I'm sorry -- the latter part of 1997 that we
4 would not pay for this type of traffic; and that CLEC
5 bill was actually adjusted to exclude this type of
6 traffic. So everything that's been stated here today
7 is not fact and it's not true.

8 We made it known as soon as we got wind that
9 the CLECs were planning to terminate this type of
10 traffic and asked us to compensate them for it, we
11 made it known that we would not do it and, hence, you
12 have the Mr. Bush letter.

13 And let me mention one other thing.

14 Q All right.

15 A The agreements were silent on this issue and
16 did not address this issue until we found out about
17 this issue. If you were to look at the current
18 agreements, and if you were to look at the standards
19 that are being signed, ISP is addressed.

20 When we found the issue, we addressed the
21 issue; but it was never an issue for us to address
22 because it was interstate traffic.

23 Q You mean you addressed the issue by means of
24 Mr. Bush's letter?

25 A No. We addressed the issues in the more

1 current agreements, wherein ISPs will -- we will not
2 compensate for this type of traffic. But it never
3 came to our minds to address it, neither did it come
4 to any of the CLECs' minds to address it, because
5 their focus was on the imbalance of traffic, contrary
6 to what you've heard.

7 **MR. HOFFMAN:** Madam Chairman -- excuse me,
8 Mr. Pellegrini.

9 If I may, I'm concerned and I will object
10 and move to strike the portions of the witness' answer
11 in which he testified as to what was on the CLECs'
12 minds.

13 Mr. Hendrix is not competent to testify as
14 to what was on the CLECs' minds because, at least with
15 respect to TCG, he was not present at the
16 negotiations. He did not participate in the
17 negotiations, so I don't think he's competent to offer
18 testimony as to what was on the CLECs' minds.

19 **MR. RANKIN:** If I can have an opportunity to
20 respond. I think we've heard a lot of testimony today
21 from the other side in this case about what
22 BellSouth's intentions were or what the other side
23 understood BellSouth's intentions to be, and through
24 -- whether either direct observation or very indirect
25 observation, and I think that the same standard should

1 be applied here.

2 Mr. Hendrix is testifying in response to a
3 question from a Staff attorney about an area within
4 his knowledge, and I think he should be allowed to
5 have that testimony remain in the record.

6 CHAIRMAN JOHNSON: I'm going to strike that
7 sentence where you say what was on the CLECs' minds.
8 I agree with the objection as stated, because you did
9 testify specifically to what was on their mind and not
10 what you thought. So let's have that particular
11 sentence where you make that -- you might have said it
12 twice -- have those two references stricken.

13 Q (By Mr. Pellegrini) Mr. Hendrix, what
14 precisely happened, or what precisely did BellSouth
15 discover that caused Mr. Bush to write the August '97
16 letter to the ALECs?

17 A Well what we found was that invoices were
18 coming in from ALECs or CLECs -- and the reason I say
19 ALECs and CLECs is because, depending on the state
20 you're in, they're called different things. But I
21 believe here in Florida it is ALECs. But they were
22 invoicing us, looking for payment for local traffic.
23 And after further investigation it became obvious to
24 us that this was not local traffic.

25 Q But the exchange of local traffic had been

1 going on since sometime late in '96, depending upon
2 the particular ALEC and, thus, was occurring for maybe
3 six, seven or eight months prior to the August '87
4 letter.

5 A Well, I don't know that I would agree with
6 that either. That was part of testimonies given, but
7 according to my records, it is not as long as you've
8 indicated.

9 I believe MFS mentioned October, and they
10 sent us a bill in November of 1997. ICI simply went
11 to elemental billing on 2/1997. Prior to that they
12 had a cap. It was a cap that would indicate that they
13 had some concerns. And I know this for a fact; they
14 had concerns with the imbalance of traffic, since I
15 was present in all of the -- or most of the
16 negotiations there.

17 MCI, their agreement that they're currently
18 operating on -- under, was not signed until June,
19 1997. Prior to that MCI had a partial agreement that
20 also included a cap. And we've since settled with MCI
21 on exactly what the payments would actually be, and we
22 made it known to them that we would not compensate
23 them for this ISP traffic.

24 And then with Teleport it was 10 of 1997,
25 and they currently have a cap threshold; and the cap

1 threshold simply states that you will not bill any
2 more than 105% of the lowest usage. And I can tell
3 you that the Teleport bill is a very, very, very small
4 bill. So what you've heard is not totally factual
5 when you look at the local traffic piece.

6 Q Well, is it true that what BellSouth
7 discovered was an imbalance of ISP traffic in favor of
8 the ALECs in that period just before August of '97?

9 A I wouldn't say there was an imbalance of ISP
10 traffic. The way your question is framed it would
11 indicate that we were sending them ISP traffic and
12 they were sending us ISP traffic.

13 What we determined was that they were asking
14 us to compensate them for ISP traffic. And as
15 indicated in Mr. Bush's letter of August 12th, 1997,
16 we will not compensate them for this traffic, neither
17 will we send them any or expect them to pay for any
18 ISP traffic that BellSouth may be sending to them. Or
19 that may be terminating the other way, I should say.

20 Q What I understand you to have said, then,
21 that is regardless of the relative volumes of ISP
22 traffic, BellSouth -- regardless of that, BellSouth's
23 position was that they would not compensate for ISP
24 traffic nor would they bill for ISP traffic.

25 A That's correct, and it's not appropriate.

1 It simply isn't local traffic.

2 **COMMISSIONER CLARK:** While he's checking his
3 notes, Mr. Hendrix, let me ask you to respond to
4 something in Mr. Kouroupas' direct testimony that I'm
5 not sure you did respond to. Let me first -- it's on
6 Page 12 of his direct testimony.

7 **WITNESS HENDRIX:** Yes, ma'am, I'm there.

8 **COMMISSIONER CLARK:** And it's a discussion,
9 I guess, about some proceeding before the FCC with
10 regard to information services. First of all, did
11 BellSouth participate in that at all?

12 **WITNESS HENDRIX:** I can almost assure you
13 that we did. I'm trying to reflect back -- let's see
14 what my notes say here relative to this comment.

15 **MR. PELLEGRINI:** I'm sorry, Commissioner
16 Clark. Where do you --

17 **COMMISSIONER CLARK:** I'm at Mr. Kouroupas'
18 direct testimony, Page 12.

19 **MR. PELLEGRINI:** Thank you.

20 **WITNESS HENDRIX:** Okay. And I believe my
21 reading of that -- and I've had some problems
22 following all of what's here, but my reading of that
23 is that it may be two components of different services
24 is what has been advocated here.

25 And my assertion is that it doesn't really

1 matter, you know, whether you look at the piece beyond
2 the ISP as an enhanced service and the piece going to
3 the ISP telephone number as the telecommunications
4 service; the service is still interstate. And the FCC
5 will ultimately rule on that.

6 And there was a reference made earlier this
7 morning that their ruling will be made. And it
8 doesn't really matter whether it's an enhanced service
9 or whether it's a telecommunications service, they
10 will make a ruling as to the jurisdiction as to
11 whether reciprocal compensation should apply for this
12 traffic.

13 **COMMISSIONER CLARK:** Will that mean that all
14 information services will, in fact, be interstate?

15 **WITNESS HENDRIX:** That I do not know.

16 **COMMISSIONER CLARK:** Well, I mean, doesn't
17 it follow? I mean, your argument is that because it
18 has the potential to be interstate, you treat the
19 whole thing as interstate for jurisdictional purposes.

20 **WITNESS HENDRIX:** Well, I think there's two
21 ways you could probably look at it.

22 When we looked a PI/PIU in the various
23 workshops here, the FCC at that time issued what was
24 called an entry/exit surrogate. In that docket it
25 looked at the point at which a call would enter a

1 given network and then looked at the end points.

2 So what you may have is part of a service
3 being apportioned to the states and another part being
4 apportioned to the federal level.

5 In fact, there were comments filed by some
6 of the smaller telephone companies the other day that
7 were looking for a waiver of Part 36 rules that would
8 allow for this type of apportioning of the traffic
9 type.

10 So when I say I do not know, I think there
11 are perhaps two ways that it could go. It could be
12 all interstate or it could be apportioned between
13 inter and intrastate, and perhaps even local, based on
14 the factors that would be given to the ILECs or other
15 local companies from the CLECs or ALECs.

16 **COMMISSIONER CLARK:** Let me ask you, what
17 does Section 272 require with respect to RBOCs getting
18 into information service? That it has to be a
19 separate subsidiary?

20 **WITNESS HENDRIX:** I believe that's correct,
21 yes. And I'm not certain, but if I remember
22 correctly -- it's been some time since I've looked at
23 that, but I believe that is the case.

24 **COMMISSIONER CLARK:** Okay. And the argument
25 being advanced here by the RBOCs was apparently that

1 you should -- that there can be both intraLATA
2 information service and interLATA?

3 **WITNESS HENDRIX:** That's correct.

4 **COMMISSIONER CLARK:** And if it is intraLATA
5 information service, you have don't have to have a
6 separate subsidiary; is that right?

7 **WITNESS HENDRIX:** I believe that's correct.

8 **COMMISSIONER CLARK:** Now explain to me how
9 that can square with the notion that if you provide
10 that piece of -- how can it square with the notion
11 you're advancing in this case that the whole thing is
12 interstate?

13 **WITNESS HENDRIX:** And I think the squaring
14 of that would rest with the rules that we're having to
15 operate under. And the current rules simply require
16 that traffic to be treated -- or the ISP to be treated
17 as local for the sake of not applying access charges,
18 but yet the FCC will have jurisdiction over it.

19 And that's the only argument that we're
20 actually making is that we did not talk about ISP
21 traffic. It's not right for us to talk about it. It
22 is not appropriate for us to pay for this type of
23 traffic because it's interstate.

24 We have no control over how the FCC
25 actually -- rule ordering us to allow the enhanced

1 service providers to use local service for the end
2 users to access it, and we're simply operating under
3 the set of rules that we were given.

4 **COMMISSIONER CLARK:** But it seems to me the
5 argument that you apparently made in this separate
6 subsidiary issue was that they should also be treated
7 separately, that they should be viewed as two separate
8 services; yet here you're saying they should be viewed
9 as the same service, that the ILEC is simply a
10 conduit.

11 And what is the justification for two
12 different treatments, depending on whether you're
13 discussing your need to have a separate subsidiary to
14 provide this service and whether or not reciprocal
15 compensation is due? Why should they be different?

16 **WITNESS HENDRIX:** And I think the reason
17 they should be different is, one, if you remember in
18 1990 -- 1989 we argued a certain thing here in this
19 state and we lost, and we're currently operating under
20 the rules that we actually had. I think the second --

21 **COMMISSIONER CLARK:** And those rules, or
22 that piece, is local.

23 **WITNESS HENDRIX:** The rule is that enhanced
24 service providers can use basic service, but it's
25 interstate. And this part of what is referenced here

1 at Pages 12 and 13, I'm not exactly sure all of what
2 was stated here.

3 But for purposes of negotiating with the
4 ALECs, we were simply operating under the current
5 rules, and there may be things that we filed that may
6 not square totally with what is here; and I'm not
7 saying that it does or it doesn't.

8 I would have to do more research. I had a
9 lot of problems reading this part of it, to be honest
10 with you.

11 COMMISSIONER CLARK: Okay.

12 Q (By Mr. Pellegrini) Mr. Hendrix, you've
13 stated several times this afternoon that the FCC has
14 asserted jurisdiction over the traffic in question,
15 and in response to a deposition question, you filed
16 Late-filed Exhibit 2 in which you were asked to cite
17 explicit -- orders in which the FCC had explicitly
18 exerted jurisdiction over ISP traffic.

19 And in studying your response in that
20 exhibit I don't see an explicit assertion of
21 jurisdiction. Can you help me out?

22 A Well, I think they all are. I would beg to
23 differ that they aren't explicit. And the reason is,
24 is there's no point in issuing an order, there is no
25 point in issuing any ruling to say that you will apply

1 basic services to a given segment of customers if you
2 do not have jurisdiction over it.

3 So we're operating under rules that were
4 given to us, and I think each of these will speak to
5 them having jurisdiction over this type of traffic.

6 Q But it's apparently true, is it not, that
7 the FCC has not said so in so many words that it
8 asserts jurisdiction over ISP traffic?

9 A I think they've been very clear. I do not
10 agree that they have not been very clear in stating
11 that this is their traffic or that they would have
12 jurisdiction over it.

13 Q You mentioned a moment or so ago that one of
14 the ALECs was providing compensation on an elemental
15 billing arrangement.

16 A Yes.

17 Q What is that?

18 A An elemental billing is actually
19 implementing what was ordered in many of the states.
20 Prior to arbitration cases, in this state as well in
21 others, we billed on a single rate basis.

22 For instance, if it was a tandem routed
23 service, then you would be billed based on the
24 composite of local switching, your transport, your
25 accessed tandem. That would be the rate that would be

1 assessed, but it was a single rate.

2 If it was an end office routed service, it
3 would be based on the end office and actual transport,
4 and that was a single rate. As a result of the
5 arbitration, you have elemental billing, which means
6 that the carrier will pay for what they actually use.

7 So if they use tandem and they use 8 miles
8 of transport, then it's 8 miles of transport. The
9 assumption that is in the single rate is that the
10 transport distance is 10. So it's actually paying for
11 what they actually use.

12 Q I see. On Page 7 of your direct
13 testimony --

14 A Page 7?

15 Q Yes, at Line 11.

16 A Yes, I'm there.

17 Q There your testimony is that BellSouth has
18 not knowingly paid reciprocal compensation to ALECs
19 who have transported traffic to their ISP customers,
20 nor has BellSouth knowingly billed ALECs for
21 performing that same service; is that correct?

22 A That is correct.

23 Q Has BellSouth made an attempt to determine
24 whether it's billing ALECs for ISP traffic terminated
25 on BellSouth's network?

1 **A** I've got to diagram that question in my
2 mind. Has BellSouth made an attempt to determine if
3 it's billing ALECs for traffic terminating on its
4 network?

5 **Q** Terminating on BellSouth's network; for ISP
6 traffic terminated on BellSouth's --

7 **A** Okay. I think the statement at Lines 11
8 through 13 speak to that, that we have not knowingly
9 billed. And to my knowledge, we've made an attempt to
10 exclude that type of traffic from any bills that's
11 being rendered to the ALEC.

12 **Q** But does that mean that you've made an
13 affirmative -- you've taken an affirmative step to
14 determine that BellSouth is not doing that?

15 **A** That's exactly what I've been told; yes, we
16 have.

17 **COMMISSIONER CLARK:** Mr. Hendrix, how do you
18 do that? How have you been doing that?

19 **WITNESS HENDRIX:** We have actually -- well,
20 there are actually three ways. One is the AMA
21 records, the records that we would get from the
22 switch. We also have telephone numbers. We've
23 engaged a group of people to pretty much go out and
24 monitor and look at the numbers to determine what
25 numbers are actually being used. And in some cases we

1 have customers that would tell us.

2 We've actually had CLECs to come to us to
3 give us a block of numbers and to actually identify
4 their traffic that they believe to be ISP traffic.
5 And so we're using everything that we have to identify
6 the traffic.

7 And as far as the CLECs or the ALECs being
8 able to identify that traffic, it is a process that's
9 very similar to what they would do, as I mentioned
10 earlier, for the PI/PIU or the PLU that they are to
11 report to the ILECs.

12 **COMMISSIONER CLARK:** I'm confused then,
13 because it seems to me you said the way you would --
14 earlier you said the way you would identify that
15 traffic is by phone numbers.

16 **WITNESS HENDRIX:** No. What I was saying is
17 that the way the CLECs could -- or the ALECs could
18 identify that traffic is by telephone numbers. And
19 what I'm saying is that we're doing the very same
20 thing wherein we know which numbers, or we have access
21 to certain numbers that we know or ISP type numbers.

22 We also have AMAs wherein we look at
23 traffic, the AMA records where we look at traffic. We
24 look at the telephone numbers. We look at the holding
25 times. We also have customers that have come to us to

1 give us this info wherein they've been able to segment
2 out as to what is ISP and what isn't.

3 **COMMISSIONER CLARK:** I'm still confused.
4 What are AMA records? What will they tell you? Can
5 you use the same phone number to access an ISP and
6 then talk to somebody?

7 **WITNESS HENDRIX:** If the ISP is offering
8 telephony services, as Mr. Rankin mentioned earlier
9 this morning, the answer is yes.

10 Let me see if I can clear it up for you.
11 Let's take a Feature Group A call that we talked about
12 earlier. A Feature Group A call, there is a local
13 number that is assigned to a carrier.

14 The carrier may have 1, 2, 3, 4, 5, 6, 7.
15 An end user wanting to use that carrier will dial 1,
16 2, 3, 4, 5, 6, 7. That number is only assigned to
17 that carrier. So an ISP number is only assigned to
18 the ISP.

19 **COMMISSIONER CLARK:** Well, I'm having
20 trouble with the example you gave me, because I think
21 if -- I assume if it were a Feature Group A, they'd
22 buy out of that tariff, and when they buy out of that
23 tariff, you automatically don't include them in
24 reciprocal compensation.

25 **WITNESS HENDRIX:** That's correct. I'm

1 simply using Feature Group A as an example, because
2 Feature Group A has a 7-digit number that looks much
3 like a local telephone number but is actually assigned
4 to a given carrier. An ISP would have a 7-digit
5 number that looks just like a local telephone number
6 that's actually assigned to that ISP.

7 **COMMISSIONER CLARK:** Right. And what I
8 thought you said earlier is if you want to separate
9 out from those calls that you have to pay reciprocal
10 compensation for, you'd simply say all calls routed to
11 this particular 7-digit number will all be considered
12 not local because they are to an ISP.

13 **WITNESS HENDRIX:** Yes. And I did say that
14 the ALECs could do that. They could actually identify
15 that, that we've had customers to come to us to give
16 us estimates of what their ISP traffic is and what the
17 remainder would be for a local.

18 **COMMISSIONER CLARK:** I guess I don't
19 understand why you have to have estimates if you can
20 just have a number and you know how much time is on
21 that number.

22 **WITNESS HENDRIX:** I would agree totally.
23 The only thing that I'm saying is that the testimony
24 that's been given here earlier today, the three
25 parties that testified stated that they could not

1 identify this traffic. They could not separate this
2 traffic out is what I thought they testified to.

3 And all I'm stating is that the telephone
4 number, since it's assigned to a given carrier, would
5 give you the jurisdiction of that call simply because
6 you have that number, and you can track that call, and
7 you know that this number has been assigned to an ISP.

8 **COMMISSIONER CLARK:** All right. Then if
9 that's true, why are you going to use AMA, or whatever
10 that system is?

11 **WITNESS HENDRIX:** We would use -- and AMA is
12 simply switching the data we get back from the
13 switching that has taken place. And we would use that
14 to try to get some sense, since we have -- you know,
15 we have, currently have, 420 agreements -- to get some
16 sense as to what is local and what isn't local.

17 We do not have all of the traffic. We do
18 not have perhaps all of the ISP numbers. But for the
19 ones that we have, if you're able to use those, if
20 you're able to look at the characteristics of those
21 numbers and then look at similar holding times for
22 other numbers, then you will make estimates.

23 But since you do not have every single
24 number -- and there may be some that have very little
25 or very limited usage on there that you would need to

1 make some estimate to come back to what you believe to
2 be the size of the problem.

3 **COMMISSIONER CLARK:** Well, then that gets me
4 to my other question. You can use the same number
5 apparently for a voice service or for ISP service; and
6 on that you'd have to do some sort of analysis like
7 you do for percent interstate use. You would do the
8 same thing to come up with how much of the use on that
9 particular line you should allocate to ISP and,
10 therefore, deduct from the reciprocal compensation.

11 Is that correct? Is that what you're
12 saying?

13 **WITNESS HENDRIX:** What I mentioned is that
14 an ISP may have the same number that they could use
15 for telephony over the Internet as well as what they
16 would use for the Internet services that we're talking
17 about here. And if they're using the same number, the
18 ISP through the ALEC should be able to segment the
19 different traffic types out as to whether it is ISP
20 type traffic or whether it's actually telephony type
21 traffic.

22 **COMMISSIONER CLARK:** What does that matter
23 if it's your position that it should be interstate
24 service?

25 **WITNESS HENDRIX:** It doesn't. And I was

1 hoping I wasn't making a deal out of it, because all I
2 was saying is they have the ability if they want to
3 track by numbers as to what is Internet service and
4 what isn't.

5 **COMMISSIONER CLARK:** I understand that. And
6 my question to you is, if that's the case, why would
7 you use AMA, or whatever that system is? Why would
8 you make an estimate when you know that particular
9 number is being used for ISP?

10 **WITNESS HENDRIX:** Okay. And the reason that
11 I will use an estimate is I have what I believe is a
12 large number of the ISP numbers.

13 I do not have them all, and what I'm able to
14 do is to look at what I've got, determine what are the
15 characteristics of these numbers, what are the holding
16 times, and then make assumptions as to how much more
17 ISP traffic is there, and since it would not be
18 totally actual, it would give us some estimate as to
19 how big the problem is.

20 **COMMISSIONER CLARK:** Well, if that's the
21 case, did you ever discuss that with these parties
22 before your letter went out, or when your letter went
23 out, as to how you were going to determine how much of
24 your traffic that they should not bill for?

25 **WITNESS HENDRIX:** I am not aware as to

1 whether that message has actually taken -- or whether
2 we actually talked with the parties. The contact at
3 the bottom of Mr. Bush's letter is to the account team
4 wherein the account team is the first line of contact
5 for our ALEC customers. And so the account teams will
6 normally work with our billing people and the other
7 groups to ensure that we address each customer on a
8 customer-by-customer basis.

9 What I can tell you is that once the letter
10 went out, calls that have come in, we've actually met
11 with customers and worked with customers in an attempt
12 to identify the traffic.

13 **COMMISSIONER CLARK:** So would it be fair to
14 say that your assumption was it was not local traffic,
15 but concurrent with that assumption you did not
16 negotiate with them how to separate that traffic out
17 from the local traffic in order to come up with the
18 appropriate way they should bill you and you should
19 bill them?

20 **WITNESS HENDRIX:** Both assumptions are
21 right; that's correct. We did not negotiate with them
22 as to how to separate the traffic out. One was
23 because when the letter went out we did not know
24 exactly how big the problem was, but we had the
25 contacts wherein the customers, the ALEC customers,

1 would definitely contact the account teams to ensure
2 that we were able to come to some closures on exactly
3 what the impacts were.

4 **COMMISSIONER CLARK:** So even though at the
5 time you negotiated this contract you had no intention
6 of paying for ISP traffic, you didn't take the next
7 step and determine how you would separate that out?

8 **WITNESS HENDRIX:** Exactly right. Since our
9 basis was starting -- did not include ISP traffic, it
10 was not an issue; and I can tell you with certainty
11 and all honesty, it never came up, because we never
12 thought about it.

13 I can also tell that you when we speak of
14 the imbalance of traffic, the concern that we had at
15 BellSouth was pretty much from call centers or from
16 reservations, okay? But ISP was never an issue,
17 because we always viewed that as being interstate
18 traffic.

19 **COMMISSIONER CLARK:** Let me just be clear.
20 It's interstate traffic that they would -- the way
21 they purchase is it through a local exchange tariff.

22 **WITNESS HENDRIX:** That's correct.

23 **COMMISSIONER CLARK:** Okay. But at that time
24 you didn't consider it a problem that you would need
25 to know which of those local exchange purchasers were

1 using it for ISP and so you could subtract it out of
2 the compensation that was due? That never came up?

3 **WITNESS HENDRIX:** That never came up, and
4 the reason is, is because it was not viewed by us as
5 local traffic. And you raise a good point.

6 I mean, everything has been slanted to Bell
7 did not notify, Bell did not notify. There are two
8 parties that have entered into this agreement. The
9 other parties did not notify either, and I can assure
10 you it never crossed our minds to do it, because we
11 always viewed it as interstate traffic. And as the
12 MCI witness stated, if, in fact, it had come up, we
13 would have addressed it.

14 **COMMISSIONER CLARK:** Well, let me just give
15 you my perspective. The reason they didn't see any
16 reason to discuss it was there's no need to make a
17 calculation to account for it.

18 And it would seem to me in the view you're
19 advocating, then the next step has to be taken; how do
20 you account for it to subtract it out of that traffic
21 that's being purchased out of the tariff. And because
22 you had to make that second step, it seems like that
23 would have come up in your thinking that, you know, we
24 need to know how to make sure that this isn't included
25 in that calculation. If you take their view, you

1 don't have to make a calculation to separate it out;
2 so, end of discussion.

3 **WITNESS HENDRIX:** Well, I understand what
4 you've stated. I'm not sure, being involved either on
5 the fringes or directly with every party that's
6 actually here.

7 The imbalance of traffic was the issue, and
8 it wasn't traffic terminating to Bell where Bell would
9 have to page huge sums for interstate traffic. The
10 issue was really Bell terminating to them, being that
11 we had a -- or paying to us, being that we had a
12 larger base, and their customer base would be growing
13 wherein their customer base would want to be calling
14 more of the Bell end user customers or Bell
15 businesses.

16 So it did not come up as an issue because
17 the imbalance of traffic was always viewed to be the
18 other way.

19 **COMMISSIONER CLARK:** I appreciate there was
20 probably a lot going on at that time.

21 **WITNESS HENDRIX:** Well, you never know, but
22 I'm just 29.

23 **COMMISSIONER CLARK:** What?

24 **WITNESS HENDRIX:** I'm just 29 years of age.
25 Lost all my hair and grayed. (Laughter)

1 **MR. WIGGINS:** Madam Chair, I need to
2 register an objection.

3 **CHAIRMAN JOHNSON:** Okay. Charlie? Oh, you
4 wanted to register an objection.

5 **MR. WIGGINS:** An objection. Yes, ma'am. I
6 was just being polite and waiting until the
7 questioning was over, and at this point it may be a
8 little belated. I'm not going to ask for anything to
9 be struck, but let me see if I can do this delicately.

10 Early in responses to some of Commissioner
11 Clark's questions, Mr. Hendrix referred to the
12 testimony of witnesses as to the capacity of the
13 companies to identify which traffic was ISP or not.

14 And I don't want to mischaracterize his
15 response, but I understood his response to be that
16 witnesses had said that they couldn't identify the
17 traffic. And if he were referring to the testimony of
18 Ms. Strow, I would like to say that that testimony is
19 clear on its face, that her testimony was that there
20 was no system in place for identifying that traffic;
21 not that there wasn't a technical way to do it at some
22 place.

23 And I think it's important to make that
24 clear in the record, so I appreciate the indulgence.

25 **CHAIRMAN JOHNSON:** Thank you.

1 Mr. Pellegrini?

2 MR. PELLEGRINI: Yes. Just one or two more
3 questions.

4 CROSS EXAMINATION

5 BY MR. PELLEGRINI:

6 Q Mr. Hendrix, can you tell me when BellSouth
7 began to look at things, that is, AMA records and
8 things of that nature, to determine whether or not ISP
9 traffic was being billed to BellSouth or vice versa?

10 A It was prior to the August letter, of
11 course. And you asked me that in my depo also, and I
12 forget exactly what answer I gave, but the answer
13 would be the same.

14 I think it was in the May-June time frame of
15 1997 and perhaps even earlier, but it was when we
16 began to receive sizable invoices from customers
17 asking us to remit payment.

18 COMMISSIONER JACOBS: Excuse me. If I
19 recall, I believe it was Teleport's witness indicated
20 that they had been billing for this traffic for some
21 period of time. Were you aware of that, or have you
22 had a chance to review that?

23 WITNESS HENDRIX: I actually reviewed it.
24 What I have, based on our records, is that Teleport is
25 currently under a cap threshold, which means that

1 certain things must happen before any billing can
2 actually be generated. And I believe 10/1997 was the
3 bill for reciprocal comp, with billing for trunking
4 and other things happening earlier.

5 **COMMISSIONER JACOBS:** So that means that
6 even though they would have billed you for ISP
7 traffic, there would have been some other
8 countervailing charges that would have balanced that
9 off or something --

10 **WITNESS HENDRIX:** No. What I'm stating --
11 and I'm sorry I wasn't clear -- but what I was stating
12 is that for many of the ALEC customers to get into
13 business, they purchased trunking arrangements. So
14 you would have billing for that trunking.

15 So there were bills generated earlier than
16 10/97 before the reciprocal comp of local traffic. My
17 records would indicate -- I'm sorry. My records would
18 indicate -- I said 10/1997. I believe it was August
19 of 1997.

20 **COMMISSIONER JACOBS:** Okay.

21 **Q** **(By Mr. Pellegrini)** Let me try to be a bit
22 more clear with my last question. What specifically I
23 was looking for was when it was that BellSouth began
24 to investigate to assure that it was not billing the
25 ALECs for traffic, ISP traffic, terminated on

1 BellSouth's network.

2 A Okay. And my answer is the same. It's
3 pretty much around the same time that we began to
4 investigate for the ALECs requesting billing -- or
5 requesting payment from BellSouth.

6 So the time frame is pretty much the same,
7 because in Mr. Bush's letter it referenced that
8 this -- his letter addresses traffic terminating both
9 ways. So it would be during that same time frame.

10 Q Up until that time, at least then, BellSouth
11 may have been, in fact probably was, billing for such
12 traffic?

13 A We did not knowingly bill for any, and if
14 there were any known charges assessed -- or traffic
15 and billed in that fashion, my understanding is that
16 those have been taken care of. But we would not ask
17 the ALEC customers to do something where we have a
18 different set of the rules.

19 Q So your billing practice changed at the time
20 of the Bush letter, and as far as you know, BellSouth
21 no longer is billing the ALECs for ISP traffic
22 terminated on BellSouth's network?

23 A We are no longer billing, and to my
24 knowledge, we did not ever knowingly bill without
25 making it straight with the ALECs any of this traffic.

1 Q And are you not making adjustments to the
2 billing based upon special studies?

3 A We are withholding payments based on the
4 analysis that we've been able to do based on the
5 methods that I mentioned, either through recordings
6 that we have or through known telephone numbers or
7 what the customers may offer to us.

8 So we are withholding payments, but we're
9 willing to resolve any problems or misunderstandings
10 that we may have with the customers simply through
11 them giving us the data, and we're willing to sit down
12 and make those right, but it should not include the
13 ISP type traffic.

14 Q I just want to be clear. There is not today
15 in operation for any of these -- for any of the ALECs
16 a day-to-day system which identifies this traffic?

17 A I do not know what the ALECs have in place.

18 Q No, no.

19 A We actually have what we think is -- we have
20 staff and we have a group of people that actually
21 monitor this traffic type.

22 You have to remember it goes both ways, and
23 so they're terminating traffic to us and we're
24 terminating traffic to them; but we are not knowingly
25 asking them to remit payment to us for any ISP

1 traffic, and we will not pay them for any ISP traffic
2 that's terminating to them.

3 Q Well, just a casual inspection of the yellow
4 pages in the Orlando area shows roughly 120 ISPs, and
5 it would seem to me that if you were going to track --
6 if you were going to track traffic to them, it would
7 have to be on an automated basis. It couldn't be done
8 very effectively any other way. Would you agree?

9 A I'm sorry, you cut out, and I did not
10 understand your question. I did not get your total
11 question.

12 Q Well, what I'm suggesting is that in view of
13 the very large number of ISPs, more than 120 in
14 Orlando for example, it would be necessary to have an
15 automated system in place in order to track the
16 traffic terminated to them. Wouldn't you agree?

17 A I would agree it's more efficient to have an
18 automated system, and I'm not saying that we do not.

19 Q Well, that's my question. Do you know
20 whether or not there is such a system operational
21 today in the BellSouth network?

22 A I do not know how fully automated it is. I
23 can assure you of this; that when we talked with our
24 people last night just to get some update as to what
25 the traffic was like, they were able to quickly go in

1 and do some runs.

2 So I would assume that there is some
3 automation, but as to how much, I do not know. But I
4 would agree with a large number of ISPs it is far more
5 efficient to be automated.

6 Q Would it be fair to say, then, that you've
7 established deductions on the basis of special
8 studies, and that from time to time through monitoring
9 you refresh those studies, or refresh those
10 deductions?

11 A That is a fair assessment. But I would also
12 say that we're willing to meet with any customers to
13 resolve any of the differences, and we truly welcome
14 the ALEC customers coming to us to net out this type
15 of traffic.

16 **MR. PELLEGRINI:** Thank you, Mr. Hendrix.
17 That's all.

18 **COMMISSIONER CLARK:** I have a follow-up
19 question. How long have you had either people,
20 processes, or procedures in place to identify the
21 traffic going to ISPs so you can deduct it from any
22 bills?

23 **WITNESS HENDRIX:** It initially started prior
24 to the Ernest Bush letter going out in August of 1997,
25 so I would estimate that it was in May to June time

1 frame --

2 COMMISSIONER CLARK: Of '97?

3 WITNESS HENDRIX: Yes, when it actually
4 became an issue and we realized that we were being
5 asked to compensate for this traffic type.

6 COMMISSIONER CLARK: So before that you can
7 say that you, in fact, were paying for that traffic?

8 WITNESS HENDRIX: We may have paid some. I
9 will not sit here and say that we did not pay any.
10 But the thing that is key is that it was during the
11 start-up period, and many of the customers that we had
12 agreements with in 1996 were just then getting
13 started; and I believe one of those witnesses
14 mentioned that it took some time to get started.

15 So if we normally paid for some, then we
16 did, but I can tell you with the parties in this
17 docket it would have been very, very small, if any.

18 COMMISSIONER JACOBS: I have a couple
19 questions. You disagree with the representation of
20 several of the witnesses that the call is terminated
21 when it reaches the ISP -- or I'm sorry -- when it
22 reaches -- yes, when it reaches the ISP, that the
23 technical answer supervision that occurs and all those
24 things, technical things, that happen when that call
25 reaches the ISP from your customer does not represent

1 a termination of the call?

2 **WITNESS HENDRIX:** Definitely not. For
3 instance, if you were to look at the network
4 currently, let's say you're using AT&T for your long
5 distance service, you have an analog line at home, and
6 you dial 1-0-288, the area code and the 7-digit
7 telephone number, that call is probably going to go
8 over digital backbone. Okay.

9 Not only that, chances are the signaling
10 that is taking place on that call is not traveling the
11 same path as the call. The signaling is what we refer
12 to as an out of band signaling. Okay. That call has
13 not broken. That call is still up, even though the
14 signaling may travel a different path.

15 So the fact that you go from analog to
16 digital, the fact that you may multiplex up or
17 multiplex down has nothing to do with the call. The
18 call is still up.

19 So the only thing that you can really do is
20 look at the two end points of that call. And that was
21 the subject of many workshops here. That was the
22 subject of the federal order that addressed the
23 entry/exit surrogate. It's the two end points. And
24 on a single call to the Internet host, you may have an
25 interstate, an intrastate or international call up all

1 at the same time. That call path has never broken.

2 So I do not agree, because the call path is
3 still there. It is not someone taking your call and
4 then generating another call --

5 COMMISSIONER JACOBS: So when --

6 WITNESS HENDRIX: -- for you to access that
7 host.

8 COMMISSIONER JACOBS: So when it goes off of
9 the public switch network -- and I'm venturing way
10 outside now -- but when it goes off the public switch
11 network into the packet network, you see that as
12 simply -- that's a seamless transaction?

13 WITNESS HENDRIX: Oh, yes, definitely. I
14 mean, that's happening today millions and millions and
15 millions of times. That's not anything new. That's
16 not anything new. It's not anything that's different
17 as a result of the Internet services growing.

18 COMMISSIONER JACOBS: And, therefore -- I'm
19 carrying that forward -- thus, there being no need to
20 put that into any kind of a local tariff? Because I
21 would have expected that that would have been in the
22 local tariff as opposed to an interstate tariff,
23 because that's where it's happening. That's where
24 that seamless event occurs.

25 WITNESS HENDRIX: And I understand that.

1 But, see, the FCC ordered us to allow ISPs to purchase
2 basic service. That was an order. But, see, that
3 isn't any different from what they initially did to
4 resellers wherein they required us to allow resellers
5 to purchase basic service PBX trunks so that end-user
6 customers could reach them; and then the next step was
7 to assess access charges. But this, too, is an
8 interim step for ISPs; allow them to purchase basic
9 service.

10 The next step, as they stated in many of the
11 orders, is to determine whether access charges should
12 be applied, but they stated as an interim step the
13 fact that they're able to use basic services
14 currently. So the fact that it is a use of basic
15 service, that does not make it local, because they
16 have claimed jurisdiction even still over that
17 service.

18 **COMMISSIONER JACOBS:** And if I recall, the
19 LEC reports this to the FCC as local traffic, does it
20 not?

21 **WITNESS HENDRIX:** Well, what actually
22 happens is since the ISP is actually purchasing basic
23 service out of the A3 tariff, it is shown as local
24 revenue.

25 The same held true for resellers. This is

1 simply the vehicle that you use in the interim until
2 they determine that it is appropriate to assess access
3 charges. This is simply the vehicle.

4 And they do not regulate, the FCC will not
5 regulate those basic services because you already have
6 an A3 tariff. You already have a basic services
7 tariff, so there's no point in regulating that since
8 it's only an interim step.

9 COMMISSIONER JACOBS: Okay.

10 COMMISSIONER DEASON: Who would get those
11 access charges if and when they're implemented?
12 What's the revenue flow?

13 WITNESS HENDRIX: I would assume that they
14 would be hard pressed not to follow the entry/exit
15 surrogate. In other words, you would have to
16 apportion it just as you do currently for circuits
17 that are used for both inter and intrastate.

18 So I would assume that you would have some
19 intrastate charges as well as interstate charges based
20 on the current vehicle that they've put in place to
21 apportion that traffic type.

22 COMMISSIONER DEASON: Well, what about for
23 the local side? Who would get the revenue?

24 WITNESS HENDRIX: From the local side --
25 well, let me say this first. When they move to assess

1 access charges, I do not believe that the ISPs will
2 continue to buy basic service. They would then have
3 to convert to some other feature group trunking
4 arrangement, which is an access arrangement, and in
5 doing so, then access charges will be billed.

6 So it is not an issue of local service
7 revenues then, but it is simply an issue of access;
8 and the apportioning of the access charges and your
9 current tariffs will address as to how that is done.

10 **COMMISSIONER DEASON:** So if that's an area
11 that works out, and you have a local customer that
12 wants to access X, Y, Z ISP, they would have to dial
13 some type of a number, 1+ or whatever, and then you'd
14 get the access charges when that call is connected to
15 that interstate ISP.

16 **WITNESS HENDRIX:** Either we would get it, or
17 even the ALEC could actually get some of the access
18 charges. But let me say this: I'm not --

19 **COMMISSIONER DEASON:** No, I'm not -- okay.
20 How would that be if it is your customer that is
21 initiating the call?

22 **WITNESS HENDRIX:** If it is my customer, then
23 I would agree, but I'm saying even the ALECs could
24 have end-user customers wherein we would actually pass
25 the access record to them for them to be able to

1 collect access charges from any carrier that may be
2 hauling that traffic for that ISP customer. But, I'm
3 not really sure that the customer would have to dial a
4 1+.

5 **COMMISSIONER DEASON:** Well, how would they
6 do that?

7 **WITNESS HENDRIX:** Feature Group A has a
8 7-digit number. It's a line-side service that is
9 offered to customers, and as a 7-digit number it looks
10 just like a regular 7-digit local number or 10-digit
11 local number.

12 You also have Feature Group B. Feature
13 Group B is a 7-digit number. The prefix on a Feature
14 Group B is 950. For instance, Domino's Pizza for a
15 long while had a trial in this state where they used
16 950 as their routing service, and they used 950
17 because it appeared local. Or they may choose to use
18 an 800 number. So I'm saying they may not have to
19 dial 1+ in many cases, or an end user may dial 1+ just
20 as some of them do currently if they're in rural
21 areas.

22 **COMMISSIONER DEASON:** Let's assume, then,
23 that there's going to be 7-digit access, and that
24 7-digit number they're utilizing belongs to an ALEC,
25 but the customer calling that 7-digit number is your

1 local customer. Who gets access charges?

2 **WITNESS HENDRIX:** Our local customer dialing
3 that ALEC 7-digit number, we would get the access
4 charges in that case.

5 **COMMISSIONER DEASON:** In that scenario,
6 then, would you be required to pay reciprocal
7 compensation for the termination of that -- I guess my
8 question is, does the ALEC get any revenue out of that
9 transaction?

10 **WITNESS HENDRIX:** They would -- they should
11 get revenues for any services that we had -- that are
12 actually theirs. In other words, the arrangement that
13 you just mentioned is very similar to the modified
14 access-based compensation plan that you currently have
15 where there are multiple independent companies in this
16 state offering a single service.

17 And in that case what actually happens is
18 that an end user customer would actually originate a
19 call. If that end user customer is mine, I will bill
20 that end user customer toll, and I will then pay each
21 of the companies along the way for the services that I
22 actually use. If I'm using --

23 **COMMISSIONER DEASON:** You would bill that
24 customer toll even though they dialed a 7-digit
25 number?

1 **WITNESS HENDRIX:** Well, I'm just using that
2 as an example just to indicate that we would actually
3 pay the ALEC based on the services or the elements
4 that we actually use. So the ALECs would actually be
5 able to recover whatever their costs are based on the
6 rates that they have approved.

7 **COMMISSIONER DEASON:** They can recover their
8 costs?

9 **WITNESS HENDRIX:** Uh-huh. And when I say
10 costs, their rates may have margin in it. I should
11 say they would be able to recover whatever approved
12 rates they have for the elements that are used.

13 **COMMISSIONER DEASON:** But we don't know yet
14 exactly how that's going to be structured because
15 there currently is not access charges imposed.

16 **WITNESS HENDRIX:** Exactly. And one thing
17 that the FCC mentioned was that in looking at the
18 level of access charges, they focused a lot on the
19 carrier common line.

20 You know, we've been before you many times,
21 as have many of the parties in this room, talking
22 about the subsidy that's in your carrier common line
23 rate element.

24 And that was one of the big issues was if
25 you move forward to assess access charges, at what

1 level, or at what elements, you know, do you actually
2 move subsidy to the ISPs in the term -- in the way of
3 carrier common line or any other rate elements.

4 So they must address, one, how the charges
5 would actually be applied and, two, what are the
6 levels. And let me say this: On the federal level
7 with access reform, with everything else happening,
8 access rates are falling very, very quickly.

9 **COMMISSIONER DEASON:** Back what seems like
10 many years ago, but I guess it was only a couple years
11 ago, when we were arbitrating the interconnection
12 agreements and the question arose about reciprocal
13 compensation, whether it was appropriate policy, the
14 question arose about whether bill and keep would be an
15 appropriate policy.

16 We debated that issue, and as I
17 understand -- as I recall, it was BellSouth's position
18 there should be reciprocal compensation.

19 **WITNESS HENDRIX:** That's correct.

20 **COMMISSIONER DEASON:** And part of the
21 rationale for that position, as I recall, was that
22 there was the concern that there could be imbalances
23 in the termination of traffic and that there should be
24 some type of compensation to realize that there could
25 be imbalances that bill and keep would not capture and

1 adequately compensate for. Do you agree with that?

2 **WITNESS HENDRIX:** That's correct; I do.

3 **COMMISSIONER DEASON:** Was it the general
4 feeling back then that BellSouth, as the incumbent
5 carrier, incumbent LEC, would be terminating more
6 traffic than the new entrants?

7 **WITNESS HENDRIX:** I believe we weren't
8 really sure. The concern we had was, one, to
9 implement what was in the order, and the First Report
10 and Order that came out at the federal level spoke to
11 reciprocal comp being the appropriate vehicle to
12 actually use.

13 The concern BellSouth had was whether you
14 would have call centers that all of a sudden would
15 migrate over to a -- to an ALEC that all of a sudden
16 we had a lot of terminating traffic that we were
17 paying for.

18 But the very bottom line was that reciprocal
19 comp was the appropriate way to actually go, and then
20 you have to address the imbalance --

21 **COMMISSIONER DEASON:** Well, as I understand
22 the argument, the reciprocal compensation was the
23 preferred methodology, at least in BellSouth's
24 viewpoint, because there were costs incurred in
25 terminating traffic, and you wanted to be compensated

1 for doing that.

2 **WITNESS HENDRIX:** That's correct.

3 **COMMISSIONER DEASON:** So in this situation,
4 are there not costs being incurred by the ALECs when
5 they terminate traffic to an ISP, and is it not fair
6 for them to be compensated?

7 Now, I'm not talking about whether we have
8 jurisdiction or not, that question. That's a
9 different question. I'll ask you that in a moment.

10 Strictly from a fairness standpoint, if
11 there's a provider providing service, they incur a
12 cost, should they not be compensated?

13 **WITNESS HENDRIX:** I believe a provider of
14 local services should be compensated for the costs
15 they actually incur, and I am not advocating that they
16 not be able to recover the costs.

17 **COMMISSIONER DEASON:** They should just
18 recover no matter --

19 **WITNESS HENDRIX:** But they --

20 **COMMISSIONER DEASON:** -- what they charge
21 their ISP --

22 **WITNESS HENDRIX:** Exactly. Exactly. But
23 the way they do that is through the basic services
24 that they offer to the ISP.

25 Now, you asked a question earlier --

1 **COMMISSIONER DEASON:** Well, then why don't
2 we just go to a bill and keep and we don't have
3 reciprocal compensation, and this is not an issue and
4 we can go forward? You'd just have everybody recover
5 their cost from the end charges they impose on their
6 own local customers and we don't have the reciprocal
7 compensation problem.

8 **WITNESS HENDRIX:** The problem I have is that
9 I honestly believe that the FCC will rule soon, and I
10 believe there's more pressure being put on them to
11 rule, not solely as a result of the letter that was
12 filed by the ALTS, but you also have some paging
13 issues.

14 So I feel as if there is more pressure
15 currently than previous -- than at a previous time
16 that they would actually move forward to issue some
17 ruling.

18 Then once they rule, if you have a bill and
19 keep arrangement, you know, perhaps there are costs,
20 just as you mentioned, that you've not actually
21 recovered through that bill and keep arrangement. And
22 we honestly believe reciprocal compensation is the
23 appropriate way to go, but first you must get the
24 traffic types appropriately identified.

25 **COMMISSIONER DEASON:** Well, see,

1 Mr. Hendrix, what I heard you saying is that
2 reciprocal compensation is the preferred methodology
3 except for ISPs, and then it should be bill and keep
4 and you recover your cost from your end use customer.

5 Why is it ISPs are so different that
6 reciprocal compensation is no longer the preferred
7 policy for this state?

8 WITNESS HENDRIX: Okay. And I think what
9 I'm actually saying is reciprocal comp is the
10 appropriate way to go as far as ISP traffic, that is
11 interstate traffic. And the ALECs providing basic
12 services to that ISP actually recover their costs
13 through the services that they provide to that ISP.

14 Reciprocal compensation to that ALEC for a
15 call that, one, that does not terminate with that
16 ALEC; two, does not terminate to the ISP; and, three,
17 has been claimed to be interstate simply isn't
18 appropriate that we compensate them for that traffic.

19 And the fourth point is that it was never
20 agreed to. The parties never agreed to address that
21 issue in the context of the agreements. It was never
22 an issue, and the reason it wasn't an issue from the
23 BellSouth standpoint is because we always viewed that
24 as being interstate traffic. It was a nonissue.

25 COMMISSIONER DEASON: So then do you agree,

1 then, that this issue that's in front of us now with
2 these disputes really boils down to what was agreed to
3 within the contracts?

4 **WITNESS HENDRIX:** I believe, one, it is a
5 contractual issue, and I believe -- you know, whether
6 BellSouth actually agreed that they would compensate
7 for this traffic and whether the terms in the
8 agreements would actually encompass the local traffic;
9 but I believe also it is a jurisdictional issue, you
10 know, whether or not it is even appropriate for this
11 traffic to even be viewed as local traffic.

12 But I think the bottom line really is to go
13 to the intent of the agreement. And I can tell you
14 for certain in all of the meetings and all of the
15 conversations with all the other parties and other
16 players that were on the BellSouth side, ISP as local
17 was not an issue.

18 It was never an issue that was to be
19 addressed in the agreements. Had it been an issue, we
20 would have addressed it as we have in the more current
21 agreements.

22 **COMMISSIONER DEASON:** Well, who was
23 obligated to raise it as an issue if it were to be an
24 issue?

25 **WITNESS HENDRIX:** I believe either party

1 would have. And I'm not saying this to be biased, but
2 if, in fact, it was an issue with the ALECs, then I
3 think they should actually have raised it.

4 It was never an issue. It never crossed my
5 mind, nor did it cross the minds of anyone else
6 working for me or that was on that team. It was never
7 an issue with us, because we had viewed this as being
8 interstate.

9 We were the ones that had to wrestle through
10 the tariffs and ensure that the ISPs and the ESPs were
11 actually certified, you know, when we were ordered to
12 give them basic service. So we always viewed this as
13 being interstate. It was never an issue for local.

14 **COMMISSIONER DEASON:** Well, how do we make
15 the conclusion that the FCC -- this is interstate, and
16 the FCC, even though they have not imposed access
17 charges, and even though there's some question about
18 whether they have affirmatively asserted their
19 jurisdiction, how do we make that leap of faith that
20 this is interstate, this is not our jurisdiction?

21 **WITNESS HENDRIX:** Well, I personally think
22 that the orders that I've cited as part of my
23 late-filed actually point to the fact that the FCC has
24 jurisdiction over this traffic.

25 They were very clear in telling us that you

1 will allow them to purchase from your intrastate
2 tariffs, and they were very clear in stating that this
3 is an interim step, just as we did with resellers
4 wherein we allowed them to purchase basic services and
5 then move toward to actually assess them access
6 charges.

7 So I don't believe that it's a leap of
8 faith, but it is the rules that we were given, and I
9 think it's very clear in what I've given here that
10 they would have jurisdiction over this traffic.

11 The other thing is that, if in fact, it
12 wasn't clear they had jurisdiction over this traffic,
13 I don't believe that the ALTS would really have filed
14 asking them to clarify whether local comp is
15 appropriate. Why go to a federal level or to the FCC
16 to ask them for a ruling over something that they
17 didn't have jurisdiction over?

18 **COMMISSIONER JACOBS:** Following with that
19 question, it occurs to me that there's a lot of
20 ambiguity here in terms of the alternative scenario,
21 i.e., once that interim status goes away and you now
22 have to deal with traffic as intra -- following your
23 logic, and he now has to deal with this traffic as
24 interstate traffic, correct?

25 That raises a lot of issues. They're going

1 to have -- won't those ISPs now going to have to have
2 a new status? If they aren't certificated, wouldn't
3 they have to get a certificate?

4 **WITNESS HENDRIX:** Well, I don't believe that
5 you would have to -- well, first, I'm not sure that
6 there are a whole lot of issues that have not already
7 been addressed. Let me say on a -- somewhat of a side
8 note, I think the issue of whether access charges
9 would apply to any part of the Internet service will
10 be addressed soon.

11 You know, if -- if you read some of the
12 press that have actually come out, and with players
13 that have come out stating that something needs to be
14 done, you know, with ISPs providing telephony type
15 services, I believe that will be addressed very, very
16 soon; and I'm hopeful that it will be addressed. But
17 I don't believe that there are many other issues that
18 you need to address.

19 I think as far as the apportioning of that
20 traffic, that's already been addressed. If, in fact,
21 you are to assess some form of access charges to these
22 customers, to these ESPs or ISP-type customers, then
23 you have a vehicle that's already in place. You move
24 them to your access services, and there are various
25 access options available to them where the end user

1 customers wanting to use these -- or ISP customers can
2 actually use them just as they currently do.

3 **COMMISSIONER JACOBS:** So you're saying that
4 will be a fairly straightforward transaction for them
5 to move from the end user status into some kind of
6 access --

7 **WITNESS HENDRIX:** I believe so, yes. I
8 believe so, because it is simply a matter of trend, of
9 moving them from a basic service to an access service.
10 And we had to make those same transitions for the
11 resellers when they moved from paying basic service
12 prices for the services that they actually purchased
13 to the access service arrangements.

14 So you have the vehicles already in place.
15 You have the tariffs already in place that would allow
16 you to apportion this traffic. So I don't believe
17 that the transition is that great.

18 **COMMISSIONER DEASON:** If this issue really
19 boils down to what the intent of the parties were when
20 they signed the contract, how do we mesh the fact that
21 there was an order from this Commission indicating
22 that this traffic was local, how do we mesh that with
23 the fact that apparently there was some question as to
24 whether the FCC is going -- will assert jurisdiction
25 or has asserted jurisdiction, how do we mesh that with

1 making the determination of what was in the parties'
2 minds when they signed the contract?

3 **WITNESS HENDRIX:** Okay. And I think -- let
4 me address the second part of the question first. And
5 that is, I believe that the FCC has actually taken
6 authority and they've actually exerted jurisdiction
7 over this traffic. Otherwise, we would not have moved
8 to -- as much as we hated to, we would not have moved
9 to do what we were ordered to actually do.

10 As far as addressing the intent --

11 **COMMISSIONER DEASON:** And that being your
12 order to provide it out of your -- as a local -- out
13 of your local service --

14 **WITNESS HENDRIX:** Exactly. Exactly right.
15 And one other party testified this morning that
16 BellSouth probably should have moved forward and filed
17 a Feature Group A like tariff. We didn't have an
18 option.

19 First, you have to offer this service as
20 they ordered it, and the second thing is when they
21 stated that it's an interim step, you know, what do
22 you do? Go in and file for a waiver for something
23 that's actually interim? If we had known that it
24 would take 13, 14 years, maybe. But then it was
25 couched as an -- well, not 12 or 13 years, but then it

1 was couched as an interim step.

2 As to what was in the minds of the parties
3 when these agreements were actually signed, I can only
4 assure you and tell you what was in my mind and share
5 with you what was the basis for us signing it.

6 Let me say, also, when we drafted the
7 language relative to what is local, we were mirroring
8 pretty much what was in the local tariff, except for
9 one agreement. We were mirroring what was in the
10 local tariff, and if you look at the MFS agreement, it
11 actually referenced traditional local service.

12 ISP is not traditional local service. It is
13 a new market that's growing. It is not something that
14 everyone has always had access to.

15 The agreements in every case requires, if
16 you get down below the "whereas's," it requires the
17 parties to agree, and that the parties agreed beyond
18 that point as to whatever else is in that agreement.

19 I can assure you no one raised that issue.
20 I can assure you the imbalance of traffic was foremost
21 on everybody's mind. And I can assure you that
22 BellSouth never intended for ISP to be mentioned. It
23 was never mentioned, and if it had been raised, we
24 would have addressed that issue.

25 But we never meant to compensate for this

1 traffic, because it was interstate traffic. And every
2 party here today agrees that that issue never
3 surfaced. It was never the intent.

4 Now, if anyone is willing to sit down and
5 talk with us, any of the carriers, you know, about
6 coming up with different terms, we're clearly open to
7 actually doing that, and we're doing that with many of
8 the customers currently. But it was never an issue
9 addressed.

10 **COMMISSIONER DEASON:** Well, then, what about
11 the Commission's order that indicated that ESP traffic
12 is local?

13 **WITNESS HENDRIX:** That was a 1989 --

14 **COMMISSIONER DEASON:** How does BellSouth
15 reconcile that with its position in concluding that
16 for purposes of these agreements, it was interstate
17 and that reciprocal compensation did not apply?

18 **WITNESS HENDRIX:** And I think you would have
19 -- you would have to address the 1990 -- I'm sorry --
20 the 1989 order that was referenced here today. You
21 would have to address that in light of what we've been
22 doing. And what we've been doing is what the FCC
23 ordered us to do when the FCC took jurisdiction over
24 this traffic.

25 And even in your 1998 order it was even

1 mentioned that there would be some further appeal, and
2 that you would, in essence, go to whatever that appeal
3 is.

4 And so we actually have been doing what we
5 were ordered to do based on the federal jurisdiction
6 assuming this type of traffic and these types of
7 customers.

8 **CHAIRMAN JOHNSON:** Redirect?

9 **MR. RANKIN:** No redirect.

10 **CHAIRMAN JOHNSON:** Exhibits?

11 **MR. RANKIN:** We move Composite Exhibit
12 No. 6.

13 **MR. PELLEGRINI:** Staff moves Exhibit No. 7.

14 **CHAIRMAN JOHNSON:** Show both of those
15 admitted without objection.

16 (Exhibits 6 and 7 received in evidence.)

17 **CHAIRMAN JOHNSON:** Thank you, Mr. Hendrix.

18 **WITNESS HENDRIX:** Thank you.

19 (Witness Hendrix excused.)

20 - - - - -

21 **CHAIRMAN JOHNSON:** Any other matters to come
22 before the Commission?

23 **MR. PELLEGRINI:** Yes, Chairman Johnson. I'd
24 like to talk about the briefing schedule for a moment.
25 The court reporter has reminded me that transcripts

1 are due on 6/18. The briefs are due on 6-30, and the
2 Staff's recommendation will be filed on 7-23.

3 **CHAIRMAN JOHNSON:** Anything else?

4 **MR. PELLEGRINI:** I think not, Chairman
5 Johnson.

6 **CHAIRMAN JOHNSON:** Anything from the
7 parties? (No response.)

8 Thank you very much. The hearing is
9 adjourned.

10 (Thereupon, the hearing concluded at
11 2:50 p.m.)

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1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

4 I, RUTHE POTAMI, CSR, RPR Official
5 Commission Reporter,

6 DO HEREBY CERTIFY that the Hearing in Docket
7 No. 971478-TL, 980184-TP, 980499-TP and 980499-TP was
8 heard by the Florida Public Service Commission at the
9 time and place herein stated; it is further

10 CERTIFIED that I stenographically reported
11 the said proceedings; that the same has been
12 transcribed under my direct supervision; and that this
13 transcript, consisting of 332 pages, constitutes a
14 true transcription of my notes of said proceedings
15 and the insertion of the prescribed prefiled testimony
16 of the witnesses.

17 DATED this 16th day of June, 1998.

18

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20

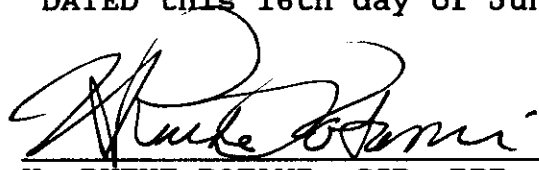
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H. RUTHE POTAMI, CSR, RPR
Official Commission Reporter
(850) 413-673

LIST OF DOCUMENTS FOR OFFICIAL RECOGNITION

IN

DOCKET NOS. 971478-TP, 980184-TP, 980495-TP AND 980499-TP

U.S.

Communications Act of 1934, as amended, 47 U.S.C. §1 et seq.

Florida

Chapter 364, Florida Statutes

Federal Communications Commission

47 C.F.R. Part 64

47 C.F.R. Part 69

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 971478-TP et al EXHIBIT NO. 1
COMPANY: Steff
WITNESS: Steff
DATE: 6-11-88

In the Matter of Interdependence of Computer and Communications Services and Facilities (Computer Inquiry I), Docket No. 16979: Notice of Inquiry, 7 FCC d. 11 (1966). Supplemental Notice of Inquiry, 7 FCC 2d 19 (1967). Report and Further Notice of Inquiry, 17 FCC 2d 587 (1969). Tentative Decision, 28 FCC 2d 291 (1970). Final Decision, 28 FCC 2d 267 (1971, rec. den., 34 FCC 2d 577 (1972), aff'd in part sub nom GTE Service Corp. v. FCC, 474 F.2d 724 (2d Cir. 1973). Decision on Remand, 40 FCC 2d 293 (1973).

In the Matter of Amendment of Section 64.702 of the Commission's Rules and Regulations (Second Computer Inquiry), Final Decision, FCC 80-189, Docket No. 20828, rel. May 2, 1980

In the Matter of Amendment of Section 64.702 of the Commission's Rules and Regulations (Computer Inquiry II), Docket No. 28028, Notice of Inquiry and Proposed Rulemaking, 61 FCC 2d 103 (1976). Supplement Notice of Inquiry and Proposed Rulemaking, 64 FCC 2d 771 (1977). Tentative Decision and Further Notice of Inquiry and Rulemaking, 72 FCC 2d 358 (1979). Final Decision, 77 FCC 2d 384 (1980), mod. on rec., 84 FCC 2d 50 (1980), mod. on fur. rec., 88 FCC 2d 512 (1981), aff'd sub nom Computer and Communications Industry Association v. FCC, 693 F.2d 198 (D.C. Cir. 1982). cert. den., 461 U.S. 938 (1983), aff'd on sec. fur. rec., 56 Rad. Reg. 2d (P&F) 301 (1984).

In the Matter of Amendment to Sections 64.702 of the Commission's Rules and Regulations (Computer Inquiry III), CC Docket No. 85-229: Notice of Proposed Rulemaking, 50 Fed. Reg. 33581 (1985). Report and Order (Phase I), 104 FCC 2d 958 (1986). Memorandum Opinion and Order on Reconsideration (Phase I), 2 FCC Rcd 3035

(1987). Report and Order (Phase II), 2 FCC Rcd 3072 (1987).
Memorandum Opinion and Order on Further Reconsideration (Phase
I), 3 FCC Rcd 1135 (1988). Memorandum Opinion and Order
Reconsideration (Phase II), 3 FCC Rcd 1150 (1988).

Docket No. 78-72, 1983 Access Charge Reconsideration Order

In the Matter of North American Telecommunications Association;
Petition for Declaratory Ruling Under Section 64.,702 of the
Commission's Rules Regarding the Integration of Centrex, Enhanced
Services, and Customer Premises Equipment, Memorandum Opinion and
Order, 101 FCC d. 349 (1985), ENF 84-2, rel. May 29, 1985

In the Matter of Amendments of Part 69 of the Commission's Rules
Relating to Enhanced Service Providers, Notice of Proposed
Rulemaking, FCC 87-208, CC Docket No. 87-215, rel. Jul. 17, 1987

In the Matter of Amendments of Part 69 of the Commission's Rules
Relating to Enhanced Service Providers, Order, FCC 88-151, CC
Docket No. 87-215, rel. Apr. 27, 1988

In the Matter of North American Telecommunications Association;
Petition for Declaratory Ruling Under Section 64.,702 of the
Commission's Rules Regarding the Integration of Centrex, Enhanced
Services, and Customer Premises Equipment, Memorandum Opinion and
Order, FCC 88-221, ENF 84-2, rel. Jul. 21, 1988

In the Matter of Petition for Emergency Relief and Declaratory
Ruling Filed by the BellSouth Corporation, memorandum Opinion and
Order, FCC 92-18, rel. Feb. 14, 1992

In the Matter of Implementation of the Local Competition
Provisions of the Telecommunications Act of 1996, CC Docket No.
96-98, First Report and Order, rel. August 8, 1996.

In the Matter of Implementation of the Non-Accounting Safeguards
of Section 271 and 272 of the Communications Act of 1934, First
Report and Order and Further Notice of Proposed Rulemaking, FCC
96-489, CC Docket 96-149, rel. Dec. 24, 1996

In the Matter of the Usage of the Public Switched Network by
Information Service and Internet Access Providers, Notice of
Proposed Rulemaking, Third Report and Order, and Notice of
Inquiry, CC Docket No. 96-263, rel. Dec. 24, 1996

In the Matter of Federal-State Joint Board on Universal Service,
Recommended Decision, FCC 96J-3, CC Docket No. 96-45, rel. Nov.
8, 1996

In the Matter of Federal-State Joint Board on Universal Service, Report and Order, FCC 97-157, CC Docket No. 96-45, rel. May 8, 1997

In the Matter of Access Charge Reform, First Report and Order, CC Docket No. 92-262, rel. May 17, 1997

In the Matter of Federal-State Joint Board on Universal Service, Report to Congress, FCC 98-67, CC Docket No. 96-45, rel. Apr. 10, 1998

Florida Public Service Commission

Order No. 21815, Docket No. 880423-TP, iss. Sep. 5, 1989
Order No. 23183, Docket No. 880423-TP, iss. Jul. 13, 1990
Order No. PSC-96-1531-FOF-TP, Docket No. 960757-TP, iss. Dec. 16, 1996
Order No. PSC-97-0235-FOF-TP, Docket No. 960757-TP, iss. Feb. 27, 1997
Order No. PSC-96-1508-FOF-TP, Docket No. 961053-TP, iss. Dec. 12, 1996
Order No. PSC-97-0772-FOF-TP, Docket No. 970315-TP, iss. Jul. 1, 1997
Order No. PSC-98-0454-PCO-TP, Docket No. 971478-TP, iss. Mar. 31, 1998
Order No. PSC-96-1313-FOF-TP, Docket No. 960862-TP, iss. Oct. 29, 1996
Order No. PSC-96-1236-FOF-TP, Docket No. 960769-TP, iss. Oct 7, 1996
Order No. PSC-97-0771-FOF-TP, Docket No. 970314-TP, iss. Jul. 1, 1997
Order No. PSC-96-1579-FOF-TP, Docket Nos. 960833-TP, 960846-TP, 960916-TP, iss. Dec. 31, 1996
Order No. PSC-97-0309-FOF-TP, Docket No. 960846-TP, iss. Mar. 21, 1997
Order No. PSC-97-0602-FOF-TP, Docket No. 960846-TP, iss. May 27, 1997
Order No. PSC-97-0723-FOF-TP, Docket No. 960846-TP, iss. Jun. 19, 1997
Order No. PSC-97-0723A-FOF-TP, Docket No. 960846-TP, iss. Jun. 26, 1997
Order No. PSC-98-0561-PCO-TP, Docket Nos. 971478-TP, 980184-TP, 980495-TP, 980499-TP, iss. Apr. 21, 1998
Order No. PSC-98-0476-PCO-TP, Docket No. 971478-TP, iss. Apr. 2, 1997
Order No. PSC-98-0477-PCO-TP, Docket No. 980184-TP, iss. Apr. 2, 1997

Order No. PSC-98-0642-PCO-TP, Docket No. 971478-TP, iss. May 7, 1998
Order No. PSC-96-0082-AS-TP, Docket Nos. 950696-TP, 950737-TP, 950984-TP, iss. Jan. 27 1996
Order No. PSC-97-0240-FOF-TP, Docket No. 961333-TP, iss. Feb 28, 1997

U.S. Court of Appeals, Eighth Circuit

Iowa Utilities Board v. FCC, 120 F.3d 753 (8th Cir. 1997).

Iowa Utilities Board v. FCC, Order on Petitions for Rehearing, 1997 U.S. App. Lexis 28652, slip opinion, reh'g granted in part, denied in part (Oct. 14, 1997)

Iowa Utilities Board v. FCC, Order on Motions for Enforcement (Jan. 22, 1998)

Tariffs

BellSouth Telecommunications, Inc. General Subscriber Service Tariff Section A3. Basic Local Exchange Service

Other State Commissions

Arizona, Opinion and Order, issued October 29, 1996, Docket Nos. U-2752-96-362 and E-1051-96-362

Colorado, Decision No. C97-739, Commission Order, adopted July 16, 1997, Docket No. 96A-331T

Colorado, Decision No. C97-739, Commission Order on Reconsideration, Rehearing and Reargument, adopted September 9, 1997, Docket No. 96A-331T

Colorado, Decision Regarding Petition for Arbitration, Docket No. 96A-287T, adopted November 5, 1996

Connecticut, Decision on Petition of the Southern New England Telephone Company for a Declaratory Ruling Concerning Internet Services Provider Traffic, issued September 17, 1997, Docket No. 97-05-22

Delaware, Arbitration Award, issued December 16, 1997, Docket No. 97-323

Illinois, Order, Docket Nos. 97-0404, 97-0519, 97-0525, issued March 11, 1998

Maryland, Letters to Bell Atlantic-Maryland, Inc., dated September 11, 1997 and October 1, 1997

Michigan, Opinion and Order, issued January 28, 1998, Case No. U-11554

Minnesota, Order Resolving Arbitration Issues, issued December 2, 1996, Docket Nos. P-442,421/M-96-855, P-5321,421/M-96-909 and P-3167,421/M-96-729

Minnesota, Order Resolving Issues After Reconsideration and Approving Contract, issued March 17, 1997, Docket Nos. P-442,421/M-96-855, P-5321,421/M-96-909 and P-3167,421/M-96-729

Missouri, Arbitration Order, Case No. TO-98-278, issued April 23, 1998

New York, Order Denying Petition and Instituting Proceeding, issued July 17, 1997, Case Nos. 97-C-1275, 93-C-0033, 93-C-0103, 97-C-0895, 97-C-0918 and 97-C-0979

New York, Case No. 97-C1275, Proceeding on Motion of the Commission to Investigate Reciprocal Compensation Related to Internet Traffic, March 19, 1998

North Carolina, Order Concerning Reciprocal Compensation for ISP Traffic, Docket No. P-55, Sub 1027, issued February 26, 1998

Oklahoma, Final Order, Order No. 423626, issued June 3, 1998, Cause No. PUD 970000548

Oregon, Order No. 96-324, Arbitrator's Decision, entered December 9, 1996

Texas, February 5, 1998, decision reversing Arbitration Award, issued January 7, 1998, Docket No. 18082

Virginia State Corporation Commission, PUC970069, Final Order, October 24, 1997.

Washington, Order Approving Negotiated and Arbitrated Interconnection Agreement, issued January 8, 1997, Docket No. UT-960323

Washington, Arbitrator's Report and Decision, issued November 8, 1996, Docket No. UT-960323

West Virginia, Commission Order, issued January 13, 1998, Case No. 97-1210-T-PC

Wisconsin, Letter from Secretary to the Public Service Commission

to Johnson and Paulson, dated May 13, 1998

AGREEMENT

THIS AGREEMENT is made by and between BellSouth Telecommunications, Inc., ("BellSouth"), a Georgia corporation, and Teleport Communications Group, Inc., a Delaware corporation, on behalf of itself and its wholly owned subsidiaries, (collectively referred to as "TCG"), and shall be deemed effective as of July 15, 1996. This agreement may refer to either BellSouth or TCG or both as a "party" or "parties."

WITNESSETH

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

WHEREAS, TCG is a local exchange telecommunications company authorized, has applications pending, or may make application to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, the parties wish to interconnect their facilities, purchase unbundled elements, and exchange traffic for the purposes of fulfilling their obligations pursuant to sections 251, 252 and 271 of the Telecommunications Act of 1996;

NOW THEREFORE, in consideration of the mutual agreements contained herein, BellSouth and TCG agree as follows:

I. Definitions

A. **Affiliate** is defined as a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this paragraph, the term "own" means to own an equity interest (or equivalent thereof) of more than 10 percent.

B. **Commission** is defined as the appropriate regulatory agency in each of BellSouth's nine state region, Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

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NO. 971475-Pete EXHIBIT NO. 2
COMPANY/
WITNESS: Kouroupas

C. Intermediary function is defined as the delivery of local traffic from a local exchange carrier other than BellSouth or TCG or from another telecommunications company such as a wireless telecommunications provider through the network of BellSouth or TCG to an end user of BellSouth or TCG.

D. Local Traffic is defined as any telephone call that originates and terminates in the same LATA and is billed by the originating party as a local call, including any call terminating in an exchange outside of BellSouth's service area with respect to which BellSouth has a local interconnection arrangement with an independent LEC, with which TCG is not directly interconnected.

E. Local Interconnection is defined as 1) the delivery of local traffic to be terminated on each party's local network so that end users of either party have the ability to reach end users of the other party without the use of any access code or substantial delay in the processing of the call; 2) the LEC unbundled network features, functions, and capabilities set forth in this Agreement; and 3) Interim Number Portability sometimes referred to as temporary telephone number portability to be implemented pursuant to the terms of this Agreement.

F. Percent of Interstate Usage (PIU) is defined as a factor to be applied to terminating access services minutes of use to obtain those minutes that should be rated as interstate access services minutes of use. The numerator includes all interstate "nonintermediary" minutes of use, including interstate minutes of use that are forwarded due to Interim Number Portability less any interstate minutes of use for Terminating Party Pays services, such as 800 Services. The denominator includes all "nonintermediary", local, interstate, intrastate, toll and access minutes of use adjusted for Interim Number Portability less all minutes attributable to terminating party pays services.

G. Percent of Local Usage (PLU) is defined as a factor to be applied to intrastate terminating minutes of use. The numerator shall include all "nonintermediary" local minutes of use adjusted for those minutes of use that only appear local due to Interim Number Portability. The denominator is the total intrastate minutes of use including local, intrastate toll, and access, adjusted for Interim Number Portability less intrastate terminating party pays minutes of use.

H. Telecommunications Act of 1996 ("Act") means Public Law 104-104 of the United States Congress effective February 8, 1996. The Act amended the Communications Act of 1934 (47 U.S.C. § 1 et. seq.).

I. Multiple Exchange Carrier Access Billing ("MECAB") means the document prepared by the Billing Committee of the Ordering and Billing Forum ("OBF").

which functions under the auspices of the Carrier Liaison Committee of the Alliance for Telecommunications Industry Solutions ("ATIS") and by Bellcore as Special Report SR-BDS-000983, containing the recommended guidelines for the billing of Exchange Service access provided by two or more LECs and/or CLECs or by one LEC in two or more states within a single LATA.

J. Multiple Exchange Carriers Ordering and Design Guidelines for Access Services--Industry Support Interface ("MECOD") means a document developed by the Ordering/Provisioning Committee under the auspices of the OBF, which functions under the auspices of the Carrier Liaison Committee of the ATIS. The ECOD document, published by BellCore as Special Report SR-STS-002643, establishes methods for processing orders for access service provided by two or more local carriers (including a LEC and a CLEC).

II. Purpose

The parties intend that the rates, terms and conditions contained within this Agreement, including all Attachments, comply and conform with each party's obligations under sections 251, 252 and 271 of the Act. The access and interconnection obligations contained herein, when implemented, are intended to enable TCG to provide competing telephone exchange service to residential and business subscribers within the nine state region of BellSouth. To the extent the items in 47 U.S.C. § 271(c)(2)(B) are contained within this Agreement, the parties intend and expect that with the successful implementation of this Agreement, BellSouth will satisfy the requirements of 47 U.S.C. § 271(c)(2)(B).

III. Term of the Agreement

A. The term of this Agreement shall be three years, beginning July 15, 1996.

B. The parties agree that by no later than December 1, 1998, they shall commence negotiations with regard to the terms, conditions and prices of local interconnection to be effective beginning July 1, 1999.

C. If, within 135 days of commencing the negotiation referred to in Section III (B) above, the parties are unable to satisfactorily negotiate new local interconnection terms, conditions and prices, either party may petition the Commission to establish appropriate local interconnection arrangements pursuant to 47 U.S.C. 252. The parties agree that, in such event, they shall encourage the Commission to issue its order regarding the appropriate local interconnection arrangements no later than March 2, 1999. The parties further agree that in the event the Commission does not issue its order prior to July 1, 1999 or if the parties continue beyond July 1, 1999 to negotiate the local interconnection arrangements without Commission intervention, the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the

parties, will be effective retroactive to July 1, 1999. Until the revised local interconnection arrangements become effective, the parties shall continue to exchange traffic pursuant to the terms and conditions of this Agreement.

IV. Local Interconnection (47 U.S.C. §251(c)(2), §252(d)(1),(2), §271(c)(2)(B)(i))

A. The parties intend that the interconnection of their equipment, facilities and networks pursuant to this section will comply with the requirements of sections 251, 252 and 271 of the Act upon successful implementation of this Article.

B. The delivery of local traffic between the parties shall be reciprocal and compensation will be mutual according to the provisions of this Agreement.

C. Each party will pay the other for terminating its local traffic on the other's network the local interconnection rates as set forth in Attachment B-1, incorporated herein by this reference. Each state to which this Agreement applies will be billed separately. The charges for local interconnection are to be billed monthly and payable quarterly after appropriate adjustments pursuant to this Agreement are made. To the extent TCG will connect to BellSouth's access tandem and BellSouth's end offices the rate for TCG's local interconnection will be a combination of tandem and end office rates. BellSouth agrees that the local interconnection rate it shall pay to TCG shall be computed using a similar percentage of tandem and end office rates. The rate will be determined as an average of end office routed minutes and tandem routed minutes.

D. The first six month period of traffic exchange under this Agreement in each state is a testing period in which the parties agree to exchange data and render billing. However, no compensation during this period will be paid. If, during the second six month period, the monthly net amount to be billed prior to the cap being applied pursuant to subsection (E) of this section is less than \$40,000.00 for each state, the parties agree that no payment is due. This cap shall be reduced for each of the subsequent six month periods as follows: 2nd period -\$40,000.00; 3rd period-\$30,000.00; and 4th period--\$20,000.00. The cap shall be \$0.00 for any period after the expiration of the 4th six month period.

E. The parties agree that neither party shall be required to compensate the other for more than 105% of the total billed local interconnection minutes of use of the party with the lower total billed local interconnection minutes of use in the same month on a statewide basis. This cap shall apply to the total billed local interconnection minutes of use calculated for each party and any affiliate of the party providing local exchange telecommunications services under the party's certificate of necessity issued by the Commission. Each party will report to the other a Percentage Local Usage ("PLU") and the application of the PLU will determine the amount of local minutes to be billed to the other party. Until such time as actual usage data is available or at the expiration of the first year after the initiation of traffic exchange pursuant to this

Agreement, the parties agree to utilize a mutually acceptable surrogate for the PLU factor. The calculations, including examples of the calculation of the cap between the parties will be pursuant to the procedures set out in Attachment A, incorporated herein by this reference. For purposes of developing the PLU, each party shall consider every local call and every long distance call. Effective on the first of January, April, July and October of each year, the parties shall update their prospective PLU.

F. The parties agree that there are four appropriate methods of interconnecting facilities: (1) virtual collocation where physical collocation is not practical for technical reasons or because of space limitations; (2) physical collocation; and (3) interconnection via purchase of facilities from either party by the other party; and (4) upon mutual agreement as to technical feasibility, the parties may also interconnect on a mid-span basis. Rates and charges for collocation are set forth in Attachment C-13, incorporated herein by this reference. Facilities may be purchased at rates, terms and conditions set forth in BellSouth's intrastate Switched Access (Section E6) or Special Access (Section E7) services tariff or as contained in Attachment B-1 for local interconnection, incorporated herein by this reference.

G. The parties agree to accept and provide any of the preceding methods of interconnection. TCG shall establish a point of interconnection at each and every BellSouth access tandem within the local calling area TCG desires to serve for interconnection to those end offices that subtend the access tandem. Alternatively, TCG may elect to interconnect directly at the end offices for interconnection to end users served by that TCG end office. BellSouth will connect at each TCG end office or tandem inside that local calling area. Such interconnecting facilities shall conform, at a minimum, to the telecommunications industry standard of DS-1 pursuant to BellCore Standard No. TR-NWT-00499. Signal Transfer Point, Signaling System 7 ("SS7") connectivity is required at each interconnection point. BellSouth will provide out-of-band signaling using Common Channel Signaling Access Capability where technically and economically feasible, in accordance with the technical specifications set forth in the BellSouth Guidelines to Technical Publication, TR-TSV-000905. The parties agree that their facilities shall provide the necessary on-hook, off-hook answer and disconnect supervision and shall hand off calling party number ID when technically feasible. The parties further agree that in the event a party interconnects via the purchase of facilities and/or services from the other party, the appropriate intrastate access tariff, as amended from time to time will apply.

H. The parties agree to establish trunk groups from the interconnecting facilities of subsection (F) of this section such that each party provides a reciprocal of each trunk group established by the other party. Notwithstanding the foregoing, each party may construct its network, including the interconnecting facilities, to achieve optimum cost effectiveness and network efficiency.

I. TCG agrees to use NXX codes in a manner that will allow BellSouth to distinguish Local Traffic (measured and flat rate) from intraLATA toll traffic. If either

party provides a service to its end user customers where said customers were provided a unique local calling area, the parties agree to provide such service using a unique NXX code, to provide 60 days advance written notice to the other party of the offering of such a service, and if both of the preceding conditions are met, to treat the interconnection of such traffic as local.

J. If either party provides intermediary tandem switching and transport services for the other party's connection of its end user to a local end user of: (1) a local exchange telecommunications company other than BellSouth ("ICO") or TCG; or (2) another telecommunications company such as a wireless telecommunications service provider, the party performing the intermediary function will bill a \$.002 per minute charge over and above the local interconnection rates set out in this section. The parties agree that any billing to the ICO or other telecommunications company under this section shall be pursuant to subsection (L), infra of this section.

K. Except where the conditions of paragraph (M), infra, are met, when the parties jointly provide an exchange access connection for an interexchange carrier ("IXC"), each party will provide their own exchange access to the IXC on a multi-bill, multi-tariff meet-point basis pursuant to subsection (L), infra. Each party will bill its own exchange access rates to the IXC.

L. The parties agree that the Company functioning as the end office also functions as the Initial Billing Company ("IBC"). The Party providing the intermediary function bills as the Subsequent Billing Company ("SBC"). The IBC will issue summary records to the SBC, in accordance with OBF Guidelines. The Parties will conduct this business in accordance with the MECABs and MECOD guidelines defined in Section 1 of this Agreement. The Parties agree to work cooperatively to support the work of the Ordering and Billing Forum ("OBF") and to implement OBF changes to MECABs and MECOD in accordance with the OBF Guidelines. BellSouth shall provide the billing name, billing address and CIC of the IXCs on magnetic tape or via electronic file transfer using the EMR format in order to comply with the MPB Notification process as outlined in the MECAB document. The Parties agree to permit the other to concur in its tariffs and to promptly execute any documentation necessary for such concurrence.

M. When one party to this Agreement (LEC A) delivers to the other party (LEC B) exchange access traffic from LEC A's access tandem using facilities that are collocated at LEC B's end office, the Feature Group Interconnection Compensation (FGIC) plan described in Attachment B-1A, incorporated herein by this reference, shall apply. FGIC shall apply to both originating and terminating exchange access traffic so long as the conditions of this subsection are met. When FGIC is applied, LEC A may, at its option, render a single bill to the IXC.

N. When either party delivers calls with unique dialing codes (i.e. time, weather, N11, 900 and 976 calls), the calls shall be delivered in accordance with the

servicing arrangements defined in the LERG. To the extent unique billing arrangements with information service providers are required, BellSouth agrees to provide assistance to TCG in making such arrangements.

O. The ordering and provision of all services purchased from BellSouth by TCG shall be as set forth in the OLEC-to-BellSouth Ordering Guidelines (Facilities Based) as those guidelines are amended by BellSouth from time to time during the term of this Agreement. To the extent TCG provides such guidelines to BellSouth, the ordering and provision of all services purchased from TCG by BellSouth shall be pursuant to those guidelines, as amended by TCG from time to time during the term of this Agreement.

V. IntraLATA and InterLATA Toll Traffic Interconnection

A. The delivery of intrastate toll traffic by a party to the other party shall be reciprocal and compensation will be mutual. For terminating its toll traffic on the other party's network, each party will pay to the other party BellSouth's intrastate terminating switched access rate, inclusive of the Interconnection Charge and the Carrier Common Line rate elements of the switched access rate. The parties agree that the terminating switched access rates may change during the term of this Agreement and that the appropriate rate shall be the rate in effect when the traffic is terminated.

B. For originating and terminating intrastate toll traffic, each party shall pay the other BellSouth's intrastate switched network access service rate elements on a per minute of use basis. Said rate elements shall be as set out in BellSouth's Intrastate Access Services Tariff as that Tariff is amended from time to time during the term of this Agreement. The appropriate charges will be determined by the routing of the call. If TCG is the BellSouth end user's presubscribed interexchange carrier or if the BellSouth end user uses TCG as an interexchange carrier on a 10XXX basis, BellSouth will charge TCG the appropriate tariff charges for originating network access services. If BellSouth is serving as the TCG end user's presubscribed interexchange carrier or if the TCG end user uses BellSouth as an interexchange carrier on a 10XXX basis, TCG will charge BellSouth the appropriate BellSouth tariff charges for originating network access services.

C. The parties agree that to the extent either party provides intraLATA toll service to its customers, it may be necessary for it to interconnect to additional access tandems that serve the end office of the customer outside the local calling area.

D. Each party agrees to compensate the other, pursuant to the other party's originating switched access charges, including the database query charge, for the origination of 800 traffic terminated.

E. Each party will provide to the other the appropriate records necessary for billing intraLATA 800 customers. The records provided will be in a standard EMR format for a fee of \$0.013 per record.

F. If, during the term of this Agreement, either party provides interLATA 800 services, the party will compensate the other for the origination of such traffic pursuant to the appropriate tariff. The party shall provide the appropriate records for billing pursuant to subsection E, above.

G. Should TCG require 800 Access Ten Digit Screening Service from BellSouth, it shall have signaling transfer points connecting directly to BellSouth's local or regional signaling transfer point for service control point database query information. TCG shall utilize SS7 Signaling links, ports and usage as set forth in Attachment C-7, incorporated herein by this reference. TCG will not utilize switched access FGD service. 800 Access Ten Digit Screening Service is an originating service that is provided via 800 Switched Access Service trunk groups from BellSouth's SSP equipped end office or access tandem providing an IXC identification function and delivery of call to the IXC based on the dialed ten digit number. The rates and charges for said service shall be as set forth in BellSouth's Intrastate Access Services Tariff as said tariff is amended from time to time during the term of this Agreement.

VI. Interim Number Portability (47 U.S.C. §251(b)(2) and §271(c)(2)(B)(xi))

A. The parties intend that the number portability provided pursuant to this section to will comply with the requirements of sections 251, 252, and 271 of the Act upon successful implementation of this Article.

B. Interim Number Portability (INP) is an interim service arrangement provided by each party to the other whereby an end user, who switches subscription of his local exchange service from BellSouth to TCG, or vice versa, is permitted to retain use of his existing assigned telephone number, provided that the end user remains at the same location for his local exchange service or changes locations and service providers but stays within the same serving wire center of his existing number. INP services are available in two arrangements, INP-Remote and INP-DID. Notwithstanding the foregoing, INP is not available when the end user's existing account has been denied or disconnected for nonpayment and an outstanding balance remains unpaid.

C. INP services and facilities will only be provided, where technically feasible, subject to the availability of facilities and may only be furnished from properly equipped central offices. SS7 Signaling is required for the provision of INP services. INP-DID is available from either party on either a per DS0, DS1 or DS3 basis. Where INP-DID is provided on a DS1 or a DS3 basis, applicable channelization rates as specified in Attachment C-16, incorporated herein by this reference. INP is available only for basic

local exchange service. Section E6.8.1.H of the BellSouth Intrastate Switched Access tariff, as said tariff is amended from time to time during the term of this Agreement.

D. INP is available only where TCG or BellSouth is currently providing, or will begin providing concurrent with provision of INP, basic local exchange service to the affected end user. INP for a particular TCG assigned telephone number is available only from the BellSouth central office originally providing local exchange service to the end user. INP for a particular assigned telephone number will be disconnected when any end user, Commission, BellSouth, or TCG initiated activity (e.g. a change in exchange boundaries) would normally result in a telephone number change had the end user retained his initial local exchange service.

E. INP-Remote is a telecommunications service whereby a call dialed to an INP-Remote equipped telephone number, is automatically forwarded to an assigned seven or ten digit telephone number within the local calling area as defined in Section A3 of the BellSouth General Subscriber Service Tariff. The forwarded-to number is specified by TCG or BellSouth, as appropriate. Where technologically feasible, the forwarding party will provide identification of the originating telephone number, via SS7 signaling, to the receiving party. Neither party guarantees, however, identification of the originating telephone number to the INP-Remote end user and acknowledges that the Repeat Dialing feature of the CLASS features and functions may not be operational with INP-Remote service. INP-Remote provides a single call path for the forwarding of no more than one simultaneous call to the receiving party's specified forwarded-to number. Additional call paths for the forwarding of multiple simultaneous calls are available on a per path basis and are in addition to the rate for INP-Remote service.

F. INP-DID service provides trunk side access to end office switches for direct inward dialing to the other company's premises equipment from the telecommunications network to lines associated with the other company's switching equipment and must be provided on all trunks in a group arranged for inward service. A INP-DID trunk termination, provided with SS7 Signaling only, charge applies for each trunk voice grade equivalent. In addition, direct facilities are required from the end office where a ported number resides to the end office serving the ported end user customer. The rates for a switched local channel and switched dedicated transport apply as contained in Section E6 of BellSouth's intrastate Access Services tariff, as said Tariff is amended from time to time during the term of this Agreement. Transport mileage will be calculated as the airline distance between the end office where the number is ported and the POI using the V&H coordinate method. INP-DID must be established with a minimum configuration of 2 channels and one unassigned telephone number per switch, per arrangement for control purposes. Transport facilities arranged for INP-DID may not be mixed with any other type of trunk group, with no outgoing calls placed over said facilities. INP-DID will be provided only where such facilities are available and where the switching equipment of the ordering party is properly equipped. Where INP-DID service is required from more than one wire center or from separate trunk groups within the same wire center, such service provided from each wire center

or each trunk group within the same wire center shall be considered a separate service. Only customer dialed sent paid calls will be completed to the first number of a INP-DID number group, however there are no restrictions on calls completed to other numbers of a INP-DID number group. Interface group arrangements provided for terminating the switched transport at the party's terminal location are as set forth in E6.1.3.A. of BellSouth's intrastate Access Services tariff, as amended from time to time during the term of this Agreement.

G. INP services will be provided at the charges contained in Attachment B-3 for INP-RCF and Attachment B-4 for INP-DID. Both Attachments are incorporated herein by this reference.

H. The calling party is responsible for payment of the applicable charges for sent-paid calls to the INP number. For collect, third-party, or other operator-assisted non-sent paid calls to the ported telephone number, BellSouth or TCG is responsible for the payment of charges under the same terms and conditions for which the end user would have been liable for those charges. Either party may request that the other block collect and third party non-sent paid calls to the INP assigned telephone number. If the party does not request blocking, the other party will provide itemized local usage data for the billing of non-sent paid calls on the monthly bill of usage charges, provided at the individual end user account level. The detail will include itemization of all billable usage. As an alternative to the itemized monthly bill, each party shall have the option of receiving this usage data on a daily basis via a data file transfer arrangement. This arrangement will utilize the existing industry uniform standard, known as EMR standards, for exchange of billing data. Files of usage data will be created daily for the optional service. Usage originated and recorded in the sending BellSouth RAO will be provided in unrated format. TCG usage originated elsewhere and delivered via CMDS to the sending BellSouth RAO will be provided in rated format.

I. Each party is responsible for obtaining authorization from the end user for the handling of the disconnection of the end user's service, the provision of new local service and the provision of INP services. Each party is responsible for coordinating the provision of service with the other to assure that its switch is capable of accepting INP ported traffic. Each party is responsible for providing equipment and facilities that are compatible with the other's service parameters, interfaces, equipment and facilities and is required to provide sufficient terminating facilities and services at the terminating end of an INP call to adequately handle all traffic to that location and is solely responsible to ensure that its facilities, equipment and services do not interfere with or impair any facility, equipment, or service of the other party or any of its end users. In the event that either party determines in its sole judgment that the other party will likely impair or is impairing, or interfering with any equipment, facility or service or any of its end users, that party may either refuse to provide INP service or terminate INP to the other party.

J. Each party will be the other's party's single point of contact for all repair calls regarding INP service on behalf of each party's end user. Each party reserves the right to contact the other party's customers, if deemed necessary, for INP service maintenance purposes. Notice of the customer contact shall be given to the party serving the end user as soon as practicable.

K. Neither party is responsible for adverse effects on any service, facility or equipment for the use of INP services. End-to-end transmission characteristics may vary depending on the distance and routing necessary to complete calls over INP facilities and the fact that another carrier is involved in the provisioning of service. Therefore, end-to-end transmission characteristics can not be specified by either party for such calls. Neither party is responsible to the other if any necessary change in protection criteria or in any of the facilities, operation, or procedures of either renders any facilities provided by the other party obsolete or renders necessary modification of the other party's equipment.

L. For that terminating IXC traffic ported to either party which requires use of either party's tandem switching, the billing for exchange access as delineated in Article IV(L) or (M), supra, shall apply.

M. If either party has direct connections to the IXCs for the termination of all interLATA traffic and it is only through the use of INP services that the other party's tandem is being utilized and the tandem provider receives network access service revenues from the terminating IXC, the party directly connected to the IXCs will bill the other party the exchange access charges for the terminating facilities used for that interLATA traffic. This circumstance may also arise where an intraLATA toll call from one party's customer is sent to a number that is, in turn, forwarded through the use of INP services to the other party's customer. If so, the party utilizing INP will bill the other party the exchange access charges for the terminating facilities used for that intraLATA toll traffic.

N. If during the term of this Agreement, the Federal Communications Commission issues regulations pursuant to 47 U.S.C. §251 to require number portability different than that provided pursuant to this subsection, the parties agree to fully comply with those regulations.

VII. Provision of Unbundled Elements (47 U.S.C. §251(c)(3), § 252(d) and §271(x)(2)(B)(ii))

A. The parties intend that BellSouth's offer of unbundled network elements to TCG pursuant to this section will comply with the requirements of sections 251, 252 and 271 of the Act upon successful implementation of this Article.

B. BellSouth will offer an unbundled local loop to TCG at the rates as set forth in Attachment C-15, incorporated herein by this reference. Special construction charges, if applicable, will be as set forth in BellSouth's Intrastate Special Access Tariff as said tariff is amended from time to time during the term of this Agreement. BellSouth will also offer, as a new service loop concentration as set forth in Attachment C-16, incorporated herein by this reference. The parties agree that loop concentration service is not an unbundled element.

C. BellSouth will offer to TCG unbundled loop channelization system service which provides the multiplexing function to convert 96 voice grade loops to DS1 level for connection with TCG's point of interface. Rates are as set forth in Attachment C-16, incorporated herein by this reference.

D. BellSouth will offer to TCG unbundled local transport from the trunk side of its switch at the rates as set forth in Attachment B-1, incorporated herein by this reference.

E. BellSouth will offer to TCG unbundled local switching at the rates as set forth in Attachment C-17, incorporated herein by this reference, for the unbundled exchange service port.

F. BellSouth agrees to offer to TCG, upon its request for a 24 to 28 month commitment, the equivalent of a SmartPath® loop at a rate not to exceed a recurring monthly charge of \$190.00. BellSouth further agrees to offer to TCG, upon its request, the equivalent of a MegaLinkSM Plus loop, priced in accordance with section 252(d) of the Act.

G. The parties agree that BellSouth may provide, upon TCG request, any other network element on an unbundled basis at any technically feasible point on its network pursuant to the requirements of section 251 of the Act.

VIII. Access To Poles, Ducts, Conduits, and Rights of Way (47 U.S.C. § 251(b)(4) and §271(c)(2)(B)(iii))

A. BellSouth agrees to provide to TCG, pursuant to 47 U.S.C. § 224, as amended by the Act, nondiscriminatory access to any pole, duct, conduit, or right-of-way owned or controlled by BellSouth. The rates, terms and conditions are set out in Attachment C-14.

IX. Physical Collocation (47 U.S.C. §251(c)(6))

A. The parties agree that each shall provide to the other physical collocation services pursuant to Attachment C-13, incorporated herein by this reference.

X. Access to 911/E911 Emergency Network (47 U.S.C. §271(c)(2)(B)(vii)(I))

A. The parties intend for the provision of access to BellSouth's 911/E911 Emergency network by TCG pursuant to this section will comply with the requirements of sections 251, 252, and 271 of the Act upon successful implementation of this Article.

B. 911 and E911 traffic refers to emergency calls originated by dialing 9-1-1. The Parties agree to cooperate to ensure the seamless operation of emergency call networks, including 911, and E911 calls.

C. For basic 911 and E911 service, BellSouth will provide to TCG a list consisting of each municipality in each state that subscribes to either service. The list will also provide, if known, the E911 conversion date for each municipality and, for network routing purposes, a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911/E911. The parties agree that the county or municipality may wish to assign a different 10 digit directory number for each local exchange company. TCG agrees to hold this information proprietary and will use the information solely for the purpose of routing 0-calls from the TCG Operator Services platform to the PSAPs.

D. TCG will arrange to accept 911 calls from its end users in municipalities that subscribe to Basic 911 service and translate the 911 call to the appropriate 10-digit directory number as stated on the list provided by BellSouth or to the 10 digit number provided by the county or municipality. TCG will route that call to BellSouth at the appropriate tandem or end office. When a municipality converts to E911 service, TCG shall discontinue the Basic 911 procedures and begin the E911 procedures, set forth in subsection (E), below.

E. For E911 service, TCG shall install a minimum of two dedicated trunks originating from TCG's serving wire center and terminating to the appropriate E911 tandem. The dedicated trunks shall be, at minimum, DS0 level trunks configured either as a 2 wire analog interface or as part of a digital (1.544 Mb/s) interface. Either configuration shall use CAMA type signaling with multifrequency (MF) pulsing that will deliver automatic number identification (ANI) with the voice portion of the call. If the user interface is digital, MF pulses, as well as other AC signals, shall be encoded per the u-255 Law convention. TCG will provide BellSouth daily updates to the E911 database. BellSouth will provide TCG, within 48 hours, confirmation of the receipt of said updates.

F. If a municipality has converted to E911 service, TCG will forward 911 calls to the appropriate E911 tandem, along with ANI, based upon the current E911 end office to tandem homing arrangement as provided by BellSouth. If the E911 tandem

trunks are not available, TCG will alternatively route the call to a designated 7-digit local number residing in the appropriate PSAP pursuant to the appropriate state statute or regulation. This call will be transported over BellSouth's interoffice network and will not carry the ANI of the calling party.

G. BellSouth and TCG agree that the practices and procedures contained in the E911 Local Exchange Carrier Guide For Facility-Based Providers, as it is amended from time to time during the term of this Agreement by BellSouth, shall determine the appropriate procedures and practices of the parties as to the provision of 911/E911 Access. BellSouth, as the operator of the Automatic Location Identification (ALI) database, and TCG will use established processes, procedures and formats described in the E911 Local Exchange Carrier Guide for Facility Based Providers to interface with TCG. BellSouth will process valid TCG customer information within 24 hours of receipt from TCG, and electronically transfer the TCG subscriber information to the 911 database.

I. BellSouth agrees to provide, on a scheduled quarterly basis, copies of the Master Street Address Guide ("MSAG") for the LATAs in which TCG operates. The MSAG will be provided via 9-track magnetic tape. TCG agrees to work with the appropriate counties authorities to resolve any addressing issues. BellSouth agrees to maintain the MSAG based upon input from and discussions with the appropriate county authorities.

J. If TCG's certificated area conforms with BellSouth's exchange boundaries, BellSouth will provide a list of 911 tandems serving the BellSouth exchanges. If TCG's certificated area does not conform with BellSouth's exchange boundaries, upon receipt of TCG's NXXs with the comparable BellSouth NXX, BellSouth will provide to TCG the information as to which access tandem the TCG NXXs are routed.

K. The applicable rate elements are as set forth in Attachment C-3, incorporated herein by this reference.

XI. Provision of Operator Services (47 U.S.C. §271(c)(2)(B)(vii)(II)&(III))

A. The parties intend for the provision of access to BellSouth's operator services by TCG pursuant to this section will comply with the requirements of sections 251, 252, and 271 of the Act upon successful implementation of this Article.

B. The parties agree to mutually provide busy line verification and emergency interrupt services pursuant to each party's rates, terms and conditions as may be amended from time to time during the term of this Agreement.

C. BellSouth will offer to TCG Operator Call Processing Access Service; and Directory Assistance Access Services (Number Services). Rates, terms and conditions

are set forth in Attachment C-8 for Operator Call Processing Access Service and Attachment C-9 for Directory Assistance Access Services. Both Attachments are incorporated herein by this reference.

D. BellSouth will offer to TCG CMDS Hosting and the Non Sent Paid Report System pursuant to the terms and conditions set forth in Attachment C-11, incorporated herein by this reference.

E. Each party is responsible for providing an appropriate intercept announcement service for any telephone numbers subscribed to INP services that are not presently being used to provide local exchange service or that are terminating to an end user. Where either party chooses to disconnect or terminate any INP service, that party is responsible for designating an appropriate standard type of announcement to be provided.

XII. Directory Listings (47 U.S.C. §271(c)(2)(B)(viii))

A. Subject to execution of an agreement between TCG and BellSouth's affiliate, BellSouth Advertising and Publishing Company ("BAPCO") substantially in the form set forth in Attachment C-XX, (1) listings shall be included in appropriate White Pages or alphabetical directories; (2) TCG's business subscribers' listings shall also be included in appropriate Yellow Pages, or classified directories; and (3) copies of such directories shall be delivered to TCG's subscribers. The parties intend for the provision of white pages directory listings to TCG pursuant to this section to comply with the requirements of sections 251, 252, and 271 of the Act.

B. BellSouth, TCG and BAPCO will accord TCG's directory listing information the same level of confidentiality which BellSouth accords its own directory listing information, and BellSouth shall limit access to TCG's customer proprietary confidential directory information to those BellSouth or its affiliates' employees who are involved in the preparation of listings.

C. BellSouth will not charge TCG to maintain the Directory Assistance database. The parties agree to cooperate with each other in formulating appropriate procedures regarding lead time, timeliness, format and content of listing information.

XIII. Access to Telephone Numbers (47 U.S.C. §271(c)(2)(B)(ix))

A. The parties intend for the provision of access to telephone numbers for TCG pursuant to this section will comply with the requirements of sections 251, 252, and 271 of the Act upon successful implementation of this Article.

B. BellSouth, during any period under this Agreement in which it serves as a North American Numbering Plan administrator for its territory, shall ensure that TCG has nondiscriminatory access to telephone numbers for assignment to its telephone exchange service customers. It is mutually agreed that BellSouth shall provide numbering resources pursuant to the BellCore Guidelines Regarding Number Assignment and compliance with those guidelines shall constitute nondiscriminatory access to numbers. TCG agrees that it will complete the NXX code application in accordance with Industry Carriers Compatibility Forum, Central Office Code Assignment Guidelines, ICCF 93-0729-010. This service will be as set forth in Attachment C-2, incorporated herein by this reference.

C. If during the term of this Agreement BellSouth is no longer the North American Numbering Plan administrator, the parties agree to comply with the guidelines, plan or rules adopted pursuant to 47 U.S.C. § 251(e).

XIV. Access to Signaling and Signaling Databases (47 U.S.C. §271(c)(2)(B)(x))

A. The parties intend for the provision of access to signaling and signaling databases for TCG pursuant to this section ~~to~~ ^{will} comply with the requirements of sections 251, 252, and 271 of the Act. ACS
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B. BellSouth will offer to TCG use of its signaling network and signaling databases on an unbundled basis at published tariffed rates. Signaling functionality will be available with both A-link and B-link connectivity.

C. BellSouth offers to input the NXXs assigned to TCG into the Local Exchange Routing Guide ("LERG").

D. BellSouth will enter TCG line information into its Line Information Database ("LIDB") pursuant to the terms and conditions contained in Attachment C-5, incorporated herein by this reference. Entry of line information into LIDB will enable TCG's end users to participate or not participate in alternate billing arrangements such as collect or third number billed calls.

E. If TCG utilizes BellSouth's 800 database for query purposes only, the rates and charges shall be as set forth in Attachment C-4, incorporated herein by this reference.

XV. BellSouth's Offer of Services Available for Resale (47 U.S.C. § 251(c)(4), §251(d)(3) & §271(c)(2)(B)(xiv))

A. The parties intend for the provisions contained in this section regarding BellSouth's telecommunications services available for resale will comply with the

requirements of sections 251, 252, and 271 of the Act upon successful implementation of this Article.

B. The rates pursuant by which TCG 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 Attachment D, attached hereto and incorporated herein by this reference. Such discount shall reflect the costs avoided by BellSouth when selling a service for wholesale purposes.

C. TCG 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 for the purposes of resale: 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 institutions discount); and discounted services to meet competitive situations.

D. The provision of services by BellSouth to TCG does not constitute a joint undertaking for the furnishing of any service.

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

F. TCG will be BellSouth's single point of contact for all services purchased pursuant to this Agreement including all ordering activities and repair calls. For all repair requests, TCG accepts responsibility for adhering to BellSouth's prescreening guidelines prior to referring the trouble to BellSouth. BellSouth may bill TCG for handling troubles that are found not to be in the BellSouth network. The parties agree that BellSouth may contact TCG's customers, if in its sole discretion it deems necessary for maintenance purposes. Notice of the customer contact shall be given to the party as soon as practicable. BellSouth shall have no other contact with the end user except to the extent provided for herein.

G. BellSouth will continue to bill the end user for any services that the end user specifies it wishes to receive directly from BellSouth. BellSouth maintains the right to serve directly any end user within the service area of TCG and TCG agrees not to interfere with the right of any end user to obtain service directly from BellSouth. BellSouth will continue to directly market its own telecommunications products and services and in doing so may establish independent relationships with end users of TCG.

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. BellSouth will not, however, make the end user's previous telephone number available to TCG until the end user's outstanding balance has been paid. Denied service means that the service of an end user provided by a local exchange telecommunications company, including BellSouth has been temporally suspended for nonpayment and subject to complete disconnection.

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

1. Interfere with or impair service over any facilities of BellSouth, 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.

TCG assumes the responsibility of notifying BellSouth regarding less than standard operations with respect to services provided by TCG.

J. TCG 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 TCG is a telecommunications carrier that serves greater than 5 percent of the Nation's presubscribed access lines, TCG 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 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 TCG 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 BellSouth's A23 or A27 Shared Tenant Service Tariff, as appropriate.
4. TCG 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 BellSouth's Tariff.
5. Resold services can only be used in the same manner as specified in BellSouth'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 BellSouth in the appropriate section of BellSouth'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 BellSouth's Tariff referring to Shared Tenant Service.

K. 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.

L. Services resold under BellSouth's Tariffs and facilities and equipment provided by BellSouth shall be maintained by BellSouth. TCG or its end users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by BellSouth, other than by connection or disconnection to any interface means used, except with the written consent of BellSouth.

M. BellSouth will not perform billing and collection services for TCG 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 BellSouth.

N. Until such time as BellSouth receives permission from the FCC to bill the End User Common Line (EUCL) charge to TCG, BellSouth will, on an interim basis, bill

TCG 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

O. The procedures for discontinuing end user service purchased by TCG for resale to an end user are as follows:

1. Where possible, BellSouth will deny service to TCG's end user on behalf of, and at the request of, TCG. Upon restoration of the end user's service, restoral charges will apply and will be the responsibility of TCG
2. At the request of TCG, BellSouth will disconnect a TCG end user customer.
3. All requests by TCG for denial or disconnection of an end user for nonpayment must be in writing.
4. TCG will be made solely responsible for notifying the end user of the proposed disconnection of the service.
5. BellSouth will continue to process calls made to the Annoyance Call Center and will advise TCG when it is determined that annoyance calls are originated from one of their end user's locations. It is the responsibility of TCG to take the corrective action necessary with its customers who make annoying calls. Failure to do so will result in BellSouth's disconnecting the end user's service.

P. The procedures for discontinuing service to TCG are as follows:

1. BellSouth 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 TCG of the rules and regulations of BellSouth's Tariffs.
2. If payment of account is not received by the bill day in the month after the original bill day, BellSouth may provide written notice to TCG, 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 BellSouth does not refuse additional applications for service on the date specified in the notice, and TCG's noncompliance continues, nothing contained herein shall preclude BellSouth's right to refuse additional applications for service without further notice.
3. If payment of the 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 TCG fails to comply with the provisions of this Agreement, including any payments to be made by it on the dates and times herein specified, BellSouth may, on thirty days written notice to the person designated by TCG to receive notices of noncompliance, discontinue the provision of existing services to TCG at any time thereafter. In the case of such discontinuance, all billed charges, as well as applicable termination charges, shall become due. If BellSouth does not discontinue the provision of the services involved on the date specified in the thirty days notice, and TCG's noncompliance continues, nothing contained herein shall preclude BellSouth's right to discontinue the provision of the services to TCG without further notice.
5. If payment is not received or arrangements made for payment by the date given in the written notification, TCG's services will be discontinued. Upon discontinuance of service on a TCG's account, service to TCG's end users will be denied. BellSouth will also reestablish service at the request of the end user or TCG upon payment of the appropriate connection fee and subject to BellSouth'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.

Q. BellSouth may require TCG to make a deposit when purchasing services for resale purposes to be held by BellSouth as a guarantee of the payment of rates and charges. Any such deposit may be held during the continuance of the service and may not exceed two month's estimated billing. The fact that a deposit has been made in no way relieves TCG from the prompt payment of bills on presentation nor does it constitute a waiver or modification of the regular practices of BellSouth providing for the discontinuance of service for non-payment of any sums due BellSouth. In the event that TCG defaults on its account, service to TCG will be terminated and any deposits held will be applied to its account. In the case of a cash deposit, interest at the rate of six percent per annum shall be paid to TCG during the continuance of the deposit. Interest on a deposit shall accrue annually and, if requested, shall be annually credited to TCG by the accrual date.

XVI. Ordering of Services From BellSouth For Resale Purposes

A. The ordering and provision of services purchased from BellSouth for resale purposes by TCG 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.

B. When the initial service is ordered by TCG, BellSouth will establish an accounts receivable master account for TCG.

C. BellSouth shall bill TCG on a current basis all applicable charges and credits.

D. Payment of all charges will be the responsibility of TCG. TCG shall make payment to BellSouth for all services billed. BellSouth is not responsible for payments not received by TCG from TCG's customer. BellSouth will not become involved in billing disputes that may arise between TCG and its customer. Payments made to BellSouth as payment on account will be credited to an accounts receivable master account and not to an end user's account.

E. BellSouth will render bills each month on established bill days for each of TCG's accounts.

F. BellSouth will bill TCG 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.

G. 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 U.S. funds. Payment is considered to have been made when received by BellSouth.

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.

H. Upon proof of tax exempt certification from TCG, the total amount billed to TCG will not include any taxes due from the end user. TCG 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.

I. As the customer of record, TCG will be responsible for, and remit to BellSouth, 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.

J. If any portion of the payment is received by BellSouth after the payment due date as set forth preceding, or if any portion of the payment is received by BellSouth in funds that are not immediately available to BellSouth, then a late payment penalty shall be due to BellSouth. 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 lessor 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 TCG actually makes the payment to BellSouth, or
2. 0.000590 per day, compounded daily for the number of days from the payment due date to and including the date that TCG actually makes the payment to BellSouth.

K. Any Carrier Common Line charges (CCL) associated with interexchange carrier access to the resold local exchange lines will be billed by, and due to, BellSouth.

L. In general, BellSouth will not become involved in disputes between TCG and TCG's end user customers over resold services. If a dispute does arise that cannot be settled without the involvement of BellSouth, TCG shall contact the designated Service Center for resolution. BellSouth will make every effort to assist in the resolution of the dispute and will work with TCG to resolve the matter in as timely a manner as possible. TCG may be required to submit documentation to substantiate the claim.

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

XVII. Network Design and Management (47 U.S.C. § 251(c)(5))

A. The parties agree to work cooperatively to install and maintain reliable interconnected telecommunications networks, including but not limited to, maintenance contact numbers and escalation procedures. BellSouth agrees to provide public notice of changes in the information necessary for the transmission and routing of services using its local exchange facilities or networks, as well as of any other changes that would affect the interoperability of those facilities and networks.

B. The interconnection of all networks will be based upon accepted industry/national guidelines for transmission standards and traffic blocking criteria.

C. The parties will work cooperatively to apply sound network management principles by invoking appropriate network management controls, e.g., call gapping, to alleviate or prevent network congestion.

D. BellSouth does not intend to charge rearrangement, reconfiguration, disconnection, or other non-recurring fees that may be associated with the initial reconfiguration of TCG's interconnection arrangement. However, TCG's interconnection reconfigurations will have to be considered individually as to the application of a charge. Notwithstanding the foregoing, BellSouth does intend to charge TCG non-recurring fees for any additions to, or added capacity to, any facility or trunk purchased by TCG.

E. The parties agree to provide LEC-to-LEC 64k clear channel (where technically feasible) and Common Channel Signaling (CCS) to one another, where available, in conjunction with all traffic in order to enable full interoperability of ISDN and CLASS features and functions. All CCS signaling parameters will be provided, including automatic number identification (ANI), originating line information (OLI) calling party category, charge number, etc. All privacy indicators will be honored, and the parties

agree to cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full interoperability of CCS-based features between the respective networks.

F. For network expansion, the parties agree to review engineering requirements on a quarterly basis and establish forecasts for trunk utilization as required by Section IV of this Agreement. New trunk groups will be implemented as dictated by engineering requirements for both parties.

G. The parties agree to provide each other with the proper call information, i.e. originated call party number and destination call party number, CIC, and OZZ, including all proper translations for routing between networks and any information necessary for billing where BellSouth provides recording capabilities. The exchange of information is required to enable each party to bill properly.

XVIII. Disconnection of Existing End User Service

A. Either party will accept requests from the other party to disconnect the service of an existing end user. Either party will accept a request directly from an end user for conversion of the end user's service from itself to the other party or will accept a request from another local exchange carrier or the other party for conversion of the Interim Number Portability service associated with an end user's service to another local exchange carrier or Reseller. The party taking the request will notify the other party that such a request has been processed. Neither party will require end user confirmation prior to disconnecting the end user's service. Both parties agree to provide proof of authorization upon request.

B. If either party determines that an unauthorized change in local service provider has occurred, the party will reestablish service with the appropriate local service provider as requested by the end user and will assess an Unauthorized Change Charge of \$19.41 per line or trunk for Residence or Business. The appropriate nonrecurring charges to reestablish the customer's service with the appropriate local service provider will also be assessed because of the unauthorized change. These charges may be adjusted if satisfactory proof of authorization is provided.

C. BellSouth may designate BellSouth as the preferred provider of local exchange service for its own pay telephones.

XIX. Implementation of Agreement

The parties agree that within 30 days of the execution of this Agreement they will adopt a schedule for the implementation of this Agreement. The schedule shall state with specificity, ordering, testing, and full operational time frames. The implementation

shall be attached to this Agreement as an addendum and specifically incorporated herein by this reference.

XX. Auditing Procedures

A. Upon thirty (30) days written notice, each party must provide the other the ability and opportunity to conduct an annual audit to ensure the proper billing of traffic between the parties. The parties agree to retain records of call detail for a minimum of nine months from which the PLU can be ascertained. The audit shall be accomplished during normal business hours at an office designated by the party being audited. Audit request shall not be submitted more frequently than one (1) time per calendar year. Audits shall be performed by a mutually acceptable independent auditor paid for by the party requesting the audit. The PLU shall be adjusted based upon the audit results and shall apply to the usage for the quarter the audit was completed, the usage for the quarter prior to the completion of the audit, and to the usage for the two quarters following the completion of the audit. If, as a result of an audit, either party is found to have overstated the PLU by twenty percentage points (20%) or more, that party shall reimburse the auditing party for the cost of the audit.

B. For combined interstate and intrastate traffic terminated over the same facilities, each party shall provide a projected Percentage Interstate Usage ("PIU") as defined herein to the other party. All jurisdictional report requirements, rules and regulations for Interexchange Carriers specified in E2.3.14 of BellSouth's Intrastate Access Services Tariff will apply. After interstate and intrastate traffic percentages have been determined by use of PIU procedures, the PLU factor will be used for application and billing of local interconnection and intrastate toll access charges.

C. Each party reserves the right to periodically audit services purchased for the purposes of resale to confirm that such services are being utilized in conformity with this Agreement. The parties agree to make any and all records available to the auditing party or its auditors on a timely basis. The auditing party shall bear the cost of said audit that shall not occur more than once in a calendar year. If the audit determines that the services are being utilized in violation of this Agreement, the audited party shall be notified and billing for the service will be immediately changed to conform with this Agreement. Service charges, back billing and interest may be applied.

XXI. Enforcement Provisions

The parties agree that within 120 days of the approval of this Agreement by any of the appropriate state commissions they will develop mutually agreeable specific quality measurements concerning ordering, installation and repair items included in this Agreement, including but not limited to interconnection facilities, 911/E911 access, provision of requested unbundled elements and access to databases. The parties will also develop mutually agreeable incentives for maintaining compliance with the quality measurements. If the parties cannot reach agreement on the requirements of this

section, either party may seek mediation or relief from the appropriate state commission.

XXII. Liability and Indemnification

A. With respect to any claim or suit by TCG, an TCG customer or by any other person or entity, for damages associated with any of the services provided by BellSouth pursuant to this Agreement, including but not limited to the installation, provision, preemption, termination, maintenance, repair or restoration of service, the parties agree that BellSouth is a telephone company for purposes of the indemnification and limitation of liability provision of 365.171(14), Florida Statutes or any other similar statute in any other state in BellSouth's region, and therefore entitled to the protection granted by said statutes. If BellSouth is determined not to be a telephone company for purposes of section 365.171(14) or any other similar statute, by an appropriate judicial body, or with respect to any claim or suit by either party, either party's customer or by any other person or entity, other than if the party acted with malicious purpose or in a manner exhibiting wanton and willful disregard of human rights, safety, or property, or for failing to maintain proper standards of maintenance and operation and to exercise reasonable supervision, for damages associated with any of the services provided by that party pursuant to this Agreement, including but not limited to the installation, provision, preemption, termination, maintenance, repair, or restoration of service, the parties agree that the liability shall not exceed an amount equal to the proportionate charge for the service provided pursuant to this Agreement for the period during which the service was affected and ~~the other~~ ^{each party} shall indemnify the other for any assessed liability over and above such proportionate charge for the service. RCS
CWS

B. Neither party shall be liable to the other for any act or omission of any other telecommunications company providing a portion of a services provided under this Agreement.

C. Neither party shall be liable for damages to the other'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 caused by such party's gross negligence or willful misconduct.

D. Notwithstanding subsection A, each party shall indemnify, defend and hold harmless the other party, its affiliates and parent company, against any claim, loss or damage arising from its actions, duties, or obligations arising out of this Agreement and pertaining to: 1) Claims for libel, slander, invasion of privacy, or infringement of copyright arising from the content of the communications over the party's network; 2) Claims for patent infringement arising from the party's acts combining, using or reliance on the other party's services, action, duties, or obligations arising out of this Agreement; 3) any claim, loss, or damage claimed by the other party's customer, arising from the

party's use or reliance on the other party's services, action, duties, or obligations arising out of this Agreement.

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

F. No license under patents (other than the limited license to use) is granted by BellSouth or shall be implied or arise by estoppel, with respect to any service offered pursuant to this Agreement. BellSouth will defend TCG against claims of patent infringement arising solely from the use by TCG of services offered pursuant to this Agreement and will indemnify TCG for any damages awarded based solely on such claims.

G. Either party's failure to provide or maintain services offered pursuant to this Agreement shall be excused by labor difficulties, governmental orders, civil commotion, criminal actions taken against either party, acts of God and other circumstances beyond that party's reasonable control.

H. Neither party shall be liable to the other for any special or consequential damages.

XXIII. 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 interconnection, number portability, unbundled access to network elements or any other services related to interconnection, whether or not presently covered by this Agreement, to another telecommunications carrier operating within a State within the Territory at rates or on terms and conditions more favorable to the carrier than the applicable provisions of this Agreement, TCG, subject to a written amendment to this Agreement, shall be entitled to substitute such more favorable rates, terms or conditions for the relevant provisions of this Agreement which shall apply to the same states as such other carrier 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 more favorable provision 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 TCG 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.

C. The Parties acknowledge that BellSouth will guarantee the provision of universal service as the carrier-of-last-resort throughout its territory in Florida until January 1, 1998 without contribution from TCG.

XXIV. 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, call detail records and like information (hereinafter collectively referred to as "Information"). Both parties agree that all Information shall be in writing or other tangible form and clearly marked with a confidential, private or proprietary legend and that 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.

XXV. 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 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.

XXVI. 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.

XXVII. 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.

XXVIII. Governing Law

This Agreement shall be governed by the laws of the states in the BellSouth region, as applicable to performance hereof in each such state, and federal law, as applicable, including the Act.

XXIX. 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.

XXX. 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.
R. DENDER
3535 COLONNADE PKWY
B'HAM, ALA

TCG
Two Teleport Drive Suite 300
Staten Island NY 10311
ATTN: General Counsel

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.

XXXI. Amendment of Agreement

TCG and BellSouth may mutually agree to amend this Agreement in writing. Since it is possible that amendments to this Agreement may be needed to fully satisfy the purposes and objective of this Agreement, the parties agree to work cooperatively, promptly, and in good faith to negotiate and implement any such amendments to this Agreement.

XXXII. Entire Agreement

This Agreement and its Attachments, incorporated herein by this reference, 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.

Signature

SRDIR - BellSouth Tel.

Title

2/12/96

Date

TCG

Signature

RVP - Southern Region

Title

2/15/96

Date

ATTACHMENT A

EXAMPLE OF "5% CAP"

Case 1:

BellSouth terminates 10,000 min. to ALEC X ALEC X bills BellSouth for 10,000 min.

ALEC X terminates 15,000 min. to BellSouth BellSouth bills ALEC X for 10,500 min.
(10,000 + 5%)

Case 2:

BellSouth terminates 15,000 min. to ALEC X ALEC X bills BellSouth for 10,500 min.
(10,000 + 5%)

ALEC X terminates 10,000 min. to BellSouth BellSouth bills ALEC X for 10,000 min.

Case 3:

BellSouth terminates zero min. to ALEC X ALEC X bills BellSouth zero

ALEC X terminates 10,000 min. to BellSouth BellSouth bills ALEC X zero

Case 4:

BellSouth terminates 10,000 min. to ALEC X ALEC X bills BellSouth zero

ALEC X terminates zero min. to BellSouth BellSouth bills ALEC X zero

Case 5:

BellSouth terminates 10,000 min. to ALEC X ALEC X bills BellSouth for 10,000 min.

ALEC X terminates 10,200 min. to BellSouth BellSouth bills ALEC X for 10,200 min.
(difference is less than cap)

Case 6:

BellSouth terminates 10,200 min. to ALEC
X

ALEC X bills BellSouth for 10,200 min.
(difference is less than cap)

ALEC X terminates 10,000 min. to
BellSouth

BellSouth bills ALEC X for 10,000 min.

Case 7:

BellSouth and ALEC X both terminate
10,000 min.
to each other

ALEC X and BellSouth both bill each other
10,000 min.

Attachment B-1
 Local Interconnection Service

Service: Local Interconnection*

Description: Provides for the use of BellSouth Switching and transport facilities and common subscriber plant for connecting calls between an ALEC's Point of Interface (POI) and a BellSouth end user.

It can also be used to connect calls between an ALEC and an Interexchange Carrier (IC), and Independent Exchange Telephone Company (ICO), or a Mobile Service Service Provider (MSP), or between two ALECs.

It is furnished on a per-trunk basis. Trunks are differentiated by traffic type and directionality. There are two major traffic types: (1) Local and (2) Intermediary. Local represents traffic from the ALEC's POI to a BellSouth tandem or end office and Intermediary represents traffic originated or terminated by an ALEC which is interconnected with an IC, ICO, MSP or another ALEC.

Rates and charges will be applied as indicated below.

State(s):	Alabama						Florida					
	Per MOU	Applied Per	Monthly Recur.	Applied: Per	Non-Recur.	Applied Per	Per MOU	Applied Per	Monthly Recur.	Applied: Per	Non-Recur.	Applied Per
DS1 Local Channel	-	-	\$133.81 LC	\$446.97 LC - First	\$446.83 LC - Add'l	-	-	\$133.81 LC	\$446.97 LC - First	\$446.83 LC - Add'l	-	-
DS1 Dedicated Transport	-	-	\$23.50 per mile	\$90.00 fac term.	\$100.48 fac term.	-	-	\$18.75 per mile	\$58.75 fac term.	\$100.48 fac term.	-	-
DS1 Common Transport	\$0.00004 per mile	-	-	-	-	\$0.00004 per mile	-	-	-	-	-	-
Local Switching LS2 (FGD)	\$0.00036 fac term.	-	-	-	-	\$0.00036 fac term.	-	-	-	-	-	-
Tandem Switching	\$0.00755 access mou	-	-	-	-	\$0.00476 access mou	-	-	-	-	-	-
Information Surcharge	\$0.00074 access mou	-	-	-	-	\$0.00050 access mou	-	-	-	-	-	-
Tandem Intermediary Charge**	\$0.03218 100 mou	-	-	-	-	\$0.00022 access mou	-	-	-	-	-	-
Composite Rate-DS1 Dedicated	\$0.00978	-	-	-	-	\$0.01028	-	-	-	-	-	-
Composite Rate-DS1 Tandem Sw	\$0.00991	-	-	-	-	\$0.01056	-	-	-	-	-	-

State(s):	Georgia						Kentucky					
	Per MOU	Applied Per	Monthly Recur.	Applied: Per	Non-Recur.	Applied Per	Per MOU	Applied Per	Monthly Recur.	Applied: Per	Non-Recur.	Applied Per
DS1 Local Channel	-	-	\$133.81 LC	\$446.97 LC - First	\$446.83 LC - Add'l	-	-	\$133.81 LC	\$446.97 LC - First	\$446.83 LC - Add'l	-	-
DS1 Dedicated Transport	-	-	\$23.50 per mile	\$90.00 fac term.	\$100.48 fac term.	-	-	\$23.50 per mile	\$90.00 fac term.	\$100.48 fac term.	-	-
DS1 Common Transport	\$0.00004 per mile	-	-	-	-	\$0.00004 per mile	-	-	-	-	-	-
Local Switching LS2 (FGD)	\$0.00036 fac term.	-	-	-	-	\$0.00036 fac term.	-	-	-	-	-	-
Tandem Switching	\$0.00755 access mou	-	-	-	-	\$0.00756 access mou	-	-	-	-	-	-
Information Surcharge	\$0.00074 access mou	-	-	-	-	\$0.00074 access mou	-	-	-	-	-	-
Tandem Intermediary Charge**	\$0.03218 100 mou	-	-	-	-	\$0.01448 Trans/100 mou	-	-	-	-	-	-
Composite Rate-DS1 Dedicated	\$0.00978	-	-	-	-	\$0.00978	-	-	-	-	-	-
Composite Rate-DS1 Tandem Sw	\$0.00991	-	-	-	-	\$0.00991	-	-	-	-	-	-

*Rates are displayed at the DS1-1.544 Mbps level. For rates and charges applicable to other arrangement levels, refer to Section E8 of BellSouth Telecommunications and Intrastate Access Tariff.

**The Tandem Intermediary Charge applies only to Intermediary Traffic.

DS1 Local Channel: Denotes a DS1 dedicated transport facility between the ALEC's serving wire center and the ALEC's POI, also called an Entrance Facility. This element will apply when associated with services ordered by an ALEC which utilizes a BellSouth facilities. This element is not required when an ALEC is collocated.

DS1 Dedicated Transport: Provides transmission and facility termination. The facility termination applies for each DS1 interoffice channel terminated. Can be used from the ALEC's serving wire center to the end user's end office or from the ALEC's serving wire center to the tandem.

Common Transport: Composed of Common Transport facilities as determined by BellSouth and permits the transmission of calls terminated by BellSouth.

Access Tandem Switching: Provides function of switching traffic from or to the Access Tandem from or to the end office switch(es). The Access Tandem Switching charge is assessed on all terminating minutes of use switched at the access tandem.

Compensation Credit (CCP): BellSouth and the ALECs will not be required to compensate each other for more than 100% of the total billed local interconnection minutes of use of the party with the lower total billed local interconnection minutes of use in the same month.

Attachment B-1
Local Interconnection Service

Service: Local Interconnection* (Cont'd)

STATE(S)	Louisiana						Mississippi					
	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per
DS* Local Channel	-	-	\$133.81 LC	-	\$866.87 LC - First \$486.83 LC - Add'l	-	-	\$133.81 LC	-	\$866.87 LC - First \$486.83 LC - Add'l	-	-
DS* Dedicated Transport	-	-	\$18.75 per mile \$58.75 fac term.	-	-	-	-	\$23.50 per mile \$90.00 fac term.	-	-	\$100.48 fac term.	-
DS* Common Transport	\$0.00004 per mile \$0.00036 fac term.	-	-	-	-	-	\$0.00004 per mile \$0.00036 fac term.	-	-	-	-	-
Local Switching LS2 (FGO)	\$0.00868 access mou.	-	-	-	-	-	\$0.00787 access mou.	-	-	-	-	-
Tandem Switching	\$0.00060 access mou.	-	-	-	-	-	\$0.00074 access mou.	-	-	-	-	-
Information Surcharge	-	-	-	-	-	-	-	-	-	-	-	-
Tandem Intermediary Charge**	\$0.002 access mou.	-	-	-	-	-	\$0.002 access mou.	-	-	-	-	-
Composite Rate-DS* Dedicated	\$0.01021						\$0.00978					
Composite Rate-DS* Tandem Sw	\$0.01048						\$0.00991					

STATE(S)	N. Carolina						S. Carolina					
	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per
DS* Local Channel	-	-	\$133.81 LC	-	\$866.87 LC - First \$486.83 LC - Add'l	-	-	\$133.81 LC	-	\$866.87 LC - First \$486.83 LC - Add'l	-	-
DS* Dedicated Transport	-	-	\$23.50 per mile \$90.00 fac term.	-	-	-	-	\$23.50 per mile \$90.00 fac term.	-	-	\$100.48 fac term.	-
DS* Common Transport	\$0.00004 per mile \$0.00036 fac term.	-	-	-	-	-	\$0.00004 per mile \$0.00036 fac term.	-	-	-	-	-
Local Switching LS2 (FGO)	\$0.01140 access mou.	-	-	-	-	-	\$0.01086 access mou.	-	-	-	-	-
Tandem Switching	\$0.00074 access mou.	-	-	-	-	-	\$0.00074 access mou.	-	-	-	-	-
Information Surcharge	-	-	-	-	-	-	\$0.03741 100 mou.	-	-	-	-	-
Tandem Intermediary Charge**	\$0.002 access mou.	-	-	-	-	-	\$0.002 access mou.	-	-	-	-	-
Composite Rate-DS* Dedicated	\$0.01331						\$0.01323					
Composite Rate-DS* Tandem Sw	\$0.01344						\$0.01336					

STATE(S)	Tennessee					
	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per
DS* Local Channel	-	-	\$133.81 LC	-	\$866.87 LC - First \$486.83 LC - Add'l	-
DS* Dedicated Transport	-	-	\$23.50 per mile \$90.00 fac term.	-	-	\$100.48 fac term.
DS* Common Transport	\$0.00004 per mile \$0.00036 fac term.	-	-	-	-	-
Local Switching LS2 (FGO)	\$0.01750 access mou.	-	-	-	-	-
Tandem Switching	\$0.00074 access mou.	-	-	-	-	-
Information Surcharge	-	-	-	-	-	-
Tandem Intermediary Charge**	\$0.002 access mou.	-	-	-	-	-
Composite Rate-DS* Dedicated	\$0.01941					
Composite Rate-DS* Tandem Sw	\$0.01954					

*Rates are displayed at the DS1-1 544 Mbps level. For rates and charges applicable to other arrangement levels, refer to Section E6 of BellSouth Telecommunications' Local Intra-State Access Tariff.

**The Tandem Intermediary Charge applies only to intermediary traffic.
 DS* Local Channel: denotes a DS1 dedicated transport facility between the ALEC's serving wire center and the ALEC's POI, also called an Entrance Facility. This element will apply when associated with services ordered by an ALEC which utilizes a BellSouth facilities. This element is not required when an ALEC is collocated.
 DS* Dedicated Transport: provides transmission and facility termination. The facility termination applies for each DS1 interoffice channel terminated. Can be used from the ALEC's serving wire center to the end users and office or from the ALEC's serving wire center to the tandem.
 Common Transport: Composed of Common Transport facilities as determined by BellSouth and permits the transmission of calls terminated by BellSouth.
 Access Tandem Switching: provides function of switching traffic from or to the Access Tandem from or to the end office switch(es). The Access Tandem Switching charge is assessed on all terminating minutes of use switched at the access tandem.
 Compensation Credit (CCP): BellSouth and the ALECs will not be required to compensate each other for more than 100% of the total billed local interconnection minutes of use of the party with the lower total billed local interconnection minutes of use in the same month.

Attachment B-1A

Feature Group Interconnection Compensation (FGIC)

Compensation for FGIC traffic will be based on percentages of the sum of all switched access elements as reflected in BellSouth's intrastate access tariff.

In the event that a state commission or the FCC modifies the current switched access rate structures, or redirects the allocation of cost recovery between rate elements under the current structure, the Parties will renegotiate the percentage of the revenues to be received by the end office party so that the tandem party receives the same net per minute compensation as it did prior to the rate structure modification.

For intrastate FGIC Traffic the percentage of switched access service revenue is:

STATE	LEC B End Office Company	LEC A Tandem Office Company
Alabama	88%	12%
Florida	77%	23%
Georgia	67%	33%
Kentucky	73%	27%
Louisiana	80%	20%
Mississippi	72%	28%
North Carolina	77%	23%
South Carolina	75%	25%
Tennessee	80%	20%

For interstate FGIC traffic the percentage for LEC B is 70% and for LEC A, 30%

Attachment B-2

Local Interconnection Service

Service: Toll Switched Access

Description: Provides the Switched Local Channel, Switched Transport, Access Tandem Switching, local end office switching and end user termination functions necessary to complete the transmission of ALEC intrastate and interstate calls from outside the BellSouth's basic local calling area.

Provided in the terminating direction only. Provides trunk side access to a BellSouth tandem/end office for the ALEC's use in terminating long distance communications from the ALEC to BellSouth end users.

Provided at BellSouth tandem/end office as trunk side terminating switching through the use of tandem/end office trunk equipment. The switch trunk equipment may be provided with wink start-pulsing signals and answer and disconnect supervisory signaling, or without signaling when out of band signaling is provided.

Provided with multifrequency address or out of band signaling. Ten digits of the called party number, as appropriate, will be provided by the ALEC's equipment to a BellSouth tandem/end office.

State(s): All

Rates, Terms and Conditions:

In all states, rates, terms and conditions will be applied as set forth in Section E6 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariffs and in Section 6 of the BellSouth Telecommunication's, Inc. Interstate Access Tariff, F.C.C. No. 1.

Attachment B-3

Local Interconnection Service

Service: Service Provider Number Portability-Remote

Description: Service Provider Number Portability (SPNP) is an interim service arrangement provided by BellSouth to ALECs whereby an end user, who switches subscription to local exchange service from BellSouth to an ALEC, is permitted to retain use of the existing BellSouth assigned telephone number provided that the end user remains at the same location.

SPNP-Remote is a telecommunications service whereby a call dialed to an SPNP-Remote equipped telephone number, assigned by BellSouth, is automatically forwarded to an ALEC assigned seven or ten digit telephone number within BellSouth's basic local calling area as defined in Section A3 of BellSouth's General Subscriber Service Tariff. The forwarded-to number is specified by the ALEC.

SPNP-Remote provides a single call path for the forwarding of no more than one simultaneous call to the ALEC specified forwarded-to number. Additional call paths for the forwarding of multiple simultaneous calls are available on a per path basis, and are in addition to the rate for SPNP-Remote service.

State(s): ALL

	<u>Monthly Rate</u>	<u>Nonrecurring Charge</u>
Per Number Ported		
- Residence / 6 paths	\$1 15	-
- Business / 10 paths	\$2 25	-
Each Additional Path	\$0 50	-
Per Order, per end user location	-	None

Attachment B-4
Local Interconnection Service

Service: Service Provider Number Portability-Direct Inward Dialed (DID)*

Description: Service Provider Number Portability (SPNP) is an interim service arrangement provided by BellSouth to ALECs whereby an end user, who switches subscription to local exchange service from BellSouth to an ALEC is permitted to retain use of the existing BellSouth assigned telephone number provided that the end user remains at the same location.

SPNP-DID provides trunk side access to BellSouth end office switched for direct inward dialing to ALEC premises from the telecommunications network directly to lines associated with ALEC switching equipment.

SPNP-DID will be available on either a DSO, DS1 or DS3 basis.

SPNP-DID Trunk Termination will only be provided with SS7 Signaling at rates set forth in E6 of BellSouth Telecommunication's, Inc.'s Intrastate Access Tariffs.

Direct facilities are required from the BellSouth end office where a ported number resides to the ALEC end office serving the ALEC end user.

RATE ELEMENTS	Alabama				Florida			
	Monthly Recurring	Applied Per	Non-Recurring	Applied Per	Monthly Recurring	Applied Per	Non-Recurring	Applied Per
Per Number Ported - Business	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Number Ported - Residence	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Order	-	-	\$25.00	end user location	-	-	\$25.00	end user location
SPNP-DID Trunk Termination	\$13.00	trunk	\$160.00	trunk-nt. \$80.00 trunk-sub.	\$15.00	trunk	\$170.00	trunk-nt. \$85.00 trunk-sub.
DS1 Local Channel**	\$133.81	LC	\$866.97	LC - First \$486.83 LC - Add'l	\$133.81	LC	\$866.97	LC - First \$486.83 LC - Add'l
DS1 Dedicated Transport**	\$23.50	per mile	-	-	\$16.75	per mile	-	-
	\$90.00	fac term	\$100.49	fac term	\$59.75	fac term	\$100.49	fac term

RATE ELEMENTS	Georgia				Kentucky			
	Monthly Recurring	Applied Per	Non-Recurring	Applied Per	Monthly Recurring	Applied Per	Non-Recurring	Applied Per
Per Number Ported - Business	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Number Ported - Residence	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Order	-	-	\$25.00	end user location	-	-	\$25.00	end user location
SPNP-DID Trunk Termination	\$14.00	trunk	\$165.00	trunk-nt. \$83.00 trunk-sub.	\$13.00	trunk	\$150.00	trunk-nt. \$80.00 trunk-sub.
DS1 Local Channel**	\$133.81	LC	\$866.97	LC - First \$486.83 LC - Add'l	\$133.81	LC	\$866.97	LC - First \$486.83 LC - Add'l
DS1 Dedicated Transport**	\$23.50	per mile	-	-	\$23.50	per mile	-	-
	\$90.00	fac term	\$100.49	fac term	\$90.00	fac term	\$100.49	fac term

* Rates are displayed at the DS1-1 544 Mbps level. For rates and charges applicable to other arrangement levels, refer to Section E6 of BellSouth's Intrastate Access Tariffs.

** May not be required if the ALEC is collocated at the ported number end office.

Local Interconnection Service

Service: Service Provider Number Portability-Direct Inward Dialed (DID)* (Cont'd)

RATE ELEMENTS	Louisiana				Mississippi			
	Monthly Recurring	Applied Per	Non-Recurring	Applied Per	Monthly Recurring	Applied Per	Non-Recurring	Applied Per
Per Number Ported - Business	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Number Ported - Residence	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Order	-	-	\$25.00	end user location	-	-	\$25.00	end user location
SPNP-DID Trunk Termination	\$13.00	trunk	\$170.00	trunk-int. \$86.00 trunk-sub.	\$13.00	trunk	\$150.00	trunk-int. \$80.00 trunk-sub.
DS1 Local Channel**	\$133.81	LC	\$866.97	LC - First \$486.83 LC - Add'l	\$133.81	LC	\$866.97	LC - First \$486.83 LC - Add'l
DS1 Dedicated Transport**	\$16.75	per mile	-	-	\$23.50	per mile	-	-
	\$59.75	fac term	\$100.49	fac term.	\$90.00	fac term	\$100.49	fac term.

RATE ELEMENTS	N.Carolina				S.Carolina			
	Monthly Recurring	Applied Per	Non-Recurring	Applied Per	Monthly Recurring	Applied Per	Non-Recurring	Applied Per
Per Number Ported - Business	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Number Ported - Residence	\$0.01	each	\$1.00	each	\$0.01	each	\$1.00	each
Per Order	-	-	\$25.00	end user location	-	-	\$25.00	end user location
SPNP-DID Trunk Termination	\$13.00	trunk	\$160.00	trunk-int. \$83.00 trunk-sub.	\$13.00	trunk	\$164.00	trunk-int. \$81.00 trunk-sub.
DS1 Local Channel**	\$133.81	LC	\$866.97	LC - First \$486.83 LC - Add'l	\$133.81	LC	\$866.97	LC - First \$486.83 LC - Add'l
DS1 Dedicated Transport**	\$23.50	per mile	-	-	\$23.50	per mile	-	-
	\$90.00	fac term	\$100.49	fac term.	\$90.00	fac term.	\$100.49	fac term.

RATE ELEMENTS	Tennessee			
	Monthly Recurring	Applied Per	Non-Recurring	Applied Per
Per Number Ported - Business	\$0.01	each	\$1.00	each
Per Number Ported - Residence	\$0.01	each	\$1.00	each
Per Order	-	-	\$25.00	end user location
SPNP-DID Trunk Termination	\$13.00	trunk	\$164.00	trunk-int. \$83.00 trunk-sub.
DS1 Local Channel**	\$133.81	LC	\$866.97	LC - First \$486.83 LC - Add'l
DS1 Dedicated Transport**	\$23.50	per mile	-	-
	\$90.00	fac term	\$100.49	fac term.

*Rates are displayed at the DS1-1.544 Mbps. level. For rates and charges applicable to other arrangement levels, refer to Section E8 of BellSouth Telecommunication's Inc.'s Intrastate Access Tariff.

**May not be required if the ALEC is collocated at the ported number end office.

Attachment C-1

Unbundled Products and Services and New Services

Service: Subscriber Listing Information

Description: Subscriber primary listing information provided at no charge and in an acceptable format will be published at no charge as standard directory listings in an alphabetical directory published by or for BellSouth at no charge to each ALEC end user customer.

State(s): All

**Rates: (1) No charge for ALEC-1 customer primary listings.
(2) Additional listings and optional listings may be provided by BellSouth at rates set forth in BellSouth's intrastate General Subscriber Services Tariffs.**

Draft 5/3/96

EXHIBIT _____

ALPHABETICAL DIRECTORY SIDE AGREEMENT

CARRIER agrees to provide to BellSouth Advertising & Publishing Corporation ("BAPCO"), through BST, at CARRIER's expense and at no charge, listing information concerning its subscribers (designating any who do not desire published listings), consisting of: customer, name, address, telephone number and all other information reasonably requested by BAPCO for BAPCO's use in publishing directories of whatever type and format and for other derivative purposes. Such information shall be provided on a schedule and in a format reasonably acceptable to BAPCO. CARRIER shall advise BAPCO promptly regarding any directory-related inquiries, requests or complaints which it shall receive from CARRIER's subscribers and shall provide reasonable cooperation to BAPCO in response to or resolution of the same. CARRIER shall respond promptly regarding corrections or queries raised by BAPCO and to process listing changes requested by subscribers.

II. BAPCO shall include one standard listing for each CARRIER subscriber per hunting group in BAPCO's appropriate local alphabetical directory as published periodically by BAPCO unless nonlisted or nonpublished status is designated by subscribers. BAPCO shall also include one standard listing for each CARRIER business subscriber per hunting group in an appropriate heading as selected by the subscriber in BAPCO's appropriate local classified directory as published periodically by BAPCO unless nonlisted or nonpublish status is designated by subscriber. Such listings shall be interfiled with the listings of other local exchange telephone company subscribers and otherwise published in the manner of such other listings according to BAPCO's generally applicable publishing policies and standards. BAPCO shall deliver such local alphabetical and classified directory to CARRIER's subscribers according to BAPCO's generally applicable policies and standards.

III. BAPCO shall maintain full authority over its publishing schedules, policies, standards, and practices and over the scope and publishing schedules of its directories.

IV. Each party agrees to defend, indemnify and hold harmless the other from all damages, claims, suits, losses or expenses, including without limitation costs and attorneys fees, to the extent of such party's relative fault, arising out of or resulting from any error, omission or act of such party hereunder. CARRIER agrees to limit its liability and that of BAPCO by contract with CARRIER's subscribers or by tariff to no more than the cost of service for any errors or

omissions in any listings published hereunder for CARRIER subscribers. Each party shall notify in writing the other promptly of any claimed error or omission affecting this paragraph and of any claim or suit arising hereunder or relating to this Agreement and shall provide reasonable and timely cooperation in its resolution of the same. Without waiver of any rights hereunder, the indemnified party may at its expense undertake its own defense in any such claim or suit.

V BAPCO's liability to CARRIER for any errors or omissions in directories or for any default otherwise arising hereunder shall be limited to One Dollar (\$1) for any error or omission in any subscriber listing in any directory published by BAPCO.

VI This Side Agreement shall be subject to the term and cancellation provisions of the agreement to which it is appended ("the Agreement"), except that BAPCO shall have the right to terminate this Side Agreement upon sixty days prior written notice given at any time following the initial term of the Agreement.

VII A separate Agreement may be entered into between BAPCO and CARRIER concerning Yellow Pages, or classified directories, directory delivery, CallGuide pages, and other directory related issues.

BAPCO:

BY _____

NAME: _____

TITLE: _____

DATE: _____

CARRIER:

BY: _____

NAME: _____

TITLE: _____

DATE: _____

DRAFT 5/20/96

AGREEMENT

In consideration of the mutual promises contained herein, BellSouth Advertising & Promising Corporation, a Georgia corporation ("BAPCO") and _____
1 _____ corporation ("CARRIER") agree as follows:

1. RECITALS. BAPCO is the publisher of alphabetical and classified directories for certain communities in the southeastern region of the U.S. (the "Directories"). CARRIER provides, or intends to provide, local exchange telephone service in communities in which BAPCO publishes Directories. BAPCO and CARRIER hereby establish the terms by which BAPCO will include listings of CARRIER subscribers in such Directories and by which BAPCO will provide such Directories to CARRIER subscribers.

2. CARRIER OBLIGATIONS. CARRIER agrees as follows:

a) CARRIER shall provide to BAPCO, or its designee, at CARRIER's expense and at no charge, listing information concerning its subscribers (designating any who do not desire published listings), consisting of customer name, address, telephone number and all other information reasonably requested by BAPCO as set forth on Exhibit A for BAPCO's use in publishing Directories of whatever type and format and for other derivative purposes. Such subscriber listing information shall be provided in the format and on the schedule set forth in said Exhibit, or as otherwise mutually agreed between the parties from time to time.

b) CARRIER shall also provide directory delivery information to BAPCO as set forth in Exhibit A for all subscribers.

c) CARRIER shall advise BAPCO promptly of any directory-related inquiries, requests or complaints which it may receive from CARRIER subscribers and shall provide reasonable cooperation to BAPCO in response to or resolution of the same.

(d) CARRIER shall respond promptly regarding corrections or queries raised by BAPCO to process listing changes requested by subscribers.

3. BAPCO OBLIGATIONS. BAPCO agrees as follows:

(a) BAPCO shall include one standard listing for each CARRIER subscriber per hunting group in BAPCO's appropriate local alphabetical Directory as published periodically by BAPCO unless nonlisted or nonpublished status is designated by subscribers. Such listings shall be interfiled with the listings of other local exchange telephone company subscribers and otherwise published in the manner of such other listings according to BAPCO's generally applicable publishing policies and standards.

(b) BAPCO shall publish additional listings, foreign listings and other alphabetical Directory listings of CARRIER subscribers upon their request consistent with BAPCO's generally applicable policies in BAPCO's alphabetical Directories at BAPCO's prevailing rates, terms and conditions.

(c) BAPCO will distribute its regularly published alphabetical and classified Directories to local CARRIER subscribers in accordance with BAPCO's prevailing practices, including delivery following Directory publication and upon establishment of new CARRIER service, if a current Directory for that geographic area has not previously been provided. Such deliveries may include separate advertising materials accompanying the Directories.

(d) BAPCO will include CARRIER information in the customer guide pages of its alphabetical Directories for communities where CARRIER provides local exchange telephone service at the time of publication in accordance with BAPCO's prevailing standards for the same. CARRIER will provide information requested by BAPCO for such purpose on a timely basis.

(e) BAPCO shall make available at no charge to CARRIER or its subscribers one listing for CARRIER business customers per hunting group in one appropriate heading in BAPCO's appropriate local classified directory as published periodically by BAPCO. Such listings shall be published according to BAPCO's generally applicable publishing policies and standards.

(f) BAPCO agrees to solicit, accept and publish directory advertising from business subscribers for CARRIER in communities for which BAPCO publishes classified Directories in the same manner and upon substantially the same terms as it solicits, accepts and publishes advertising from advertisers who are not CARRIER subscribers.

4. PUBLISHING POLICIES. BAPCO shall maintain full authority over its publishing schedules, policies, standards, and practices and over the scope and publishing schedules of its Directories.

5. LIABILITY AND INDEMNITY

(a) BAPCO's liability to CARRIER for any errors or omissions in directories or for any default otherwise arising hereunder shall be limited to One Dollar (\$1) for errors or omissions in any subscriber listing in any directory published by BAPCO.

(b) Each party agrees to defend, indemnify and hold harmless the other from all damages, claims, suits, losses or expenses, including without limitation costs and attorneys fees, to the extent of such party's relative fault, arising out of or resulting from any error, omission or act of such party hereunder. CARRIER agrees to limit its liability and that of BAPCO by contract with CARRIER's subscribers or by tariff to no more than

the cost of service for any errors or omissions in any listings published hereunder for CARRIER subscribers. Each party shall notify in writing the other promptly of any claimed error or omission affecting this paragraph and of any claim or suit arising hereunder or relating to this Agreement and shall provide reasonable and timely cooperation in its resolution of the same. Without waiver of any rights hereunder, the indemnified party may at its expense undertake its own defense in any such claim or suit.

5. TERM. This Agreement shall be effective on the date of the last signature hereto for a term of two (2) years and shall relate to Directories published by BAPCO during such period. Thereafter, it shall continue in effect unless terminated by either party upon sixty days prior written notice.

6. ASSIGNMENT. This Agreement shall be binding upon any successors or assigns of the parties during its Term.

8. RELATIONSHIP OF THE PARTIES. This Agreement does not create any joint venture, partnership or employment relationship between the parties or their employees, and the relationship between the parties shall be that of an independent contractor. There shall be no intended third party beneficiaries to this Agreement.

9. NONDISCLOSURE.

(a) During the term of this Agreement it may be necessary for the parties to provide each other with certain information ("Information") considered to be private or proprietary. The recipient shall protect such Information from distribution, disclosure or dissemination to anyone except its employees or contractors with a need to know such information in conjunction herewith, except as otherwise authorized in writing. All such information shall be in writing or other tangible form and clearly marked with a confidential or proprietary legend. Information conveyed orally shall be designated as proprietary or confidential at the time of such oral conveyance and shall be reduced to writing within forty-five (45) days.

(b) The parties will not have an obligation to protect any portion of information which: (1) is made publicly available lawfully by a nonparty to this Agreement; (2) is lawfully obtained from any source other than the providing party; (3) is previously known without an obligation to keep it confidential; (4) is released by the providing party in writing; or (5) commencing two (2) years after the termination date of this Agreement if such information is not a trade secret under applicable law.

(c) Each party will make copies of the information only as necessary for its use under the terms hereof, and each such copy will be marked with the same proprietary notices as appear on the originals. Each party agrees to use the information solely in support of this Agreement and for no other purpose.

10. FORCE MAJEURE. Neither party shall be responsible to the other for any delay or failure to perform hereunder to the extent caused by fire, flood, explosion, war, strike,

not embargo, governmental requirements, civic or military authority, act of God, or other similar cause beyond its reasonable control. Each party shall use best efforts to notify the other promptly of any such delay or failure and shall provide reasonable cooperation to ameliorate the effects thereof.

11. PUBLICITY Neither party shall disclose the terms of this Agreement nor use the trade names or trademarks of the other without the prior express written consent of the other.

12. REPRESENTATIVES AND NOTICES.

(a) Each party shall name one or more representatives for contacts between the parties which shall be authorized to act on its behalf. Such representatives may be changed from time to time upon written notice to the other party.

(b) Notices required by law or under this Agreement shall be given in writing by hand delivery, certified or registered mail, or by facsimile followed by certified or registered mail, addressed to the named representatives of the parties with copies to:

If to BAPCO:

Director-LEC/BST Interface
BellSouth Advertising & Publishing Corporation
Room 270
59 Executive Park South
Atlanta, GA 30329

With Copy to:

Associate General Counsel
BellSouth Advertising & Publishing Corporation
Room 430
59 Executive Park South
Atlanta, GA 30329

If to CARRIER:

13. MISCELLANEOUS. This Agreement represents the entire Agreement between the parties with respect to the subject matter hereof and supersedes any previous oral or

written communications, representations, understandings, or agreements with respect thereto. It may be executed in counterparts, each of which shall be deemed an original. All prior and contemporaneous written or oral agreements, representations, warranties, statements, negotiations, and/or understandings by and between the parties, whether express or implied, are superseded, and there are no representations or warranties, either oral or written, express or implied, not herein contained. This Agreement shall be governed by the laws of the state of Georgia.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives in one or more counterparts, each of which shall constitute an original, on the dates set forth below

BELLSOUTH ADVERTISING &
PUBLISHING CORPORATION

CARRIER:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A

- CARRIER Listing Information. Formal Schedule for Provision
- CARRIER Delivery Information. Formal Schedule for Provision

Attachment C-2

Unbundled Products and Services and New Services

Service: Access to Numbers

Description: For that period of time in which BellSouth serves as North American Numbering Plan administrator for the states in the BellSouth region, BellSouth will assist ALECs applying for NXX codes for their use in providing local exchange services.

State(s): All

Rates: No Charge

Attachment C-3

Unbundled Products and Services and New Services

Service: Access to 911 Service

Description: Provides a universal, easy-to-remember number which is recognized nationally as the appropriate number to call in an emergency.

Additionally, ALEC-1 must provide a minimum of two dedicated trunk groups originating from ALEC-1's serving wire center and terminating to the appropriate 911 tandem. These facilities, consisting of a Switched Local Channel from ALEC-1's point of interface to its serving wire center and Switched Dedicated Transport to the 911 tandem, may be purchased from BellSouth at the Switched Dedicated Transport rates set forth in Section E6 of BellSouth Telecommunication's Inc.'s Intrastate Access Service Tariffs.

State(s): All

Rates: Will be billed to appropriate municipality.

Attachment C-4

Unbundled Products and Services and New Services

Service: 800 Database

Description: Provides for utilization of the BellSouth 800 Service Control Points for obtaining 800 Service routing information.

800 Database service is provided using a common nationwide 800 Database. The BellSouth network components utilized in the provision of this service are the Service Switching Point (SSP), the Common Channel Signaling Seven Network, the Signal Transfer Point (STP), and the Service Control Point (SCP). Additionally, the Service Management System functions nationally as the central point for the administration of all 800 numbers and downloads 800 number information to BellSouth's SCPs.

ALEC's with STPs will be able to connect directly to BellSouth local or regional STP for obtaining 800 database routing information from BellSouth's SCP and will not be required to order FGD or TSBSA Technical Option 3 Service. For this connection the ALECs may utilize Signaling System Seven Terminations Interconnected in Birmingham, AL and Atlanta, GA with BellSouth's local or regional STP.

State(s): All

Rates, Terms and Conditions:

In all states, the 800 Database rates, terms and conditions will be applied as set forth in Sections E2, E5, E6 and E13 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariffs.

Attachment C.5

Unbundled Products and Services and New Services

Service: Line Information Database (LIDB)- Storage Agreement

Description: The LIDB Storage Agreement provides the terms and conditions for inclusion in BellSouth's LIDB of billing number information associated with BellSouth exchange lines used for Local Exchange Companies' resale of local exchange service or Service Provider Number Portability arrangements requested Local Exchange Companies' on behalf of the Local Exchange company's end user. BellSouth will store in it's database, the relevant billing number information and will provide responses to on-line, call-by-call queries to this information for purposes of Billed Number Screening, Calling Card Validation and Fraud Control.

Each time an ALECs data is used BellSouth will compensate that ALEC at a rate of 40% of BellSouth's LIDB Validation rate per query as displayed in Attachment C-6 following.

State(s): All

Rates: No Charge

**LINE INFORMATION DATA BASE (LIDB)
STORAGE AGREEMENT
FOR RESOLD LOCAL EXCHANGE LINES OR
SERVICE PROVIDER NUMBER PORTABILITY ARRANGEMENTS**

This agreement, effective as of _____, 1996, is entered into by and between BellSouth Telecommunications, Inc. ("BST"), a Georgia corporation, and _____ ("Local Exchange Company").

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

I. SCOPE

This Agreement sets forth the terms and conditions for inclusion in BST's Line Information Data Base (LIDB) of billing number information associated with BST exchange lines used for Local Exchange Company's resale of local exchange service or Service Provider Number Portability (SPNP) arrangements requested by Local Exchange Company on behalf of Local Exchange Company's end user. BST will store in its data base the relevant billing number information, and BST will provide responses to on-line, call-by-call queries to this information for purposes specified below.

LIDB is accessed for:

- Billed Number Screening
- Calling Card Validation for Calling Cards issued by BellSouth
- Fraud Control

II. DEFINITIONS

- 2.01. **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.
- 2.02. **Line number** - a ten digit number assigned by BST that identifies a telephone line associated with a resold local exchange service, or with a SPNP arrangement.
- 2.03. **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.
- 2.04. **Calling Card number** - a billing number plus PIN number assigned by BST.
- 2.05. **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.
- 2.06. **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.
- 2.07. **Billed Number Screening** - refers to the activity of determining whether a toll billing exception indicator is present for a particular billing number.
- 2.08. **Calling Card Validation** - refers to the activity of determining whether a particular calling card number exists as stated or otherwise provided by a caller.
- 2.09. **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

3.01. 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.

3.02. Under normal operating conditions, BST shall include the billing number information in its LIDB 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 LIDB 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 LIDB, a separate agreement is required.

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

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

(a) 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.

b) 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.

3.05. 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.

3.06. 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 it 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 differentiate 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 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 adjustments 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 entity to negotiate and arrange for any appropriate adjustments.

IV. COMPLIANCE

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

V. TERMS

This Agreement will be effective as of _____, 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.

VI. FEES FOR SERVICE AND TAXES

6.01. 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.

6.02. Sales, use and all other taxes (excluding taxes on BST's income) determine 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.

VII. 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.

VIII. 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.

9.05. 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.

9.06. 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.

9.07. 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: _____
Title: _____
Date: _____
Address: _____

THE LOCAL EXCHANGE COMPANY

By: _____
Title: _____
Date: _____
Address: _____

Attachment C-6

Unbundled Products and Services and New Services

Service: Line Information Database Access Service (LIDB) - Validation

Description: Provides a customer the ability to receive validation of billing information through query of data stored in BellSouth's LIDB data base. See below for additional information.

State(s): All

Rate Elements	Description	Monthly	Non-Recurring
LIDB Common Transport	Provides for transport of the customer's query from the LIDB Location (RSTP) to the data base (SCP). This charge will apply each time the customer requests and receives validation of a BellSouth calling card or requests and receives the status of a billed number associated with a LEC line stored in the BellSouth LIDB.	\$0.00030	-
LIDB Validation	Provides for query of data resident in BellSouth's LIDB. This rate will apply each time a customer requests and receives validation of LEC calling card or requests and receives the status of a billed number associated with a LEC line stored in BellSouth's LIDB. As set forth in Attachment C-5 (LIDB Storage Agreement), preceding, each time an ALEC data is used, BellSouth will compensate that ALEC at a rate of 40% of BellSouth's LIDB Validation rate per query.	\$0.03800	-
Originating Point Code Establishment or Change	Provides for the establishment or change of a customer requested Originating Point Code. This charge will apply each time the customer establishes or changes a point code destination identifying one of his locations or a location of one of his end users.	-	\$91.00
CCS7 Signaling Connections	Rates, terms and conditions for CCS7 Signaling Connections are as set forth in Section E6.8 of BellSouth Telecommunication's Inc.'s Intrastate Access Services Tariff.		

Attachment C-7

Unbundled Products and Services and New Services

Service: Signaling

Description: Provides for connection to and utilization of BellSouth's Signaling System 7 network for both call setup and non-call setup purposes.

State(s): All

Rate Elements	Monthly Rate	Recurring Rate	Non-Recurring	Applied Per
CCS7 Signaling Connection - Provides a two-way digital 56 Kbps dedicated facility connecting a customer's signaling point of interface in a LATA to a BellSouth STP. Each customer's connection requires either a pair or a quad of signaling connections.	\$155.00	-	\$510.00	56 Kbps facility
CCS7 Signaling Termination - Provides a customer dedicated point of interface at the BellSouth STP for each of the customer's SS7 connections.	\$355.00	-	-	STP Port
CCS7 Signaling Usage* - Refers to the messages traversing the BellSouth signaling network for call set-up and non call set-up purposes.	-	\$0.000023 \$0.000050	-	Call Set Up Msg. TCAP Msg.
CCS7 Signaling Usage Surrogate*	\$395.00	-	-	56 Kbps facility

*Where signaling usage measurement and billing capability exists, CCS7 Signaling Usage will be billed on a per message basis. Where measurement capability does not exist, CCS7 Signaling Usage Surrogate will be billed on a per 56 Kbps facility basis.

Attachment C-8

Unbundled Products and Services and New Services

Service: Operator Call Processing Access Service

Description: Provides Operator and Automated call handling. This includes processing and verification of alternate billing information for collect, calling card, and billing to a third number. Operator Call Processing Access Service also provides customized call branding; dialing instructions; and other operator assistance the customer may desire.

Rate Elements	State(s)	Monthly Recurring	Applied Per
Operator Provided Call Handling	All	\$1.17	Per Work Minute
Call Completion Access Termination Charge This charge will be applicable per call attempt and is in addition to the Operator Provided Call Handling charge listed above	Alabama	\$0.06	Per Call Attempt
	Florida	\$0.06	Per Call Attempt
	Georgia	\$0.06	Per Call Attempt
	Kentucky	\$0.06	Per Call Attempt
	Louisiana	\$0.06	Per Call Attempt
	Mississippi	\$0.06	Per Call Attempt
	N. Carolina	\$0.08	Per Call Attempt
	S. Carolina	\$0.08	Per Call Attempt
Tennessee	\$0.12	Per Call Attempt	
Fully Automated Call Handling	All	\$0.15	Per Attempt
Operator Services Transport Operator Services transport rates, terms and conditions are as set forth in E6 of BellSouth Telecommunications, Inc.'s Intrastate Access Service Tariff			

Attachment C-9

Unbundled Products and Services and New Services

Service: Directory Assistance Access Service (Number Services)

Description: See below

Rate Elements	Description	State(s)	Monthly Rate
Directory Assistance Call Completion Access Service	Optional service provided to an Access subscriber of BellSouth's DA Access Service. Given a listed telephone number at the request of an Access subscriber's end user, BellSouth will provide or attempt to provide from the DA Operator System, call completion to the number requested. All local and intrastate call completion attempts are routed over an intercall trunk facility directly to the terminating end office that serves the designated number. An Automatic Message Account (AMA) record that includes conversation time, originating, terminating, and billing number details is made for each call completion attempt. This record is in addition to the record made for the DA transaction.	All	\$0.25 (per call attempt)
Call Completion Access Termination Charge	This charge will be applicable per call attempt and is in addition to the DACC Access Service charge listed above.	Alabama Florida Georgia Kentucky Louisiana Mississippi N Carolina S Carolina Tennessee	\$0.06 \$0.06 \$0.06 \$0.06 \$0.06 \$0.06 \$0.06 \$0.06 \$0.12
Number Services Intercept Access Service	Number Services Intercept Access refers calls from disconnected numbers to the proper number or numbers. A separate dedicated intercept trunk facility to the Number Services switch for intercept calls is required. Standard trunk signaling is used to send the intercepted number to the Number Services switch and a database hook-up is performed to retrieve the referral number. The referral number is provided to the calling party by a mechanized audio announcement. The subscribing Access customer must provide the updates to the intercept database to support the service.	All	\$0.30 (per intercept query)
Directory Assistance Service Call	Rates, terms and conditions will be applied as set forth in E9 1.7 for Georgia and as set forth in E9 5.3 for AL, FL, KY, LA, MS, NC, SC, TN of BellSouth Telecommunication's Inc.'s Intrastate Access Service Tariff		
Directory Transport	Rates, terms and conditions will be applied as set forth in E9 1.7 for Georgia and as set forth in E9 5.3 for AL, FL, KY, LA, MS, NC, SC, TN of BellSouth Telecommunication's Inc.'s Intrastate Access Service Tariff		
Directory Assistance Interconnection	Rates, terms and conditions will be applied as set forth in E9 1.7 for Georgia and as set forth in E9 5.3 for AL, FL, KY, LA, MS, NC, SC, TN of BellSouth Telecommunication's Inc.'s Intrastate Access Service Tariff		
Directory Assistance Database Service	Rates, terms and conditions will be applied as set forth in A38.1 of BellSouth Telecommunication's Inc.'s General Subscriber Service Tariff		
Direct Access to DA Service	Rates, terms and conditions will be applied as set forth in Section 9.3 of BellSouth Telecommunication's Inc.'s Interstate Access Service Tariff F.C.C. No. 1		

Attachment C-10

Unbundled Products and Services and New Services

Service: Busy Line Verification and Emergency Interrupt

Description: BellSouth will provide Inward Operator Service for Busy Line Verification and Verification and Emergency Interrupt.

State(s): All

Rates, Terms and Conditions: In all states, rates, terms and conditions will be applied as set forth in Section E18 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariff.

Attachment C-11

Exhibit (PK-1)
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Docket No. 980184-TP

Unbundled Products and Services and New Services

Service: Centralized Message Distribution System - Hosting (CMDS-Hosting)

Description: CMDS-Hosting is the Bellcore administered national system used to exchange Exchange Message Record (EMR) formatted message data among host companies.

All intraLATA and local messages originated and billed in the BellSouth Region involving BellSouth CMDS hosted companies will be processed through the Non-Send Paid Report System described in Attachment C-12 following.

State(s): All

Rate Elements	Description	Monthly
Message Distribution	Message Distribution is routing determination and subsequent delivery of message data from one company to another. Also included is the interface function with CMDS, where appropriate. This charge is applied on a per message basis.	\$0.004
Data Transmission	This charge is applied on a per message basis.	\$0.001

Attachment C-12

Unbundled Products and Services and New Services

Service: Non-Sent Paid Report System (NSPRS)

Description: NSPRS includes: 1) a mechanized report system that provides to the BellSouth CMDS hosted companies within the BellSouth Region information regarding Non-Sent Paid message and revenue occurring on calls originated and billed within the BellSouth region; 2) distribution of Bellcore produced Credit Card and Third Number System (CATS) reports and administration of associated elements; 3) distribution of Bellcore produced non-conterminous CATS reports and administration of associated settlements.

State(s): All

Rate Elements	Billing and Collections Fee Retained by Billing Co.:	Applied Per
NSPRS - intrastate FL and NC	\$0.066	message
NSPRS - intrastate all other BellSouth states	\$0.05	message
NSPRS - CATS	\$0.05	message
NSPRS - non-conterminous	\$0.16	message

Attachment D

Contract Provisions for RAO Hosting and NSPRS

SECTION 1 SCOPE OF AGREEMENT

- 1.01 This Agreement shall apply to the services of Revenue Accounting Office (RAO) Hosting and the Non-Sent Paid Report System (NSPRS) as provided by BellSouth to the ALEC. The terms and conditions for the provisions of these services are outlined in the Exhibits to this Agreement.

SECTION 2. DEFINITIONS

- 2.01 A. Centralized Message Distribution System is the BellCore administered national system, based in Kansas City, Missouri, used to exchange Exchange Message Record (EMR) formatted data among host companies.
- B. Compensation is the amount of money due from BellSouth to the ALEC or from the ALEC to BellSouth for services and/or facilities provided under this Agreement.
- C. Exchange Message Record is the nationally administered standard format for the exchange of data among Exchange Carriers within the telecommunications industry.
- D. Intercompany Settlements (ICS) is the revenue associated with charges billed by a company other than the company in whose service area such charges were incurred. ICS on a national level includes third number and credit card calls. ICS within the BellSouth region includes third number, credit card and collect calls.
- E. Message Distribution is routing determination and subsequent delivery of message data from one company to another. Also included is the interface function with CMDS, where appropriate.
- F. Non-Sent Paid Report System (NSPRS) is the system that calculates ICS amounts due from one company to another in the state of Florida.

- G. Revenue Accounting Office (RAO) Status Company is a local exchange company/alternate local exchange company that has been assigned a unique RAO code. Message data exchanged among RAO status companies is grouped (i.e. packed) according to FromTo/Bill RAO combinations.

SECTION 3. RESPONSIBILITIES OF THE PARTIES

- 3.01 RAO Hosting and NSPRS services provided to the ALEC by BellSouth will be in accordance with the methods and practices regularly adopted and applied by BellSouth to its own operations during the term of this Agreement, including such revisions as may be made from time to time by BellSouth.
- 3.02 The ALEC shall furnish all relevant information required by BellSouth for the provision of RAO Hosting and NSPRS.

SECTION 4. COMPENSATION ARRANGEMENTS

- 4.01 Applicable compensation amounts will be billed by BellSouth to the ALEC on a monthly basis in arrears. Amounts due from one party to the other (excluding adjustments) are payable within thirty (30) days of receipt of the billing statement.

SECTION 5. ASSOCIATED EXHIBITS

- 5.01 Listed below are the exhibits associated with this Agreement.

Exhibit A Message Distribution Service (RAO Hosting)

Exhibit B Intercompany Settlements (NSPRS)

- 5.02 From time to time by written agreement of the parties, new Exhibits may be substituted for the attached Exhibits, superseding and cancelling the Exhibits then in effect.

SECTION 6. TERM OF AGREEMENT

6.01 This agreement is effective _____ and will continue in force until terminated, with or without cause, by thirty (30) days prior notice in writing from either party to the other. This Agreement may be amended from time to time upon written agreement of the parties.

Executed this _____ day of _____, 1998.

WITNESS:

THE ALEC

(title)

WITNESS:

BELLSOUTH TELECOMMUNICATIONS, INC

(title)

Exhibit A

SECTION 1. SCOPE OF EXHIBIT

1.01 This exhibit specifies the terms and conditions, including compensation, under which BellSouth shall provide message distribution service to the ALEC. As described herein, message distribution service includes the following:

- 1) Message Forwarding to Intraregion LEC/ALEC - function of receiving an ALEC message and forwarding the message to another LEC/ALEC in the BellSouth region.
- 2) Message Forwarding to CMDS - function of receiving an ALEC message and forwarding that message on to CMDS.
- 3) Message Forwarding from CMDS - function of receiving a message from CMDS and forwarding that message to the ALEC.

SECTION 2. RESPONSIBILITIES OF THE PARTIES

2.01 An ALEC that is CMDS hosted by BellSouth must have its own unique RAO code. Requests for establishment of RAO status where BellSouth is the selected CMDS interfacing host, require written notification from the ALEC to BellSouth at least six (6) weeks prior to the proposed effective date. The proposed effective date will be mutually agreed upon between the parties with consideration given to time necessary for the completion of required BellCore functions. BellSouth will request the assignment of an RAO code from its connecting contractor, currently BellCore, on behalf of the ALEC and will coordinate all associated conversion activities.

2.02 BellSouth will receive messages from the ALEC that are to be processed by BellSouth, another LEC/ALEC in the BellSouth region or a LEC outside the BellSouth region.

2.03 BellSouth will perform invoice sequence checking, standard EMR format editing, and balancing of message data with the EMR trailer record counts on all data received from the ALEC.

2.04 All data received from the ALEC that is to be processed or billed by another LEC/ALEC within the BellSouth region will be distributed to that LEC/ALEC in accordance with the agreement(s) which may be in effect between BellSouth and the involved LEC/ALEC.

- 2.05 All data received from the ALEC that is to be placed on the CMDS network for distribution outside the BellSouth region will be handled in accordance with the agreement(s) which may be in effect between BellSouth and its connecting contractor (currently BellCore).
- 2.06 BellSouth will receive messages from the CMDS network that are destined to be processed by the ALEC and will forward them to the ALEC on a daily basis.
- 2.07 Transmission of message data between BellSouth and the ALEC will be via electronic data transmission.
- 2.08 All messages and related data exchanged between BellSouth and the ALEC will be formatted in accordance with accepted industry standards for EMR formatted records and packed between appropriate EMR header and trailer records, also in accordance with accepted industry standards.
- 2.09 The ALEC will ensure that the recorded message detail necessary to recreate files provided to BellSouth will be maintained for back-up purposes for a period of three (3) calendar months beyond the related message dates.
- 2.10 Should it become necessary for the ALEC to send data to BellSouth more than sixty (60) days past the message date(s), that ALEC will notify BellSouth in advance of the transmission of the data. If there will be impacts outside the BellSouth region, BellSouth will work with its connecting contractor and the ALEC to notify all affected parties.
- 2.11 In the event that data to be exchanged between the two parties should become lost or destroyed, both parties will work together to determine the source of the problem. Once the cause of the problem has been jointly determined and the responsible party (BellSouth or the ALEC) identified and agreed to, the company responsible for creating the data (BellSouth or the ALEC) will make every effort to have the affected data restored and retransmitted. If the data cannot be retrieved, the responsible party will be liable to the other party for any resulting lost revenue. Lost revenue may be a combination of revenues that could not be billed to the end users and associated access revenues. Both parties will work together to estimate the revenue amount based upon historical data through a method mutually agreed upon. The resulting estimated revenue loss will be paid by the responsible party to the other party within three (3) calendar months of the date of problem resolution, or as mutually agreed upon by the parties.

- 2.12 Should an error be detected by the EMR format edits performed by BellSouth on data received from the ALEC, the entire pack containing the affected data will not be processed by BellSouth. BellSouth will notify the ALEC of the error condition. The ALEC will correct the error(s) and will resend the entire pack to BellSouth for processing. In the event that an out-of-sequence condition occurs on subsequent packs, the ALEC will resend these packs to BellSouth after the pack containing the error has been successfully reprocessed by BellSouth.
- 2.13 In association with message distribution service, BellSouth will provide the ALEC with associated intercompany settlements reports (national and regional) as appropriate.
- 2.14 In no case shall either party be liable to the other for any direct or consequential damages incurred as a result of the obligations set out in this agreement.

SECTION 3. COMPENSATION

- 3.01 For message distribution service provided by BellSouth for the ALEC, BellSouth shall receive the following as compensation:

Rate Per Message	\$0.004
------------------	---------

- 3.02 For data transmission associated with message distribution service, BellSouth shall receive the following as compensation:

Rate Per Message	\$0.001
------------------	---------

- 3.03 Data circuits (private line or dial-up) will be required between BellSouth and the ALEC for the purpose of data transmission. Where a dedicated line is required, the ALEC will be responsible for ordering the circuit, overseeing its installation and coordinating the installation with BellSouth. The ALEC will also be responsible for any charges associated with this line. Equipment required on the BellSouth end to attach the line to the mainframe computer and to transmit successfully ongoing will be negotiated on a case by case basis. Where a dial-up facility is required, dial circuits will be installed in the BellSouth data center by BellSouth and the associated charges assessed to the ALEC. Additionally, all message toll charges associated with the use of the dial circuit by the ALEC will be the responsibility of the ALEC. Associated equipment on the BellSouth end, including a modem, will be negotiated on a case by case basis between the parties.
- 3.04 All equipment, including modems and software, that is required on the ALEC end for the purpose of data transmission will be the responsibility of the ALEC.

Exhibit B

SECTION 1. SCOPE OF EXHIBIT

- 1.01 This Exhibit specifies the terms and conditions, including compensation, under which BellSouth and the ALEC will compensate each other for Intercompany Settlements (ICS) messages.

SECTION 2. RESPONSIBILITIES OF THE PARTIES

- 2.01 BellSouth will remit to the ALEC the revenue, less a billing charge, for IntraLATA ICS messages, Local ICS messages, and charges for other services when related messages and/or services are provided by the ALEC and billed to:
- 1) a BellSouth customer,
 - 2) another company within the BellSouth region (excluding Florida) associated with the exchange of message data with BellSouth (excluding CIID and 891 messages),
 - 3) another company within the contiguous United States that utilizes CMDS directly or indirectly and settles with BellSouth directly or indirectly through the Credit Card and Third Number Settlement System (CATS) administered by BellCore,
 - 4) another company utilizing the non-contiguous RAO codes associated with AT&T's Transport and Tracking Intercompany System settlements with BellSouth.
- 2.02 These other services include, but are not limited to:
- 1) Maritime Mobile Radiotelephone Services radio link charges as set forth in the FCC's Maritime Mobile Radiotelephone Services tariff.
 - 2) Aviation Radiotelephone Service radio link charges as set forth in the FCC's Aviation Radiotelephone Service tariff.
 - 3) Public Land Mobile Radiotelephone Transient-Unit Non-Toll Service charges as approved by the authorized state regulatory commission (or municipal regulatory authority).

- 4) **Non-Toll Service Charges billed to a calling card or to a third number as filed with and approved by the authorized state regulatory commission (or municipal regulatory authority).**
 - 5) **Directory Assistance Call Charges to a calling card or to a third number as approved by the authorized regulatory commission.**
- 2.03 **The ALEC will bill, collect and remit to BellSouth the charges for intraLATA and/or local ICS messages and other services as described above where such messages and/or services are provided by:**
- 1) **BellSouth.**
 - 2) **another company within the BellSouth region (excluding Florida) associated with the exchange of message data with BellSouth (excluding CII and 800 messages).**
 - 3) **another company within the conterminous United States that utilizes CMDS directly or indirectly and settles with BellSouth directly or indirectly through the Credit Card and Third Number Settlement System (CATS).**
- 2.04 **For ICS revenues involving the ALEC and other non-BellSouth LECs/ALECs within the state, BellSouth will provide the ALEC with monthly reports summarizing the ICS revenues for messages that originated with the ALEC and were billed by each of the other Florida LECs/ALECs and those messages that originated with each of the other Florida LECs/ALECs and were billed by the ALEC.**

SECTION 3. COMPENSATION

3.01 The following compensation shall be retained by the billing company for the billing of ICS messages and services:

	<u>Rate Per message</u>
1) Calls originated and billed in Florida or originated and billed in North Carolina	\$0.0668
Calls originated in any of the states within BellSouth region and billed in that same state	\$0.05
2) Calls originated in a state within BellSouth's region and billed in another state or originated in another state and billed in a state within BellSouth's region	\$0.05
3) Calls originated in a state within BellSouth's region and billed outside the conterminous United States	\$0.18

Attachment C-13

Exhibit ___ (PK-1)
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Docket No. 980184-TP

Unbundled Products and Services and New Services

Service: Virtual Collocation

Description: Virtual Expanded Interconnection Service (VEIS) provides for location interconnection in collocator-provided/BellSouth leased fiber optic facilities to BellSouth's switched and special access services, and local interconnection facilities.

State(s): All

Rates, Terms and Conditions: In all states, the rates, terms and conditions will be applied as set forth in Section 20 of BellSouth Telecommunication's Inc.'s Interstate Access Service Tariff, F.C.C. No. 1.

Service: Physical Collocation

**Description: Per FCC - (10/19/92 FCC Order, para 39)
Physical Collocation is whereby "the interconnection party pays for LEC central office space in which to locate the equipment necessary to terminate its transmission links, and has physical access to the LEC central office to install, maintain, and repair this equipment."**

State(s): All

Rates, Terms and Conditions: Rates as attached

BellSouth Telecommunications
Reference Handbook
for
Co-location

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Preface

This handbook describes BellSouth's Co-location offerings and contains general guidelines for ordering, provisioning and maintenance of these offerings. By design, this document does not contain detailed descriptions of network interface qualities, network capabilities, local interconnection or product service offerings. This document does not represent a binding agreement in whole or in part between BellSouth and subscribers of BellSouth's Co-location services.

Based on the nature of your business, you will find a list of contacts included for your convenience in discussing the above items.

Introduction

BellSouth offers Virtual Expanded Interconnection from the FCC #1 tariff and from the Florida State Access E tariff. In addition, BellSouth will negotiate Physical Co-location on a first come, first serve basis, dependent on space availability

Service Description

Virtual Expanded Interconnection Service (VEIS)

VEIS provides for the placement of co-locator-owned facilities and equipment into BellSouth Central Offices and the interconnection of this equipment to BellSouth Switched and Special Access. With VEIS, the co-locator provides fiber optic cable up to a designated interconnection point outside the Central Office, such as a manhole. The co-locator will provide the entrance fiber between the interconnection point and the co-location arrangement. BellSouth will lease the entrance fiber as well as the equipment placed by the co-locator for the nominal fee of one dollar. The co-locator is responsible for monitoring their equipment. BellSouth will perform all maintenance and repair on co-locator equipment once notified by the co-locator that such work is necessary. For additional information regarding BellSouth's Virtual Expanded Interconnection Service, please reference section 20 of BellSouth's FCC #1 tariff or section 20 of BellSouth's Florida Dedicated Access Tariff.

Physical Co-location

By definition, Physical Co-location goes beyond the arrangement described above by allowing leased Central Office space for either (a) Expanded Interconnection, (EIS), for private entrance facilities and equipment owned by third parties interconnected to BellSouth's tariffed services, or (b) Service Interconnection, (SI), for equipment owned by third parties interconnected to BellSouth tariff services without private entrance facilities.

Unlike VEIS, the equipment placed as part of a Physical Co-location arrangement will be placed in separated floor space with common fire wall protection and will be fully owned, maintained, and repaired by the co-locator or their approved agent. The equipment complement may include transmission equipment, switching equipment, routers, PC's and modem pools. As with VEIS, all equipment placed as part of a co-location arrangement must meet NEBS standards. A steel gauge cage may be purchased from BellSouth to house the equipment arrangement at the request of the co-locator

Physical co-location offers a menu-style ordering provision so you may select only the items required for your individual arrangement(s). Some components are required for all arrangements and will be marked by an (R) next to the item in the section following.

Components

Application fee (R)

The application fee is required for all co-locators to cover the engineering and administrative expense associated with your application inquiry. This fee is a one time charge per request, per C O for each new VEIS / EIS / IS service request. No application fee is required for amendments or supplements to service requests in progress. A subsequent request by the same customer in the same C.O. would be treated as "new" if the initial VEIS / EIS / IS request had completed and was in service. The Application fee is payable in full before any engineering functions will be performed.

Floor Space (R)

This component covers the footprint in square footage for the equipment rack(s) in your arrangement when no cage is present, or will include the enclosure square footage when a cage is utilized. The charge also includes lighting, heat, air conditioning, ventilation and other allocated expenses associated with the central office building. This element does not include the amperage required to power the co-located equipment.

Power (R)

The amps required to power the co-located equipment will be charged per ampere based on equipment manufacturers specifications.

Cross-connect (R)

This element provides the one-for-one interconnection to BellSouth's tariffed Switched and Special Access service offerings (i.e. DS0, DS1 or DS3 services) or Unbundled service elements (voice grade 2-wire or 4-wire unbundled loop, port). It is a flat rate, non-distance sensitive charge and will be applied on a per circuit order basis.

Cable Installation

The cable installation charge applies only to co-locators who wish to provide private entrance facilities to their co-located equipment. This is a one time (non-recurring) charge per cable, per installation to punch through to the manhole, pull fiber cable length from the serving manhole to the Central Office cable vault, perform splicing to co-locator provided fire retardant riser, and pull cable length through cable support structure to the co-location arrangement location.

Cable Support Structure

The component covers the use and maintenance of the Central Office duct, riser and overhead racking structure when the co-locator has elected to provide private entrance to their equipment. This is a nominal monthly recurring charge.

Components (cont.)

Space Preparation fee

This one time fee per arrangement, per location covers preliminary survey, design, engineering and preparation for space for physical co-location arrangements. This charge may vary dependent on the location and the type of arrangement requested. The Space preparation charge is payable in full before construction or installation begins.

Space construction fee

This element applies to physical co-location arrangements only and will vary based on the type of arrangement requested. The fee covers the materials and installation of optional steel gauge caging, floor treatment, space security installation and other incremental materials cost charged on a per square foot basis.

POT bay

BellSouth requires the use of a Point of Termination Bay (POT bay) for demarcation with physical co-location. The co-locator may elect to provide their own POT bay, or may purchase the functionality from BellSouth on a per cross-connect basis for an additional incremental charge.

Security Escort (R)

A security escort will be required for all equipment inspections under VEIS and for maintenance, repair or provisioning visits by a co-locator or their agent under physical co-location for some central offices based on office configuration. The charge is based on half hour increments.

General Terms and Conditions

Application for service

The application for co-location is a two-phased process consisting of the Application Inquiry and the Firm Order. Both phases use BellSouth's form BSTEI. Consequently, prior to negotiations for equipment placement, the BSTEI inquiry document must be submitted for review and planning by the Central Office equipment engineers, space planners and facility planners. Based on the feedback from these sources, BellSouth will respond to the application in writing.

Following the co-locator's review of BellSouth's response, a Firm Order must be submitted for each location for which the co-locator wishes to proceed. Provided no specification changes are required by co-locator, the Firm Order may be submitted on the same BSTEI used during the Inquiry phase. A detailed equipment drawing must accompany your Firm Order Request.

Assignment of space

BellSouth will assign space for co-location based on space availability and on a first come, first serve basis. For physical co-location, a customer may opt for a cage enclosure which will be offered in 100 square foot increments based on space availability within the area designated for physical co-location.

A co-locator requesting more than one 100 square foot cage module will be offered contiguous space where available. Where contiguous space is unavailable, the co-locator may elect the construction of two separate enclosures and may interconnect its arrangements one to another. BellSouth will not allow the interconnection of one co-locator's equipment to another co-locator's equipment except where required by regulatory policy.

If BellSouth determines there is insufficient space within a central office to accommodate physical co-location, BellSouth will provide Virtual Expanded Interconnection in accordance with existing regulatory requirements.

Insurance

BellSouth will require \$25 million in comprehensive general liability insurance and workers compensation coverage/employers liability coverage with limits not less than \$100,000 each accident, \$100,000 each employee by disease, \$500,000 policy limit by disease. BellSouth will review requests for self insurance on a case by case basis. BellSouth may not consent to an interconnector's assumption of the entire \$25 million of liability in lieu of general coverage.

Insurance coverage must be in effect on or before the date of occupancy (equipment delivery) and must remain in effect until departure of all co-locator personnel and property from the central office.

General Terms and Conditions (cont.)

Pricing structure

BellSouth will establish a pricing plan which meets the specifications of the 1996 Legislative Act. The plan will offer zone based pricing for recurring charges (i.e. floor space, power, etc) and location based pricing for most non recurring charges (i.e. space preparation, space construction)

Equipment installation

The co-locator must select an equipment installation vendor who has achieved BellSouth Certified Vendor status to perform all engineering and installation work associated with the equipment co-location arrangement. This ensures BellSouth's standards for safety and quality will be met. A list of certified vendors is contained in the Appendix of this document.

The Certified Vendor is responsible for installing the co-location equipment and components, performing operational tests after the equipment installation is completed, and notifying the local BellSouth Equipment Engineer and the Co-locator upon successful completion of the installation and acceptance testing. Arrangements must be made such that the Co-locator is billed directly by the Certified Vendor for activities associated with the arrangement installation.

A co-locator is responsible for the placement and monitoring of their own remote environmental and equipment alarms. BellSouth will place environmental alarms in co-location areas for its own use and protection. Upon request, BellSouth will provide remote monitoring circuits at the tariff rate for the service requested.

BellSouth will not allow the interconnection of one co-locator's equipment arrangement to another co-locator's equipment arrangement except where required by regulatory policy

Inspections

BellSouth will conduct an inspection of the co-locator's equipment and facilities between the time of the initial turn-over of the space and the activation of cross-connect elements. Subsequent inspections may occur with equipment additions or on a predetermined interval basis. For such inspections, BellSouth will provide a minimum of 48 hours advance notification.

The right for BellSouth to conduct inspections without prior notification is essential to BellSouth's ability to enforce the terms and conditions of the tariff or agreement, insure the compliance with local regulations and insure the compliance with environmental and safety standards. Co-locator personnel have the right to be present for inspections.

A co-locator may inspect their virtual co-location arrangement upon completion of the arrangement installation free of charge. Any additional inspections must be coordinated with BellSouth and will require a security escort fee.

General Terms and Conditions (cont.)

Ordering Interconnected service

A co-locator may interconnect to special and switched access services from BellSouth's FCC #1 at the DS3, DS1 and equivalent DS0 level. Interconnection is also available to Unbundled loops and ports from the State Access E tariff / State Dedicated Services E tariff. Please ask your BellSouth contact for state specific information.

Services to be interconnected to a co-location arrangement must be submitted on Access Service Request (ASR) forms using industry standards and code sets for accurate and complete requests. For information regarding the ASR ordering process and field definitions, please reference the Access Ordering Guide, BellCore's Special Reports SR STS-471001 and 4710004.

Assignment of facilities

When a customer orders a service which interfaces at an end customer location at the same level as the cross-connect purchased, BellSouth will assign facilities within its network and provide the interconnection information on the Design Layout Record (DLR). When a customer orders cross-connects at a higher interface level than the service purchased for the end customer, the ordering customer must provide BellSouth with the circuit facility assignment.

Access to BellSouth Central Offices

Only BellSouth employees, BellSouth certified vendors, Co-locator employees and their authorized agents are permitted in BellSouth Central office buildings. All co-locators are required to provide their employees and authorized agents a picture identification which must be visible at all times while inside a BellSouth facility. Manned offices will afford 24 x 7 access without prior arrangements. Unmanned offices may require prior arrangement for the dispatch of a BellSouth employee or security escort for entrance.

Conversion of Virtual to Physical Co-location

Co-locators who have existing VEIS arrangements may convert these arrangements to physical co-location provided the terms and conditions for physical co-location are met. The co-locator will be responsible for the payment of BellSouth fees associated with physical co-location as well as vendor costs for relocation of equipment.

Negotiation Contacts

For ALEC initial contact:

<u>Contact Name</u>		<u>Telephone</u>
Bob Scheye	(overall fact finding)	404 420-8327
Jerry Latham		205 977-2213

For all IXC, CAP, and subsequent ALEC contacts:

<u>Contact Name</u>	<u>Telephone</u>	<u>Pager Number</u>	<u>Fax Number</u>
Rich Dender	205 977-5966	1-800-729-1371	205 977-0037
Bill French	205 977-0535	1-800-729-1372	"
Rick Ratliff	205 977-7489	1-800-729-1383	"
Pinky Reichert	205 977-1755	1-800-729-1384	"
Nancy Nelson *	205 977-1136	1-800-729-1380	205 977-0037

*Co-location Coordination Center Manager

For: * BBS End User Customers * Enhanced Service Providers
* Third Party Agents * Other Solutions Providers

<u>Contact Name</u>	<u>Telephone</u>	<u>Fax Number</u>
Tony Saberre	205 985-6195	205 985-1900

**BellSouth Physical Collocation
BellSouth Certified Vendor List
For Engineering and Installation of Co-location Arrangements**

<u>Company Name</u>	<u>Contact Name</u>	<u>Telephone</u>
ADC Communications	Ken Reeves Doug Guidry	800 223-9773 318 684-2860
Alcatel	Ed Boatwright FL Alex Baber FL	404 270-8335 800 869-4869
E F & I Services Co	Reed Tillis	904 355-7930
Lucent Technologies, Inc	Jerry Jones KY Mike Harrington MS George Ferguson MS James McGarity GA Janet Hallford GA Charlotte office NC Charlotte office NC Other areas NC Adrian Dye SC Alabama office AL	502 429-1346 601 544-7530 601 949-8275 404 573-4120 404 573-6945 704 596-0092 704 598-0750 910 299-0326 803 926-5213 205 265-1291
Mintel	Richard Becht	800 875-6468 404 923-0304
North Supply / DA TEL FiberNet, Inc.	Terry Fowler Doug Sykes	800 755-0565 205 942-4411
Quality Telecommunications, Inc.	Jerry Miller	770 953-1410
Rapid Response Communications	Ted Pellaux	615 546-2886
Six "R" Communications, Inc. (<u>NC and SC only</u>)	Ken Koontz Dick Phillips	704 535-7607 704 289-5522
Tele-Tech Company	Karl Bush KY Bob Burch	606 275-7505 606 275-7502
W E Tech, Inc	Wes Evans	305 587-6996

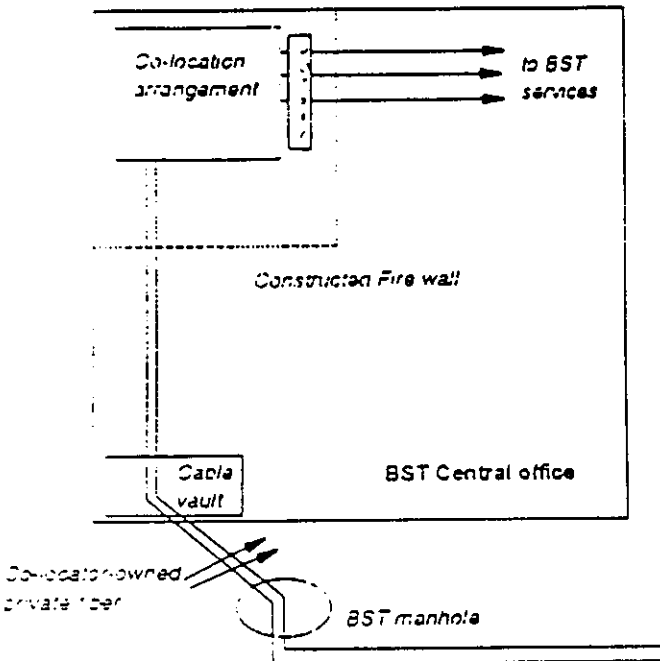
**Central Office Exemptions
(through September 1994)***

<u>State</u>	<u>City</u>	<u>Central Office</u>	<u>CLLI</u>
Alabama	Birmingham	Five Points South Main and Toll Riverchase	BRHMALFS BRHMALMT BRHMALRC
	Huntsville	Redstone Arsenal	HNVLALMA
Florida	Chipley	Jackson	CHPLFLJA
	Gainesville	Main	GSVLFLMA
	Jacksonville	Mandarin Avenues	MNDRFLAV
		San Jose	JCVLFLSJ
		South Point (JT Butler)	JCVLFLJT
	Jupiter	Main	JPTRFLMA
	Lake Mary	Main (Heathrow)	LKMRFLMA
	Lynn Haven	Ohio Avenue	LYHNFLOH
	North Dade	Golden Glades	NDADFLGG
	Pensacola	Ferry Pass	PNSCFLFP
West Palm Beach	Gardens Royal Palm	WPBHFLGR WPBHFLRP	
Georgia	Austell	Main	ASTLGAMA
	Tucker	Main	TUKRGAMA
Kentucky	Louisville	Armory Place	LSVLKYAP
		Bardstown Toad	LSVLKYBR
		Westport Road	LSVLKYWE
Paducah	Main	PDCHKYMA	
North Carolina	Charlotte	Reid Road	CHRLNCRE
		Research Drive (Univ)	CHRLNCUN
	Greensboro Pembroke	Airport Central	GNBONCAP PMBRNCCE
South Carolina	Columbia	Senate Street	CLMASCSN
	Greenville	Woodruff Road	GNVLSCLR
Tennessee	Memphis	Main	MMPHTNMA
		Midtown	MMPHTNMT
		Southside	MMPHTNST

* BellSouth ceased qualifying C O ' s September 1994 due to elimination of physical offering

Physical Co-location: Expanded Interconnection

With Expanded Interconnection, the co-locator is 'expanding' their private network to interconnect with BellSouth's network. Therefore, private fiber is placed to the central office and pulled through to the co-location arrangement. The co-locator places their equipment in leased floor space and purchases cross-connects to BellSouth's transport services.

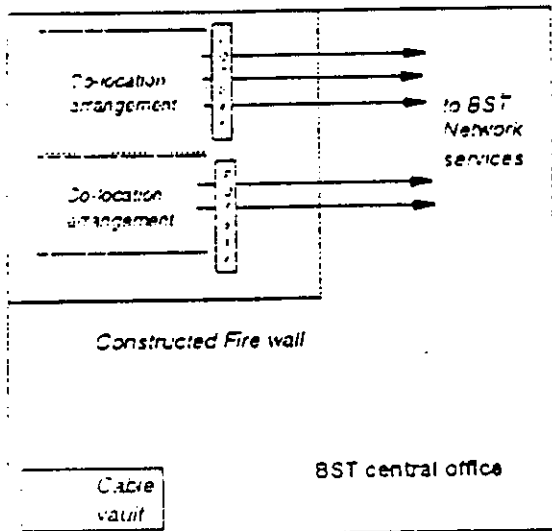


<u>Elements</u>	<u>Type of charge</u>
Application fee	NRC
Space preparation fee	NRC
Space construction fee *	NRC
Cable installation fee	NRC
Cable support structure	RC
Floor space / per square foot	RC
includes environmental	
Floor space - power / per ampere	RC
Cross-connects	RC
Security escort / per 1/2 hour	(as required)

* Applies for optional cage construction only

Physical co-location: Service interconnection arrangement

With a Service Interconnection arrangement, the co-locator places their equipment in leased floor space and purchases cross-connects to BellSouth's Transport services. For this arrangement, BellSouth will request a minimum 24 month contract for both the floor space and transport services, as well as a minimum number of interconnected DS1 or DS3 services.



<u>Elements</u>	<u>Type of charge</u>
Application fee	NRC
Space preparation fee	NRC
Space construction fee *	NRC
Floor space / per square foot includes environmental	RC
Floor space - power / per ampere	RC
Cross-connects	RC
Security escort / per 1/2 hour	(as required)

* Required only for optional cage construction

Rates for Physical Interconnection

Rate Element	Application/Description	Type of Charge	Rate
Application Fee	Applies per arrangement per location	Nonrecurring	\$2848.30
Space Preparation Fee	Applies for survey and design of space, covers shared building modification costs	Nonrecurring	See Attached Schedule I
Space Construction Fee	Covers materials and construction of optional cage in 100 square foot increments	Nonrecurring	\$29,744.00 ¹ See Attached Schedule I for Additional Information
Cable Installation Fee	Applies per entrance cable	Nonrecurring	\$2750.00 per cable
Floor Space	Per square foot, for Zone A and Zone B offices respectively	Monthly Recurring	\$7.50/\$6.75 ²
Power	Per ampere based on manufacturer's specifications	Monthly Recurring	\$5.14 per ampere
Cable Support Structure	Applies per entrance cable	Monthly Recurring	\$13.35 per cable
POT Bay	Optional Point of Termination bay; rate is per DS1/DS3 cross connect, respectively	Monthly Recurring	\$1.20/\$5.00 ³
Cross-Connects	Per DS1 and DS3	Monthly Recurring ⁴	DS1 \$ 9.00 DS3 \$72.00 See Attached Schedule II for nonrecurring DS3 option
Security Escort	First and additional half hour increments, per rate in basic time (B), Overtime (O), and Premium time (P)	As Required	\$41.00/\$25.00 B \$48.00/\$30.00 O \$55.00/\$35.00 P

¹ Applies only to collocators who wish to purchase a steel-gauge cage enclosure.
² See attached list for Zone A offices as of May 1996. This list will be amended monthly and such amendments are incorporated herein by reference.
³ Applies when collocator does not supply their own POT bay.
⁴ See Virtual Collocation tariff for nonrecurring charges associated with these elements

Schedule I

Space Preparation Fees

<u>Cost Range</u>	<u>Assumed Modifications</u>
\$1800.00-\$2500.00	Secured floor space exists in C.O. Fee covers architectural and engineering (A&E) drawings/certification, card reader installation, minor duct work and power plant extension 30'-40', card reader
\$3900.00-\$6300.00	A&E, 60'-80' firewall construction, cool water fan unit install, HVAC duct and power plant extension, card reader access
\$6300.-\$8500.00	A&E, 100' firewall construction, cool water fan unit, HVAC duct and power extension, card reader
ICB	HVAC or power plant upgrade

Fee ranges determined by comparative analysis with historical data. Actual prices may vary depending on vendor selection and materials cost at the time of installation.

Space Construction Fees

Steel gauge caging is an optional selection for collocation and is offered in 100 square foot increments. A space construction charge will apply for collocators who request caged enclosures. This charge covers the following items:

- Architectural engineering drawings for cage construction and placement
- 10' high chain link fencing with 3.5' x 7' gate
- Switched fluorescent light
- One 120v duplex outlet, circuit and breaker
- Environmental alarm
- Separate C.O. ground
- HVAC duct extension
- Cable support extension
- Floor finish
- Architect inspection fees
- BellSouth PPSM coordination

Fee Payment Options

BellSouth will offer two options for paying the Space Preparation and Space construction fees. The fees may be paid separately as described herein, or may be paid as a composite charge per square foot at a rate of \$330.00 per square foot for the first 100 square feet and \$242.00 per each additional square foot based on a 100 square foot minimum. Offices requiring major upgrade or replacement of either HVAC or power plant in order to support collocation installations in that office will be excluded from this per square foot fee offering. Major upgrade is defined as work requiring an expenditure greater than \$40,000.00 for either HVAC or power in a given office.

Schedule II

Optional Non-Recurring Charge for DS-1 Cross-Connect Including Pot Bay

The following one time rates apply only to DS1 cross connects purchased in quantities of 25 or more on the same order.

	<u>Each DS1</u>
• If purchased between July 1, 1996 and June 30, 1997	\$325.00
• If purchased between July 1, 1997 and June 30, 1998	\$250.00
• If purchased between July 1, 1998 and June 30, 1999	\$175.00
• DS1 cross connects purchased prior to July 1, 1996 can be converted to a one time charge for the life of the contract	\$225.00

These rates apply during the period of this Agreement from July 1, 1996 through June 30, 1999. Rates beyond June 30, 1999 for installed cross connects and new installations will be renegotiated. However, DS1 cross connects purchased under this Agreement can be converted to a monthly recurring charge during the period beyond this Agreement. The monthly recurring charges will not exceed a charge equal to the DS1 local channel rate in effect at the time of conversion times 7.5%. The parties agree that 7.5% represents the approximate percentage of a \$9.00 monthly cross connect charge divided by a DS1 local channel rate of \$120.00.

BellSouth Zone A Offices - as of May 1996 EX=Exempt from Physical

STATE	CITY	OFFICE	CLLI	STATUS
AL	Birmingham	Main & Toll	BRFMALMA	EX
	Montgomery	Main & Toll	MTGMALMT	
	Mobile	Azalea	MOBLALAZ	
FL	Boca Raton	Boca Teeca	BCRTFLBT	
	Fort Lauderdale	Main Relief	FTLDFLMR	
		Cypress	FTLDFLCY	
		Plantation	FTLDFLPL	
	Jacksonville Beach	Main	JCBHFLMA	
	Jacksonville	Arlington	JCVFLAR	
		Beachwood	JCVFLBW	
		Clay Street	JCVFLCL	
		Southpoint	JCVFLJT	EX
		Normandy	JCVFLNO	
		Riverside	JCVFLRV	
		San Jose	JCVFLSJ	EX
		San Marco	JCVFLSM	
		Westconnett	JCVFLWC	
		Mandarin Avenues	MNDRFLAV	EX
		Mandarin Loretto	MNDRFLLO	
	Lake Mary	Lake Mary	LKMRFLMA	EX
	Miami	Grande	MIAMFLGR	
		Palmetto	MIAMFLPL	
		Alhambra	MIAMFLAE	
		Bayshore	MIAMFLBA	
		Metro	MIAMFLME	
	Melbourne	Main	MLBRFLMA	
	Orlando	Magnolia	ORLDFLMA	
		Azalea Park	ORLDFLAP	
		Sand Lake	ORLDFLSL	
		Pinecastle	ORLDFLPC	
		Pinehills	ORLDFLPH	
	West Palm Beach	Annex (Main Annex)	WPBHFLAN	

GA	Athens	Athens	ATHNGAMA	
	Atlanta	Courtland St	ATLNGACS	
		Peachtree Pl	ATLNGAPP	
		Buckhead	ATLNGABU	
		East Point	ATLNGAEP	
		Toco Hills	ATLNGATH	
		Sandy Springs	ATLNGASS	
	Lilburn	Lilburn	LLBNGAMA	
	Smyrna	Power Ferry	SMYRGAPP	
		Smyrna Main	SMYRGAMA	
	Tucker	Tucker Main	TUKRGAMA	EX
	Roswell	Roswell Main	RSWLGAMA	
	Norcross	Norcross Main	NRCRGAMA	
	Marietta	Marietta Main	MRRTGAMA	
	Dunwoody	Dunwoody Main	DNWDGAMA	
	Alpharetta	Alpharetta Main	ALPRGAMA	
	Columbus	Columbus Main	CLMBGAMT	
KY	Louisville	Armory Place	LSVLKYAP	EX
		Westport Rd	LSVLKYWE	EX
		Beechmont	LSVLKYBE	
		Bardstown Road	LSVLKYBR	EX
		Fern Creek	LSVLKYFC	
		JTown	LSVLKYJT	
		Mathews	LSVLKYSM	
		Third Street	LSVLKYTS	
LA	New Orleans	Main	NWORLAMA	
	Baton Rouge	Main	BTRGLAMA	
MS	Hattiesburg	Hattiesburg Main	HTBGMSMA	
	Jackson	Cap Pearl	JCSNMSCP	
	Vicksburg	Vicksburg	VCBGMSMA	
NC	Cary	Central	NARYNCCE	
	Chapel Hill	Rosemary	CPHLNCRO	
	Charlotte	Caldwell	CHRLNCCA	
		South Boulevard	CHRLNCB0	

	Denta	CHRLNCDE	
	Erwin	CHRLNCER	
	Lake Point	CHRLNCLP	
	Reid	CHRLNCRE EX	
	Sharon Amity	CHRLNCSH	
	University	CHRLNCLN EX	
Greensboro	Eugene St	GNBONCEU	
Raleigh	Morgan	RLGHNCMO	
	New Hope	RLGHNCHO	
Salisbury	Main	SLBRNCMA	
Winston Salem	Fifth Street	WNSLNCFI	
Ashville	O'Henry	AHVLNCOH	
SC	Charleston	Dial & Toll	CHTNSCDT
	Columbia	Senate St	CLMASCSN EX
		At Andrews	CLMASCSA
Greenville	D&T	GNVLSCDT	
		Woodruff Road	GNVLSCLR EX
	Spartenburg	Main	SPBGSCMA
TN	Knoxvill	Main	KNVLTNMA
	Memphis	Bartlett	MMPHTNBA
		Chickasaw	MMPHTNCT
		Eastland	MMPHTNEL
		Germantown	MMPHTNGT
		Main	MMPHTNMA EX
		Oakville	MMPHTNOA
		Southland	MMPHTNSL
Nashville	Main & Toll	NSVLTNMT	
		Airport	NSVLTNAP
		Brentwood	NSVLTNBW
		Cneve Hall	NSVLTNCH
		Donelson	NSVLTNDO
		Inglewood	NSVLTNTN
		Sharondale	NSVLTNST
		University	NSVLTNUN

Attachment C-14

Unbundled Products and Services and New Services

Service: Poles, Ducts, Conduits and Rights of Way

State(s): All

Rates, terms and conditions: This service will be provided via a Standard License Agreement.

POLE ATTACHMENT LICENSE AGREEMENT

615 THIS AGREEMENT, made this 15 day of July, 1996 by and between BellSouth Telecommunications, Inc., a corporation organized and existing under the laws of the State of Georgia, having its principal office at 675 West Peachtree Street, Atlanta, Georgia (hereinafter referred to as the "Licensor") and TCG, a ^{Inc.} New York Del general partnership, having its principal office at Two Fehpant Drive Staten Island NY (hereinafter called the "Licensee").

[Handwritten initials and signatures]

WITNESSETH

WHEREAS, Licensee is a Telecommunications Carrier as defined in Article 1 herein, desiring to furnish communications services in the _____ metropolitan area.

WHEREAS, Licensor is a Utility as defined in Article 1 herein.

WHEREAS, Licensee desires to attach fiber optic cable on poles of Licensor, which poles are owned by Licensor within the area described above; and

WHEREAS, Licensor is willing to permit, to the extent it may lawfully do so, the placement of pole attachments on Licensor's facilities where available and where such use will not interfere with Licensor's service requirements subject to the terms of this Agreement;

NOW THEREFORE, in consideration of the mutual covenants, terms and conditions herein contained, the parties do hereby mutually covenant and agree as follows:

**ARTICLE I
DEFINITIONS**

A. Anchor Rod

A metal rod connected to an anchor and to which a guy strand is attached. Also known as a "guy rod".

B. Pole Attachment

Any attachment by a cable television system or provider of telecommunications service to a pole, duct, conduit, or right-of-way owned or controlled by a utility.

C. **Guy Strand**

A metal cable of high tensile strength which is attached to a pole and anchor rod (or another pole) for the purpose of reducing pole stress.

D. **Make-Ready Work**

The work required (rearrangement and/or transfer of existing facilities on a pole, replacement of pole or any other changes) to accommodate the Licensee's attachments on Licensor's pole.

E. **Field Survey Work or Survey Work**

A survey of the poles on which Licensee wishes to attach in order to determine what work, if any, is required to make the pole ready to accommodate the required attachment, and to provide the basis for estimating the cost of this work.

F. **Other Licensee**

Any entity, other than Licensee herein or a joint user, to whom Licensor has or hereafter shall extend the privilege of attaching communications facilities to Licensor's poles.

G. **Joint User**

A party with whom Licensor has entered into, or may hereafter enter into, a written agreement covering the rights and obligations of the parties thereto with respect to the use of poles owned by each party.

H. **Suspension Strand**

A metal cable of high tensile strength attached to a pole and used to support communications facilities. Also known as "Messenger Cable".

I. **Identification Tags**

Identifications tags are used to identify Licensee's plant.

J. **Usable Space**

The space above the minimum grade level which can be used for the attachment of wires, cables and associated equipment.

K. Effective Date

The effective date of regulations governing charges for Pole Attachments used by Telecommunications Carriers shall be 5 years after the date of the enactment of the Telecommunications Act of 1996.

L. Pole Attachment Rate

Includes a reasonable and just rate as defined herein and the costs of nonusable space apportioned so that the apportionment equals two-thirds of the costs of providing nonusable space that would be allocated to an attaching party under an equal apportionment of such costs among all attaching entities. A Utility shall apportion the cost of providing Usable Space among all entities according to the percentage of usable space required for each entity.

**Article II
SCOPE OF AGREEMENT**

- A. Subject to the provisions of this Agreement, Licensor agrees to issue to Licensee for any lawful communications purpose revocable non-exclusive licenses authorizing the attachment of Licensee's attachments to Licensor's poles, specifically as detailed on APPENDIX , hereto attached and made a part hereof.
- B. No use, however extended, of Licensor's poles or payment of any fees or charges required under this Agreement shall create or vest in Licensee any ownership or property rights in such poles. Licensee's rights herein shall be and remain a license.
- C. Nothing contained in this Agreement shall be construed to compel Licensor to construct, retain, extend, place or maintain any pole, or other facilities not needed for Licensor's own service requirements. However, Licensor shall provide Licensee nondiscriminatory access to any pole, duct, conduit or right-of-way owned or controlled by Licensor unless there is insufficient capacity or for reasons of safety, reliability, or generally applicable engineering purposes.
- D. Nothing contained in this Agreement shall be construed as a limitation, restriction, or prohibition against Licensor with respect to any agreement(s) and arrangement(s) which Licensor has heretofore entered into, regarding the poles covered by this Agreement. The rights of Licensee shall at all times be subject to any such existing agreement(s) or arrangement(s), between Licensor and any other licensee(s) or joint user(s) of Licensor's poles.

**Article III
FEES AND CHARGES**

- A. Licensee agrees to pay to Licensor the Just and Reasonable Rates as defined herein, and as specified in and in accordance with the terms and conditions of Regulations to be prescribed by the Commission. The Regulations shall be attached hereto and incorporated herein upon the Effective Date as defined herein.
- B. Payment of all charges under this Agreement shall be due thirty (30) days after receipt of the bill (payment due date). Nonpayment of any amount due under this Agreement shall constitute a default of this Agreement thirty days after the payment due date. Licensee will pay a late payment charge of one and one-half percent (1 1/2%) assessed monthly on any unpaid balance.
- C. Until the Effective Date of the Regulations required under the Act, the Pole Attachment rate charged to Licensee by Licensor for use of the poles, conduit or right-of-way shall be the same rate charged for any pole attachments used by a Cable Television System to provide cable service (the "CATV" Rate) and as set forth in APPENDIX attached hereto and incorporated herein. Any increase in the rate for pole attachments that results from the adoption of the Regulations shall be phased in equal annual increments over a period of 5 years beginning on the Effective Date of the Regulations.
- D. If Licensor engages in the provision of Telecommunication Services or Cable Services, Licensor shall impute to its cost of providing such services (and charge any affiliate, subsidiary or associate company engaged in the provision of such services) an equal amount to the pole attachment rate for which such company would be liable under Section 224 of the Act.

**Article IV
ADVANCE PAYMENT**

- A. Licensee shall make an advance payment to Licensor for:
 - (1) The reasonable costs incurred by Licensor for the required Field Survey in an amount agreed upon by Licensor and Licensee sufficient to cover the estimated cost to be incurred by Licensor to complete such survey.
 - (2) The reasonable costs of any Make Ready Work required in an amount agreed upon by Licensor and Licensee sufficient to cover the estimated cost to be incurred by Licensor to complete the required Make Ready Work.

- B. The amount of the advance payment required shall be due within thirty (30) days after receipt of an invoice from Licensor.

**Article V
SPECIFICATIONS**

- A. Licensee's attachments shall be placed and maintained in accordance with the requirements and specifications of applicable BellSouth practices, the latest editions of the Manual of Construction Procedures (Blue Book), Electric Company Standards, the National Electrical Code (NEC), the National Electrical Safety Code (NESC) and rules and regulations of the Occupational Safety and Health Act (OSHA) or any governing authority having jurisdiction over the subject matter. Where a difference in specifications may exist, the more stringent shall apply.
- B. If any part of Licensee's attachments is not so placed and maintained on any pole, Licensor may upon fifteen (15) days written notice to Licensee and in addition to any other remedies Licensor may have hereunder, remove Licensee's attachments from such pole or perform such other work and take such other action in connection with said attachments that Licensor deems necessary or advisable to provide for the safety of Licensor's employees or performance of Licensor's service obligations at the cost and expense of Licensee.
- C. Licensee shall place Identification cable tags on cables located on poles and Identification Apparatus tags on any associated items of Licensee's plant, e.g., guys, anchors or terminals.

**Article VI
LEGAL REQUIREMENTS**

- A. Licensee shall be responsible for obtaining from the appropriate public and/or private authority any required authorization to construct, operate and/or maintain its Telecommunications System on public and private property at the location of Licensor's poles which Licensee uses. In the case of private property, Licensee shall present satisfactory evidence of such authority at the time application for a license is made pursuant to Article VII herein.
- B. The parties hereto shall at all times comply with the provisions of this Agreement and with the Act and any laws, Regulations, or ordinances which affect the rights granted hereunder.

**Article VII
ISSUANCE OF LICENSES**

- A. Before Licensee shall attach to any pole, Licensee shall make application for and receive a license therefor in the form of APPENDIX Forms A-1 and A-2. Such license shall not be unreasonably withheld or delayed.
- B. Licensor shall provide Licensee a nondiscriminatory license to any pole, duct, conduit or right-of-way owned or controlled by Licensor unless there is insufficient capacity or for reasons of safety, reliability, or generally applicable engineering purposes.

**Article VIII
POLE MAKE-READY WORK**

- A. A Field Survey will be required for each pole for which attachment is requested to determine the adequacy of the pole to accommodate Licensee's attachments. The Field Survey will be performed jointly by representatives of Licensor, joint user (if applicable) and Licensee.
- B. In performing all Make-Ready Work to accommodate Licensee's attachments, Licensor will endeavor to include such work in its normal work load schedule.
- C. If Licensor intends to modify or alter any pole, duct, conduit or right-of-way in which Licensee has an attachment, Licensor shall provide Licensee written notification of such action in order that Licensee shall have a reasonable opportunity to add to or modify its existing attachment. If Licensee desires to add to or modify its existing attachment after receiving such notification, Licensee shall bear a proportionate share of the costs incurred by Licensor in making such pole, duct, conduit or right-of-way accessible.
- D. Licensee shall not be required to bear any of the costs of rearranging or replacing its attachment if such rearrangement or replacement is required as a result of an additional attachment or the modification of an existing attachment sought by any other entity (including Licensor).

**Article IX
CONDUIT SYSTEM**

- A. When an application for Conduit Occupancy is submitted by the Licensee, a Preliminary Survey by the Licensor will be required to determine the availability of the Conduit System to accommodate Licensee's communications facilities. Licensor will advise the Licensee in writing of the estimated charges that will

apply for such Prelicense Survey and receive written authorization and advance payment from the Licensee before undertaking such a survey. A representative of the Licensee may accompany the Licensor's representative on the field inspection portion of such Prelicense Survey. Licensee shall have ninety (90) days from receipt of notice of the estimated charges to make the required payment and indicate its written authorization for completion of the required Prelicense Survey. Failure to respond in the specified period will result in cancellation of the application.

- B. License applications received by Licensor from two or more Licensees for occupancy of the same Conduit System will be processed by Licensor in accordance with procedures detailed in APPENDIX .
- C. The Licensor retains the right, in its sole judgment, to determine the availability of space in a Conduit System. In the event the Licensor determines that rearrangement of the existing facilities in the Conduit System is required before the Licensee's Communications Facilities can be accommodated, Licensor will advise the Licensee in writing of the estimated Make-Ready charges that will apply for such rearrangement work. Licensee shall have ninety (90) days from the receipt of such written notification to make the required payment and provide its written authorization for completion of the required Make-Ready Work. Failure to respond within the specified period will result in cancellation of the application.
- D. In performing all Make-Ready Work to accommodate Licensee's communications facilities, Licensor will endeavor to include such work in its normal work load schedule.

Article X CONSTRUCTION, MAINTENANCE AND REMOVAL OF POLE ATTACHMENT

- A. Licensee shall, at its own expense, construct and maintain its attachments on Licensor's poles in a safe condition and in a manner reasonably acceptable to Licensor, so as not to conflict with the use of the Licensor's poles by Licensor or by other authorized users of Licensor's poles, nor electrically interfere with Licensor's facilities attached thereto.
- B. Licensor shall specify the point of attachment on each of Licensor's poles to be occupied by Licensee's attachments. Where multiple licensees' attachments are involved, Licensor will attempt to the extent practical, to designate the same relative position on each pole for Licensee's attachments.

- C. Licensee shall obtain specific written authorization from Licensor, which shall not be unreasonably withheld or delayed, before relocating, materially altering or replacing its attachments or overlashing its own cable on Licensor's poles.
- D. Licensee shall give reasonable notice to the affected public authority or private landowner as appropriate before commencing the construction or installation of its attachments or making any material alterations thereto.
- E. Licensee, at its expense, will remove its attachments from any of Licensor's poles within thirty (30) days after termination of the license covering such attachments. If Licensee fails to remove its attachments within such thirty (30) day period, Licensor shall have the right to remove such attachments at Licensee's expense and without any liability on the part of the Licensor for damage or injury to Licensee's attachments unless caused by the negligence or intentional misconduct of Licensor.

Article XI CONDUIT OCCUPANCY

- A. Licensee must obtain prior written authorization from Licensor, which shall not be unreasonably withheld or delayed, before installing, removing or performing maintenance of its communications facilities in any of Licensor's conduit systems. Licensor reserves the right to specify what, if any, work shall be performed by Licensor. Any work performed by Licensor shall be at the expense of Licensee and shall be accomplished within a time period agreed upon by the parties.
- B. In the event of an emergency, Licensee shall observe the procedure outlined at APPENDIX governing entry into Licensor's manhole(s).
- C. Licensor shall designate the particular duct(s) to be occupied by Licensee, the location and manner in which Licensee's communications facilities will enter and exit the conduit system and the location and manner of installation for any associated equipment which Licensor permits in the conduit system. Licensor reserves the right to exclude or limit the type, number and physical size of Licensee's communications facilities which may be placed in Licensor's conduit system; provided, however, that Licensor shall provide Licensee with a written explanation of any such exclusion or limitation so imposed.
- D. Licensor's manhole(s) shall be opened only as permitted by Licensor's authorized employees or agents. Licensee shall be responsible for obtaining any necessary authorization from appropriate authorities to open manhole(s) and conduct work operations therein. Licensee's employees, agents or contractors will be permitted to enter or work in Licensor's manhole(s) only when an authorized employee or agent of Licensor is present or the Licensor's authorized

employee or agent has determined the Licensee's work will not affect Licensor's equipment. Licensor's authorized employee or agent shall have the authority to suspend Licensee's work operations in and around manhole(s) if in the sole discretion of said employee or agent, any hazardous conditions arise, any unsafe practices are being followed, or the work may adversely affect Licensor's equipment. Licensee shall pay Licensor reasonable charges, as agreed by the parties, to compensate Licensor for the expense of providing an employee or agent to observe the performance of work for Licensee in and around manhole(s). The presence of Licensor's authorized employee or agent shall not relieve Licensee of its responsibility to conduct all work operations in and around Licensor's manhole(s) in a safe and workmanlike manner, in accordance with the terms of this Agreement.

- E. Licensee, at its expense, will remove its communications facilities from a conduit system within sixty (60) days after:
- 1) termination of the license covering such conduit occupancy; or
 - 2) the date Licensee replaces its existing facilities in one duct with substitute facilities in another duct.

If Licensee fails to remove its facilities within the specified period, Licensor shall have the right to remove such facilities at Licensee's expense and without any liability on the part of the Licensor for damage or injury to such facilities unless caused by the negligence or intentional misconduct of Licensor.

- F. Licensee shall remain liable for and pay to the Licensor all fees and charges pursuant to provisions of this Agreement until all of Licensee's facilities are physically removed from Licensor's conduit system.

Article XII TERMINATION OF LICENSE

Licensee may at any time remove its attachments from a pole after first giving Licensor written notice of its intent to effect such removal and any fees shall be prorated to date of removal. Following such removal, no attachment shall again be made to such pole until Licensee shall have first complied with all of the provisions of this Agreement as though no such attachment had previously been made.

Article XIII INSPECTION OF POLE ATTACHMENTS

- A. Licensor reserves the right to make reasonable periodic inspections of any part of Licensee's attachments, including guying, attached to Licensor's poles at Licensee's cost and with prior notice to Licensee as described herein.
- B. Licensor will give Licensee advance written notice of such inspections, except in those instances where safety considerations justify the need for such an inspection without the delay of waiting until a written notice has been forwarded to Licensee. In such case Licensor shall provide reasonable non-written notice to licensee.
- C. The making of periodic inspections or the failure to do so shall not operate to relieve Licensee of any responsibility, obligation or liability assumed under this Agreement.

Article XIV UNAUTHORIZED ATTACHMENTS

- A. If any of Licensee's attachments shall be found attached to pole(s) or occupying conduit systems for which no license is outstanding, Licensor, without prejudice to its other rights or remedies under this Agreement, including termination of licenses, may impose a charge and require Licensee to submit in writing, within 15 days after receipt of written notification from Licensor of the unauthorized attachment or conduit occupancy, a pole attachment or conduit occupancy license application. If such application is not received by the Licensor within the specified time period, Licensee may be required at Licensor's option to remove its unauthorized attachment or occupancy within thirty (30) days of the final date for submitting the required application, or Licensor may at Licensor's option remove Licensee's facilities without liability, and the expense of such removal shall be borne by Licensee.
- B. For the purpose of determining the applicable charge, any unauthorized pole attachment or conduit system occupancy shall be treated as having existed for a period of 2 years prior to its discovery or from the time of the last inspection date or for the period beginning with the effective date of this License Agreement, whichever period shall be the shorter.
- C. Notwithstanding anything to the contrary in this Agreement, Licensee acknowledges that the placement of unauthorized pole attachments or the unauthorized occupancy of conduit systems will cause Licensor to incur expenses or damages that may be difficult or impossible to quantify. In addition to any other rights or remedies available to Licensor pursuant to this Article XIV, Licensee shall pay to Licensor as liquidated damages and not as a penalty a one-time charge of \$50.00 per unauthorized pole attachment and, in the case of unauthorized conduit occupancy, a one-time charge of \$500.00 per duct run,

measured manhole to manhole. The parties hereby agree that said liquidated damages are a reasonable pre-estimate of Licensor's probable loss.

- D. Fees and charges for pole attachments and conduit system occupancies, as specified herein and in APPENDIX as modified from time to time, shall be due and payable immediately whether or not Licensee is permitted to continue the pole attachment or conduit occupancy.
- E. No act or failure to act by Licensor with regard to said unlicensed use shall be deemed as a ratification of the unlicensed use; and if any license should be subsequently issued, said license shall not operate retroactively or constitute a waiver by Licensor of any of its rights or privileges under this Agreement or otherwise; provided, however, that Licensee shall be subject to all liabilities, obligations and responsibilities of this Agreement in regard to said unauthorized use from its inception.

Article XV LIABILITY AND DAMAGES

- A. Licensor reserves to itself; its successors and assigns the right to locate and maintain its poles and to operate its facilities in conjunction therewith in such a manner as will best enable it to fulfill its own service requirements subject to its obligations under this Agreement. Licensor shall not be liable to Licensee for any interruption of Licensee's service or for interference with the operation of Licensee's communications services arising in any manner out of the use of Licensor's poles except from Licensor's negligence or willful misconduct.
- B. Licensee shall exercise caution to avoid damaging the facilities of Licensor and of others attached to Licensor's poles, and Licensee assumes all responsibility for any and all loss from such damage caused by the negligent acts or willful misconduct of Licensee's employees, agents or contractors. Licensee shall make an immediate report to Licensor and any other user of the occurrence of any such damage and agrees to reimburse the respective parties for all costs incurred in making repairs.
- C. Each party (the "Indemnitor") shall defend, indemnify and save harmless the other (the "Indemnitee") against and from any and all liabilities, claims, suits, fines, penalties, damages, losses, fees, costs and expenses arising from or in connection with this Agreement (including reasonable attorney's fees) including, but not limited to those which may be imposed upon, incurred by or asserted against the Indemnitee by reason of (a) any work or thing done upon the poles licensed hereunder or any part thereof performed by the Indemnitor or any of its agents, contractors, servants, or employees; (b) any use, occupation, condition, operations of said poles or any part thereof by the Indemnitor or any of its agents, contractors, servants, or employees; (c) any act or omission on the part

of the Indemnitor or any of its agents, contractors, servants, or employees, for which the Indemnitee may be found liable: (d) any accident, injury (including death) or damage to any person or property occurring upon said poles or any part thereof arising out of any use thereof by the Indemnitor or any of its agents, contractors, servants, or employees; or (e) any failure on the part of the Indemnitor to perform or comply with any of the covenants, agreements, terms or conditions contained in this Agreement unless caused by the negligence or intentional misconduct of Indemnitee.

- D. Neither party shall be liable for indirect, consequential, special or punitive damages of any kind.
- E. The provisions of this Article shall survive the expiration or earlier termination of this Agreement or any license issued thereunder.

Article XVI INSURANCE

- A. Licensee shall carry insurance to protect the parties hereto from and against any and all claims, demands, actions, judgments, costs, expenses and liabilities of every kind and nature which may arise or result, directly or indirectly from or by reason of such loss, injury or damage as covered in Article XV preceding.
- B. The amounts of such insurance, shall be as follows:
 - 1. against liability due to damage to property shall not be less than \$1,000,000 as to any one occurrence and \$1,000,000 aggregate, and
 - 2. against liability due to injury to or death of person shall not be less than \$3,000,000 as to any one person and \$3,000,000 as to any one occurrence.
- C. Licensee shall also carry such insurance as will protect it from all claims under any Workers' Compensation Law in effect that may be applicable to it.
- D. All insurance must be effective before Licensor will authorize Licensee to make attachments to any pole and shall remain in force until such attachments have been removed from all such poles.
- F. Licensee shall submit to Licensor certificates of insurance including renewal thereof, by each company insuring Licensee to the effect that it has insured Licensee for all liabilities of Licensee covered by this Agreement; that such certificates name the Licensor as an additional insured under the public liability policy; that it will not cancel or change any such policy of insurance issued to

Licensee except after the giving of not less than sixty (60) days written notice to Licensor.

Article XVII AUTHORIZATION NOT EXCLUSIVE

Nothing herein contained shall be construed as a grant of an exclusive authorization, right or privilege to Licensee. Licensor shall have the right to grant, renew and extend rights and privileges to others not parties to this Agreement, by contract or otherwise, to use any pole covered by this Agreement provided there is no interference with the rights granted to Licensee hereunder.

Article XVIII ASSIGNMENT OF RIGHTS

- A. Licensee shall not assign or transfer this Agreement or any authorization granted hereunder, and this Agreement shall not inure to the benefit of Licensee's successors, without the prior written consent of Licensor, which shall not be unreasonably withheld or delayed.
- B. In the event such consent or consents are granted by Licensor, then this Agreement shall extend to and bind the successors and assigns of the parties hereto.

Article XIX FAILURE TO ENFORCE

Failure of a party to enforce or insist upon compliance with any of the terms or conditions of this Agreement or to give notice or declare this Agreement or any authorization granted hereunder terminated shall not constitute a general waiver or relinquishment of any term or condition of this Agreement, but the same shall be and remain at all times in full force and effect.

Article XX TERMINATION OF AGREEMENT

- A. If Licensee shall fail to comply with any of the terms or conditions of this Agreement or default in any of its obligations under this Agreement, or if Licensee's facilities are maintained or used in violation of any law and Licensee shall fail within thirty (30) days after written notice from Licensor to correct such default or noncompliance, Licensor may terminate the authorizations covering the poles as to which such default or noncompliance shall have occurred.
- B. In the event of termination of this Agreement, Licensee shall remove its attachments from Licensor's poles within six (6) months from date of termination;

provided, however, that Licensee shall be liable for and pay all fees to Licensor pursuant to the terms of this Agreement until Licensee's attachments are removed from Licensor's poles.

- C. If Licensee does not remove its attachments from Licensor's poles within the applicable time period specified in this Agreement, Licensor shall have the right to remove them at the expense of Licensee and without any liability on the part of Licensor to Licensee therefor, except for the negligence or willful misconduct of Licensor, and Licensee shall be liable for and pay all fees to Licensor pursuant to the terms of this Agreement until such attachments are removed.

Article XXI TERM OF AGREEMENT

- A. This Agreement shall remain in effect for a term of 3 year(s) from the date hereof. Licensee shall have the option to renew this Agreement for an additional 1 year period upon providing Licensor thirty (30) days written notice prior to the termination date.
- B. Termination of this Agreement shall not affect Licensee's liabilities and obligations incurred hereunder prior to the effective date of such termination. Termination of any license issued pursuant to this Agreement shall not affect any remaining licenses issued hereunder.

Article XXII CHOICE OF LAW

The terms and conditions of this Agreement shall be construed in accordance with the laws of the State of Florida, excluding its conflict of laws provisions.

Article XXIII ENTIRE AGREEMENT

This Agreement constitutes the complete and exclusive statement of the agreement between the parties, superseding all proposals, representations, and/or prior agreements, oral or written, between the parties relating to the subject matter of the Agreement. This Agreement may not be modified or amended other than by a written instrument executed by both parties.

Article XXIV NOTICES

All written notices required under this Agreement shall be given by posting the same in first class mail as follows:

To Licensee: TCG _____

Attn: _____

with a copy to: Teleport Communications Group Inc.
One Teleport Drive
Staten Island, New York 10311
Attn: General Counsel

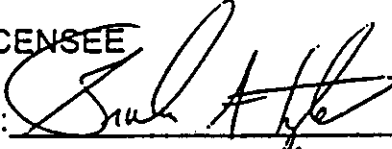
To Licensor:
(Payments Only) _____


Attn: _____

To Licensor:
(AllOthers) _____

Attn: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

LICENSEE
By: 
Title: RVP- Southern Region

LICENSOR
By: 
Title: SRDR

Attachment C-15

Unbundled Products and Services and New Services

Service: Unbundled Exchange Access Loop

Description: Provides the connection from the serving central office to a subscriber's premises. It is engineered to meet the same parameters as a residence or business exchange access line.

Information relative to multiplexing of the Unbundled Exchange Access Loop is described in Attachment C-16 following.

Rate Elements	Alabama			Florida			Georgia		
	Monthly	Nonrecurring Charges First	Add'l	Monthly	Nonrecurring Charges First	Add'l	Monthly	Nonrecurring Charges First	Add'l
Unbundled Exchange Access Loop	\$25.00	\$140.00	\$45.00	\$17.00	\$140.00	\$45.00	\$25.00	\$140.00	\$45.00
Unbundled Exchange Access IOC									
- Fixed	\$30.00	\$97.00	N/A	\$28.50	\$87.00	N/A	\$32.00	\$105.00	N/A
- 1 - 8 Miles	\$2.05	N/A	N/A	\$1.85	N/A	N/A	\$2.05	N/A	N/A
- 9 - 25 Miles	\$2.00	N/A	N/A	\$1.60	N/A	N/A	\$2.00	N/A	N/A
- Over 25 Miles	\$1.95	N/A	N/A	\$1.55	N/A	N/A	\$1.95	N/A	N/A

Rate Elements	Kentucky			Louisiana			Mississippi		
	Monthly	Nonrecurring Charges First	Add'l	Monthly	Nonrecurring Charges First	Add'l	Monthly	Nonrecurring Charges First	Add'l
Unbundled Exchange Access Loop	\$25.00	\$140.00	\$45.00	\$18.50	\$140.00	\$45.00	\$25.00	\$140.00	\$45.00
Unbundled Exchange Access IOC									
- Fixed	\$30.00	\$93.00	N/A	\$30.00	\$100.00	N/A	\$30.00	\$96.00	N/A
- 1 - 8 Miles	\$2.05	N/A	N/A	\$2.05	N/A	N/A	\$2.05	N/A	N/A
- 9 - 25 Miles	\$2.00	N/A	N/A	\$2.00	N/A	N/A	\$2.00	N/A	N/A
- Over 25 Miles	\$1.95	N/A	N/A	\$1.95	N/A	N/A	\$1.95	N/A	N/A

Rate Elements	N. Carolina			S. Carolina			Tennessee		
	Monthly	Nonrecurring Charges First	Add'l	Monthly	Nonrecurring Charges First	Add'l	Monthly	Nonrecurring Charges First	Add'l
Unbundled Exchange Access Loop	\$30.00	\$140.00	\$45.00	\$25.00	\$140.00	\$45.00	\$25.00	\$140.00	\$45.00
Unbundled Exchange Access IOC									
- Fixed	\$11.85	\$71.87	N/A	\$50.00	\$97.00	N/A	\$30.00	\$96.00	N/A
- 1 - 8 Miles	\$2.15	N/A	N/A	\$2.05	N/A	N/A	\$2.05	N/A	N/A
- 9 - 25 Miles	\$2.15	N/A	N/A	\$2.00	N/A	N/A	\$2.00	N/A	N/A
- Over 25 Miles	\$2.15	N/A	N/A	\$1.95	N/A	N/A	\$1.95	N/A	N/A

Attachment C-16

Unbundled Products and Services and New Services

Service: Channelization System for Unbundled Exchange Access Loops

Description: This new rate element provides the multiplexing function for Unbundled Exchange Access Loops. It can convert up to 96 voice grade loops to DS1 level for connection with the ALEC's point of interface. The multiplexing can be done on a concentrated basis (delivers at 2 DS1 level to customer premise) or on a non-concentrated basis (delivers at 4 DS1 level to customer premise) at the option of the customer.

In addition to the following rates elements, 1.544 Mbps local channel and/or interoffice channel facilities may be required as set forth in E7 of BellSouth Telecommunication's, Inc.'s Intrastate Access Service Tariff for non-collocated ALECs.

State(s)	Alabama			Florida			Georgia		
Rate Elements	Monthly Rate	Nonrecurring First	Charge Add'l	Monthly Rate	Nonrecurring First	Charge Add'l	Monthly Rate	Nonrecurring First	Charge Add'l
Unbundled Loop Channelization System (DS1 to VG). Per System	\$575.00	\$525.00	N/A	\$555.00	\$490.00	N/A	\$555.00	\$490.00	N/A
Central Office Channel Interface (circuit specific plug-in equipment). 1 per circuit	\$1.70	\$8.00	\$8.00	\$1.70	\$7.00	\$7.00	\$1.70	\$7.00	\$7.00

State(s)	Kentucky			Louisiana			Mississippi		
Rate Elements	Monthly Rate	Nonrecurring First	Charge Add'l	Monthly Rate	Nonrecurring First	Charge Add'l	Monthly Rate	Nonrecurring First	Charge Add'l
Unbundled Loop Channelization System (DS1 to VG). Per System	\$540.00	\$495.00	N/A	\$530.00	\$510.00	N/A	\$560.00	\$450.00	N/A
Central Office Channel Interface (circuit specific plug-in equipment). 1 per circuit	\$1.60	\$8.00	\$8.00	\$1.60	\$8.00	\$8.00	\$1.70	\$6.00	\$6.00

State(s)	N. Carolina			S. Carolina			Tennessee		
Rate Elements	Monthly Rate	Nonrecurring First	Charge Add'l	Monthly Rate	Nonrecurring First	Charge Add'l	Monthly Rate	Nonrecurring First	Charge Add'l
Unbundled Loop Channelization System (DS1 to VG). Per System	\$545.00	\$475.00	N/A	\$520.00	\$480.00	N/A	\$530.00	\$520.00	N/A
Central Office Channel Interface (circuit specific plug-in equipment). 1 per circuit	\$1.65	\$7.00	\$7.00	\$1.60	\$6.00	\$6.00	\$1.60	\$8.00	\$8.00

Attachment C-17

Unbundled Products and Services and New Services

Service: Unbundled Exchange Ports

Description: An exchange port is the capability derived from the central office switch hardware and software required to permit end users to transmit or receive information over BellSouth's public switched network. It provides service enabling and network features and functionality such as translations, a telephone number, switching, announcements, supervision and touch-tone capability.

In addition, a BellSouth provided port with outgoing network access also provides access to other services such as operator services, long distance service, etc. It may also be combined with other services available in BellSouth's Intrastate Access Service Tariffs as technically feasible.

When an Unbundled Port is connected to BellSouth provided collocated loops, cross-connection rate elements are required as set forth in Section 20 of BellSouth Telecommunications's, Inc.'s Interstate Access Tariff, FCC No.1.

Alabama			Florida		Georgia	
Rate Elements	Rate	Per	Rate Elements	Rate	Rate Elements	Rate
Monthly			Monthly		Monthly	
Residence Port	\$2.50		Residence Port	\$2.00	Residence Port	\$2.28
Business Port	\$7.00		Business Port	\$4.50	Business Port	\$4.60
PBX Trunk Port	\$7.00		PBX Trunk Port	\$7.50	PBX Trunk Port	\$7.37
Rotary Service	\$2.00		Rotary Service	\$2.00	Rotary Service	\$2.77
Primary Rate ISDN-NAS	\$20.00					
Usage-Mileage Bands			Usage-(STS)		Usage-(STS)	
A (0 miles)	\$0.02	Int. min.	- int. min.	\$0.0275	- setup per call	\$0.02
B (1-10 miles)	\$0.04	Int. min.	- add'l min.	\$0.0125	- per minute or fraction thereof	\$0.02
C (11-15 miles)	\$0.02	Add'l min.				
D (17-22 miles & existing LCA described in A3.6 greater than 22 mi.)	\$0.06	Int. min.				
	\$0.04	Add'l min.				
E (23-30 miles)	\$0.10	Int. min.				
	\$0.07	Add'l min.				
F (31-40 miles)	\$0.10	Int. min.				
	\$0.10	Add'l min.				
G (Special Band)*	\$0.10	Int. min.				
	\$0.10	Add'l min.				

*In addition to the local calling described in A3 of BellSouth's General Subscriber Service Tariff, if any wire center in an exchange is located within 40 miles of any wire center in the originating exchange, local calling will be provided from the entire originating exchange to the entire terminating exchange. The usage charges for Band G are applicable for distances greater than 40 miles.

Attachment C-17

Unbundled Products and Services and New Services

Service: Unbundled Exchange Ports (Cont'd)

Kentucky			Louisiana		
Rate Elements	Rate	Per	Rate Elements	Rate	Per
Monthly			Monthly		
Residence Port	\$3.50	:	Residence Port	\$2.50	:
Business Port	\$10.00	:	Business Port	\$7.00	:
PBX Trunk Port	\$10.00	:	PBX Trunk Port	\$7.00	:
Rotary Service	\$3.50	:	Rotary Service	\$3.50	:
Usage-Mileage Bands			Usage-Mileage Bands		
A (0 miles)	\$0.04	Incl. Min.	D (0 miles)	\$0.02	Incl. Min.
	\$0.02	Add'l min.		\$0.01	Add'l min.
B (1-10 miles)	\$0.04	Incl. Min.	A (1-10 miles)	\$0.04	Incl. Min.
	\$0.02	Add'l min.		\$0.02	Add'l min.
C (Greater than 10 miles Limited LCA)	\$0.08	Incl. Min.	B (11-18 miles)	\$0.08	Incl. Min.
	\$0.04	Add'l min.		\$0.04	Add'l min.
D (1-10 miles beyond Limited LCA)	\$0.04	Incl. Min.	C (17-22 miles)	\$0.10	Incl. Min.
	\$0.02	Add'l min.		\$0.07	Add'l min.
E (11-18 miles beyond Limited LCA)	\$0.08	Incl. Min.	D (23 - 30 miles Basic LCA and Intra Parish Expanded LCA)	\$0.14	Incl. Min.
	\$0.04	Add'l min.		\$0.10	Add'l min.
F (17-22 miles beyond Limited LCA)	\$0.08	Incl. Min.	E (Greater than 30 miles Basic LCA and Intra Parish Expanded LCA)	\$0.14	Incl. Min.
	\$0.07	Add'l min.		\$0.14	Incl. Min.
G (23-30 miles beyond Limited LCA)	\$0.08	Incl. Min.	F (23 - 30 miles Inter-Parish Expanded LCA)	\$0.14	Incl. Min.
	\$0.07	Add'l min.		\$0.10	Add'l min.
H (31-40 miles beyond Limited LCA)	\$0.08	Incl. Min.	G (31 - 40 miles Inter-Parish Expanded LCA)	\$0.14	Incl. Min.
	\$0.07	Add'l min.		\$0.14	Add'l min.
I (Greater than 40 miles beyond Limited LCA)	\$0.08	Incl. Min.	G (Greater than 40 miles Inter-Parish)	\$0.14	Incl. Min.
	\$0.07	Add'l min.		\$0.14	Add'l min.

Mississippi			N. Carolina			S. Carolina		
Rate Elements	Rates	Per	Rate Elements	Rates	Per	Rate Elements	Rates	Per
Monthly			Monthly			Monthly		
Residence Port	\$3.75	:	Residence Port	\$2.00	:	Residence Port	\$4.00	:
Business Port	\$7.50	:	Business Port	\$8.00	:	Business Port	\$10.50	:
PBX Trunk Port	\$7.50	:	PBX Trunk Port	\$8.00	:	PBX Trunk Port	\$10.50	:
Rotary Service	\$3.75	:	Rotary Service	\$1.50	:	Rotary Service	\$3.00	:
Usage - Mile Bands			Usage - (STS)			Usage - (STS)		
A (0 miles)	\$0.02	Incl. min.	- Incl. min.	\$0.05		- Basic Svc Area	\$0.02	
	\$0.01	Add'l min.	- Add'l min.	\$0.02		- Expanded Svc Area	\$0.12	
B (1-10 miles)	\$0.04	Incl. min.						
C (11-16 miles existing LCA described in A3 & greater than 18 miles and calls to county seat greater than 18 miles)	\$0.02	Add'l min.						
	\$0.08	Incl. min.						
D (17-30 miles)	\$0.04	Add'l min.						
	\$0.08	Incl. min.						
E (31-55 miles Biloxi LATA)	\$0.07	Add'l min.						
	\$0.07	Add'l min.						
F (31-55 miles Jackson LATA)	\$0.12	Incl. min.						
	\$0.10	Add'l min.						
G (56-85 miles Biloxi LATA)	\$0.18	Incl. min.						
	\$0.14	Add'l min.						

Tennessee		
Rate Elements	Rates	Per
Monthly		
Residence Port	\$4.00	:
Business Port	\$10.00	:
PBX Trunk Port	\$10.00	:
Rotary Service	\$8.50	:
Usage - Mile Bands		
A (0-15 miles)	\$0.02	per min.
B (17-30 miles)	\$0.05	per min.
C (>30 miles)	\$0.10	per min.

Attachment C-18

Unbundled Products and Services and New Services

Service: Local Calling Area Boundary Guide

Description: Provided to ALECs to assist in deployment of numbers on their network to conform with BellSouth existing local calling area geographics.

State: All

Rate(s): No Charge

ATTACHMENT "D"

APPLICABLE DISCOUNTS

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

	DISCOUNT	
STATE	RESIDENCE	BUSINESS
ALABAMA	10%	10%
FLORIDA	18%	12%
GEORGIA	20.3%*	17.3%*
KENTUCKY	10%	8%
LOUISIANA	11%	10%
MISSISSIPPI	9%	8%
NORTH CAROLINA	12%	9%
SOUTH CAROLINA	10%	9%
TENNESSEE	11%	9%

*The Georgia discount is subject to change as a result of final resolution of the order of the Georgia Public Service Commission, issued June 12, 1996

Discounts will not apply to: Unbundled port service; nonrecurring charges; federal or state subscriber line charges; inside wire maintenance plans; pass-through charges (e.g. N11 end user charges); and taxes



BellSouth Telecommunications, Inc. 404 927-7150
Room 4428 Fax 404 420-8291
675 West Peachtree Street, N.E. Internet Ernest.L.Bush
Atlanta, Georgia 30375 @bridge.bellsouth.com

Ernest L. Bush
Assistant Vice President -
Regulatory Policy & Planning

SN91081223

August 12, 1997

To: All Competitive Local Exchange Carriers
Subject: Enhanced Service Providers (ESPs) Traffic

The purpose of this letter is to call to your attention that our interconnection agreement applies only to local traffic. Although enhanced service providers (ESPs) have been exempted from paying interstate access charges, the traffic to and from ESPs remains jurisdictionally interstate. As a result, BellSouth will neither pay, nor bill, local interconnection charges for traffic terminated to an ESP. Every reasonable effort will be made to insure that ESP traffic does not appear on our bills and such traffic should not appear on your bills to us. We will work with you on a going forward basis to improve the accuracy of our reciprocal billing processes. The ESP category includes a variety of service providers such as information service providers (ISPs) and internet service providers, among others.

On December 24, 1996, the Federal Communications Commission (FCC) released a Notice of Proposed Rule Making (NPRM) on interstate access charge reform and a Notice of Inquiry (NOI) on the treatment of interstate information service providers and the Internet, Docket Nos. 96-262 and 96-263. Among other matters, the NPRM and NOI addressed the information service provider's exemption from paying access charges and the usage of the public switched network by information service providers and internet access providers.

Traffic originated by and terminated to information service providers and internet access providers enjoys a unique status, especially call termination. Information service providers and internet access providers have historically been subject to an access charge exemption by the FCC which permits the use of basic local exchange telecommunications services as a substitute for switched access service. The FCC will address this exemption in the above-captioned proceedings. Until any such reform affecting information service providers and internet access providers is accomplished, traffic originated to and terminated by information service providers and internet access providers is exempt from access charges. This fact, however, does not make this interstate traffic "local", or subject it to reciprocal compensation agreements.

Please contact your Account Manager or Marc Cathey (205-977-3311) should you wish to discuss this issue further. For a name or address change to the distribution of this letter, contact Ethylyn Pugh at 205-977-1124.

Sincerely,

E. L. Bush



3

EXHIBIT NO. _____

DOCKET NO: 971478-TP, 980184-TP,
980495-TP, 980499-TP

WITNESS: PAUL KOUROUPAS

PARTY: TCG

DESCRIPTION: DEPOSITION

LATE-FILED DEPO EXHIBIT NOS. 1-5

PROFFERING PARTY: STAFF

I.D. NO. PK-3

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET

NO. 971478-TP EXHIBIT NO. 3

COMPANY/

WITNESS: Kouroupas

DATE: 6-11-98

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In Re: Complaint of WorldCom Technologies, Inc., against, BellSouth Telecommunications, Inc., for breach of terms of Florida Partial Interconnection Agreement under sections 251 and 252 of the Telecommunications Act of 1996 and request for relief

) DOCKET NO. 981478-TP

In Re: Complaint of Teleport Communications Group, Inc./TCG South Florida against BellSouth Telecommunications, Inc., for breach of terms of interconnection agreement under section 252 of the Telecommunications Act of 1996 and request for relief

) DOCKET NO. 980184-TP

In Re: Complaint of Intermedia Communications, Inc., against BellSouth Telecommunications, Inc., for breach of terms of Florida Partial Interconnection Agreement under sections 251 and 252 of the Telecommunications Act of 1996 and request for relief

) DOCKET NO. 980495-TP

In Re: Complaint of MCImetro Access Transmission Services, Inc., against BellSouth Telecommunications, Inc., for breach of terms of interconnection agreement under section 252 of the Telecommunications Act of 1996 and request for relief.

) DOCKET NO. 980499-TP

TELEPHONE DEPOSITION OF:

PAUL KOUROUPAS

BUREAU OF REPORTING

RECEIVED 5-28-98

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TAKEN AT THE
INSTANCE OF:

FPSC STAFF

PLACE:

GERALD L. GUNTER BUILDING
ROOM 362
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA

TIME:

COMMENCED AT 2:00 P.M.
CONCLUDED AT 3:30 P.M.

DATE

MAY 21, 1998

REPORTED BY:

NANCY S. METZKE, RPR, CCR
C & N REPORTERS
POST OFFICE BOX 3093
TALLAHASSEE, FLORIDA 32315

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18 Messer, Caparello, Madsen, 215 South Monroe Street, Suite
19 701, Tallahassee, Florida 32301.

20 ALSO PRESENT:

21 ANNE MARSH, FPSC Staff.

22 * * * *

23
24
25

STIPULATION

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3
4 IT IS STIPULATED that this deposition was taken
5 pursuant to notice in accordance with the applicable
6 Florida Rules of Civil Procedure; that objections, except
7 as to the form of the question, are reserved until hearing
8 in this cause; and that reading and signing was not waived.

9 IT IS ALSO STIPULATED that any off-the-record
10 conversations are with the consent of the deponent.
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WITNESS

JERRY HENDRIX

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EXHIBITS

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NUMBER	IDENTIFIED
1 (Late-filed) Cites for the use of common carrier service and user provider service as used in the definition of service termination point	15
2 (Late-filed) Part 69 cite in support of your statement at page 2 of your rebuttal testimony, lines 19 through 22	23
3 (Late-filed) Authority for the statement on page 4, lines 10 through 13 and page 10, lines 7 and 8 concerning the FCC's treatment of ISPs as end users.	26
4 (Late-filed) Part 69 cites for end user charges and carrier's carrier charge	32
5 (Late-filed) Support for BellSouth's 50% withholding of payment	39

P R O C E E D I N G S

1 MR. PELLEGRINI: Please swear in the witness.

2 WITNESS KOUROUPAS: Okay.

3 MS. MCCARTHY: Okay. Raise your right hand.

4 I --

5 WITNESS KOUROUPAS: Paul Kouroupas.

6 MS. MCCARTHY: -- swear to tell the truth, the
7 whole truth and nothing but the truth.

8 WITNESS KOUROUPAS: Is that all you needed, or is
9 that how you do it, or do we have to refer to the
10 deposition?
11

12 MR. PELLEGRINI: No, that's adequate.

13 WITNESS KOUROUPAS: Okay.

14 MR. PELLEGRINI: All right. I think we can
15 begin. This is the deposition of witness Paul
16 Kouroupas on behalf of Teleport Communications Group
17 in consolidated Docket Numbers 971478, 980184, 980495
18 and 980499-TP.

19 We'll take appearances at this time. I'm Charlie
20 Pellegrini appearing on behalf of the Florida Public
21 Service Commission staff.

22 MR. ELLIS: John Ellis for Teleport
23 Communications Group.

24 MS. KEYER: Mary Keyer, BellSouth.

25 MR. BEATTY: And Robert Beatty from BellSouth.

1 MR. McRAE: Michael McRae with Teleport
2 Communications Group.

3 MR. PELLEGRINI: Do the parties agree to the
4 usual stipulations?

5 MR. ELLIS: Yes.

6 MR. PELLEGRINI: Everyone else?

7 MR. McRAE: Yes.

8

9

10 * * * *

11 Whereupon,

12 PAUL KOUROUPAS

13 was called as a witness by the FPSC Staff and, after having
14 been duly sworn, was examined and testified as follows:

15 EXAMINATION

16 BY MR. PELLEGRINI:

17 Q All right. Mr. Kouroupas, would you state your
18 full name, business affiliation and business address at
19 this time for the record?

20 A Sure. My name is Paul Kouroupas, spelled
21 K-o-u-r-o-u-p-a-s. I'm with Teleport Communications Group.
22 Business address is 2 Lafayette Centre, 1133 21st Street
23 Northwest, Suite 400, Washington, D.C., 20036.

24 Q Thank you.

25 Mr. Kouroupas, begin with telling me what your

1 role was with respect to TCG's agreement, interconnection
2 agreement with BellSouth.

3 A I was involved in the negotiations with BellSouth
4 for the interconnection agreement both prior to and
5 subsequent to the passage of the Telecommunications Act,
6 and what I mean by that is pursuant to the Florida law that
7 was passed in 1995 I was involved in the negotiations with
8 BellSouth for an interconnection agreement under state
9 law. I was also involved again in the negotiations with
10 BellSouth for an interconnection agreement under the
11 Federal Telecommunications Act of 1996.

12 My involvement in both of those instances was to
13 provide the support from our regulatory organization to
14 the, sort of the business unit, if you will, that had
15 primary responsibility for negotiating the agreement. And
16 also because both negotiations were pursuant to statutes,
17 both state and federal, you know, my involvement was
18 necessary for that as well, to ensure compliance with the
19 procedures and other aspects of the laws which govern the
20 negotiations.

21 Q Did you have occasion to contribute specifically
22 to the question of reciprocal compensation for termination
23 of local traffic, the provisions in those agreements?

24 A I was present during the negotiations on the
25 provision for reciprocal compensation, yes.

1 Q You were physically present for the negotiations,
2 you say?

3 A Yes.

4 Q In both cases?

5 A Yes, that's correct.

6 Q Okay. Do you have Mr. Hendrix's direct testimony
7 at hand?

8 A I do.

9 Q Would you turn, please, to page 13?

10 A Okay.

11 Q At line 23 Mr. Hendrix states that there is no
12 interruption of the continuous transmission of signals
13 between the end user and the host computers. Do you see
14 that statement?

15 A I do.

16 Q Do you agree?

17 A I'm just reading the full paragraph to see the
18 context. No, I do not agree with that statement.

19 Q Why not?

20 A Well, I think as I described in my testimony, as
21 we understand the operations of ISPs and what is
22 transpiring in the communication there, when a BellSouth
23 customer places a local call to an ISP, it dials the seven
24 digits -- the customer dials seven digits. The call, I
25 guess on BellSouth's side, recognizes that it belongs to

1 TCG, so to say, routes the call to TCG. We realize where
2 the call is going in our network and route it to the ISP.
3 At which point, when the call reaches the ISP's facilities,
4 that is where answer supervision is triggered, and that is
5 where the billing mechanisms and recording mechanisms in
6 our switch triggers. You know, from our perspective that
7 is where the call terminates, so it's -- and that there is
8 an interruption, so to say, in the transmission of the
9 signals because at the ISP's facilities the call is
10 transformed from a circuit switched dial-up telephone call
11 to a packet switched enhanced information service.

12 Q And that constitutes in your mind an interruption
13 of the continuous transmission?

14 A Yes. Yes, I would say so.

15 Q Well, let me ask you this, what is the
16 significance of an interruption? Why is that important, or
17 why is it unimportant?

18 A To be honest with you, I'm not really sure that
19 the word "interruption" is sort of the correct word to use,
20 and that's why I was a little hesitant in my answer. I'm
21 not sure it really is relevant in terms of whether or not
22 there is an interruption. From the description that I just
23 gave you, what I believe to be the relevant information is,
24 one, the triggering of answer supervision and the billing
25 and recording mechanisms of the switch, which is sort of

1 the traditional method of determining termination -- and I
2 refer to a communication definition of "termination" in my
3 testimony -- and then also the transformation from the call
4 from a circuit switch call to the transformation to a
5 packet switched enhanced information service. And I
6 believe that was the sort of distinction and significant
7 event that the FCC recognized as well in its universal
8 service order.

9 Q Well, as I understand your position, it is that a
10 call seeking access to the Internet consists of two
11 distinguishable services, the first being from the end user
12 to the ISP and the second being the ISP, the connection
13 from the ISP via the backbone to the Internet; isn't that
14 correct?

15 A That's correct.

16 Q Now what is it that demarks the two services?
17 What is the critical consideration that would demark the
18 two services? If it's not an interruption, what is it?

19 A You know, I guess in some respects it hinges on
20 the technology and from a technical sense; but also, you
21 know, looking at it in the broader context of traditional
22 telecommunication services -- and BellSouth seems to focus
23 attention on the word "termination" -- the significance is
24 that the circuit switch call which was placed by the
25 BellSouth customer, in fact, terminates at the ISP's

1 facilities where the call is then transformed into
2 something else; and that something else I guess being
3 information service.

4 Q You --

5 A That's where I got the transformation rather than
6 interruption.

7 Q Yes, transformation or conversion. I was going
8 to ask you this a bit later, but you just mentioned that
9 you testified concerning an industry standard definition
10 for termination?

11 A Yes.

12 Q What is -- Do you recall where in your testimony
13 you --

14 A I believe it's in my rebuttal testimony.

15 Q Yeah, I think so.

16 A It's page 8 in the rebuttal.

17 Q Yes, thank you.

18 What is the source -- what is your source for
19 that definition? Where do you find that?

20 A In a communications' dictionary.

21 Q Is it in Newton's?

22 A I don't believe it was Newton's.

23 WITNESS KOUROUPAS: Can I ask Mike McRae? Do you
24 have that cite?

25 MR. McRAE: Yes, it's a communications' standard

1 dictionary. It's cited in the complaint.

2 WITNESS KOUROUPAS: Oh, I knew there was a cite
3 somewhere.

4 BY MR. PELLEGRINI (CONTINUING):

5 Q Okay.

6 A Again, the thought was that if we are looking at
7 terms of art, so to say, in the communications industry,
8 the communications standard dictionary would be a good
9 source for that.

10 Q Can you explain to me how that definition, how
11 you would apply that definition to the instant case?

12 A Well, looking at the definition, the termination
13 point is the last point of service rendered by a commercial
14 carrier under applicable tariffs, you know, with TCG, I
15 guess, being the last point of service as a commercial
16 carrier pursuant to applicable tariffs. You know, the
17 common carrier -- you know, looking at the point at which
18 common carrier service ends and user provider service
19 begins. Again, that appears to be the facilities of the
20 ISP where TCG -- the common carrier service carrier that
21 TCG provides ends at that point and the user provided
22 service begins.

23 Q Are the terms "common carrier service" and "user
24 provided service" also defined in that same dictionary?

25 A I don't have the dictionary with me to check

1 that, but we can certainly get back to you on that, I
2 guess.

3 Q Yes, would you do that? I suppose --

4 MR. ELLIS: For the record, the dictionary is
5 available on the FCC's Web site, that particular
6 definition.

7 Q All right. Would you respond though to that
8 question with Late-filed Exhibit 1? It would be sufficient
9 simply to indicate the cites if they exist, of course.

10 MR. McRAE: Just for clarification, that you're
11 asking for the definitions of what terms?

12 MR. PELLEGRINI: "Common carrier service" and
13 "user provider service" as used -- as these terms are
14 used in the definition of service termination point.

15 MR. ELLIS: We certainly will provide those.

16 BY MR. PELLEGRINI (CONTINUING):

17 Q Is there some rule or other authority,
18 Mr. Kouroupas, that would indicate the importance of an
19 interruption or a conversion or a transformation in
20 defining the end of one service and the start of another?

21 A Again, you know, it's not TCG's position that
22 this is a critical issue. It was BellSouth who tried to
23 torture the word "terminate" as it's in the agreement to
24 fit its motives here, but the FCC's universal service order
25 appeared to discuss that same distinction as we described

1 it; and we have that order, the language of the order cited
2 in my testimony in the complaint, I believe.

3 Q Where in your testimony?

4 A If you'll just give me a moment to -- on page 11
5 of my direct testimony --

6 Q All right.

7 A -- at the bottom there is a quote from the FCC's
8 order.

9 Q I see.

10 A And again, if you look on the next page, top of
11 page 12 of my testimony, the distinction between an
12 information service over this, you know, packet TCP/IP
13 protocol versus your traditional circuit switch call is the
14 distinction as well.

15 Q All right. Okay. In your rebuttal testimony
16 next, Mr. Kouroupas, at page 5.

17 A Yes.

18 Q At line 21 you state that BellSouth suddenly
19 began withholding payment from TCG after both paying and
20 billing reciprocal compensation for ISP traffic. Do you
21 see that?

22 A Yes, I do.

23 Q Does BellSouth bill reciprocal compensation for
24 ISP traffic from TCG that is terminated on BellSouth's
25 network?

1 A You know, I'm unaware of specifically what is
2 included in the bills that BellSouth renders to TCG. It's
3 our assumption that it includes traffic to Internet service
4 providers.

5 Q Do you mean to say you have --

6 A There has never been a discussion or mechanism
7 for separating out that traffic.

8 Q Do you mean to say that ISP traffic is not
9 distinguished in the billings from other local traffic?

10 A No, it is not; and, you know, from the discussion
11 in my rebuttal testimony and examination of Mr. Hendrix's
12 testimony and our knowledge of the industry, you know, it
13 really isn't distinguishable. You know, there are no
14 mechanisms for determining at any given time which is a
15 call to an ISP versus someone else.

16 Q Are you familiar with the study done in Georgia
17 concerning -- that BellSouth did in Georgia concerning
18 WorldCom traffic?

19 A No, I'm sorry, I'm not familiar with that.

20 Q Is it then TCG's position that ISP traffic for
21 purposes of billing is indistinguishable?

22 A That's correct. I mean calls placed to Internet
23 service providers are indistinguishable from calls placed
24 to hospitals, to doctors, you know, to the pharmacy, to the
25 pizza parlor. You know, the only distinguishing

1 characteristics may be the holding time. Even that, you
2 know, you can -- there are all sorts of customers out
3 there. You know, try calling the division of motor
4 vehicles in some states, and you can be on hold for 40
5 minutes easily.

6 Q So what significance do you attach to that, I
7 mean relating to the present dispute?

8 A The fact that the calls are indistinguishable?

9 Q Yes.

10 A It sort of shows the fallacy of their argument.
11 You know, it begs the question -- you know, BellSouth
12 appears to be singling out a particular customer class for
13 special treatment, and it raises the question of, you know,
14 are there any other customer classes out there that
15 BellSouth seeks to, you know, treat differently.

16 From our perspective, you know, what has
17 transpired is that in the marketplace for service to
18 Internet service providers, TCG was successful, BellSouth
19 was not; and now all of the sudden BellSouth is seeking
20 some sort of regulatory fix to their failing in the
21 marketplace; and, you know, it raises the question in our
22 mind -- I'll give you an example. In New York, for
23 instance, where TCG has been very successful in marketing
24 services to hospitals to the point where we have a
25 significant majority of the hospitals in the Manhattan area

1 on our network; and, you know, do we now have to worry that
2 as a result of that success Bell Atlantic up in New York
3 will try and seek special classification for hospital
4 traffic? I mean they are no different than any other --
5 you know, hospitals, ISPs, they are all end users; so
6 that's the significance I place on it, I guess.

7 Q Do you know whether in the competition for the
8 services of ISP providers, I mean whether that competition
9 was head to head with BellSouth here in Florida?

10 A Well, the ISPs as end users have the option of
11 purchasing service from ALECs, from BellSouth or any other
12 incumbent LEC in the marketplace, and presumably they are
13 knowledgeable customers who are aware of their options; and
14 so in that sense, yes, it was head to head competition.
15 They were aware of our service offerings and aware of
16 BellSouth service offerings and elected in some instances
17 to take TCG.

18 Q Well, I asked that question really in reflection
19 of BellSouth's position that they were unaware of your
20 interest as well as the interest of the other ALECs in this
21 proceeding in targeting or soliciting ISP business. I mean
22 their contention is that the question just simply never
23 came up in the course of negotiations.

24 A Nor should it have. You know, we didn't inquire
25 of BellSouth as to the demographics or characteristics of

1 their customer base, and they didn't inquire as to the
2 characteristics of our customer base because, you know,
3 that's irrelevant to the subject -- you know, to the issue
4 of interconnection.

5 BellSouth was, however, very much aware of
6 Internet service providers and the growth of the Internet.
7 BellSouth is an Internet service provider itself, and
8 surely they didn't just get into that business over night.
9 They had to have planning, et cetera, and research within
10 their own company; and I'm sure all those efforts were
11 underway during the negotiations for interconnection.
12 There were stories in the newspaper practically daily about
13 the growth of the Internet. They were aware of the
14 dissatisfaction of their own Internet customers who were
15 purchasing service from them; so, you know, to feign
16 ignorance about the phenomenon of Internet service
17 providers and Internet -- traffic destined to Internet
18 service providers is, you know, a little hard to believe.

19 Q Wasn't there then though at least some cloud
20 of -- well, some cloud of doubt, I suppose, concerning the
21 characterization of, or the classification of this type of
22 traffic? I mean was it really a clear-cut --

23 A The industry practice up until that time, the
24 conventional wisdom was, you know, traffic to Internet
25 service providers was local traffic just like any other

1 call. There really was nothing to consider. If you look
2 at the practice that existed between BellSouth and the
3 independent companies, for instance, and how they treated
4 Internet traffic, if you look at the practice prior to then
5 between BellSouth and ALECs, for instance, under our 1995
6 agreement that we negotiated pursuant to state law, you
7 know, looking at all the various practices, it was clear in
8 our mind that traffic to Internet service providers was
9 treated as local. And if it wasn't or if BellSouth
10 believed that such traffic should have been treated
11 differently, they could have very easily in the
12 negotiations raised the issue and suggest, propose a
13 mechanism of tracking traffic to Internet service
14 providers, just like they proposed and insisted upon
15 mechanisms for tracking traffic to and from interexchange
16 carriers.

17 Q Well, BellSouth's position relies on, relies
18 largely at least, on the FCC's grant of an exemption from
19 access charges to ESPs, including ISPs. Is that how you --
20 Is that your understanding as well?

21 A That's my understanding of BellSouth's position,
22 yes.

23 Q Why do you suppose the FCC would declare an
24 exemption from access charges if in the first place
25 ESPs/ISPs, were not subject to them?

1 A. Well, I think as I explained somewhat in my
2 testimony, you know, this whole notion of an exemption, you
3 know, is not exactly clear, in our minds at least, because,
4 you know, the FCC particularly recently has gone to great
5 pains to specifically delineate information services and
6 enhanced service providers from interexchange carriers;
7 and, you know, their Part 69 rules are written such that it
8 refers to interexchange carriers and, therefore, the notion
9 of an exemption, you know, is not necessarily on point.
10 You know, whatever they have done they -- whatever you want
11 to call it, they have essentially said that, you know,
12 enhanced service providers purchase end user services just
13 like other end users, and that was the conventional wisdom
14 entering into the negotiation.

15 Q Can you point to me where in Part 69 the
16 statement is made that it applies to interexchange
17 carriers?

18 A I'm just going to review -- I just have to check
19 my testimony exactly where I have that reference, if you'll
20 bear with me one second.

21 Q Sure.

22 A In my testimony on page 8, my direct testimony, I
23 refer to the fact that information service providers or
24 enhanced service providers do not appear in the Part 69
25 rules. And I'm sorry, your question was specifically where

1 in Part 69 or --

2 Q Where in Part 69 the statement is made that it
3 applies strictly to IXCs.

4 A Oh, okay, I'm sorry. Then where was it --
5 Perhaps it was in my rebuttal, let me just check there.

6 Q Yeah, you talk about it in your rebuttal
7 testimony at page 2.

8 A Yes. I'll have to check the exact cite in Part
9 69. I don't have it in front of me. I'll have to check
10 that.

11 Q All right. Would you do that and submit the
12 information as Late-filed Exhibit 2?

13 A Sure.

14 Q And that will be the Part 69 cite in support of
15 your statement at page 2 of your rebuttal testimony, lines
16 19 through 22.

17 A Yeah.

18 Q On page 4 of your direct testimony,
19 Mr. Kouroupas --

20 A Yes.

21 Q -- lines 7 through 9, you talk about ISPs as
22 being a large subset of enhanced service providers. Can
23 you identify some ESPs and their services?

24 A Well, I guess, you know, you're meaning other
25 than Internet service providers?

1 Q Yes.

2 A Okay. Off the top of my head, you know, I guess
3 I'm thinking of perhaps some of the alarm services or
4 other -- I'm drawing a blank, but a lot of these have
5 been sort of eclipsed by the Internet, and I'm not even
6 sure are still around. You know, the term "enhanced
7 service providers" came out, I guess, over ten years and
8 was referring to a lot of these new companies that were
9 trying to put applications over the telephone networks,
10 such as messaging and voice mail and alarm services and so
11 forth. That's what I had in mind. I mean essentially the
12 Internet service providers, like I say, is a larger subset;
13 but the term "enhanced service providers" is still used.

14 Q Well, alarm services I think would, are useful.
15 I mean that is a useful point. Do you think of -- Does
16 that trigger anything else?

17 A You know, I'm not sure. With some of these chat
18 lines -- or not chat lines, you know, you dial up your
19 astrology or things like that, you know, maybe those fall
20 in the category of enhanced services.

21 Q All right. Continuing in that same paragraph at
22 lines 10 through 13 --

23 A Yes.

24 Q -- you say that since well before the AT&T
25 divestiture the creation of long distance access charges,

1 such information services have been differentiated from the
2 end to end telecommunication services that may be subject
3 to interstate access service charges. Do you see that?

4 A Yes.

5 Q How have these services been differentiated?

6 A Well, I think along the same lines that they are
7 currently being differentiated, which is that they are
8 perceived as end users and, therefore, eligible to purchase
9 service out of the end user tariffs rather than considered
10 carriers or common carriers and forced into sort of an
11 access regime.

12 Q What authority would you cite for that
13 proposition?

14 A Meaning -- I mean I guess just looking at FCC and
15 state rulings and treatment of information service
16 providers prior to divestiture. Is that what you mean?

17 Q Well, yes. What FCC order, for example, provides
18 this differentiation? Can you give me a specific cite, say
19 one of the earlier FCC orders that may have treated this
20 issue?

21 A Yeah, I think there was a 1983 order, and that
22 may have also been referenced in our complaint. I'm sorry,
23 I'm just perusing the complaint a second to determine if
24 there is a cite in there.

25 Q Sure.

1 A Also, I guess, the, you know, the Florida dockets
2 that we referred to in 1989. Oh, I guess that is not prior
3 to divestiture.

4 Okay, looking at, I guess we didn't include --
5 I guess we didn't include that far back in our complaint;
6 but, you know, some of the research that we did highlighted
7 some cases prior to that. We can provide that to you, I
8 guess.

9 Q Sure. Late-filed Exhibit 3, the authority for
10 the statement on page 4, lines 10 through 13.

11 A related question, I think, on page 10 of your
12 direct testimony --

13 A Yes.

14 Q -- at lines 7 -- well, really eight, seven and
15 eight, you say there that the FCC has treated these
16 entities, meaning ISPs, strictly as end users. What is the
17 authority for that statement?

18 A That, again, would have been the series of -- I
19 mean we can give you I guess in a late-filed exhibit all
20 the specific cites, but that would have been the series of
21 cases that the FCC used to discuss information service
22 providers.

23 Q All right. Then Late-filed Exhibit 3 will
24 include the authority support for the statement on page 10
25 of your direct testimony at lines 7 through 8 concerning

1 the FCC's treatment of ISPs as end users.

2 A Yeah, some of the cites are in the complaint, on
3 page 12 I believe one of the cites is, but we'll put them
4 altogether for you.

5 Q That would be good, thank you.

6 Oh, on page 5 of your direct testimony.

7 MS. KEYER: What page was that, Charlie?

8 MR. PELLEGRINI: Page 5.

9 MS. KEYER: Five, okay.

10 BY MR. PELLEGRINI:

11 Q Lines 1 through 4.

12 A Yes.

13 Q Where you say that BellSouth billed TCG on the
14 basis of total terminating minutes that included ISP
15 traffic. My question is how did you know, or how do you
16 know that ISP traffic was included?

17 A You know, I guess maybe we don't know that for a
18 fact. It's just sort of a basic assumption given the
19 prevalence of Internet service providers and use of their
20 services.

21 Q What has been TCG's billing practice subsequent
22 to the Bush memorandum in BellSouth's discontinuation of
23 payment for ISP terminated traffic? I mean on what basis
24 has TCG been billing BellSouth for local traffic
25 termination?

1 A To the best of my knowledge it's, you know, the
2 same as always, the total number of minutes terminated to
3 TCG with consideration for the PLU factor that BellSouth
4 provides us and then in accordance with the terms and
5 conditions of our interconnection agreement. You know,
6 beyond that sort of superficial knowledge I'm not aware of,
7 you know, any of the specifics. You know, do we send the
8 bill out every month on the 10th? You know, I'm not sure.

9 Q No, I don't mean that.

10 And are you familiar with the way in which
11 BellSouth makes payment?

12 A It's my understanding that on what we consider to
13 be an arbitrary basis--they are withholding 50% of payment
14 to us and just paying 50% of the billed amount.

15 Q Are you certain of that, or you're speculating?

16 A No, I'm fairly certain on that.

17 Q All right. There is no way though at least
18 presently to determine precisely the number of terminating
19 minutes related to ISP traffic termination; is that
20 correct?

21 A Not without undergoing, you know, fairly
22 extensive study of the traffic.

23 Q Have you had at any time conversations with
24 BellSouth over this problem, at least beginning with the
25 Bush memorandum?

1 A You mean attempted negotiations to resolve it?

2 Q Yeah.

3 A I believe there were some discussions between the
4 companies in an attempt to resolve it, again, pursuant to
5 the -- somewhat pursuant to the terms of our
6 interconnection agreement; but, you know, it's readily
7 apparent that there was going to be no settlement. You
8 know, there were sort of two diametrically opposed
9 positions.

10 Q There was no giving of the positions and hence
11 the complaint, I guess, huh?

12 A That's correct.

13 Q Okay. On page 7 of your direct testimony, lines
14 9 through 12, there you state that during negotiations with
15 TCG and prior to approval of the interconnection agreement
16 by the Commission BellSouth had available to it the facts
17 which would have indicated that some portion of TCG's and
18 BellSouth's local traffic involved calls to ISPs. Do you
19 see that?

20 A Yes, I do.

21 Q What facts specifically are you referring to
22 here?

23 A I think, again, as I stated before, the
24 prevalence of Internet service providers, the reports --
25 you know, the press reports of their growth and the

1 Internet phenomenon and so forth. You have to remember
2 that during the interconnection negotiations, you know, one
3 of the things that you do when you are trying to establish
4 these interconnection arrangements is you think to
5 yourself, you know, what are all of the various types of
6 traffic we'll be exchanging? And you say, okay, there is
7 direct dial seven-digit calls. There's, you know,
8 interLATA toll calls. There's eight hundred calls.
9 There's collect calls. You know, there are operator
10 assisted calls. You know, you run through and through all
11 the lists; and of course, most of us knew as well that
12 there were calls to Internet service providers because
13 BellSouth had Internet service providers on its network.
14 BellSouth was aware of American On Line and other such
15 services. We were in the same situation, you know, so we
16 both understood that calls were going to be placed to
17 Internet service providers; but again, because the
18 assumption that these calls were just like any other local
19 telephone calls, ~~no accounting for them was made separately~~
20 in the interconnection agreement and no attempt to
21 distinguish them was made.

22 Q When was the interconnection agreement under
23 state law executed?

24 A I believe December of '95.

25 Q Between that time, December '95 and the start of

1 negotiations under the federal act, I gather that Teleport
2 and BellSouth were exchanging -- what do I want to say? --
3 were exchanging data related to termination of ISP traffic?

4 A Well, we were exchanging traffic and, you know,
5 rendering bills. I don't believe at any time we've ever
6 exchanged any data specifically relating to Internet
7 traffic though.

8 Q Well, all right. In that period of time then,
9 did any concern -- did anyone express any concern over the
10 billings for ISP traffic?

11 A No, not that I'm aware of. You know, the first
12 that we became aware of BellSouth's view on the matter was
13 the Bush memorandum which, of course, you know, followed by
14 a few months' notice from various other RBOCs of this same
15 position.

16 Q Would you be familiar with whether or not that
17 that kind of traffic was out of balance in favor of TCG in
18 that period of time?

19 A I'm not familiar exactly with that, no. And
20 again, though, the -- our interconnection agreement with
21 BellSouth, of course, has a mechanism in it that caps the
22 lack of balance that may occur in the exchange of traffic.

23 Q All right. I want to refer you now to your
24 testimony related to Part 69, page 8, I think, of your
25 direct testimony.

1 A Yes.

2 Q There you talk about three types of interstate
3 access charges. Yeah. Could you identify those and
4 explain each one of them for me, please?

5 A It's been a little while, but I believe the end
6 user charges --

7 Q To whom do they apply?

8 A The end users are -- I was just going to say the
9 fiber line charge, the 3.50 that you see on your phone bill
10 every month. The carrier's carrier charges, of course, are
11 your traditional switched and special access charges paid
12 by the interexchange carriers; and then the special access
13 surcharge, as I say in the testimony, applies to the -- you
14 know, some equipment connected to, you know, sort of like
15 your leaky PBX charges and so forth.

16 Q Can you cite specifically to where in Part 69
17 these charges are set forth?

18 A There is the one cite in the testimony, 69.115,
19 which refers to the special access surcharge.

20 Q Yes.

21 A Off the top of my head, I don't have the other
22 two cites. We'll have to provide that to you.

23 Q Okay. Let's call that another exhibit. It would
24 be Late-filed Exhibit 4, Part 69 cites for end user charges
25 and carrier's carrier charge.

1 On page 11 of your direct testimony, that's where
2 you discuss the conversion of traffic from circuit switch
3 to data packets --

4 A Yes.

5 Q -- using TCP/IP, and there you state that the
6 traffic is never again recognizable as an ordinary analog
7 or digital circuit switch message, right?

8 A Yes.

9 Q What about instances such as Internet telephony
10 where the signal is transmitted to another computer or even
11 phone to phone, is there any conversion of signal in those
12 cases?

13 A To be honest with you, I'm not sure what is
14 involved in the technology of Internet telephony; and
15 frankly, you know, I don't think that is what we are
16 talking about in this proceeding either.

17 Q Is there some way to distinguish data from voice
18 traffic?

19 A Once you are into the TCP/IP protocol you mean?

20 Q Yes.

21 A You are testing the limits of my knowledge. I'm
22 really not quite sure. I mean I can't say one way or the
23 other with definitiveness.

24 Q What about before the protocol conversion, am I
25 still on your limits?

1 A You know, can you ever tell the difference
2 between a fax and a voice conversation? I don't think so.

3 Q Okay. On page 14 of your direct testimony, you
4 suggest there that to distinguish such calls would be
5 feasible only with a major change in the status of ISPs.
6 Can you explain to me what you mean there?

7 A Well, unless you are going to put ISPs on some
8 sort of separate arrangement, the effort required to
9 separate out their traffic is considerable because you have
10 to undertake a study of all your traffic to determine which
11 calls went to ISPs and which calls did not. But if you put
12 them on a separate arrangement, then you can track it much
13 easier; but, of course, to do so would require a change in
14 the status of the ISPs.

15 Q Would that change the way in which ISPs would
16 purchase services?

17 A It could very well.

18 Q Would they no longer be able to purchase local
19 services out of tariffs?

20 A Yeah, I mean for instance, you know, if you took
21 BellSouth's suggestion and put the ISPs under the access
22 charge regime, then they would be purchasing feature group
23 arrangements, like the interexchange carriers, and you
24 could pretty easily determine, you know, their traffic
25 because you are routing it to these feature groups and so

1 forth. But, of course, putting them under that, you know,
2 in all likelihood would probably preclude them from
3 continuing to buy end user services.

4 Q Do you have some notion, some particular notion
5 of what kind of system would be needed to track ISP and
6 other enhanced service provider traffic so that minutes
7 could be separated out?

8 A Again, I'm unaware of one, and the RBOCs seem to
9 be at as much of a loss considering they are requesting
10 that we undertake the study to determine -- you know, in
11 some of the other correspondence that we have had with
12 other phone companies, they have asked if we would identify
13 the traffic directed to Internet service providers versus
14 traffic directed to other end users, you know, which
15 suggests that they are unable to do so. But, no, I'm not
16 aware of what specifically would be required.

17 Q Okay. On page 14, you talk about CPNI?

18 A Yes.

19 Q Can you explain to me how CPNI works and how it
20 is relevant to the present dispute?

21 A Well, to the extent that you have to look into
22 the billing records of particular customers in order to
23 determine the volume of traffic to ISPs, then, you know, I
24 think we need to check with the CPNI rules to see whether
25 or not, in fact, we can examine those billing records for

1 that purpose. That's all I was hinting at there.

2 Q And I gather you fear that you would run into a
3 problem in accessing CPNI for this purpose?

4 A You may very well. You know, we haven't examined
5 it to the point where we have reached a conclusion, but it
6 certainly is a consideration.

7 Q I see. On page 17, you talk there about interest
8 payments that you believe TCG is entitled to. Do you see
9 that?

10 A Yes.

11 Q Okay. Is that somehow provided for in the
12 agreement with BellSouth? I, frankly, couldn't find
13 anything.

14 A Yeah, it -- Without a, you know, complete
15 review of it, I can't say off -- I can't point you off the
16 top of my head to a provision in the agreement; but, you
17 know, by the same token, I guess, nor is there a provision
18 in the agreement which allows BellSouth to unilaterally
19 reinterpret.

20 Q I'm sorry, to what?

21 A Unilaterally reinterpret it.

22 Q What, to exclude the payment of interest you
23 mean?

24 A No, to exclude Internet traffic and withhold
25 payment for Internet traffic.

1 Q Oh, I know, but I'm just -- I'm looking for the
2 authority that would support interest payments.

3 A No, I think that's probably more of a common law
4 right as opposed to a specific contractual right in the
5 agreement.

6 Q All right. On page 4 of your rebuttal testimony,
7 lines 5 and 6, you make the claim there that BellSouth has
8 fabricated an estimate of the amount of traffic that
9 terminates to ISPs?

10 A Yes.

11 Q How do you support that claim?

12 A Well, I think as BellSouth themselves admitted,
13 they have no real means of determining the volumes of
14 traffic that are from Internet service providers; and so,
15 you know, in the absence of that ability, the estimates
16 that they've -- you know, like I said, they are arbitrarily
17 withholding 50% of our payment or the payment due us, and
18 given their statements that they are unable to really
19 determine the true volume of traffic, you know, that says
20 to us that it's a, you know, arbitrary and unilateral
21 action on their part, and it's a fabrication of results.

22 Q And it's in that sense that it violates the
23 agreement; is that what you're saying?

24 A Yes, and also I believe in some of the
25 discussions that our company has had, you know,

1 subsequently -- subsequent to receiving the Bush memorandum
2 as we call it, you know, BellSouth when asked was not able
3 to, refused to or whatever, provide any basis for the
4 reason why they were withholding 50% of the payments. So
5 based on all of those factors, you know, we have to
6 conclude that they made it up.

7 Q Have you asked BellSouth to rationalize the 50%
8 withholding?

9 A I believe in the negotiations subsequent to
10 receiving the Bush memorandum to try and resolve the
11 matter, yes we did ask them, you know, where did this 50%
12 figure come from, and they did not provide an answer.
13 That's my understanding of what transpired.

14 Q Okay. Can you, Mr. Kouroupas, supply a bill
15 which shows the 50% withholding, bill or bills?

16 A I mean I guess we could supply copies of bills
17 and maybe copies of checks or, you know, payment receipts
18 from BellSouth.

19 Q Well, what I would like here essentially is
20 record evidence of the 50% withholding.

21 A I can look in to see -- I will see what we can
22 put together. I mean, like I said, I can provide copies of
23 bills, and I can provide copies of payments, and hopefully
24 we can match the two up to show the differential.

25 Q Yeah, I would leave it up to you so long as you

1 understand essentially what I'm trying to, where I'm trying
2 to go with this.

3 A Okay.

4 Q That would be Late-filed Exhibit 5, support for
5 BellSouth's 50% withholding of payment.

6 Earlier you said that you were present in the,
7 during the negotiations when reciprocal compensation was
8 discussed.

9 A Yes.

10 Q And I think you also said that never in that, in
11 the course of those negotiations was this the subject of --
12 how to treat ISP traffic on the table; is that correct?

13 A That's correct.

14 Q It was never mentioned at all?

15 A Separate treatment of ISP traffic was not
16 mentioned, no.

17 Q Was ISP traffic specifically mentioned in any
18 fashion at all?

19 A To be honest with you, I do have a vague
20 recollection of sort of some lunch-time conversations, not
21 specifically in the heat of negotiations about, you know,
22 what TCG is doing because we were just getting our network
23 started up in south Florida and what some of the other
24 carriers were doing, and a reference was made to some of
25 the other carriers and their service to Internet service

1 providers and how that's a major component of their
2 business; but beyond that sort of just anecdotal, you know,
3 like I said, lunch-time discussions, that was about it.

4 Q Doesn't that seem strange to you? I mean
5 considering the significance of ISP traffic even then, let
6 alone today, that it would not have been specifically and
7 directly in the minds of both parties during these
8 negotiations?

9 A Well, as I say, I think the reason that there was
10 no specific negotiation on ISP traffic was because the
11 conventional wisdom and the assumption of both parties
12 entering into the agreement was that this traffic to ISP
13 providers would be treated as local; and so, you know, we
14 had a meeting of the minds between the parties that such
15 traffic was local for purposes of reciprocal compensation.
16 There was no reason to discuss any other treatment for it.

17 Q But I mean there had been a running debate for
18 some 11 or 12 or maybe more years about the nature of this
19 traffic that had not yet been resolved at the time of -- it
20 hasn't been resolved yet. Well, if BellSouth wins this
21 argument, what are the consequences in your opinion?

22 A Well, there are financial consequences to TCG,
23 obviously. There is perhaps a broader and more insidious
24 consequence to the Internet service provider community.
25 You know, BellSouth has its own Internet service that it

1 markets to its customers in competition with these other
2 Internet service providers; and if the Commission were to
3 determine that, you know, in fact, BellSouth is correct and
4 no payment is due TCG or other ALECs for the exchange of
5 this traffic, you know, you have to look at the situation
6 we face. When the ALECs sell service to an ISP, we price
7 the service to the ISP to recover the cost of serving that
8 ISP, and that's sort of on the end user's side of the
9 network. On the other side, though, the traffic that
10 BellSouth sends to us to terminate to the ISP is another
11 cost that we expected to be able to recover from BellSouth
12 for, you know, terminating traffic to us; and if we lose
13 the ability to recover that cost component from BellSouth
14 or other ILECs or ALECs, then we are going to have to look
15 back to the Internet service provider to recover those
16 costs; and that means we are going to have to raise the
17 prices of the services that we provide the Internet service
18 providers, which raises the -- their cost. The Internet
19 service provider's cost increases. Meanwhile, BellSouth is
20 sitting there with their own Internet service without all
21 those, you know, costs and escalating costs and then
22 becomes the low cost provider in the marketplace. That's
23 one potential consequence that I see.

24 Q Are you presently aware of the lack of balance or
25 balance in the exchange of ISP traffic termination between

1 TCG and BellSouth?

2 A In terms of specifically ISP traffic, you know,
3 I'm unaware of what the volumes or characteristics are. In
4 terms of, you know, the overall traffic balance between
5 BellSouth and TCG, again, I'm not sure of the specifics of
6 that; but the agreement between TCG and BellSouth has a
7 provision in it which, you know, insulates both companies
8 from the imbalance of traffic.

9 Q That is the 105% cap, right?

10 A That's correct.

11 Q Okay.

12 MR. PELLEGRINI: Thank you, Mr. Kouroupas.

13 That's all the questions I have for you.

14 WITNESS KOUROUPAS: Well, thank you.

15 MS. KEYER: Mr. Kouroupas -- Do you want me to
16 go now, Charlie?

17 MR. PELLEGRINI: I think it would be appropriate,
18 Mary, yes.

19 MS. KEYER: Okay. Mary Keyer. I do have some
20 questions for you.

21 MR. PELLEGRINI: Could you come a bit closer to
22 the phone? You're not coming through very loudly.

23 MS. KEYER: Okay. Is that better?

24 MR. PELLEGRINI: That's much better.

25

EXAMINATION

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BY MS. KEYER:

Q Mr. Kouroupas, would you agree that an end user using the Internet does not talk with anyone at that ISP location, do they?

A You mean have a conversation with them?

Q Right, or a communication with them.

A I guess I -- Would I agree? I guess I would agree.

Q Does the ISP get service under a tariff?

A Yes. You know, does an ISP purchase service pursuant to tariff from an ALEC or an incumbent?

Q Right, from applicable tariffs.

A Yes.

Q Isn't it true that the FCC exempted the ISPs from access charges?

A Well, I think as I explained in my testimony it's not entirely clear that that's an exemption, nor is it entirely clear, you know, who that exemption applies to.

Q Now what do you mean by that?

A Well, if you're suggesting that Internet service providers are exempt from paying access charges, that could mean -- you know, that could mean that when an ISP purchases service from a local exchange carrier they do not have to pay access charges. You know, I'm not sure that

1 necessarily means that a local exchange carrier who
2 transports Internet service traffic necessarily is entitled
3 to that same so-called exemption. You know, does the
4 exemption apply to the provider or to the carrier?

5 Q What is your opinion on that?

6 A I haven't drawn a conclusion on that. It's just
7 a relevant question though.

8 Q But you would agree that the ISPs do not have to
9 pay access charges and are exempt from doing that?

10 A That's correct, they are entitled to purchase end
11 user services.

12 Q The prior agreements that you refer to, I think
13 in 1995, those didn't -- did those deal with ISP traffic at
14 all?

15 A No, they did not.

16 Q Do you know how much of TCG's traffic is ISP
17 traffic?

18 A No, I'm not aware of that statistic.

19 Q TCG has never done any type of study or tried to
20 determine what the amount of its traffic is, or its ISP
21 traffic?

22 A Yeah, I'm not aware of a study that we have
23 undertaken for that purpose.

24 Q Do you have any idea if you were to just make a
25 guesstimate or an estimate of what your traffic is, your

1 ISP traffic, how much that would be?

2 A I couldn't hazard a guess. We are in a rapid
3 growth phase and, you know, I just don't know the
4 characteristics of our customer base at this point, you
5 know.

6 Q Would you agree that the majority of your traffic
7 would be ISP traffic?

8 A No, I would not agree that -- You know, no, I
9 would not agree to that. You know, we have some very large
10 business customers, you know, Fortune 500 companies with
11 thousands of access lines and, you know, very large bills;
12 so I can't say that these -- you know, the Internet traffic
13 has overtaken that.

14 Q So you don't have any idea about what your ISP
15 traffic has been in 1995, '96, '97 or '98?

16 A No, I cannot, or I do not know.

17 Q Would you agree that the -- you talked about the
18 circuit switching and packet switching. Would you agree
19 that the content of the information is not altered?

20 A The -- Well, I'm not quite sure what you mean
21 by that. You know, when I'm on my computer and I dial up
22 the Internet -- What do you mean by the content of the
23 information is not altered I guess is my question to you
24 for clarification?

25 Q Well, I think you made the -- when you were being

1 questioned about it changing, you said that there was a
2 change from the packet switching to circuit switching; is
3 that right?

4 A Oh, okay, from circuit switch to packet switch,
5 yes.

6 Q Okay. And would you agree that -- What was the
7 purpose of your making that distinction?

8 A To highlight the notion that there is a local
9 circuit switch based telephone call being made to the ISP,
10 and then after that call terminates, there is another
11 enhanced service aspect to it which is going on.

12 Q But the content itself, the information itself,
13 the content of that information is not altered during that,
14 is it?

15 A I can't say for certain, but I don't believe so.

16 Q Could TCG provide information which identifies
17 their ISP traffic? I think you said they could.

18 A It would require a fairly extensive study to do
19 so.

20 Q And what would it require, when you say an
21 extensive study?

22 A We'd have to determine, you know, which telephone
23 numbers the ISPs are utilizing, and then I'm not -- You
24 know, and then from that you have to try -- I'm not even
25 sure if you can. In fact, some of the information may be

1 in BellSouth's possession of, you know, how many minutes
2 are going to each telephone number. I'm not sure that's a
3 common method of tracking traffic. I mean usually you do
4 that over -- Well, I'm not sure how common a method that
5 is of tracking telephone numbers and how many minutes are
6 going to each telephone number, but I mean that's the
7 understanding that I have of the effort involved in
8 tracking that.

9 Q So you would have to determine what the telephone
10 numbers were and then look at their traffic pattern or find
11 out the minutes?

12 A Yes. Well, that part of it, as I understand it,
13 it's not -- you know, normally like on the trunk group
14 between BellSouth and TCG there is sort of a readily -- a
15 ready mechanism measuring that pipe because this is more
16 dispersed and you are talking about, you know, potentially
17 numerous different entities that you are trying to track
18 traffic to, the methods of doing so are more sophisticated
19 and not readily installed so you have to sort of figure out
20 the way to do it and then undertake the study. Now exactly
21 the details of it, I'm not sure. I'm not a traffic
22 engineer.

23 Q Okay. And I take it TCG has not provided
24 BellSouth any information regarding the amount of ISP
25 traffic you have?

1 A No. No, we -- I don't believe we're -- you
2 know, either company is exchanging information about our
3 customer characteristics.

4 Q Now when you said BellSouth was withholding 50%
5 of the billing from TCG or 50% of the payment on that --

6 A Yes.

7 Q -- you said you didn't really know but that was
8 your understanding; is that right?

9 A Yes, to the best of my knowledge, that's the
10 situation.

11 Q And you don't know whether BellSouth has provided
12 TCG with an explanation as to how they arrived at the 50%
13 figure if that's the case?

14 A It was my understanding that no explanation was
15 provided.

16 Q But that wasn't given to you personally?

17 A No.

18 Q Did the FCC docket, 96149, which dealt with the
19 issue of separate subsidiary requirements for interLATA
20 information services, did that in any way deal with the
21 jurisdictional classification of calls and reciprocal
22 compensation?

23 A I'm not sure it was specifically on point on that
24 issue. I presume you're referring to page 12 of my
25 testimony.

1 Q I believe it was page 9, actually, of your
2 rebuttal testimony. It may be page 12 of your direct.

3 A Okay, I'm sorry, let me just look there a
4 second.

5 Q Lines 23 to 25.

6 A Yeah, you're right, I don't believe the issue of
7 reciprocal compensation was, you know, on point in that
8 proceeding.

9 Q Have you read that order in that docket?

10 A Sometime ago, yes. I reviewed it.

11 Q Okay. Would you agree that the ISP traffic is
12 predominantly interstate traffic?

13 A No, I would not agree to that statement.

14 Q Well, isn't very little of the traffic that is
15 originated by the home exchange terminated within that
16 exchange, that folks using the Internet? Isn't very little
17 of that traffic -- Doesn't the majority of that traffic
18 go interstate?

19 A I have no knowledge of, you know, what percentage
20 of traffic is interstate, local, you know, intrastate,
21 international, intergalactic, I don't know. You know, I
22 have heard that some ISPs have local databases. I have
23 heard that some ISPs, you know, replicate databases for
24 short periods of time. You know, I just don't know.

25 Q But based on your knowledge and experience in

1 this area, you don't have -- you cannot say that a majority
2 of that Internet traffic is interstate?

3 A No, and to be honest with you, I don't have a
4 great deal of knowledge about Internet service providers or
5 how they operate and the equipment that they use and the
6 databases that they have.

7 Q The calls that go to the ISPs can, in fact, go
8 anywhere in the world though, can't they?

9 A A call to an ISP goes to where the ISP is. Now
10 the information that the consumer seeks over the Internet
11 could be located anywhere in the world, yes. You know,
12 what if they dial up the Internet and, you know, check out
13 their local library? You know, that could be a local
14 database.

15 Q Right, but is it your contention that the
16 majority of traffic does reach most computers within the
17 local exchange? You wouldn't say that, would you?

18 A The only thing I know for certain is that the
19 circuit switch calls, the local calls, or the calls that
20 are placed by end user customers to their Internet service
21 provider are predominantly local, you know, so as to
22 provide toll charges and metering on that. Beyond, you
23 know, where these databases are and where the information
24 is retrieved from, I couldn't speculate as to what
25 percentage is local, you know, intrastate or interstate or

1 international.

2 Q Right, and the call doesn't stop there. I mean
3 it goes on to access one of these databases somewhere?

4 A No, I believe, as I stated in my testimony, that
5 there is a termination of the call at the Internet service
6 provider's equipment. Again, you know, going back to what
7 I said initially about, you know, that's where answer
8 supervision and the billing mechanisms and the recording
9 mechanisms in the switch are triggered, you know, which
10 usually trigger on termination and then that there is the
11 conversion of the circuit switch call to the packet switch
12 call and so forth, I would not say that the call just
13 passes right through.

14 Q What is your primary argument that the ISP
15 traffic is local and not interstate?

16 A The primary argument is if you look at our
17 interconnection agreement it states that local calls are
18 those calls which originate and terminate within the LATA
19 and are billed by the carrier as a local call, and in our
20 mind Internet traffic, you know, traffic destined to
21 Internet service providers falls squarely within that.
22 Furthermore, the lack of any mechanism within the
23 interconnection agreement to separately account for traffic
24 just for Internet service providers, further indicates that
25 neither party had an intention upon entering this agreement

1 that such traffic would be treated as anything other than
2 local. You know, from our perspective the contract is the
3 governing document here and, frankly, the only document we
4 need to look at to resolve this dispute.

5 Q And Mr. Kouroupas, would you agree that if
6 BellSouth didn't address the ISP issue because BellSouth
7 understood it to be interstate based on the FCC's taking
8 jurisdiction and exempting it from access charges and TCG
9 didn't address it because TCG was operating under an
10 assumption that it was local traffic, would you not agree
11 then that there was no meeting of the minds.

12 A I can't really accept that because if it was
13 BellSouth's intention to treat this as interstate traffic
14 but exempt from access charges, then you would have had to
15 have a separate accounting mechanism for the traffic like
16 you have for 800 traffic, like you have for interstate
17 traffic, like you have for interLATA toll traffic. The
18 fact that BellSouth did not discuss any separate accounting
19 mechanism for this traffic indicates to me that that is not
20 what they intended because BellSouth, if nothing else, is
21 very good at, you know, counting all the pennies and
22 accounting for all the money.

23 Q Okay. Let me ask you, do you claim that these
24 are two separate services, that the traffic to ISP is two
25 separate services?

1 A I believe, yes, there is a local call involved.
2 You know, again, just as the FCC stated, there is a local
3 call from the customer to the ISP, and then there is an
4 enhanced service that the ISP provides.

5 Q And what is your basis for that?

6 A You know, sort of a general understanding of
7 what's going on in the transactions as well as the FCC
8 orders.

9 Q Do you have any cites to FCC orders?

10 A I believe in my testimony we cite their most
11 recent universal service order which specifically discussed
12 this, the two aspects of the call, and I believe I cite
13 that on page 11 -- or the cite is actually on page 12 in
14 footnote 13.

15 Q Let me ask this question, this may be my last
16 one. Is it possible for a call to go through a tandem and
17 receive answer supervision to be forwarded to another LEC,
18 therefore, the call going beyond the point of answer
19 supervision?

20 A It's not a question that I could answer because,
21 you know, at TCG we don't -- you know, we don't have tandem
22 switches like the Bell companies do. You know, our switch
23 is active at both tandems and end offices, and we are not
24 transiting traffic to other LECs in that fashion, so I
25 don't know the answer to that.

1 Q Okay.

2 MS. KEYER: I think that's all I have.

3 WITNESS KOUROUPAS: Thank you.

4 MS. KEYER: Thank you.

5 MR. PELLEGRINI: Are there questions from anyone
6 else on the line? I'm not aware that there is anyone
7 else on the line.

8 MR. BOND: MCI has no questions.

9 MR. PELLEGRINI: Oh, Tom, okay.

10 All right, then, Mr. Kouroupas, could you supply
11 the late-filed exhibits by June 2nd?

12 WITNESS KOUROUPAS: You know, I sort of look at
13 my counsel to nod their heads, and I can't see them
14 nodding no, so I guess we'll say yes.

15 MR. PELLEGRINI: All right. Then I think that
16 does it.

17 (WHEREUPON, THE DEPOSITION WAS CONCLUDED)

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ERRATA SHEET

DOCKET NUMBERS 971478-TP,
980184-TP, 980495-TP, 980499-TP
PAUL KOUROUPAS
MAY 21, 1998

CERTIFICATE OF DEPONENT

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This is to certify that I, PAUL KOUROUPAS, have read the foregoing transcription of my testimony, Page 1 through 53, given on May 21, 1998 in Docket Numbers 971478-TP, 980184-TP, 980495-TP, 980499-TP, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.

PAUL KOUROUPAS

Sworn to and subscribed before me this _____ day of _____, 19_____

NOTARY PUBLIC
State of _____
My Commission Expires:

1 REPORTER'S DEPOSITION CERTIFICATE

2 STATE OF FLORIDA)
3 COUNTY OF LEON)4
5 I, NANCY S. METZKE, Certified Shorthand Reporter
6 and Registered Professional Reporter, certify that I was
7 authorized to and did stenographically report the
8 deposition of PAUL KOUROUPAS; that a review of the
9 transcript was requested; and that the transcript is a true
10 and complete record of my stenographic notes.11
12 I FURTHER CERTIFY that I am not a relative,
13 employee, attorney or counsel of any of the parties, nor am
14 I a relative or employee of any of the parties' attorney or
15 counsel connected with the action, nor am I financially
16 interested in the action.17
18 DATED this 23rd day of May, 1998.19
20
21 
22 NANCY S. METZKE, RPR, CCR
23
24
25

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint of WorldCom Technologies,)
Inc., against BellSouth Telecommunications,)
Inc., for breach of terms of Florida Partial)
Interconnection Agreement under Sections 251)
and 252 of the Telecommunications Act of 1996)
and request for relief.)

Docket No. 971478-TP

In re: Complaint of Teleport Communications)
Group Inc./TCG South Florida for Enforce-)
ment of Section IV.C of its Interconnection)
Agreement with BellSouth Telecommunications,)
Inc. and Request for Relief.)

Docket No. 980184-TP

In re: Complaint of Intermedia Communica-)
tions, Inc. against BellSouth Telecommunica-)
tions, Inc., for breach of terms of Florida)
Partial Interconnection Agreement under)
Sections 251 and 252 of the Telecommuni-)
cations Act of 1996 and request for relief.)

Docket No. 980495-TP

In re: Complaint of MCImetro Access Trans-)
mission Services, Inc., against BellSouth)
Telecommunications, Inc., for breach of terms)
of interconnection agreement under Section 252)
of the Telecommunications Act of 1996 and)
request for relief.)

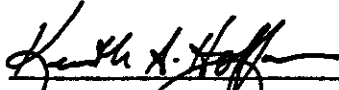
Docket No. 980499-TP

Filed: June 2, 1998

**TELEPORT COMMUNICATIONS GROUP INC./TCG SOUTH FLORIDA'S
NOTICE OF SERVICE OF PAUL KOUROUPAS'
LATE FILED DEPOSITION EXHIBIT NOS. 1-5**

Teleport Communications Group Inc./TCG South Florida, by and through its undersigned counsel, hereby files Notice that it has served Paul Kouroupas' Late-Filed Deposition Exhibit Nos. 1-5 on all parties of record in the manner reflected on the attached Certificate of Service on this same date.

Respectfully submitted,



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CERTIFICATE OF SERVICE

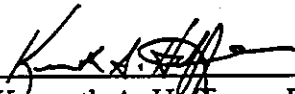
I HEREBY CERTIFY that a copy of Teleport Communications Group Inc./TCG South Florida's Notice of Service of Paul Kourouopas' Late Filed Deposition Exhibit Nos. 1-5 were furnished by hand delivery and federal express (*) to the following this 2nd day of June, 1998:

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Traffic.net

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Late Filed Ex. 1

With reference to the definition of “service termination point” found in the Communications Standard Dictionary (3d. Ed. 1996) cited at page 8 of TCG’s complaint, what are the definitions of the terms “common carrier service” and “user provided service” in that dictionary?

The Communications Standard Dictionary does not define “common carrier service,” or “user provided service.” However, it defines “common carrier” as “An organization that provides telecommunications facilities, services, or classes of service to the public for hire.” (Page 153.)

Late Filed Ex. 2

With reference to Mr. Kouroupas’ direct testimony at page 8 and particularly his rebuttal testimony at page 2, lines 19-22, that the term “exemption” is an inaccurate characterization of the FCC’s decisions on the issue of imposing access charges of ISP traffic, where in the FCC’s Part 69 rules is it stated that the access charges in question apply only to interexchange carriers?

Section 69.2, Definitions, draws the line between “interexchange carriers” and “end users.”

“(m) End User means any customer of an interstate or foreign telecommunications service that is not a carrier except that a carrier other than a telephone company shall be deemed to be an “end user” when such a carrier uses telecommunications services for administrative purposes and a person or entity that offers telecommunications services exclusively as a reseller shall be deemed to be an “end user” if all resale transmission offered by such reseller originate on the premises of such reseller;

(s) Interexchange or the interexchange category includes services or facilities provided as an integral part of interstate or foreign telecommunications that is not described as “access service” for purposes of this part;

(hh) [Effective Jan. 1, 1998.] “Telephone company” or “local exchange carrier” as used in this part means an incumbent local exchange carrier as defined in section 251 (h)(1) of the 1934 Act as amended by the 1996 Act.

Section 69.5, Persons to be assessed, continues this distinction.

(a) End user charges shall be computed and assessed upon end users, and upon providers of public telephones, as defined in this subpart, and as provided in subpart B of this part.

(b) Carrier’s carrier charges shall be computed and assessed upon all interexchange carriers that use local exchange switching facilities for the provision of interstate or foreign telecommunications services.

(c) Special access surcharges shall be assessed upon users of exchange facilities that interconnect these facilities **with means of interstate or foreign telecommunications** to the extent that carrier's carrier charges are not assessed upon such interconnected usage."

In addition, Section 64.702 of the FCC Rules states that "Enhanced services are not regulated under Title II of the [Communications] Act." Enhanced services or information services are thus not "telecommunications services". To understand the history of the FCC's treatment of "enhanced services" one must view the various "Computer Inquiry" proceeding as, as follows:

Computer Inquiry I: Interdependence of Computer and Communications Services and Facilities, Docket No. 16979: *Notice of Inquiry*, 7 FCC 2nd 11 (1966). *Supplemental Notice of Inquiry*, 7 FCC 2nd 19 (1967). *Report and Further Notice of Inquiry*, 17 FCC 2nd 587 (1969). *Tentative Decision*, 28 FCC 2d 291 (1970). *Final Decision*, 28 FCC 2nd 267 (1971). *Reconsideration Denied*, 34 FCC 2d 557 (1972). *Affirmed in Part sub nom GTE Service Corp. v. FCC*, 474 F.2d 724 (2d Cir. 1973). *Decision on Remand*, 40 FCC 2nd 293 (1973).

Computer Inquiry II. Amendment of Section 64.702 of the Commission's Rules and Regulations, Docket No. 20828, *Notice of Inquiry and Proposed Rulemaking*, 61 FCC 2nd 103 (1976). *Supplement Notice of Inquiry and Proposed Rulemaking*, 64 FCC 2nd 771 (1977). *Tentative Decision and Further Notice of Inquiry and Rulemaking*, 72 FCC 2nd 358 (1979). *Final Decision*, 77 FCC 2d 384 (1980). *Modified on Reconsideration*, 84 FCC 2nd 50 (1980). *Modified on Further Reconsideration*, 88 FCC 2nd 512 (1981). *Aff'd sub nom. Computer and Communications Industry Association v. FCC*, 693 F.2d 198 (D.C. Cir. 1982). *Cert. Denied*, 461 U.S. 938 (1983). *Affirmed on Second Further Reconsideration*, 56 Rad. Reg. 2d (P&F) 301 (1984).

Computer Inquiry III, Amendment to Sections 64.702 of the Commission's Rules and Regulations, CC Docket No. 85-229: *Notice of Proposed Rulemaking*, 50 Fed. Reg. 33581 (1985). *Report and Order (Phase I)*, 104 FCC 2nd 958 (1986). *Memorandum Opinion and Order on Reconsideration (Phase I)*, 2 FCC Rcd 3035 (1987). *Report and Order (Phase II)*, 2 FCC Rcd 3072 (1987). *Memorandum Opinion and Order on Further Reconsideration (Phase I)*, 3 FCC Rcd 1135 (1988). *Memorandum Opinion and Order Reconsideration (Phase II)*, 3 FCC Rcd 1150 (1988).

The term "enhanced services" does not appear anywhere in Part 69. The term "exemption" does not appear in part 69 and the term "exempt" applies only to the special access surcharge. The term "information service provider" appears only in section 69.614 (b)(6); and is distinguished from "interexchange carrier" and "end users."

Late Filed Ex. 3

With reference to Mr. Kouroupas' direct testimony at page 4, lines 10-13, provide citations for the proposition that information services have been differentiated from end-to-end telecommunications services that are subject to access charges prior to the 1983 AT&T divestiture.

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Please see the references to the FCC's Computer Inquiry proceedings provided in Late Filed Deposition Ex. 1. Computer Inquiry I was resolved in 1967; Computer Inquiry II in 1981. Both of these dates are before the AT&T divestiture.

Late Filed Ex. (3)(a)

With reference to Mr. Kouroupas' direct testimony at page 8, lines 7-8, provide citations for the proposition that the FCC has treated ISPs strictly as end users.

See responses set forth in Late Filed Deposition Exhibits 2 and 3. In addition, the FCC web site contains the following synopsis:

"Frequently Asked Questions on Internet Services and Access Charges"

Q: Does the FCC regulate the rates charged by Internet Service Providers (ISPs)?

A: No. ISPs are considered "enhanced service providers" under FCC rules. The FCC does not regulate the rates that enhanced service providers charge to their subscribers.

Q: How does the FCC regulate the rates that local telephone companies charge to ISPs?

A: ISPs purchase local phone lines so that customers can call them. Under FCC rules, enhanced service providers ISPs are considered "end users" when they purchase services from local telephone companies. Thus, IPSs pay the same rates as any other business customer, and these rates are set separately in each state. By contrast, long-distance companies are considered "carriers," and they pay interstate access charges regulated by the FCC.

Q: How are access charges different from the rates ISPs pay now?

A: Today, ISPs typically purchase "business lines" from local telephone companies. Business lines usually include a flat monthly charge, and a per minute charge for making outgoing calls...Access charges, by contrast, include per-minute fees for both outgoing and incoming calls. The rate levels of interstate access charges are also in many cases higher than the flat business line rates ISPs pay today.

Q: Have local phone companies requested authority from the FCC to charge per minute rates to ISPs?

A: Since 1983, there has been an ongoing debate about whether enhanced service providers should be required to pay access charges, based on the contention that these companies use local networks in the same manner as long-distance carriers. In June 1996, four local telephone companies (Pacific

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Bell, Bell Atlantic, US West, and Nynex) submitted studies to the FCC concerning the effects of Internet usage on these carriers' networks. The companies argued that the existing rate structure did not reflect the costs imposed on local telephone companies to support Internet access, and that Internet usage was causing congestion in part of the local network. In connection with these studies and other pleadings, several local phone companies have asked the FCC for authority to charge interstate access charges to ISPs, although they have not filed a formal petition for rulemaking.

Q: Does the FCC currently have an ongoing proceeding on Internet and interstate information services?

A: The FCC issued a Notice of Inquiry (NOI) in December 1996, at the same time as it asked for comment on whether ISPs should be subject to access charges. The NOI asked generally about how to create incentives for companies to make the most efficient use of the telephone network for Internet and other information services. The comment period for the NOI is closed, but the FCC has stated that it plans to issue a Notice of Proposed Rulemaking (NPRM) asking for comment on more ~~specific proposals based on the responses to the NOI. The NPRM will consider actions other than~~ imposition of per-minute access charges on ISPS."

Source: Access Reform page on the FCC Web site at <http://www.fcc.gov/isp.html> (January 7, 1998).

Late Filed Ex. 4

Provide the Part 69 cites for end user charges and carrier's carrier charges.

See: 47 C.F.R. Part 69.4(a) regarding end user charges and 47 C.F.R. Part 69(4)(b), (c) and (e) regarding carrier's carrier charges.

Late Filed Ex. 5

~~Provide record evidence (copies of bills and payments) documenting BellSouth's withholding of 50% of payments due.~~

TCG's invoices to BellSouth from November 1996 are attached. The total billed by TCG to BellSouth is \$5,950,998.90. The total remitted by BellSouth to TCG since November 1996 is \$1,911,219.20.

Traffic\exhibits

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Account Group	Account Provider	---Invoice--- Number Date	Original Amount	Current Amount	Finance Charges	-----Due----- Current	-----Past Due----- 30 60 90	Total Due
INXN	BELLSO 0313	1112081 11/01/96	41992.05	0.00	2173.70		2173.70	
	1: FINANCE CHARGE	12/19/96	62.10					
	2: FINANCE CHARGE	01/22/97	703.87					
	3: FINANCE CHARGE	02/28/97	765.97					
	4: FINANCE CHARGE	03/31/97	641.76					
	5: CASH RECEIPT	06/30/97	41992.05-					
INXN	BELLSO 0313	1118174 12/01/96	21036.09	0.00	777.79		777.79	
	1: FINANCE CHARGE	01/22/97	72.59					
	2: FINANCE CHARGE	02/28/97	383.71					
	3: FINANCE CHARGE	03/31/97	321.49					
	4: CASH RECEIPT	06/30/97	21036.09-					
INXN	BELLSO 0313	1124547 01/01/97	79890.39	0.00	1732.97		1732.97	
	1: FINANCE CHARGE	02/28/97	512.01					
	2: FINANCE CHARGE	03/31/97	1220.96					
	3: CASH RECEIPT	06/30/97	79890.39-					
INXN	BELLSO 0313	1145501 04/01/97	202665.58	48030.53	5122.03		53152.56	
	1: FINANCE CHARGE	05/31/97	1498.71					
	2: CASH RECEIPT	06/30/97	154605.47-					
	3: FINANCE CHARGE	06/30/97	710.80					
	4: LOCKBOX TRANSACTION	07/10/97	29.58-					
	5: FINANCE CHARGE	07/31/97	734.05					
	6: FINANCE CHARGE	08/31/97	734.05					
	7: FINANCE CHARGE	09/30/97	710.37					
	8: FINANCE CHARGE	10/31/97	734.05					
INXN	BELLSO 0313	1161302 06/01/97	824834.45	412417.22	6099.65		418516.87	
	1: FINANCE CHARGE	07/31/97	6099.65					
	2: LOCKBOX TRANSACTION	10/10/97	412417.23-					
INXN	BELLSO 0313	1169765 07/01/97	223478.95	111739.47	6775.76		118515.23	
	1: FINANCE CHARGE	08/31/97	1762.80					
	2: FINANCE CHARGE	09/30/97	3305.25					
	3: LOCKBOX TRANSACTION	10/10/97	111739.48-					
	4: FINANCE CHARGE	10/31/97	1707.71					
INXN	BELLSO 0313	1178822 08/01/97	289071.85	144535.92	6555.56		151091.48	
	1: FINANCE CHARGE	09/30/97	2137.68					
	2: FINANCE CHARGE	10/31/97	4417.88					
	3: LOCKBOX TRANSACTION	11/10/97	144535.93-					
INXN	BELLSO 0313	1188205 09/01/97	325064.65	154958.62	2403.85		157362.47	
	1: FINANCE CHARGE	10/31/97	2403.85					
	2: LOCKBOX TRANSACTION	11/20/97	170106.03-					
INXN	BELLSO 0313	1198450 10/01/97	340212.06	177679.73	0.00		177679.73	
	1: LOCKBOX TRANSACTION	11/20/97	162532.33-					
INXN	BELLSO 0313	1209284 11/01/97	455624.85	227812.42	0.00		227812.42	
	1: MISAPPLIED CREDIT	02/27/98	227812.43-					
INXN	BELLSO 0313	1220719 12/01/97	401473.35	202106.51	0.00		202106.51	
	1: LOCKBOX TRANSACTION	01/13/98	227812.43-					
	2: FINANCE CHARGE	01/31/98	1369.83					
	3: LOCKBOX TRANSACTION	02/26/98	173660.92-					
	4: LOCKBOX TRANSACTION	02/26/98	1369.83-					
	5: MISAPPLIED DEBIT	02/27/98	227812.43					
	6: UNAPPLIED CASH	02/27/98	25705.92-					
INXN	BELLSO 0313	1242392 01/01/98	421782.08	210891.04	0.00		210891.04	

Begin Date: 01/01/85 End Date: 05/29/98

ACCOUNTS RECEIVABLE BY ACCOUNT GROUP-ACCOUNT Begin Account Group: INXN - BELLSO End Account Group: INXN - BELLSO
 (Payments/Cash Adjustments Included) Invoices: ALL

Account	---Invoice---	Original	Current	Finance	----	-----	-----	-----	Total
Group	Account Provider Number Date	Amount	Amount	Charges	Due	Current	30	60	90
									Due
1: LOCKBOX TRANSACTION	02/19/98	210891.04-							
INXN BELLSO 0313	1262321 02/01/98	455870.45	455870.45	0.00					455870.45
INXN BELLSO 0313	1278998 03/01/98	1116641.08	1100463.51	0.00			1100463.51		
1: CREDIT MEMO	04/30/98	16177.57-							
INXN BELLSO 0313	1296246 04/01/98	681587.21	681587.21	0.00		681587.21			
INXN BELLSO 0313	1314262 05/01/98	85951.79	85951.79	0.00	85951.79				
INXN BELLSO 0313	9802260*02/26/98	25705.92-	0.00	0.00					
1: TC UNAPPLIED CASH	02/26/98	25705.92							
2: BALANCE FR UNAPPLIED CASH	02/27/98	25705.92-							
INXN BELLSO	Account Totals		4014044.42	31641.31	85951.79	681587.21	1100463.51	2177683.22	4045685.73
INXN	Account Group TOTALS.....		4014044.42	31641.31	85951.79	681587.21	1100463.51	2177683.22	4045685.73

16 invoices reported. 31,641.31 681,587.21 2,177,683.22
 4,014,044.42 85,951.79 1,100,463.51 4,045,685.73
 1 unapplied reported. Invoices with an asterick(*) are unapplied cash.
 Unapplied cash aging period determined by receipt date.

Invoice

CUSTOMER COPY

ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 11/01/96
INVOICE NUMBER: 1112081
PAYMENT DUE: \$ 41,992.05
PAYMENT DUE BY: 11/30/96

BELLSOUTH ACCESS BILL VERIFICATION
15TH FL
600 N 19TH ST
BIRMINGHAM, AL 35203

ATTENTION: LINDA RILEY

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, N.J. 07193-0226

PREVIOUS BALANCE	\$	0.00
PAYMENTS RECEIVED THROUGH 10/23/96	\$	0.00
TOTAL PAST DUE	\$	0.00
CURRENT CHARGES	\$	41,992.05
TOTAL AMOUNT DUE	\$	41,992.05

FOR BILLING INQUIRIES CALL: (800) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 11/01/96

INVOICE NUMBER: 1112081

PAYMENT DUE: \$ 41,992.05

PAYMENT DUE BY: 11/30/96

AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, N.J. 07193-0226

BELLSOUTH ACCESS BILL VERIFICATION
15TH FL
600 N 19TH ST
BIRMINGHAM, AL 35203

ATTENTION: LINDA RILEY

PREVIOUS BALANCE	\$	0.00
PAYMENTS RECEIVED THROUGH 10/23/96	\$	0.00
TOTAL PAST DUE	\$	0.00
CURRENT CHARGES	\$	41,992.05
TOTAL AMOUNT DUE	\$	41,992.05

FOR BILLING INQUIRIES CALL: (800) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice Summary

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN -BELLSO
 INVOICE DATE: 11/01/96
 INVOICE NUMBER: 1112081

REFERENCE PAGES	PRODUCT GROUP METRO AREA	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
ENHANCED SWITCHED SERVICES						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA	\$ 41,941.26				\$ 41,941.26
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 50.79	\$ 50.79
	SUBTOTAL ENHANCED SWITCHED SERVICES	\$ 41,941.26	\$ 0.00	\$ 0.00	\$ 50.79	\$ 41,992.05
0003-0005	TOTAL CURRENT CHARGES	\$ 41,941.26	\$ 0.00	\$ 0.00	\$ 50.79	\$ 41,992.05

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by Teleport Communications Group Inc.

Enhanced Switched Services

DETAIL OF NEW ACTIVITY

COMPANY: BELL SOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER: INXN - BELL SO
INVOICE DATE: 11/01/96
INVOICE NUMBER: 1112081

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

LOCATION PORT NUMBER	CUSTOMER ORDER NO.	ORDER NO.	SERVICE TYPE	ASSOCIATED RECURRING	NON-RECURRING AMOUNT
990 NE 125TH ST					
999-0001		618624	TRUNK SIDE SERVICE-FIRST TRUNK		5,490.00
999-0001		618624	TRUNK SIDE SERVICE-ADOL TRUNK		36,294.00
999-0001		618624	ORDER MODIFICATION CHARGE		157.26
SUBTOTAL NEW ACTIVITY FOR LOCATION 990 NE 125TH ST					\$ 41,941.26
TOTAL NEW ACTIVITY FOR SWITCHED SERVICES - SOUTH FLORIDA ENHANCED SWITCHED SERVICES					\$ 1,204.21

Enhanced Switched Services

PRODUCT SUMMARY

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 11/01/96
INVOICE NUMBER: 1112081

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE		CURRENT CHARGES
NEW ACTIVITY		\$ 41,941.26
CONTINUING ACTIVITY		\$ 0.00
USAGE AMOUNT		\$ 0.00
TAXES/SURCHARGES		
DADE COUNTY SALES	\$ 50.79	
SUBTOTAL TAXES/SURCHARGES FOR ENHANCED SWITCHED SERVICES		\$ 50.79
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ENHANCED SWITCHED SERVICES		\$ 41,992.05

Invoice

CUSTOMER COPY

ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 12/01/96
INVOICE NUMBER: 1118174
PAYMENT DUE: \$ 63,028.14
PAYMENT DUE BY: 12/31/96

BELLSOUTH ACCESS BILL VERIFICATION
15TH FL
600 N 19TH ST
BIRMINGHAM, AL 35203

ATTENTION: LINDA RILEY

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, N.J. 07193-0226

PREVIOUS BALANCE	\$ 41,992.05
PAYMENTS RECEIVED THROUGH 11/18/96	\$ 0.00
TOTAL PAST DUE	\$ 41,992.05
CURRENT CHARGES	\$ 21,036.09
TOTAL AMOUNT DUE	\$ 63,028.14

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 12/01/96

INVOICE NUMBER: 1118174

PAYMENT DUE: \$ 63,028.14

PAYMENT DUE BY: 12/31/96

AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, N.J. 07193-0226

BELLSOUTH ACCESS BILL VERIFICATION
15TH FL
600 N 19TH ST
BIRMINGHAM, AL 35203

ATTENTION: LINDA RILEY

PREVIOUS BALANCE	\$ 41,992.05
PAYMENTS RECEIVED THROUGH 11/18/96	\$ 0.00
TOTAL PAST DUE	\$ 41,992.05
CURRENT CHARGES	\$ 21,036.09
TOTAL AMOUNT DUE	\$ 63,028.14

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice Summary

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN -BELLSO
 INVOICE DATE: 12/01/96
 INVOICE NUMBER: 1118174

REFERENCE PAGES	PRODUCT GROUP METRO AREA	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
ENHANCED SWITCHED SERVICES						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA	\$ 20,996.84				\$ 20,996.84
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 39.25	\$ 39.25
	SUBTOTAL ENHANCED SWITCHED SERVICES	\$ 20,996.84	\$ 0.00	\$ 0.00	\$ 39.25	\$ 21,036.09
0003-0005	TOTAL CURRENT CHARGES	\$ 20,996.84	\$ 0.00	\$ 0.00	\$ 39.25	\$ 21,036.09

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by Teleport Communications Group Inc.

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Enhanced Switched Services

DETAIL OF NEW ACTIVITY

COMPANY: BELL SOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN -BELL SO
 INVOICE DATE: 12/01/96
 INVOICE NUMBER: 1118174

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

LOCATION PORT NUMBER	CUSTOMER ORDER NO.	ORDER NO.	SERVICE TYPE	ASSOCIATED RECURRING	NON-RECURRING AMOUNT
990 NE 125TH ST					
999-0001		655799	TRUNK SIDE SERVICE-FIRST TRUNK		2,745.00
999-0001		655799	TRUNK SIDE SERVICE-ADDL TRUNK		18,147.00
999-0001		655799	ORDER MODIFICATION CHARGE		104.84
SUBTOTAL NEW ACTIVITY FOR LOCATION 990 NE 125TH ST					\$ 20,996.84
TOTAL NEW ACTIVITY FOR SWITCHED SERVICES - SOUTH FLORIDA ENHANCED SWITCHED SERVICES					\$ 1,204.21

Enhanced Switched Services

PRODUCT SUMMARY

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 12/01/96
INVOICE NUMBER: 1118174

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 20,996.84
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 0.00
TAXES/SURCHARGES	
DADE COUNTY SALES	\$ 39.25
SUBTOTAL TAXES/SURCHARGES FOR ENHANCED SWITCHED SERVICES	\$ 39.25
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ENHANCED SWITCHED SERVICES	\$ 21,036.09

Invoice

CUSTOMER COPY

ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 01/01/97
INVOICE NUMBER: 1124547
PAYMENT DUE: \$ 142,980.63
PAYMENT DUE BY: 01/31/97

BELLSOUTH ACCESS BILL VERIFICATION
15TH FL
600 N 19TH ST
BIRMINGHAM, AL 35203

ATTENTION: LINDA RILEY

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, N.J. 07193-0226

PREVIOUS BALANCE	\$ 63,028.14
PAYMENTS RECEIVED THROUGH 12/19/96	\$ 0.00
TOTAL PAST DUE	\$ 63,028.14
CURRENT CHARGES	\$ 79,890.39
SERVICE CHARGES	\$ 62.10
TOTAL AMOUNT DUE	\$ 142,980.63

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 01/01/97

INVOICE NUMBER: 1124547

PAYMENT DUE: \$ 142,980.63

PAYMENT DUE BY: 01/31/97

AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, N.J. 07193-0226

BELLSOUTH ACCESS BILL VERIFICATION
15TH FL
600 N 19TH ST
BIRMINGHAM, AL 35203

ATTENTION: LINDA RILEY

PREVIOUS BALANCE	\$ 63,028.14
PAYMENTS RECEIVED THROUGH 12/19/96	\$ 0.00
TOTAL PAST DUE	\$ 63,028.14
CURRENT CHARGES	\$ 79,890.39
SERVICE CHARGES	\$ 62.10
TOTAL AMOUNT DUE	\$ 142,980.63

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice Summary

COMPANY: BELL SOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN - BELL SO
 INVOICE DATE: 01/01/97
 INVOICE NUMBER: 1124547

REFERENCE PAGES	PRODUCT GROUP METRO AREA	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
ENHANCED SWITCHED SERVICES						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA	\$ 79,839.47				\$ 79,839.47
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 50.92	\$ 50.92
	SUBTOTAL ENHANCED SWITCHED SERVICES	\$ 79,839.47	\$ 0.00	\$ 0.00	\$ 50.92	\$ 79,890.39
0003-0005	TOTAL CURRENT CHARGES	\$ 79,839.47	\$ 0.00	\$ 0.00	\$ 50.92	\$ 79,890.39

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by Teleport Communications Group Inc.

Enhanced Switched Services

DETAIL OF NEW ACTIVITY

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN -BELLSO
 INVOICE DATE: 01/01/97
 INVOICE NUMBER: 1124547

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

LOCATION	CUSTOMER		SERVICE	ASSOCIATED	NON-RECURRING
PORT NUMBER	ORDER NO.	ORDER NO.	TYPE	RECURRING	AMOUNT
990 NE 125TH ST					
999-0001		688644	TRUNK SIDE SERVICE-FIRST TRUNK		5,490.00
999-0001		688644	TRUNK SIDE SERVICE-ADDL TRUNK		74,166.00
999-0001		688644	ORDER MODIFICATION CHARGE		183.47
SUBTOTAL NEW ACTIVITY FOR LOCATION 990 NE 125TH ST					\$ 79,839.47
TOTAL NEW ACTIVITY FOR SWITCHED SERVICES - SOUTH FLORIDA ENHANCED SWITCHED SERVICES					\$ 79,839.47

Enhanced Switched Services

PRODUCT SUMMARY

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 01/01/97
INVOICE NUMBER: 1124547

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

<u>CHARGE TYPE</u>		<u>CURRENT CHARGES</u>
NEW ACTIVITY		\$ 79,839.47
CONTINUING ACTIVITY		\$ 0.00
USAGE AMOUNT		\$ 0.00
TAXES/SURCHARGES		
DADE COUNTY SALES	\$ 50.92	
SUBTOTAL TAXES/SURCHARGES FOR ENHANCED SWITCHED SERVICES		\$ 50.92
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ENHANCED SWITCHED SERVICES		\$ 79,890.39

Invoice

CUSTOMER COPY

ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 02/01/97
INVOICE NUMBER: 1131183
PAYMENT DUE: \$ 143,757.09
PAYMENT DUE BY: 02/28/97

BELLSOUTH ACCESS BILL VERIFICATION
15TH FL
600 N 19TH ST
BIRMINGHAM, AL 35203

ATTENTION: LINDA RILEY

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, N.J. 07193-0226

PREVIOUS BALANCE	\$ 142,980.63
PAYMENTS RECEIVED THROUGH 01/22/97	\$ 0.00
TOTAL PAST DUE	\$ 142,980.63
CURRENT CHARGES	\$ 0.00
SERVICE CHARGES	\$ 776.46
TOTAL AMOUNT DUE	\$ 143,757.09

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 02/01/97
INVOICE NUMBER: 1131183
PAYMENT DUE: \$ 143,757.09
PAYMENT DUE BY: 02/28/97
AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, N.J. 07193-0226

BELLSOUTH ACCESS BILL VERIFICATION
15TH FL
600 N 19TH ST
BIRMINGHAM, AL 35203

ATTENTION: LINDA RILEY

PREVIOUS BALANCE	\$ 142,980.63
PAYMENTS RECEIVED THROUGH 01/22/97	\$ 0.00
TOTAL PAST DUE	\$ 142,980.63
CURRENT CHARGES	\$ 0.00
SERVICE CHARGES	\$ 776.46
TOTAL AMOUNT DUE	\$ 143,757.09

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice

CUSTOMER COPY

ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 03/01/97
INVOICE NUMBER: 1138152
PAYMENT DUE: \$ 145,418.78
PAYMENT DUE BY: 03/31/97

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

PREVIOUS BALANCE	\$ 143,757.09
PAYMENTS RECEIVED THROUGH 02/28/97	\$ 0.00
TOTAL PAST DUE	\$ 143,757.09
CURRENT CHARGES	\$ 0.00
SERVICE CHARGES	\$ 1,661.69
TOTAL AMOUNT DUE	\$ 145,418.78

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 03/01/97

INVOICE NUMBER: 1138152

PAYMENT DUE: \$ 145,418.78

PAYMENT DUE BY: 03/31/97

AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

ATTENTION: ACCOUNTS PAYABLE

PREVIOUS BALANCE	\$ 143,757.09
PAYMENTS RECEIVED THROUGH 02/28/97	\$ 0.00

TOTAL PAST DUE	\$ 143,757.09
CURRENT CHARGES	\$ 0.00
SERVICE CHARGES	\$ 1,661.69

TOTAL AMOUNT DUE	\$ 145,418.78
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FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice

CUSTOMER COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 04/01/97

INVOICE NUMBER: 1145501

PAYMENT DUE: \$ 350,268.57

PAYMENT DUE BY: 04/30/97

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

ATTENTION: ACCOUNTS PAYABLE

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

PREVIOUS BALANCE	\$ 145,418.78
PAYMENTS RECEIVED THROUGH 03/31/97	\$ 0.00
TOTAL PAST DUE	\$ 145,418.78
CURRENT CHARGES	\$ 202,665.58
SERVICE CHARGES	\$ 2,184.21
TOTAL AMOUNT DUE	\$ 350,268.57

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 04/01/97

INVOICE NUMBER: 1145501

PAYMENT DUE: \$ 350,268.57

PAYMENT DUE BY: 04/30/97

AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

ATTENTION: ACCOUNTS PAYABLE

PREVIOUS BALANCE	\$ 145,418.78
PAYMENTS RECEIVED THROUGH 03/31/97	\$ 0.00

TOTAL PAST DUE	\$ 145,418.78
CURRENT CHARGES	\$ 202,665.58
SERVICE CHARGES	\$ 2,184.21

TOTAL AMOUNT DUE	\$ 350,268.57
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FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice Summary

COMPANY: BELL SOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN -BELLSO
 INVOICE DATE: 04/01/97
 INVOICE NUMBER: 1145501

REFERENCE PAGES	PRODUCT GROUP METRO AREA	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
ENHANCED SWITCHED SERVICES						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA	\$ 202,636.00				\$ 202,636.00
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 29.58	\$ 29.58
	SUBTOTAL ENHANCED SWITCHED SERVICES	\$ 202,636.00	\$ 0.00	\$ 0.00	\$ 29.58	\$ 202,665.58
0003-0005	TOTAL CURRENT CHARGES	\$ 202,636.00	\$ 0.00	\$ 0.00	\$ 29.58	\$ 202,665.58

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

Enhanced Switched Services

DETAIL OF NEW ACTIVITY

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 04/01/97
INVOICE NUMBER: 1145501

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

LOCATION PORT NUMBER	CUSTOMER ORDER NO.	ORDER NO.	SERVICE TYPE	RETRO DATES	ASSOCIATED RECURRING	NON-RECURRING AMOUNT
990 NE 125TH ST						
999-0001		828347	TRUNK SIDE SERVICE-FIRST TRUNK			915.00
999-0001		828347	TRUNK SIDE SERVICE-ADDL TRUNK			201,721.00
SUBTOTAL NEW ACTIVITY FOR LOCATION 990 NE 125TH ST						\$ 202,636.00
TOTAL NEW ACTIVITY FOR SWITCHED SERVICES - SOUTH FLORIDA ENHANCED SWITCHED SERVICES						\$ 202,636.00

Enhanced Switched Services

PRODUCT SUMMARY

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 04/01/97
INVOICE NUMBER: 1145501

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 202,636.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 0.00
TAXES/SURCHARGES	
DADE COUNTY SALES	\$ 29.58
SUBTOTAL TAXES/SURCHARGES FOR ENHANCED SWITCHED SERVICES	\$ 29.58
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ENHANCED SWITCHED SERVICES	\$ 202,665.58

Invoice

CUSTOMER COPY

ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 05/01/97
INVOICE NUMBER: 1153192
PAYMENT DUE: \$ 350,268.57
PAYMENT DUE BY: 05/31/97

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION:

PREVIOUS BALANCE	\$ 350,268.57
PAYMENTS RECEIVED THROUGH 04/30/97	\$ 0.00
TOTAL PAST DUE	\$ 350,268.57
CURRENT CHARGES	\$ 0.00
TOTAL AMOUNT DUE	\$ 350,268.57

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

92

Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 05/01/97

INVOICE NUMBER: 1153192

PAYMENT DUE: \$ 350,268.57

PAYMENT DUE BY: 05/31/97

AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

ATTENTION:

PREVIOUS BALANCE	\$ 350,268.57
PAYMENTS RECEIVED THROUGH 04/30/97	\$ 0.00
TOTAL PAST DUE	\$ 350,268.57
CURRENT CHARGES	\$ 0.00
TOTAL AMOUNT DUE	\$ 350,268.57

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice

CUSTOMER COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 06/01/97

INVOICE NUMBER: 1161302

PAYMENT DUE: \$ 1,176,601.73

PAYMENT DUE BY: 06/30/97

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

PREVIOUS BALANCE	\$ 350,268.57
PAYMENTS RECEIVED THROUGH 05/31/97	\$ 0.00
TOTAL PAST DUE	\$ 350,268.57
CURRENT CHARGES	\$ 824,834.45
SERVICE CHARGES	\$ 1,498.71
TOTAL AMOUNT DUE	\$1,176,601.73

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 06/01/97

INVOICE NUMBER: 1161302

PAYMENT DUE: \$ 1,176,601.73

PAYMENT DUE BY: 06/30/97

AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

ATTENTION: ACCOUNTS PAYABLE

PREVIOUS BALANCE	\$ 350,268.57
PAYMENTS RECEIVED THROUGH 05/31/97	\$ 0.00

TOTAL PAST DUE	\$ 350,268.57
CURRENT CHARGES	\$ 824,834.45
SERVICE CHARGES	\$ 1,498.71

TOTAL AMOUNT DUE	\$1,176,601.73
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FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice Summary

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN -BELLSO
 INVOICE DATE: 06/01/97
 INVOICE NUMBER: 1161302

REFERENCE PAGES	PRODUCT GROUP	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
ENHANCED SWITCHED SERVICES						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA	\$ 622,826.58				\$ 622,826.58
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL ENHANCED SWITCHED SERVICES	\$ 622,826.58	\$ 0.00	\$ 0.00	\$ 0.00	\$ 622,826.58
ACCESS SERVICES						
0005-0005	SWITCHED SERVICES - SOUTH FLORIDA			\$ 202,007.87		\$ 202,007.87
0006-0006	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL ACCESS SERVICES	\$ 0.00	\$ 0.00	\$ 202,007.87	\$ 0.00	\$ 202,007.87
0003-0007	TOTAL CURRENT CHARGES	\$ 622,826.58	\$ 0.00	\$ 202,007.87	\$ 0.00	\$ 824,834.45

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

Enhanced Switched Services

DETAIL OF NEW ACTIVITY

COMPANY: BELL SOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN -BELL SO
 INVOICE DATE: 06/01/97
 INVOICE NUMBER: 1161302

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

LOCATION PORT NUMBER	CUSTOMER ORDER NO.	ORDER NO.	SERVICE TYPE	RETRO DATES	ASSOCIATED RECURRING	NON-RECURRING AMOUNT
990 NE 125TH ST						
999-0001		989698	BACKBALL INTERCONNECT TOLL MOU			0.00
999-0001		989698	MAR 97 MOU 5,668,509			156,961.01
999-0001		989698	JAN 97 MOU 1,701,072			57,341.42
999-0001		989698	FEB 97 MOU 3,374,950			113,766.18
999-0001		989698	JUL96 - FEB97 RATE \$0.033709			0.00
999-0001		989698	NEW RATE EFF MAR 97 \$0.02769			0.00
999-0001		989698	PLU BILLED IS 25% OF TOTAL MOU			0.00
999-0001		989698	JUL-DEC96 MOU 3,286,893			110,797.87
999-0001		991225	APR 97 MOU 6,643,557			183,960.10
SUBTOTAL NEW ACTIVITY FOR LOCATION 990 NE 125TH ST						\$ 622,826.58
TOTAL NEW ACTIVITY FOR SWITCHED SERVICES - SOUTH FLORIDA ENHANCED SWITCHED SERVICES						\$ 622,826.58

Enhanced Switched Services

PRODUCT SUMMARY

COMPANY: BELL SOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER: INXN -BELL SO
INVOICE DATE: 06/01/97
INVOICE NUMBER: 1161302

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 622,826.58
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 0.00
TAXES/SURCHARGES	\$ 0.00
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ENHANCED SWITCHED SERVICES	\$ 622,826.58

Access Services

DETAIL OF USAGE

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN -BELLSO
 INVOICE DATE: 06/01/97
 INVOICE NUMBER: 1161302

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

USAGE PERIOD 04/30/97 - 05/31/97

ACCESS SUMMARY BY LOCATION AND TRUNK

TRUNK	RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	RATE	CHARGES	TOTALS
NMIAPLAYDS0							
0202	TERMINATING	INTERSTA/INTERL	1,759,427	18,890,772	0.0069220	\$ 130,761.93	
0203	TERMINATING	INTERSTA/INTERL	818,515	4,937,034	0.0069220	\$ 34,174.15	
0204	TERMINATING	INTERSTA/INTERL	495,403	5,355,647	0.0069220	\$ 37,071.79	
TOTAL ACCESS CHARGES FOR LOCATION NMIAPLAYDS0			3,073,345	29,183,454			\$ 202,007.87

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 202,007.87

ACCESS SUMMARY BY JURISDICTION

RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	CHARGES
TERMINATING	INTERSTA/INTERL	3,073,345	29,183,454	\$ 202,007.87
TOTALS		3,073,345	29,183,454	\$ 202,007.87
CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA				\$ 202,007.87

Access Services

PRODUCT SUMMARY

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 06/01/97
INVOICE NUMBER: 1161302

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

<u>CHARGE TYPE</u>	<u>CURRENT CHARGES</u>
NEW ACTIVITY	\$ 0.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 202,007.87
TAXES/SURCHARGES	\$ 0.00
<u>TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ACCESS SERVICES</u>	<u>\$ 202,007.87</u>

Invoice

CUSTOMER COPY

ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 07/01/97
INVOICE NUMBER: 1169765
PAYMENT DUE: \$ 1,103,267.48
PAYMENT DUE BY: 07/31/97

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

PREVIOUS BALANCE	\$1,176,601.73
PAYMENTS RECEIVED THROUGH 06/30/97	\$ 297,524.00-
TOTAL PAST DUE	\$ 879,077.73
CURRENT CHARGES	\$ 223,478.95
SERVICE CHARGES	\$ 710.80
TOTAL AMOUNT DUE	\$1,103,267.48

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 07/01/97
INVOICE NUMBER: 1169765
PAYMENT DUE: \$ 1,103,267.48
PAYMENT DUE BY: 07/31/97
AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

ATTENTION: ACCOUNTS PAYABLE

PREVIOUS BALANCE	\$1,176,601.73
PAYMENTS RECEIVED THROUGH 06/30/97	\$ 297,524.00-
TOTAL PAST DUE	\$ 879,077.73
CURRENT CHARGES	\$ 223,478.95
SERVICE CHARGES	\$ 710.80
TOTAL AMOUNT DUE	\$1,103,267.48

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice Summary

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN -BELLSO
 INVOICE DATE: 07/01/97
 INVOICE NUMBER: 1169765

REFERENCE PAGES	PRODUCT GROUP	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/SURCHARGES	TOTAL CURRENT CHARGES
ACCESS SERVICES						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA			\$ 223,478.95		\$ 223,478.95
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL ACCESS SERVICES	\$ 0.00	\$ 0.00	\$ 223,478.95	\$ 0.00	\$ 223,478.95
0003-0005	TOTAL CURRENT CHARGES	\$ 0.00	\$ 0.00	\$ 223,478.95	\$ 0.00	\$ 223,478.95

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

Access Services

DETAIL OF USAGE

COMPANY: BELL SOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN -BELL SO
 INVOICE DATE: 07/01/97
 INVOICE NUMBER: 1169765

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

USAGE PERIOD 05/31/97 - 06/30/97

ACCESS SUMMARY BY LOCATION AND TRUNK

TRUNK	RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	RATE	CHARGES	TOTALS
NMI AFLAYDS0							
0202	TERMINATING	INTERSTA/INTERL	1,739,380	20,398,349	0.0069220	\$ 141,197.37	
0203	TERMINATING	INTERSTA/INTERL	868,617	4,897,158	0.0069220	\$ 33,898.13	
0204	TERMINATING	INTERSTA/INTERL	555,704	6,989,807	0.0069220	\$ 48,383.45	
TOTAL ACCESS CHARGES FOR LOCATION NMI AFLAYDS0			3,163,701	32,285,314			\$ 223,478.95
CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA							\$ 223,478.95

ACCESS SUMMARY BY JURISDICTION

RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	CHARGES
TERMINATING	INTERSTA/INTERL	3,163,701	32,285,314	\$ 223,478.95
TOTALS		3,163,701	32,285,314	\$ 223,478.95
CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA				\$ 223,478.95

Access Services

PRODUCT SUMMARY

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 07/01/97
INVOICE NUMBER: 1169765

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

<u>CHARGE TYPE</u>	<u>CURRENT CHARGES</u>
NEW ACTIVITY	\$ 0.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 223,478.95
TAXES/SURCHARGES	\$ 0.00
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ACCESS SERVICES	\$ 223,478.95

Invoice

CUSTOMER COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	08/01/97
INVOICE NUMBER:	1178822
PAYMENT DUE:	\$ 1,399,143.45
PAYMENT DUE BY:	08/31/97

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

PREVIOUS BALANCE	\$1,103,267.48
PAYMENTS RECEIVED THROUGH 07/31/97	<u>\$ 29.58-</u>
TOTAL PAST DUE	\$1,103,237.90
CURRENT CHARGES	\$ 289,071.85
SERVICE CHARGES	<u>\$ 6,833.70</u>
TOTAL AMOUNT DUE	\$1,399,143.45

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	08/01/97
INVOICE NUMBER:	1178822
PAYMENT DUE:	\$ 1,399,143.45
PAYMENT DUE BY:	08/31/97
AMOUNT ENCLOSED:	

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

ATTENTION: ACCOUNTS PAYABLE

PREVIOUS BALANCE	\$1,103,267.48
PAYMENTS RECEIVED THROUGH 07/31/97	<u>\$ 29.58-</u>
TOTAL PAST DUE	\$1,103,237.90
CURRENT CHARGES	\$ 289,071.85
SERVICE CHARGES	<u>\$ 6,833.70</u>
TOTAL AMOUNT DUE	\$1,399,143.45

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice Summary

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	08/01/97
INVOICE NUMBER:	1178822

REFERENCE PAGES	PRODUCT GROUP	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
INVOICE SUMMARY						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA			\$ 289,071.85		\$ 289,071.85
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL INVOICE SUMMARY	\$ 0.00	\$ 0.00	\$ 289,071.85	\$ 0.00	\$ 289,071.85
0003-0004	TOTAL CURRENT CHARGES	\$ 0.00	\$ 0.00	\$ 289,071.85	\$ 0.00	\$ 289,071.85

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

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Access Services

DETAIL OF USAGE

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	08/01/97
INVOICE NUMBER:	1178822

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

USAGE PERIOD 06/30/97 - 07/31/97

ACCESS SUMMARY BY LOCATION AND TRUNK

TRUNK RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	RATE	CHARGES	TOTALS
NMIAFLAYDS0						
0202 TERMINATING	INTERSTA/INTERL	2,142,486	23,636,680	0.0069220	\$ 163,613.10	
0203 TERMINATING	INTERSTA/INTERL	1,216,481	6,361,641	0.0069220	\$ 44,035.28	
0204 TERMINATING	INTERSTA/INTERL	796,276	11,762,997	0.0069220	\$ 81,423.47	
TOTAL ACCESS CHARGES FOR LOCATION NMIAFLAYDS0		4,155,243	41,761,319			\$ 289,071.85

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 289,071.85

ACCESS SUMMARY BY JURISDICTION

RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	CHARGES
TERMINATING	INTERSTA/INTERL	4,155,243	41,761,319	\$ 289,071.85
TOTALS		4,155,243	41,761,319	\$ 289,071.85
CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA				\$ 289,071.85

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Access Services

PRODUCT SUMMARY

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	08/01/97
INVOICE NUMBER:	1178822

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 0.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 289,071.85
TAXES/SURCHARGES	\$ 0.00
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ACCESS SERVICES	\$ 289,071.85

Invoice

CUSTOMER COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	09/01/97
INVOICE NUMBER:	1188205
PAYMENT DUE:	\$ 1,726,704.95
PAYMENT DUE BY:	09/30/97

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

PREVIOUS BALANCE	\$1,399,143.45
PAYMENTS RECEIVED THROUGH 08/31/97	\$ 0.00
TOTAL PAST DUE	\$1,399,143.45
CURRENT CHARGES	\$ 325,064.65
SERVICE CHARGES	\$ 2,496.85
TOTAL AMOUNT DUE	\$1,726,704.95

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 09/01/97

INVOICE NUMBER: 1188205

PAYMENT DUE: \$ 1,726,704.95

PAYMENT DUE BY: 09/30/97

AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

PREVIOUS BALANCE	\$1,399,143.45
PAYMENTS RECEIVED THROUGH 08/31/97	\$ 0.00

TOTAL PAST DUE	\$1,399,143.45
CURRENT CHARGES	\$ 325,064.65
SERVICE CHARGES	\$ 2,496.85

TOTAL AMOUNT DUE	\$1,726,704.95
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FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

REMITTANCE COPY

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Invoice Summary

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	09/01/97
INVOICE NUMBER:	1188205

REFERENCE PAGES	PRODUCT GROUP	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
INVOICE SUMMARY						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA			\$ 325,064.65		\$ 325,064.65
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL INVOICE SUMMARY	\$ 0.00	\$ 0.00	\$ 325,064.65	\$ 0.00	\$ 325,064.65
0003-0004	TOTAL CURRENT CHARGES	\$ 0.00	\$ 0.00	\$ 325,064.65	\$ 0.00	\$ 325,064.65

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

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Access Services

DETAIL OF USAGE

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	09/01/97
INVOICE NUMBER:	1188205

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

USAGE PERIOD 07/31/97 - 08/31/97

ACCESS SUMMARY BY LOCATION AND TRUNK

TRUNK RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	RATE	CHARGES	TOTALS
NMIAFLAYDS0						
0202 TERMINATING	INTERSTA/INTERL	2,481,358	25,381,476	0.0069220	\$ 175,690.58	
0203 TERMINATING	INTERSTA/INTERL	1,392,329	7,314,635	0.0069220	\$ 50,631.90	
0204 TERMINATING	INTERSTA/INTERL	1,018,848	14,264,975	0.0069220	\$ 98,742.17	
TOTAL ACCESS CHARGES FOR LOCATION NMIAFLAYDS0		4,892,535	46,961,087			\$ 325,064.65

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 325,064.65

ACCESS SUMMARY BY JURISDICTION

RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	CHARGES
TERMINATING	INTERSTA/INTERL	4,892,535	46,961,087	\$ 325,064.65
TOTALS		4,892,535	46,961,087	\$ 325,064.65
CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA				\$ 325,064.65

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Access Services

PRODUCT SUMMARY

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	09/01/97
INVOICE NUMBER:	1188205

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 0.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 325,064.65
TAXES/SURCHARGES	\$ 0.00
<hr/>	
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ACCESS SERVICES	\$ 325,064.65

Invoice

CUSTOMER COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	10/01/97
INVOICE NUMBER:	1198450
PAYMENT DUE:	\$ 2,073,070.31
PAYMENT DUE BY:	10/31/97

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

PREVIOUS BALANCE	\$ 1,726,704.95
PAYMENTS RECEIVED THROUGH 09/30/97	\$ <u>0.00</u>
TOTAL PAST DUE	\$ 1,726,704.95
CURRENT CHARGES	\$ 340,212.06
SERVICE CHARGES	\$ <u>6,153.30</u>
TOTAL AMOUNT DUE	\$ 2,073,070.31

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 10/01/97

INVOICE NUMBER: 1198450

PAYMENT DUE: \$ 2,073,070.31

PAYMENT DUE BY: 10/31/97

AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

PREVIOUS BALANCE	\$ 1,726,704.95
PAYMENTS RECEIVED THROUGH 09/30/97	\$ <u>0.00</u>
TOTAL PAST DUE	\$ 1,726,704.95
CURRENT CHARGES	\$ 340,212.06
SERVICE CHARGES	\$ <u>6,153.30</u>
TOTAL AMOUNT DUE	\$ 2,073,070.31

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice Summary

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	10/01/97
INVOICE NUMBER:	1198450

REFERENCE PAGES	PRODUCT GROUP	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
INVOICE SUMMARY						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA			\$ 340,212.06		\$ 340,212.06
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL INVOICE SUMMARY	\$ 0.00	\$ 0.00	\$ 340,212.06	\$ 0.00	\$ 340,212.06
0003-0004	TOTAL CURRENT CHARGES	\$ 0.00	\$ 0.00	\$ 340,212.06	\$ 0.00	\$ 340,212.06

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

Access Services

DETAIL OF USAGE

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	10/01/97
INVOICE NUMBER:	1198450

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

USAGE PERIOD 08/31/97 - 09/30/97

ACCESS SUMMARY BY LOCATION AND TRUNK

TRUNK	RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	RATE	CHARGES	TOTALS
NMIAFLAYDS0							
0202	TERMINATING	INTERSTA/INTERL	2,569,980	26,135,405	0.0069220	\$ 180,909.28	
0203	TERMINATING	INTERSTA/INTERL	1,543,446	8,676,414	0.0069220	\$ 60,058.14	
0204	TERMINATING	INTERSTA/INTERL	1,030,411	14,337,567	0.0069220	\$ 99,244.64	
TOTAL ACCESS CHARGES FOR LOCATION NMIAFLAYDS0			5,143,837	49,149,386			\$ 340,212.06

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 340,212.06

ACCESS SUMMARY BY JURISDICTION

RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	CHARGES
TERMINATING	INTERSTA/INTERL	5,143,837	49,149,386	\$ 340,212.06
TOTALS		5,143,837	49,149,386	\$ 340,212.06
CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA				\$ 340,212.06

Access Services

PRODUCT SUMMARY

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	10/01/97
INVOICE NUMBER:	1198450

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 0.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 340,212.06
TAXES/SURCHARGES	\$ 0.00
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ACCESS SERVICES	\$ 340,212.06

Invoice

CUSTOMER COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	11/01/97
INVOICE NUMBER:	1209284
PAYMENT DUE:	\$ 2,013,801.94
PAYMENT DUE BY:	11/30/97

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

PREVIOUS BALANCE	\$ 2,073,070.31
PAYMENTS RECEIVED THROUGH 10/31/97	\$ <u>524,156.71</u>
TOTAL PAST DUE	\$ 1,548,913.60
CURRENT CHARGES	\$ 455,624.85
SERVICE CHARGES	\$ <u>9,263.49</u>
TOTAL AMOUNT DUE	\$ 2,013,801.94

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 11/01/97

INVOICE NUMBER: 1209284

PAYMENT DUE: \$ 2,013,801.94

PAYMENT DUE BY: 11/30/97

AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
600 N 19TH ST
25TH FLOOR
BIRMINGHAM, AL 35203-0000

PREVIOUS BALANCE	\$ 2,073,070.31
PAYMENTS RECEIVED THROUGH 10/31/97	\$ <u>524,156.71</u>

TOTAL PAST DUE	\$ 1,548,913.60
CURRENT CHARGES	\$ 455,624.85
SERVICE CHARGES	\$ <u>9,263.49</u>

TOTAL AMOUNT DUE	\$ 2,013,801.94
------------------	-----------------

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

REMITTANCE COPY

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Invoice Summary

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	11/01/97
INVOICE NUMBER:	1209284

REFERENCE PAGES	PRODUCT GROUP	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
INVOICE SUMMARY						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA			\$ 455,624.85		\$ 455,624.85
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL INVOICE SUMMARY	\$ 0.00	\$ 0.00	\$ 455,624.85	\$ 0.00	\$ 455,624.85
0003-0004	TOTAL CURRENT CHARGES	\$ 0.00	\$ 0.00	\$ 455,624.85	\$ 0.00	\$ 455,624.85

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

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Access Services

DETAIL OF USAGE

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	11/01/97
INVOICE NUMBER:	1209284

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

USAGE PERIOD 09/30/97 - 10/31/97

ACCESS SUMMARY BY LOCATION AND TRUNK

TRUNK	RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	RATE	CHARGES	TOTALS
NMIAFLAYDS0							
	0202 TERMINATING	INTERSTA/INTERL	3,208,676	32,696,016	0.0069220	\$ 226,321.82	
	0203 TERMINATING	INTERSTA/INTERL	2,195,996	12,183,743	0.0069220	\$ 84,335.87	
	0204 TERMINATING	INTERSTA/INTERL	1,338,769	20,942,958	0.0069220	\$ 144,967.16	
TOTAL ACCESS CHARGES FOR LOCATION NMIAFLAYDS0			6,743,441	65,822,718			\$ 455,624.85

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 455,624.85

ACCESS SUMMARY BY JURISDICTION

RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	CHARGES
TERMINATING	INTERSTA/INTERL	6,743,441	65,822,718	\$ 455,624.85
TOTALS		6,743,441	65,822,718	\$ 455,624.85

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 455,624.85

Access Services

PRODUCT SUMMARY

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	11/01/97
INVOICE NUMBER:	1209284

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 0.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 455,624.85
TAXES/SURCHARGES	\$ 0.00
<hr/>	
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ACCESS SERVICES	\$ 455,624.85

Invoice

CUSTOMER COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	12/01/97
INVOICE NUMBER:	1220719
PAYMENT DUE:	\$ 1,938,101.00
PAYMENT DUE BY:	12/31/97

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
25TH FLOOR
600 N 19TH ST
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

PREVIOUS BALANCE	\$ 2,013,801.94
PAYMENTS RECEIVED THROUGH 11/30/97	\$ <u>477,174.29</u>
TOTAL PAST DUE	\$ 1,536,627.65
CURRENT CHARGES	\$ <u>401,473.35</u>
TOTAL AMOUNT DUE	\$ 1,938,101.00

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	12/01/97
INVOICE NUMBER:	1220719
PAYMENT DUE:	\$ 1,938,101.00
PAYMENT DUE BY:	12/31/97
AMOUNT ENCLOSED:	

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
25TH FLOOR
600 N 19TH ST
BIRMINGHAM, AL 35203-0000

PREVIOUS BALANCE	\$ 2,013,801.94
PAYMENTS RECEIVED THROUGH 11/30/97	<u>\$ 477,174.29</u>
TOTAL PAST DUE	\$ 1,536,627.65
CURRENT CHARGES	<u>\$ 401,473.35</u>
TOTAL AMOUNT DUE	\$ 1,938,101.00

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

REMITTANCE COPY

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Invoice Summary

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	12/01/97
INVOICE NUMBER:	1220719

REFERENCE PAGES	PRODUCT GROUP	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
INVOICE SUMMARY						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA			\$ 401,473.35		\$ 401,473.35
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL INVOICE SUMMARY	\$ 0.00	\$ 0.00	\$ 401,473.35	\$ 0.00	\$ 401,473.35
0003-0004	TOTAL CURRENT CHARGES	\$ 0.00	\$ 0.00	\$ 401,473.35	\$ 0.00	\$ 401,473.35

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

Access Services

DETAIL OF USAGE

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	12/01/97
INVOICE NUMBER:	1220719

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

USAGE PERIOD 10/31/97 - 11/30/97

ACCESS SUMMARY BY LOCATION AND TRUNK

TRUNK RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	RATE	CHARGES	TOTALS
NMIAFLAYDSO						
0202 TERMINATING	INTERSTA/INTERL	2,618,695	27,491,453	0.0069220	\$ 190,295.84	
0203 TERMINATING	INTERSTA/INTERL	1,901,399	11,749,054	0.0069220	\$ 81,326.96	
0204 TERMINATING	INTERSTA/INTERL	1,144,882	18,759,109	0.0069220	\$ 129,850.55	
TOTAL ACCESS CHARGES FOR LOCATION NMIAFLAYDSO		5,664,976	57,999,617			\$ 401,473.35

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 401,473.35

ACCESS SUMMARY BY JURISDICTION

RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	CHARGES
TERMINATING	INTERSTA/INTERL	5,664,976	57,999,617	\$ 401,473.35
TOTALS		5,664,976	57,999,617	\$ 401,473.35

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 401,473.35

Access Services

PRODUCT SUMMARY

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	12/01/97
INVOICE NUMBER:	1220719

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 0.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 401,473.35
TAXES/SURCHARGES	\$ 0.00
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ACCESS SERVICES	\$ 401,473.35

Invoice

CUSTOMER COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	01/01/98
INVOICE NUMBER:	1242392
PAYMENT DUE:	\$ 2,359,883.08
PAYMENT DUE BY:	01/31/98

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNTS PAYABLE
25TH FLOOR
600 N 19TH ST
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

PREVIOUS BALANCE	\$ 1,938,101.00
PAYMENTS RECEIVED THROUGH 12/31/97	\$ 0.00
TOTAL PAST DUE	\$ 1,938,101.00
CURRENT CHARGES	\$ 421,782.08
TOTAL AMOUNT DUE	\$ 2,359,883.08

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	01/01/98
INVOICE NUMBER:	1242392
PAYMENT DUE:	\$ 2,359,883.08
PAYMENT DUE BY:	01/31/98
AMOUNT ENCLOSED:	

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNTS PAYABLE
25TH FLOOR
600 N 19TH ST
BIRMINGHAM, AL 35203-0000

PREVIOUS BALANCE	\$ 1,938,101.00
PAYMENTS RECEIVED THROUGH 12/31/97	\$ <u>0.00</u>
TOTAL PAST DUE	\$ 1,938,101.00
CURRENT CHARGES	\$ <u>421,782.08</u>
TOTAL AMOUNT DUE	\$ 2,359,883.08

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice Summary

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	01/01/98
INVOICE NUMBER:	1242392

REFERENCE PAGES	PRODUCT GROUP	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
INVOICE SUMMARY						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA			\$ 421,782.08		\$ 421,782.08
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL INVOICE SUMMARY	\$ 0.00	\$ 0.00	\$ 421,782.08	\$ 0.00	\$ 421,782.08
0003-0004	TOTAL CURRENT CHARGES	\$ 0.00	\$ 0.00	\$ 421,782.08	\$ 0.00	\$ 421,782.08

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

Access Services

DETAIL OF USAGE

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	01/01/98
INVOICE NUMBER:	1242392

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

USAGE PERIOD 12/01/97 - 12/31/97

ACCESS SUMMARY BY LOCATION AND TRUNK

TRUNK RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	RATE	CHARGES	TOTALS
NMIAFLAYDS0						
0202 TERMINATING	INTERSTA/INTERL	2,768,102	27,291,866	0.0069220	\$ 188,914.30	
0203 TERMINATING	INTERSTA/INTERL	2,249,146	16,161,007	0.0069220	\$ 111,866.49	
0204 TERMINATING	INTERSTA/INTERL	1,071,009	17,480,683	0.0069220	\$ 121,001.29	
TOTAL ACCESS CHARGES FOR LOCATION NMIAFLAYDS0		6,088,257	60,933,556			\$ 421,782.08

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 421,782.08

ACCESS SUMMARY BY JURISDICTION

RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	CHARGES
TERMINATING	INTERSTA/INTERL	6,088,257	60,933,556	\$ 421,782.08
TOTALS		6,088,257	60,933,556	\$ 421,782.08

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 421,782.08

Access Services

PRODUCT SUMMARY

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	01/01/98
INVOICE NUMBER:	1242392

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 0.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 421,782.08
TAXES/SURCHARGES	\$ 0.00
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ACCESS SERVICES	\$ 421,782.08

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Invoice

CUSTOMER COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 02/01/98

INVOICE NUMBER: 1262321

PAYMENT DUE: \$ 2,589,310.93

PAYMENT DUE BY: 02/28/98

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNTS PAYABLE
25TH FLOOR
600 N 19TH ST
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

PREVIOUS BALANCE \$ 2,359,883.08
PAYMENTS RECEIVED THROUGH 01/31/98 \$ 227,812.43-

TOTAL PAST DUE \$ 2,132,070.65
CURRENT CHARGES \$ 455,870.45
SERVICE CHARGES \$ 1,369.83

TOTAL AMOUNT DUE \$ 2,589,310.93

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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Invoice

REMITTANCE COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	02/01/98
INVOICE NUMBER:	1262321
PAYMENT DUE:	\$ 2,589,310.93
PAYMENT DUE BY:	02/28/98
AMOUNT ENCLOSED:	

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNTS PAYABLE
25TH FLOOR
600 N 19TH ST
BIRMINGHAM, AL 35203-0000

PREVIOUS BALANCE	\$ 2,359,883.08
PAYMENTS RECEIVED THROUGH 01/31/98	\$ <u>227,812.43</u>
TOTAL PAST DUE	\$ 2,132,070.65
CURRENT CHARGES	\$ 455,870.45
SERVICE CHARGES	\$ <u>1,369.83</u>
TOTAL AMOUNT DUE	\$ 2,589,310.93

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice Summary

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	02/01/98
INVOICE NUMBER:	1262321

REFERENCE PAGES	PRODUCT GROUP	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
INVOICE SUMMARY						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA			\$ 455,870.45		\$ 455,870.45
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL INVOICE SUMMARY	\$ 0.00	\$ 0.00	\$ 455,870.45	\$ 0.00	\$ 455,870.45
0003-0004	TOTAL CURRENT CHARGES	\$ 0.00	\$ 0.00	\$ 455,870.45	\$ 0.00	\$ 455,870.45

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

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Access Services

DETAIL OF USAGE

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	02/01/98
INVOICE NUMBER:	1262321

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

USAGE PERIOD 01/01/98 - 01/31/98

ACCESS SUMMARY BY LOCATION AND TRUNK

TRUNK	RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	RATE	CHARGES	TOTALS
NMIAFLAYDS0							
0202	TERMINATING	INTERSTA/INTERL	2,415,560	26,823,498	0.0069220	\$ 185,672.26	
0203	TERMINATING	INTERSTA/INTERL	2,004,889	21,539,945	0.0069220	\$ 149,099.50	
0204	TERMINATING	INTERSTA/INTERL	877,335	17,494,754	0.0069220	\$ 121,098.69	
TOTAL ACCESS CHARGES FOR LOCATION NMIAFLAYDS0			5,297,784	65,858,198			\$ 455,870.45

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 455,870.45

ACCESS SUMMARY BY JURISDICTION

RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	CHARGES
TERMINATING	INTERSTA/INTERL	5,297,784	65,858,198	\$ 455,870.45
TOTALS		5,297,784	65,858,198	\$ 455,870.45
CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA				\$ 455,870.45

Access Services

PRODUCT SUMMARY

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	02/01/98
INVOICE NUMBER:	1262321

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 0.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 455,870.45
TAXES/SURCHARGES	\$ 0.00
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ACCESS SERVICES	\$ 455,870.45

Invoice

Jo Fla

CUSTOMER COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	03/01/98
INVOICE NUMBER:	1278998
PAYMENT DUE:	\$ 3,294,324.30
PAYMENT DUE BY:	03/31/98

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNTS PAYABLE
25TH FLOOR
600 N 19TH ST
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

PREVIOUS BALANCE	\$ 2,589,310.93
PAYMENTS RECEIVED THROUGH 02/28/98	\$ 639,440.14
DEBITS THROUGH 02/28/98	\$ <u>227,812.43</u>
TOTAL PAST DUE	\$ 2,177,683.22
CURRENT CHARGES	\$ <u>1,116,641.08</u>
TOTAL AMOUNT DUE	\$ 3,294,324.30

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

Invoice

REMITTANCE COPY**ACCOUNT NUMBER: INXN -BELLSO****INVOICE DATE: 03/01/98****INVOICE NUMBER: 1278998****PAYMENT DUE: \$ 3,294,324.30****PAYMENT DUE BY: 03/31/98****AMOUNT ENCLOSED:**

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNTS PAYABLE
25TH FLOOR
600 N 19TH ST
BIRMINGHAM, AL 35203-0000

PREVIOUS BALANCE	\$ 2,589,310.93
PAYMENTS RECEIVED THROUGH 02/28/98	\$ 639,440.14-
DEBITS THROUGH 02/28/98	\$ <u>227,812.43</u>
TOTAL PAST DUE	\$ 2,177,683.22
CURRENT CHARGES	\$ <u>1,116,641.08</u>
TOTAL AMOUNT DUE	\$ 3,294,324.30

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

142 REMITTANCE COPY

Invoice Summary

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	03/01/98
INVOICE NUMBER:	1278998

REFERENCE PAGES	PRODUCT GROUP	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
INVOICE SUMMARY						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA	\$ 490,229.66				\$ 490,229.66
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 16,177.57	\$ 16,177.57
	SUBTOTAL INVOICE SUMMARY	\$ 490,229.66	\$ 0.00	\$ 0.00	\$ 16,177.57	\$ 506,407.23
INVOICE SUMMARY						
0005-0005	SWITCHED SERVICES - SOUTH FLORIDA			\$ 610,233.85		\$ 610,233.85
0006-0006	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL INVOICE SUMMARY	\$ 0.00	\$ 0.00	\$ 610,233.85	\$ 0.00	\$ 610,233.85
0003-0006	TOTAL CURRENT CHARGES	\$ 490,229.66	\$ 0.00	\$ 610,233.85	\$ 16,177.57	\$1,116,641.08

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

Enhanced Switched Services

DETAIL OF NEW ACTIVITY

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	03/01/98
INVOICE NUMBER:	1278998

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

LOCATION TELEPHONE NUMBER	CUSTOMER ORDER NO.	ORDER NO.	SERVICE TYPE	RETRO DATES	ASSOCIATED RECURRING	NON-RECURRING AMOUNT
111-7938		904743	BACKBILL MOU'S 9/97-1/98			0.00
111-7938		904743	1/98 USG= 28,575,431 MOUS			197,799.13
111-7938		904743	BKBL TOT MOUS=70,821,968			0.00
111-7938		904743	SEE BACK-UP DOCUMENTATION			0.00
111-7938		904743	11/97 USG= 13,763,542 MOUS			95,271.24
111-7938		904743	12/97 USG= 19,558,603 MOUS			135,384.65
111-7938		904743	10/97 USG= 7,390,386 MOUS			51,156.25
111-7938		904743	BACKBILL RATE @ .0069220			0.00
111-7938		904743	9/97 USG = 1,534,006 MOUS			10,618.39
SUBTOTAL NEW ACTIVITY FOR LOCATION						\$ 490,229.66
TOTAL NEW ACTIVITY FOR SWITCHED SERVICES - SOUTH FLORIDA ENHANCED SWITCHED SERVICES						\$ 490,229.66

Enhanced Switched Services

PRODUCT SUMMARY

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	03/01/98
INVOICE NUMBER:	1278998

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE		CURRENT CHARGES
NEW ACTIVITY		\$ 490,229.66
CONTINUING ACTIVITY		\$ 0.00
USAGE AMOUNT		\$ 0.00
TAXES/SURCHARGES		
NY STATE GROSS RECEIPT SURCHARGE(SEC. 184)	\$ 3,725.74	
NEW YORK CITY UTILITY SURCHARGE	\$ 11,814.54	
NEW YORK COUNTY SURCHARGE	\$ 637.29	
SUBTOTAL TAXES/SURCHARGES FOR ENHANCED SWITCHED SERVICES		\$ 16,177.57
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ENHANCED SWITCHED SERVICES		\$ 506,407.23

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Access Services

DETAIL OF USAGE

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	03/01/98
INVOICE NUMBER:	1278998

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

USAGE PERIOD 02/01/98 - 02/28/98

ACCESS SUMMARY BY LOCATION AND TRUNK

TRUNK	RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	RATE	CHARGES	TOTALS
NMI AFLAYDS0							
0202	TERMINATING	INTERSTA/INTERL	1,921,696	22,138,125	0.0069220	\$ 153,240.11	
0203	TERMINATING	INTERSTA/INTERL	1,087,720	13,619,612	0.0069220	\$ 94,274.96	
0204	TERMINATING	INTERSTA/INTERL	772,131	15,468,384	0.0069220	\$ 107,072.15	
0222	TERMINATING	INTERSTA/INTERL	47,188	1,055,344	0.0069220	\$ 7,305.10	
0223	TERMINATING	INTERSTA/INTERL	155,247	2,102,983	0.0069220	\$ 14,556.86	
0224	TERMINATING	INTERSTA/INTERL	86,472	1,192,715	0.0069220	\$ 8,255.98	
0225	TERMINATING	INTERSTA/INTERL	51,823	842,047	0.0069220	\$ 5,828.65	
0226	TERMINATING	INTERSTA/INTERL	56,913	616,506	0.0069220	\$ 4,267.46	
0227	TERMINATING	INTERSTA/INTERL	105,047	1,150,735	0.0069220	\$ 7,965.39	
0251	TERMINATING	INTERSTA/INTERL	146,954	1,158,280	0.0069220	\$ 8,017.62	
0253	TERMINATING	INTERSTA/INTERL	164,600	1,103,325	0.0069220	\$ 7,637.22	
0254	TERMINATING	INTERSTA/INTERL	93,425	1,441,633	0.0069220	\$ 9,978.98	
0255	TERMINATING	INTERSTA/INTERL	132,850	1,362,976	0.0069220	\$ 9,434.52	
0256	TERMINATING	INTERSTA/INTERL	82,918	589,708	0.0069220	\$ 4,081.96	
0257	TERMINATING	INTERSTA/INTERL	68,920	1,010,377	0.0069220	\$ 6,993.83	
0258	TERMINATING	INTERSTA/INTERL	104,070	1,370,489	0.0069220	\$ 9,486.53	
0259	TERMINATING	INTERSTA/INTERL	74,622	1,259,624	0.0069220	\$ 8,719.12	
0260	TERMINATING	INTERSTA/INTERL	98,976	1,999,582	0.0069220	\$ 13,841.11	
0261	TERMINATING	INTERSTA/INTERL	14,754	43,840	0.0069220	\$ 303.46	
0262	TERMINATING	INTERSTA/INTERL	147,283	1,506,454	0.0069220	\$ 10,427.68	
0263	TERMINATING	INTERSTA/INTERL	46,922	691,899	0.0069220	\$ 4,789.33	
0266	TERMINATING	INTERSTA/INTERL	68,519	594,814	0.0069220	\$ 4,117.30	
0267	TERMINATING	INTERSTA/INTERL	79,166	653,460	0.0069220	\$ 4,523.25	
0271	TERMINATING	INTERSTA/INTERL	66,660	1,095,086	0.0069220	\$ 7,580.19	
0272	TERMINATING	INTERSTA/INTERL	161,184	2,688,990	0.0069220	\$ 18,613.19	
0273	TERMINATING	INTERSTA/INTERL	49,572	823,772	0.0069220	\$ 5,702.15	
0274	TERMINATING	INTERSTA/INTERL	73,176	1,146,356	0.0069220	\$ 7,935.08	
0275	TERMINATING	INTERSTA/INTERL	140,042	1,833,511	0.0069220	\$ 12,691.57	
0276	TERMINATING	INTERSTA/INTERL	64,192	528,977	0.0069220	\$ 3,661.58	
0277	TERMINATING	INTERSTA/INTERL	97,706	1,101,140	0.0069220	\$ 7,622.10	
0278	TERMINATING	INTERSTA/INTERL	106,743	1,130,605	0.0069220	\$ 7,826.05	
0279	TERMINATING	INTERSTA/INTERL	14,014	179,545	0.0069220	\$ 1,242.81	
0280	TERMINATING	INTERSTA/INTERL	93,238	881,738	0.0069220	\$ 6,103.39	
0283	TERMINATING	INTERSTA/INTERL	123,388	1,027,410	0.0069220	\$ 7,111.74	
0284	TERMINATING	INTERSTA/INTERL	85,969	820,195	0.0069220	\$ 5,677.40	
0285	TERMINATING	INTERSTA/INTERL	61,431	840,223	0.0069220	\$ 5,816.02	
0286	TERMINATING	INTERSTA/INTERL	124,412	1,088,126	0.0069220	\$ 7,532.01	
TOTAL ACCESS CHARGES FOR LOCATION NMI AFLAYDS0			6,869,943	88,158,602		\$ 610,233.85	

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 610,233.85

ACCESS SUMMARY BY JURISDICTION

RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	CHARGES
TERMINATING	INTERSTA/INTERL	6,869,943	88,158,602	\$ 610,233.85
TOTALS		6,869,943	88,158,602	\$ 610,233.85

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 610,233.85

Access Services

PRODUCT SUMMARY

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	03/01/98
INVOICE NUMBER:	1278998

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 0.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 610,233.85
TAXES/SURCHARGES	\$ 0.00
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ACCESS SERVICES	\$ 610,233.85

Invoice

CUSTOMER COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	04/01/98
INVOICE NUMBER:	1296246
PAYMENT DUE:	\$ 3,975,911.51
PAYMENT DUE BY:	04/30/98

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNTS PAYABLE
25TH FLOOR
600 N 19TH ST
BIRMINGHAM, AL 35203-0000

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

PREVIOUS BALANCE	\$ 3,294,324.30
PAYMENTS RECEIVED THROUGH 03/31/98	\$ <u>0.00</u>
TOTAL PAST DUE	\$ 3,294,324.30
CURRENT CHARGES	\$ <u>681,587.21</u>
TOTAL AMOUNT DUE	\$ 3,975,911.51

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO

INVOICE DATE: 04/01/98

INVOICE NUMBER: 1296246

PAYMENT DUE: \$ 3,975,911.51

PAYMENT DUE BY: 04/30/98

AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNTS PAYABLE
25TH FLOOR
600 N 19TH ST
BIRMINGHAM, AL 35203-0000

PREVIOUS BALANCE	\$ 3,294,324.30
PAYMENTS RECEIVED THROUGH 03/31/98	\$ <u>0.00</u>
TOTAL PAST DUE	\$ 3,294,324.30
CURRENT CHARGES	\$ <u>681,587.21</u>
TOTAL AMOUNT DUE	\$ 3,975,911.51

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice Summary

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	04/01/98
INVOICE NUMBER:	1296246

REFERENCE PAGES	PRODUCT GROUP	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
INVOICE SUMMARY						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA			\$ 681,587.21		\$ 681,587.21
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL INVOICE SUMMARY	\$ 0.00	\$ 0.00	\$ 681,587.21	\$ 0.00	\$ 681,587.21
0003-0004	TOTAL CURRENT CHARGES	\$ 0.00	\$ 0.00	\$ 681,587.21	\$ 0.00	\$ 681,587.21

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

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Access Services

DETAIL OF USAGE

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	04/01/98
INVOICE NUMBER:	1296246

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

USAGE PERIOD 03/01/98 - 03/31/98

ACCESS SUMMARY BY LOCATION AND TRUNK

TRUNK	RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	RATE	CHARGES	TOTALS
NMIAFLAYDSO							
0202	TERMINATING	INTERSTA/INTERL	2,042,724	23,940,875	0.0069220	\$ 165,718.74	
0203	TERMINATING	INTERSTA/INTERL	940,821	12,693,066	0.0069220	\$ 87,861.41	
0204	TERMINATING	INTERSTA/INTERL	784,363	15,372,824	0.0069220	\$ 106,410.69	
0222	TERMINATING	INTERSTA/INTERL	46,897	975,730	0.0069220	\$ 6,754.00	
0223	TERMINATING	INTERSTA/INTERL	164,321	2,020,671	0.0069220	\$ 13,987.09	
0224	TERMINATING	INTERSTA/INTERL	91,480	1,170,278	0.0069220	\$ 8,100.66	
0225	TERMINATING	INTERSTA/INTERL	58,157	880,049	0.0069220	\$ 6,091.70	
0226	TERMINATING	INTERSTA/INTERL	62,262	632,148	0.0069220	\$ 4,375.73	
0227	TERMINATING	INTERSTA/INTERL	108,603	1,051,725	0.0069220	\$ 7,280.05	
0251	TERMINATING	INTERSTA/INTERL	151,104	1,274,424	0.0069220	\$ 8,821.56	
0253	TERMINATING	INTERSTA/INTERL	183,645	1,280,181	0.0069220	\$ 8,861.42	
0254	TERMINATING	INTERSTA/INTERL	101,297	1,628,199	0.0069220	\$ 11,270.40	
0255	TERMINATING	INTERSTA/INTERL	142,024	1,529,131	0.0069220	\$ 10,584.65	
0256	TERMINATING	INTERSTA/INTERL	62,296	464,573	0.0069220	\$ 3,215.78	
0257	TERMINATING	INTERSTA/INTERL	77,070	1,096,863	0.0069220	\$ 7,592.49	
0258	TERMINATING	INTERSTA/INTERL	109,395	1,545,167	0.0069220	\$ 10,695.65	
0259	TERMINATING	INTERSTA/INTERL	83,297	1,338,260	0.0069220	\$ 9,263.44	
0260	TERMINATING	INTERSTA/INTERL	103,644	1,940,791	0.0069220	\$ 13,434.16	
0261	TERMINATING	INTERSTA/INTERL	16,927	64,008	0.0069220	\$ 443.07	
0262	TERMINATING	INTERSTA/INTERL	151,073	1,498,406	0.0069220	\$ 10,371.97	
0265	TERMINATING	INTERSTA/INTERL	48,504	785,463	0.0069220	\$ 5,436.98	
0266	TERMINATING	INTERSTA/INTERL	76,322	667,682	0.0069220	\$ 4,621.70	
0267	TERMINATING	INTERSTA/INTERL	91,447	772,866	0.0069220	\$ 5,349.78	
0268	TERMINATING	INTERSTA/INTERL	64,882	1,004,656	0.0069220	\$ 6,954.23	
0269	TERMINATING	INTERSTA/INTERL	47,210	793,601	0.0069220	\$ 5,493.31	
0271	TERMINATING	INTERSTA/INTERL	87,571	1,652,749	0.0069220	\$ 11,440.33	
0272	TERMINATING	INTERSTA/INTERL	227,319	4,332,016	0.0069220	\$ 29,986.22	
0273	TERMINATING	INTERSTA/INTERL	49,402	950,164	0.0069220	\$ 6,577.04	
0274	TERMINATING	INTERSTA/INTERL	81,988	1,347,079	0.0069220	\$ 9,324.48	
0275	TERMINATING	INTERSTA/INTERL	214,646	2,996,003	0.0069220	\$ 20,738.34	
0276	TERMINATING	INTERSTA/INTERL	79,806	704,757	0.0069220	\$ 4,878.33	
0277	TERMINATING	INTERSTA/INTERL	108,262	1,281,073	0.0069220	\$ 8,867.59	
0278	TERMINATING	INTERSTA/INTERL	122,104	1,447,552	0.0069220	\$ 10,019.96	
0279	TERMINATING	INTERSTA/INTERL	16,440	216,677	0.0069220	\$ 1,499.84	
0280	TERMINATING	INTERSTA/INTERL	166,917	1,653,233	0.0069220	\$ 11,443.68	
0283	TERMINATING	INTERSTA/INTERL	134,076	1,204,923	0.0069220	\$ 8,340.48	
0284	TERMINATING	INTERSTA/INTERL	144,918	1,400,672	0.0069220	\$ 9,695.45	
0285	TERMINATING	INTERSTA/INTERL	109,570	1,483,719	0.0069220	\$ 10,270.30	
0286	TERMINATING	INTERSTA/INTERL	144,626	1,374,531	0.0069220	\$ 9,514.51	
TOTAL ACCESS CHARGES FOR LOCATION NMIAFLAYDSO			7,497,410	98,466,802		\$ 681,587.21	

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 681,587.21

ACCESS SUMMARY BY JURISDICTION

RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	CHARGES
TERMINATING	INTERSTA/INTERL	7,497,410	98,466,802	\$ 681,587.21
TOTALS		7,497,410	98,466,802	\$ 681,587.21

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 681,587.21

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Access Services

PRODUCT SUMMARY

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	04/01/98
INVOICE NUMBER:	1296246

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 0.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 681,587.21
TAXES/SURCHARGES	\$ 0.00
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ACCESS SERVICES	\$ 681,587.21

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Invoice

CUSTOMER COPY

ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	05/01/98
INVOICE NUMBER:	1314262
PAYMENT DUE:	\$ 4,045,685.73
PAYMENT DUE BY:	05/31/98

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNTS PAYABLE
25TH FLOOR
600 N 19TH ST
BIRMINGHAM, AL 35203

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

PREVIOUS BALANCE	\$ 3,975,911.51
PAYMENTS RECEIVED THROUGH 04/30/98	\$ 0.00
CREDITS APPLIED THROUGH 04/30/98	\$ 16,177.57-
TOTAL PAST DUE	\$ 3,959,733.94
CURRENT CHARGES	\$ 85,951.79
TOTAL AMOUNT DUE	\$ 4,045,685.73

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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Invoice

REMITTANCE COPY

ACCOUNT NUMBER: INXN -BELLSO
INVOICE DATE: 05/01/98
INVOICE NUMBER: 1314262
PAYMENT DUE: \$ 4,045,685.73
PAYMENT DUE BY: 05/31/98
AMOUNT ENCLOSED:

PLEASE SEND PAYMENT TO:

TCG
P.O. BOX 10226
NEWARK, NJ 07193-0226

ATTENTION: ACCOUNTS PAYABLE

BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNTS PAYABLE
25TH FLOOR
600 N 19TH ST
BIRMINGHAM, AL 35203

PREVIOUS BALANCE	\$ 3,975,911.51
PAYMENTS RECEIVED THROUGH 04/30/98	\$ 0.00
CREDITS APPLIED THROUGH 04/30/98	\$ 16,177.57-
TOTAL PAST DUE	\$ 3,959,733.94
CURRENT CHARGES	\$ 85,951.79
TOTAL AMOUNT DUE	\$ 4,045,685.73

FOR BILLING INQUIRIES CALL: (888) 227-3824
FOR SERVICE INQUIRIES CALL: (800) 829-1011

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REMITTANCE COPY

Invoice Summary

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN -BELLSO
 INVOICE DATE: 05/01/98
 INVOICE NUMBER: 1314262

REFERENCE PAGES	PRODUCT GROUP	NEW ACTIVITY	CONTINUING ACTIVITY	USAGE	TAXES/ SURCHARGES	TOTAL CURRENT CHARGES
INVOICE SUMMARY						
0003-0003	SWITCHED SERVICES - SOUTH FLORIDA			\$ 85,951.79		\$ 85,951.79
0004-0004	SWITCHED SERVICES - SOUTH FLORIDA				\$ 0.00	\$ 0.00
	SUBTOTAL INVOICE SUMMARY	\$ 0.00	\$ 0.00	\$ 85,951.79	\$ 0.00	\$ 85,951.79
0003-0004	TOTAL CURRENT CHARGES	\$ 0.00	\$ 0.00	\$ 85,951.79	\$ 0.00	\$ 85,951.79

EXPLANATION OF CREDIT

Please note that on Page 1 of this invoice a credit of \$16,177.57 has been applied to your previous balance. This credit is detailed as follows:

DESCRIPTION	RELATED CIRCUIT IDs	INVOICE	AMOUNT
Credit for taxes billed in error.		1278998	16,177.57
		TOTAL CREDIT	16,177.57

This is a master invoice which includes, as applicable, all accounts maintained by your company and its affiliates with operating entities owned by, affiliated with, and/or managed by TCG

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Access Services

DETAIL OF USAGE

COMPANY: BELLSOUTH ACCESS BILL VERIFICATION
 ACCOUNT NUMBER: INXN -BELLSO
 INVOICE DATE: 05/01/98
 INVOICE NUMBER: 1314262

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA

USAGE PERIOD 04/01/98 - 04/30/98

ACCESS SUMMARY BY LOCATION AND TRUNK

TRUNK	RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	RATE	CHARGES	TOTALS
NMIAFLAYDS0							
0202	TERMINATING	INTERSTA/INTERL	2,036,515	20,957,944	0.0009130	\$ 19,134.60	
0203	TERMINATING	INTERSTA/INTERL	1,082,312	13,794,266	0.0009130	\$ 12,594.17	
0204	TERMINATING	INTERSTA/INTERL	704,472	12,991,143	0.0009130	\$ 11,860.91	
0222	TERMINATING	INTERSTA/INTERL	40,196	713,256	0.0009130	\$ 651.20	
0223	TERMINATING	INTERSTA/INTERL	154,532	1,568,414	0.0009130	\$ 1,431.96	
0224	TERMINATING	INTERSTA/INTERL	90,297	941,679	0.0009130	\$ 859.75	
0225	TERMINATING	INTERSTA/INTERL	53,317	658,246	0.0009130	\$ 600.98	
0226	TERMINATING	INTERSTA/INTERL	65,368	500,300	0.0009130	\$ 456.77	
0227	TERMINATING	INTERSTA/INTERL	101,792	932,351	0.0009130	\$ 851.24	
0251	TERMINATING	INTERSTA/INTERL	147,353	1,229,883	0.0009130	\$ 1,122.88	
0253	TERMINATING	INTERSTA/INTERL	175,740	1,246,436	0.0009130	\$ 1,138.00	
0254	TERMINATING	INTERSTA/INTERL	108,815	1,556,182	0.0009130	\$ 1,420.79	
0255	TERMINATING	INTERSTA/INTERL	148,244	1,525,447	0.0009130	\$ 1,392.73	
0256	TERMINATING	INTERSTA/INTERL	127,530	827,024	0.0009130	\$ 755.07	
0257	TERMINATING	INTERSTA/INTERL	75,459	1,077,163	0.0009130	\$ 983.45	
0258	TERMINATING	INTERSTA/INTERL	133,027	1,529,655	0.0009130	\$ 1,396.58	
0259	TERMINATING	INTERSTA/INTERL	75,583	1,187,079	0.0009130	\$ 1,083.80	
0260	TERMINATING	INTERSTA/INTERL	98,652	1,623,913	0.0009130	\$ 1,482.63	
0261	TERMINATING	INTERSTA/INTERL	21,711	93,082	0.0009130	\$ 84.98	
0262	TERMINATING	INTERSTA/INTERL	140,231	1,176,195	0.0009130	\$ 1,073.87	
0265	TERMINATING	INTERSTA/INTERL	48,727	715,162	0.0009130	\$ 652.94	
0266	TERMINATING	INTERSTA/INTERL	83,446	689,915	0.0009130	\$ 629.89	
0267	TERMINATING	INTERSTA/INTERL	106,196	776,549	0.0009130	\$ 708.99	
0268	TERMINATING	INTERSTA/INTERL	149,873	2,197,817	0.0009130	\$ 2,006.61	
0269	TERMINATING	INTERSTA/INTERL	107,221	1,770,731	0.0009130	\$ 1,616.68	
0271	TERMINATING	INTERSTA/INTERL	93,545	1,665,862	0.0009130	\$ 1,520.93	
0272	TERMINATING	INTERSTA/INTERL	245,438	4,407,212	0.0009130	\$ 4,023.79	
0273	TERMINATING	INTERSTA/INTERL	49,503	907,271	0.0009130	\$ 828.34	
0274	TERMINATING	INTERSTA/INTERL	82,729	1,401,046	0.0009130	\$ 1,279.16	
0275	TERMINATING	INTERSTA/INTERL	218,544	3,005,573	0.0009130	\$ 2,744.09	
0276	TERMINATING	INTERSTA/INTERL	80,537	670,907	0.0009130	\$ 612.54	
0277	TERMINATING	INTERSTA/INTERL	106,657	1,216,904	0.0009130	\$ 1,111.03	
0278	TERMINATING	INTERSTA/INTERL	140,049	1,436,398	0.0009130	\$ 1,311.43	
0279	TERMINATING	INTERSTA/INTERL	17,663	237,851	0.0009130	\$ 217.16	
0280	TERMINATING	INTERSTA/INTERL	174,959	1,574,984	0.0009130	\$ 1,437.96	
0283	TERMINATING	INTERSTA/INTERL	138,597	1,199,587	0.0009130	\$ 1,095.22	
0284	TERMINATING	INTERSTA/INTERL	144,532	1,365,223	0.0009130	\$ 1,246.45	
0285	TERMINATING	INTERSTA/INTERL	112,448	1,295,473	0.0009130	\$ 1,182.77	
0286	TERMINATING	INTERSTA/INTERL	172,138	1,478,037	0.0009130	\$ 1,349.45	
TOTAL ACCESS CHARGES FOR LOCATION NMIAFLAYDS0			7,853,948	94,142,176		\$ 85,951.79	

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 85,951.79

ACCESS SUMMARY BY JURISDICTION

RATE ELEMENT	JURISDICTION	MESSAGES	MINUTES	CHARGES
TERMINATING	INTERSTA/INTERL	7,853,948	94,142,176	\$ 85,951.79
TOTALS		7,853,948	94,142,176	\$ 85,951.79

CARRIER ACCESS CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA

\$ 85,951.79

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Access Services

PRODUCT SUMMARY

COMPANY:	BELLSOUTH ACCESS BILL VERIFICATION
ACCOUNT NUMBER:	INXN -BELLSO
INVOICE DATE:	05/01/98
INVOICE NUMBER:	1314262

SWITCHED SERVICES - SOUTH FLORIDA METRO AREA


CHARGE TYPE	CURRENT CHARGES
NEW ACTIVITY	\$ 0.00
CONTINUING ACTIVITY	\$ 0.00
USAGE AMOUNT	\$ 85,951.79
TAXES/SURCHARGES	\$ 0.00
TOTAL CHARGES FOR SWITCHED SERVICES - SOUTH FLORIDA ACCESS SERVICES	\$ 85,951.79

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CERTIFICATE OF DEPONENT

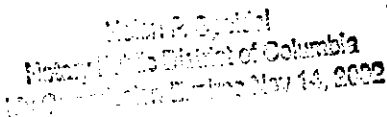
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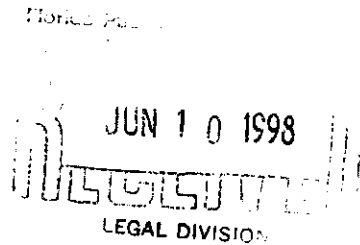
This is to certify that I, PAUL KOUROUPAS, have read the foregoing transcription of my testimony, Page 1 through 53, given on May 21, 1998 in Docket Numbers 971478-TP, 980184-TP, 980495-TP, 980499-TP, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.



PAUL KOUROUPAS

Sworn to and subscribed before me this
9th day of June, 1998
Helen P. Spindel
NOTARY PUBLIC
State of District of Columbia
My Commission Expires: November 14, 2002





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ERRATA SHEET

DOCKET NUMBERS 971478-TP,
980184-TP, 980495-TP, 980499-TP
PAUL KOUROUPAS
MAY 21, 1998

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Line 9, Page 32, change "fiber" to "subscriber."

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AGREEMENT

THIS AGREEMENT is made by and between BellSouth Telecommunications, Inc., ("BellSouth"), a Georgia corporation, and Intermedia Communications Inc., ("ICI"), a Delaware corporation and shall be deemed effective as of July 1, 1996. This agreement may refer to either BellSouth or ICI or both as a "party" or "parties."

WITNESSETH

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

WHEREAS, ICI is an alternative local exchange telecommunications company ("ALEC" or "OLEC") authorized to provide or is intending to be authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, the parties wish to interconnect their facilities, purchase unbundled elements, and exchange traffic for the purposes of fulfilling their obligations pursuant to sections 251, 252 and 271 of the Telecommunications Act of 1996 and to replace any and all other prior agreements, both written and oral, including, without limitation, that certain Stipulation and Agreement dated December 7, 1995, applicable to the state of Florida;

NOW THEREFORE, in consideration of the mutual agreements contained herein, BellSouth and ICI agree as follows:

I. Definitions

A. Affiliate is defined as a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this paragraph, the term "own" means to own an equity interest (or equivalent thereof) of more than 10 percent.

B. Commission is defined as the appropriate regulatory agency in each of BellSouth's nine state region, Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET

NO. 771478-TP, et al EXHIBIT NO. 4

COMPANY: Strew (adopted)

WITNESS: 6-11-98

DATE: 6-11-98

C. Intermediary function is defined as the delivery of local traffic from a local exchange carrier other than BellSouth; an ALEC other than ICI; another telecommunications company such as a wireless telecommunications provider through the network of BellSouth or ICI to an end user of BellSouth or ICI.

D. Local Traffic is defined as any telephone call that originates in one exchange and terminates in either the same exchange, or a corresponding Extended Area Service ("EAS") exchange. The terms Exchange, and EAS exchanges are defined and specified in Section A3. of BellSouth's General Subscriber Service Tariff.

E. Local Interconnection is defined as 1) the delivery of local traffic to be terminated on each party's local network so that end users of either party have the ability to reach end users of the other party without the use of any access code or substantial delay in the processing of the call; 2) the LEC unbundled network features, functions, and capabilities set forth in this Agreement; and 3) Service Provider Number Portability sometimes referred to as temporary telephone number portability to be implemented pursuant to the terms of this Agreement.

F. Percent of Interstate Usage (PIU) is defined as a factor to be applied to terminating access services minutes of use to obtain those minutes that should be rated as interstate access services minutes of use. The numerator includes all interstate "nonintermediary" minutes of use, including interstate minutes of use that are forwarded due to service provider number portability less any interstate minutes of use for Terminating Party Pays services, such as 800 Services. The denominator includes all "nonintermediary", local, interstate, intrastate, toll and access minutes of use adjusted for service provider number portability less all minutes attributable to terminating party pays services.

G. Percent Local Usage (PLU) is defined as a factor to be applied to intrastate terminating minutes of use. The numerator shall include all "nonintermediary" local minutes of use adjusted for those minutes of use that only apply local due to Service Provider Number Portability. The denominator is the total intrastate minutes of use including local, intrastate toll, and access, adjusted for Service Provider Number Portability less intrastate terminating party pays minutes of use.

H. Telecommunications Act of 1996 ("Act") means Public Law 104-104 of the United States Congress effective February 8, 1996. The Act amended the Communications Act of 1934 (47, U.S.C. Section 1 et. seq.).

I. Multiple Exchange Carrier Access Billing ("MECAB") means the document prepared by the Billing Committee of the Ordering and Billing Forum ("OBF"), which functions under the auspices of the Carrier Liaison Committee of the Alliance for Telecommunications Industry Solutions ("ATIS") and by Bellcore as Special Report SR-BDS-000983, Containing the recommended guidelines for the billing of Exchange

Service access provided by two or more LECs and/or ALECs or by one LEC in two or more states within a single LATA.

II. Purpose

OK
The parties desire to enter into this Agreement consistent with all applicable federal, state and local statutes, rules and regulations in effect as of the date of its execution including, without limitation, the Act at Sections 251, 252 and 271 and to replace any and all other prior agreements, both written and oral, including, without limitation, that certain Stipulation and Agreement dated December 7, 1995, applicable to the state of Florida concerning the terms and conditions of interconnection. The access and interconnection obligations contained herein enable ICI to provide competing telephone exchange service and private line service within the nine state region of BellSouth.

III. Term of the Agreement

A. The term of this Agreement shall be two years, beginning July 1, 1996.

B. The parties agree that by no later than July 1, 1997, they shall commence negotiations with regard to the terms, conditions and prices of local interconnection to be effective beginning July 1, 1998.

C. If, within 135 days of commencing the negotiation referred to in Section II (B) above, the parties are unable to satisfactorily negotiate new local interconnection terms, conditions and prices, either party may petition the commissions to establish appropriate local interconnection arrangements pursuant to 47 U.S.C. 252. The parties agree that, in such event, they shall encourage the commissions to issue its order regarding the appropriate local interconnection arrangements no later than March 1 1997. The parties further agree that in the event the Commission does not issue its order prior to July 1, 1998 or if the parties continue beyond July 1, 1998 to negotiate the local interconnection arrangements without Commission intervention, the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to July 1, 1998. Until the revised local interconnection arrangements become effective, the parties shall continue to exchange traffic pursuant to the terms and conditions of this Agreement.

IV. Local Interconnection

A. The delivery of local traffic between the parties shall be reciprocal and compensation will be mutual according to the provisions of this Agreement. The parties agree that the exchange of traffic on BellSouth's EAS routes shall be considered as local traffic and compensation for the termination of such traffic shall be pursuant to the terms of this section. EAS routes are those exchanges within an exchange's Basic

Local Calling Area, as defined in Section A3 of BellSouth's General Subscriber Services Tariff.

B. Each party will pay the other for terminating its local traffic on the other's network the local interconnection rates as set forth in Attachment B-1, by this reference incorporated herein. The charges for local interconnection are to be billed monthly and payable quarterly after appropriate adjustments pursuant to this Agreement are made. Late payment fees, not to exceed 1% per month after the due date may be assessed, if interconnection charges are not paid, within thirty (30) days of the due date of the quarterly bill.

C. The first six month period after the execution of this Agreement is a testing period in which the parties agree to exchange data and render billing. However, no compensation during this period will be exchanged. If, during the second six month period, the monthly net amount to be billed prior to the cap being applied pursuant to subsection (D) of this section is less than \$40,000.00 on a state by state basis, the parties agree that no payment is due. This cap shall be reduced for each of the subsequent six month periods as follows: 2nd period--\$40,000.00; 3rd period--\$30,000.00; and 4th period--\$20,000.00. The cap shall be \$0.00 for any period after the expiration of this Agreement but prior to the execution of a new agreement.

D. The parties agree that neither party shall be required to compensate the other for more than 105% of the total billed local interconnection minutes of use of the party with the lower total billed local interconnection minutes of use in the same month on a statewide basis. This cap shall apply to the total billed local interconnection minutes of use measured by the local switching element calculated for each party and any affiliate of the party providing local exchange telecommunications services under the party's certificate of necessity issued by the Commission. Each party will report to the other a Percentage Local Usage ("PLU") and the application of the PLU will determine the amount of local minutes to be billed to the other party. Until such time as actual usage data is available or at the expiration of the first year after the execution of this Agreement, the parties agree to utilize a mutually acceptable surrogate for the PLU factor. The calculations, including examples of the calculation of the cap between the parties will be pursuant to the procedures set out in Attachment A, incorporated herein by this reference. For purposes of developing the PLU, each party shall consider every local call and every long distance call. Effective on the first of January, April, July and October of each year, the parties shall update their PLU.

E. The parties agree that there are three appropriate methods of interconnecting facilities: (1) virtual collocation where physical collocation is not practical for technical reasons or because of space limitations; (2) physical collocation; and (3) interconnection via purchase of facilities from either party by the other party. Rates and charges for collocation are set forth in Attachment C-13, incorporated herein by this reference. Facilities may be purchased at rates, terms and conditions set forth in BellSouth's intrastate Switched Access (Section E6) or Special Access (Section E7)

chooses to adopt another agreement in its entirety, the parties agree that the effective day shall be the date the agreement is approved by the Commission.

C. 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 ICI shall be eligible for subscription to said service at the rates, terms and conditions contained in the tariff. The parties agree that such eligibility shall be as of the effective date of the tariff.

D. The Parties acknowledge that BellSouth will guarantee the provision of universal service as the carrier-of-last-resort throughout its territory in Florida until January 1, 1998 without contribution from ICI.

XXII. 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, call detail records and like information (hereinafter collectively referred to as "Information"). Both parties agree that all Information shall be in writing or other tangible form and clearly marked with a confidential, private or proprietary legend and that 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.

XXIII. 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 initially refer the issue to the individuals in each company that negotiated the Agreement. If the issue is not resolved within 30 days, 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.

XXIV. 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.

XXV. 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.

XXVI. 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.

XXVII. 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.

XXVIII. 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.

ICI

or at such other address as the intended recipient previously shall have designated by written notice to the other party.

AMENDMENT

TO

INTERCONNECTION AGREEMENT BETWEEN
INTERMEDIA COMMUNICATIONS, INC. AND
BELLSOUTH TELECOMMUNICATIONS, INC. DATED JULY 1, 1996

Pursuant to this Agreement (the "Amendment"), Intermedia Communications, Inc., ("ICI") and BellSouth Telecommunications, Inc. ("BellSouth") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Interconnection Agreement between the Parties dated July 1, 1996 ("Interconnection Agreement").

NOW THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ICI and BellSouth hereby covenant and agree as follows:

Eliminations and Insertions

1. The Parties agree to eliminate and strike out of the Interconnection Agreement all of paragraphs IV(C) and IV(D) on page 4, and inserting in place thereof the following paragraphs:

C. Left Blank Intentionally

D. Each party will report to the other a Percentage Local Usage ("PLU") and the application of the PLU will determine the amount of local minutes to be billed to the other party. Until such time as the actual usage data is available or at the expiration of the first year after the execution of this Agreement, the parties agree to utilize a mutually acceptable surrogate for the PLU factor. For purposes of developing the PLU, each party shall consider every local call and every long distance call. Effective on the first of January, April, July and October of each year, the parties shall update their PLU.

2. The Parties further agree to eliminate and strike out of the Interconnection Agreement all of the language of Attachment A, leaving Attachment A blank intentionally.

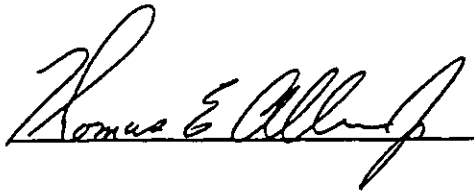
3. The Parties agree that all of the other provisions of the Interconnection Agreement, dated July 1, 1996, shall remain in full force and effect.

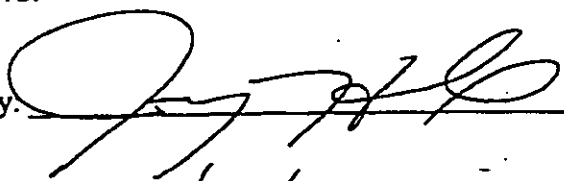
4. The Parties further agree that either or both of the Parties is authorized to submit this Amendment to the appropriate state public service commission or other regulatory body having jurisdiction over the subject matter of this Amendment, for approval subject to Section 252(e) of the federal Telecommunications Act of 1996.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

INTERMEDIA COMMUNICATIONS, INC.

BELLSOUTH TELECOMMUNICATIONS, INC.

By: 

By: 

DATE: 2-24-97

DATE: 2/24/99



BellSouth Telecommunications, Inc. 404 927-7150
 Room 4428 Fax 404 429-8291
 675 West Peachtree Street, N.E. Internet: Ernest.L.Bush
 Atlanta, Georgia 30375 @bridge.bellsouth.com

Ernest L. Bush
 Assistant Vice President -
 Regulatory Policy & Planning

SN91081223

August 12, 1997

To: All Competitive Local Exchange Carriers
 Subject: Enhanced Service Providers (ESPs) Traffic

The purpose of this letter is to call to your attention that our interconnection agreement applies only to local traffic. Although enhanced service providers (ESPs) have been exempted from paying interstate access charges, the traffic to and from ESPs remains jurisdictionally interstate. As a result, BellSouth will neither pay, nor bill, local interconnection charges for traffic terminated to an ESP. Every reasonable effort will be made to insure that ESP traffic does not appear on our bills and such traffic should not appear on your bills to us. We will work with you on a going forward basis to improve the accuracy of our reciprocal billing processes. The ESP category includes a variety of service providers such as information service providers (ISPs) and internet service providers, among others.

On December 24, 1996, the Federal Communications Commission (FCC) released a Notice of Proposed Rule Making (NPRM) on interstate access charge reform and a Notice of Inquiry (NOI) on the treatment of interstate information service providers and the Internet. Docket Nos. 96-262 and 96-263. Among other matters, the NPRM and NOI addressed the information service provider's exemption from paying access charges and the usage of the public switched network by information service providers and internet access providers.

Traffic originated by and terminated to information service providers and internet access providers enjoys a unique status, especially call termination. Information service providers and internet access providers have historically been subject to an access charge exemption by the FCC which permits the use of basic local exchange telecommunications services as a substitute for switched access service. The FCC will address this exemption in the above-captioned proceedings. Until any such reform affecting information service providers and internet access providers is accomplished, traffic originated to and terminated by information service providers and internet access providers is exempt from access charges. This fact, however, does not make this interstate traffic "local", or subject it to reciprocal compensation agreements.

Please contact your Account Manager or Marc Cathey (205-977-3311) should you wish to discuss this issue further. For a name or address change to the distribution of this letter, contact Echnylyn Pugh at 205-977-1124.

Sincerely,

KELLEY DRYE & WARREN LLP

A UNITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

1200 19TH STREET, N.W.

SUITE 500

WASHINGTON, D. C. 20036

12021 955-9600

FACSIMILE

12021 955-9792

WRITER'S DIRECT LINE

12021 955-9604

NEW YORK, N.Y.

LOS ANGELES, CA.

MIAMI, FL.

CHICAGO, IL.

STAMFORD, CT.

PARSIPPANY, N.J.

BRUSSELS, BELGIUM

HONG KONG

AFFILIATED OFFICES

NEW DELHI, INDIA

TOKYO, JAPAN

September 2, 1997

**VIA FACSIMILE
AND U.S. MAIL**

Jere A. Drummond, President
 BellSouth Telecommunications, Inc.
 45th Floor
 675 West Peachtree Street, N.E.
 Atlanta, GA 30375

Re: BellSouth Letter Contemplating Nonpayment
 of Mutual Compensation for ISP Traffic

Dear Mr. Drummond:

On behalf of my client, Intermedia Communications Inc. ("Intermedia"), I am responding to a letter dated August 12, 1997, sent under the name of Ernest Bush and directed to "All Competitive Local Exchange Carriers." That letter states that BellSouth considers local calls made to Internet service providers ("ISPs") to be jurisdictionally interstate, and that BellSouth will not submit payment for the termination of local calls made to Internet service providers on Intermedia's network. As discussed below, we reject BellSouth's position in the strongest terms, and urge BellSouth to issue a prompt retraction of the August 12 letter.

As you no doubt know from the comments recently filed by Intermedia and every other competitive carrier participating in the FCC's Docket CCB/CPD 97-30 proceeding, the argument against mutual compensation for the termination of local calls made to ISPs is rejected by the entire competitive carrier community and is embraced only by

KELLEY DRYE & WARREN LLP

Jere A. Drummond, President
September 2, 1997
Page 3

appropriate legal and regulatory action. Please direct your response to me at the facsimile number listed above.

Sincerely,


Jonathan E. Caris

cc: Whit Jordan
Ernest L. Bush
Mark L. Fielder

Harris R. Anthony
General Attorney

BellSouth Telecommunications, Inc.
Legal Department - Suite 4300
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375-0001
Telephone: 404-335-0789
Facsimile: 404-614-4054

September 11, 1997

Jonathan E. Canis
Kelley Drye & Warren
1200 19th Street, N.W.
Suite 1500
Washington, D.C. 20036

Re: Reciprocal Compensation For ISP Traffic

Dear Mr. Canis:

This is in response to your September 2, 1997 letter to Mr. Jere A. Drummond. In your letter, you express your disagreement with Mr. Bush's letter of August 12, 1997 wherein he brought to the attention of local carriers that the reciprocal compensation provisions of BellSouth's interconnection agreements apply only to local traffic. Accordingly, traffic being delivered to internet service providers (ISPs), which is jurisdictionally interstate, is not eligible for reciprocal compensation.

Your letter contains several observations which you believe create an obligation on the part of BellSouth to pay mutual compensation for ISP traffic. As discussed below, Intermedia is mistaken as to the jurisdictional nature of the ISP traffic. Likewise, your statements that BellSouth may be violating certain provisions of the Communications Act are unfounded.

Contrary to your apparent belief, there is no basis in fact or law that would support your position that ISP traffic is intrastate, let alone "local" for reciprocal compensation purposes. It is well established that whether a communication is interstate and, thus, within the exclusive jurisdiction of the FCC depends on the end-to-end nature of the communication itself. ISP traffic does not terminate on Intermedia's local facilities. Rather, the traffic traverses these facilities as well as those of the ISP and the internet transport provider(s) to establish a communications path to distant internet destination(s). The communication terminates at the distant internet site. Internet end-to-end communication paths are typically interstate in nature because they not only cross state boundaries but often national boundaries as well. Even in the instances where the distant internet site is within the same state as the originating end of the communication, the dynamic aspects of internet communications make such communications inseverable from the interstate traffic. Under existing case law, such traffic must also be considered interstate.

Mr. Jonathan E. Canis
September 11, 1997
Page 2

Further, the FCC has already exercised its jurisdiction over internet traffic. The Commission's grant of an exemption from the payment of interstate access charges to enhanced service providers must necessarily be based upon fact that by definition such traffic was interstate in the first instance. Otherwise, the Commission would not have had the jurisdiction to grant an exemption. A fact often lost is that the access charge exemption affects the rate an incumbent LEC may charge an ISP, not the jurisdictional nature of the ISP traffic. The access charge exemption is a transitional mechanism that was prescribed by the Commission to avoid significant economic dislocation in the then nascent enhanced services market. Nothing in the creation of the access charge exemption altered the jurisdictional nature of the end-to-end communications. The traffic remains jurisdictionally interstate. Be advised, however, that the FCC's access charge exemption for ISPs is directed only to incumbent LECs. Intermedia, as a competitive local exchange carrier, is free to charge appropriate access rates in order to compensate it fully for any services it provides to ISPs.

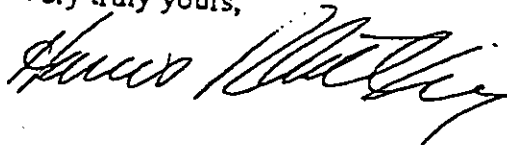
In its Local Interconnection Order, the FCC made it abundantly clear that reciprocal compensation rules only apply to traffic that originates and terminates within a local area. The rules do not apply to non-local traffic, such as ISP or other interstate interexchange traffic, none of which terminates in the local area.

Your letter incorrectly contends that if ISP traffic is interstate, such a jurisdictional determination would compel a finding that BellSouth, through its BellSouth.net subsidiary, is engaged in the provision of interLATA services in violation of Section 271 of the Communications Act. BellSouth merely provides a gateway to the internet. It does not provide any of the interLATA internet transport. Such transport is provided by non-affiliated interLATA carriers. Thus, BellSouth's internet gateway is not unlike the interstate access services BellSouth provides for interLATA voice communications, except that the internet gateway is an enhanced service. While the end-to-end communication may be interLATA, the access components of that communication are not.

Similarly without merit is the assertion that BellSouth, in not paying reciprocal compensation for interstate ISP traffic, may run afoul of the Customer Proprietary Network Provisions in Section 222 of the Communications Act. Even assuming *arguendo* that customer network proprietary information were involved, nothing in Section 222 would prevent BellSouth from rendering proper bills for its services including the determination of amounts to exclude from the payment of reciprocal compensation.

BellSouth is fully meeting its obligations under the Communications Act and the interconnection agreements it has negotiated. To the extent, however, that Intermedia has a dispute with regard to the interconnection agreement, Intermedia is free to seek resolution of the dispute before the appropriate state regulatory body.

Very truly yours,



cc: Ernest Bush

Exhibit _____ (RM-1)
Docket No. 980499-TP
Witness: Ron Martinez
Company: MCImetro

**EXCERPTS FROM MCImetro/BST INTERCONNECTION AGREEMENT
effective June 19, 1997**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 971478-TP etc. EXHIBIT NO. 5
COMPANY/
WITNESS: Martinez
DATE: 6-11-98

ATTACHMENT I

PRICE SCHEDULE

1. General Principles

1.1 All rates provided under this Agreement are permanent unless otherwise indicated in Table I, subject to true-up, and shall remain in effect until the Commission determines otherwise or unless they are not in accordance with all applicable provisions of the Act, the Rules and Regulations of the FCC in effect, or the Commission's rules and regulations, in which case Part A, Section 2 shall apply.

1.2 Except as otherwise specified in this Agreement, the Act or any Commission order, each Party shall be responsible for all costs and expenses that it incurs to comply with its obligation under this Agreement.

2. Local Service Resale

The rates that MCIIm shall pay to BellSouth for Resale shall be an amount equal to BellSouth's tariffed rates for each resold service as reduced by a percentage amount equal to the wholesale discount (set forth below in section 2.1, below). If BellSouth reduces such tariffed rates during the term of this Agreement, the wholesale discount shall be applied to the reduced tariffed rates.

2.1 The following wholesale discount will apply to all Telecommunications Services available for resale in Florida:

Residential Service: 21.83 %

Business Service: 16.81 %

3. Unbundled Network Elements

The charges that MCIIm shall pay to BellSouth for Network Elements are set forth in Table 1 of this Attachment.

4. Ancillary Functions and Supporting Elements

The interim prices for collocation, AIN and other Ancillary Functions or Supporting Elements that MCIIm shall pay to BellSouth are set forth in Table 1 of this Attachment.

MCImetro-BellSouth Florida Interconnection Agreement

5. Recorded Usage Data

The prices for Recorded Usage data are set forth in Table 1 of this Attachment.

6. Inside Wire

The price of the BellSouth Inside Wire Maintenance Plan purchased by MCIIm for resale shall not be reduced by the wholesale discount.

7. Interconnection and Reciprocal Compensation

7.1 Compensation for the exchange of local traffic is set forth in Table 1 of this Attachment and shall be billed based on per-minutes-of-use and shall be measured in accordance with Attachment IV. *

7.2 MCIIm may choose to establish trunking to any given end office when there is sufficient traffic to route calls directly to such end office. If MCIIm leases one-way trunks from BellSouth, MCIIm will pay the transport charges for dedicated or common transport. For two-way trunks the charges will be shared equally by both parties.

7.3 Compensation for the termination of toll traffic and the origination of 800/888 traffic between the interconnecting parties shall be based on the applicable access charges in accordance with FCC Rules and Regulations in effect.

7.4 Where a toll call is completed through BellSouth Florida's INP arrangement (e.g., remote call forwarding, flexible DID, etc.) to MCIIm's subscriber, MCIIm shall be entitled to applicable access charges in accordance with FCC Rules and Regulations.

7.5 MCIIm shall pay a transit rate as set forth in Table 1 of this Attachment when MCIIm uses an BellSouth access tandem to terminate a call to a third party LEC or another local service provider. BellSouth shall pay MCIIm a transit rate equal to the BellSouth rate referenced above when BellSouth uses an MCIIm switch to terminate a call to a third party LEC or another local service provider.

8. The recurring and non-recurring prices for Unbundled Network Elements (UNEs) in Table 1 of this Attachment are appropriate for UNEs on an individual, stand-alone basis. When two or more UNEs are combined, these prices may lead to duplicate charges. BellSouth shall provide recurring and non-recurring charges that do not include duplicate charges for functions or activities that MCIIm does not need when two or more network elements are combined in a single order. MCIIm and BellSouth shall work together to establish the recurring

MCImetro-BellSouth Florida Interconnection Agreement

and non-recurring charges in situations where MCI is ordering multiple network elements. Where the parties cannot agree to these charges, either party may petition the Florida Public Service Commission to settle the disputed charge or charges. BellSouth must notify the Commission when a rate is set that excludes duplicated charges by filing a report within 30 days of the rate being established. This report must specify the elements being combined and the charges for that particular combination.

MCImetro/BellSouth Florida Interconnection Agreement

Table 1 (all items/rates not included)

NETWORK ELEMENT	COMMISSION APPROVED RECURRING RATES FOR UNBUNDLED NETWORK ELEMENTS
NETWORK INTERFACE DEVICE	*\$0.76
LOOPS	
2 - WIRE ANALOG	\$17.00
4 - WIRE ANALOG	\$30.00
2 - WIRE ISDN	\$40.00
4 - WIRE DS1	\$80.00
LOOP DISTRIBUTION	*\$7.00
END OFFICE SWITCHING	
PORTS	
2 - WIRE ANALOG	\$2.00
4 - WIRE ANALOG	*\$10.00
2 - WIRE ISDN	\$13.00
4 - WIRE DS1	\$125.00
USAGE	
INITIAL MIN.	\$0.0175
ADD'L MIN.	\$0.005
SIGNALING	
LINK	\$5.00
TERMINATION	\$113.00
USAGE	
- CALL SETUP MSG	\$0.00001
- TCAP MESSAGE	\$0.00004
USAGE SURROGATE	\$64.00
UNBUNDLED LOOP CHANNELIZATION SYSTEM (DS1)	
- PER SYSTEM	\$480.00
- CENTRAL OFFICE CHANNEL INTERFACE - VOICE	\$1.50

MCImetro/BellSouth Florida Interconnection Agreement

NETWORK ELEMENT	COMMISSION APPROVED RECURRING RATES FOR UNBUNDLED NETWORK ELEMENTS
COMMON TRANSPORT	
PER MILE	\$0.000012
FACILITIES TERMINATION PER MOU	\$0.0005
DEDICATED TRANSPORT (DS1)	
PER MILE	\$1.60
PER FAC. TERM.	\$59.75
TANDEM SWITCHING	\$0.00029
CALL TRANSPORT AND TERMINATION (Compensation for Exchange of Local Traffic)	
END OFFICE INTERCONNECTION INCLUDING TRANSPORT (PER MOU)	\$0.002
TANDEM INTERCONNECTION INCLUDING TRANSPORT (PER A51MOU)	\$0.00125
OPERATOR SYSTEMS	
OPERATOR CALL HANDLING	\$1.00
AUTOMATED CALL HANDLING	\$0.10
BUSY LINE VERIF.	\$0.80
EMERGENCY INTER.	\$1.00
NUMBER SERVICE INTERCEPT	
- PER QUERY	\$0.01
DIRECTORY ASSISTANCE (DA)	\$0.25
DA DABABASE	
- PER LISTING	\$0.001
- MONTHLY	\$100.00
DIRECT ACCESS TO DA SERVICE	
- MONTHLY	\$5,000.00
- PER QUERY	\$0.01
DA CALL COMPLETION	\$0.03
DA TRANSPORT	
- SWITCHED LOCAL CHANNEL	*\$133.81
- SWITCHED DEDICATED	
TRANSPORT DS1 LEVEL	
- PER MILE	*\$16.75
- PER FACILITY TERM.	\$59.75

*

MCImetro/BellSouth Florida Interconnection Agreement

- SW COMM. / DA CALL	\$0.0003
- SW COMM. / DA CALL/MILE	\$0.00001
- TANDEM SW/DA CALL	\$0.00055

* Interim Rates

MCI-BellSouth Florida Interconnection Agreement

1.2.1 BellSouth "Interconnection Point" or "IP" means the physical point that establishes the technical interface, the test point, and the operational responsibility hand-off between MCI and BellSouth for the local interconnection of their networks. MCI will separate traffic destined for different tandems onto separate trunk groups at the IP.

1.2.2 MCI shall designate at least one IP in the LATA in which MCI originates local traffic and interconnects with BellSouth. MCI will be responsible for engineering and maintaining its network on its side of the IP. BellSouth will be responsible for engineering and maintaining its network on its side of the IP. If and when the parties choose to interconnect at a mid-span meet, MCI and BellSouth will jointly provision the fiber optic facilities that connect the two networks and shall share the financial and other responsibilities for that facility.

1.2.2.1 Upon MCI's request for additional points of interconnection, BellSouth will interconnect with MCI at any Technically Feasible point on BellSouth's network of MCI's choosing using the same technical configuration or using other arrangements, including but not limited to mutually agreed upon mid-span fiber meets, entrance facilities, telco closets, and physical or virtual collocation.

1.2.2.2 Within three (3) business days of MCI's written request for IP, BellSouth shall identify any known Environmental Hazard or Hazardous Materials existing in the IP route or location.

1.2.2.3 BellSouth shall allow MCI to perform any environmental site investigations, including, but not limited to, asbestos surveys, MCI deems to be necessary in support of its collocation needs, at MCI's request.

1.2.2.4 If interconnection is complicated by the presence of Environmental Hazards or Hazardous Materials, and an alternative route is available, BellSouth shall make such alternative route available for MCI's consideration.

Section 2. Compensation Mechanisms

2.1 Interconnection Point

2.1.1 Each party is responsible for bringing their facilities to the IP.

2.2 Compensation for Call Traffic Transport and Termination

2.2.1 The Parties shall bill each other reciprocal compensation at the rates set forth for Local Interconnection in this Agreement and the Order of the FPSC. Local Traffic is defined as any telephone call that originates in one exchange and terminates in either the same exchange, or a corresponding Extended Area (EAS) exchange. The terms Exchange and EAS exchanges are defined and specified in Section A3. Of BellSouth's General Subscriber Service Tariff. *

2.2.1.1 BellSouth shall provide to MCIIm, on diskette(s) or in any other manner that the parties agree to, on a one-time basis when requested by MCIIm, an all-inclusive list (BellSouth, LEC, CLEC and EAS NXX's) of NXX's pertaining to section 2.2.1, above, that creates parity with that which BellSouth provides to itself. MCIIm may require, upon request, updates to this list.

2.2.2 The IP determines the point at which the originating carrier shall pay the terminating carrier for the completion of that traffic. The following compensation elements shall apply:

2.2.2.1 "Transport", which includes the transmission and any necessary tandem switching of local telecommunications traffic from the interconnection point between the two carriers to the terminating carrier's end-office switch that directly serves the called end-user.

2.2.2.2 "Termination", which includes the switching of Local Traffic at the terminating carrier's end office switch.

2.3 When an MCIIm subscriber places a call to BellSouth's subscriber, MCIIm will hand off that call to BellSouth at the IP. Conversely, when BellSouth hands over local traffic to MCIIm for MCIIm to transport and terminate, BellSouth must use the established IP.

2.4 MCIIm may designate an IP at any Technically Feasible point including but not limited to any electronic or manual cross-connect points, collocations, telco closets, entrance facilities, and mid-span meets where mutually agreed upon. The transport and termination charges for local traffic flowing through an IP shall be as follows:

MCIm-BellSouth Florida Interconnection Agreement

2.4.1 When calls from MCIm are terminating on BellSouth's network through the BellSouth tandem, MCIm will pay to BellSouth the tandem switching rate.

2.4.2 When BellSouth terminates calls to MCIm's subscribers using MCIm's switch, BellSouth shall pay to MCIm the appropriate interconnection rate(s). BellSouth shall not compensate MCIm for transport and tandem switching unless MCIm actually performs each function.

2.4.3 MCIm may choose to establish direct trunking to any given end office. If MCIm leases trunks from BellSouth, it shall pay charges for dedicated or common transport. For calls terminating from MCIm to subscribers served by these directly trunked end offices, MCIm shall also pay BellSouth the end office switching rate. For BellSouth traffic terminating to MCIm over the direct end office trunking, BellSouth shall pay the same rate.

Section 3. Signaling

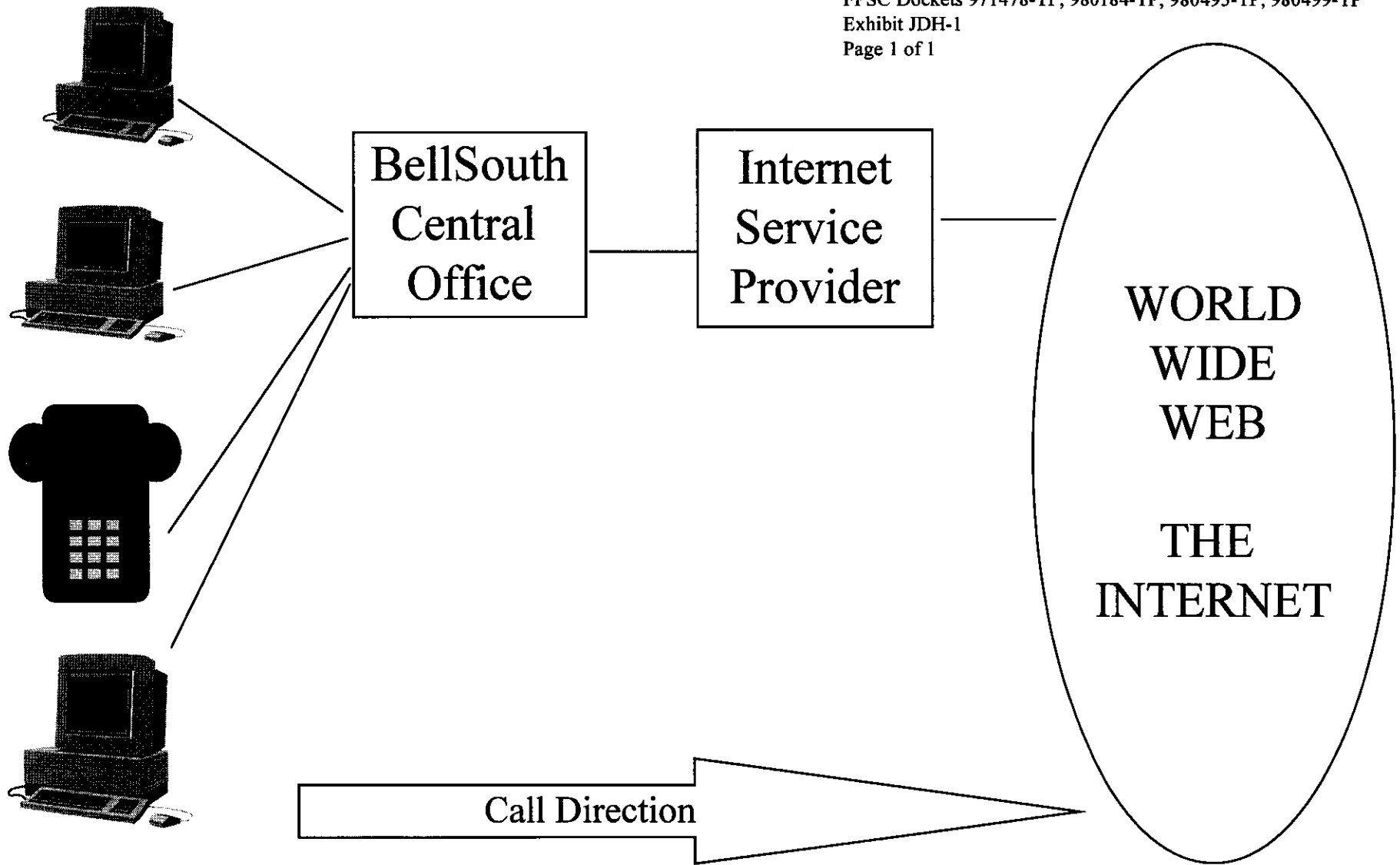
3.1 Signaling protocol. The parties will interconnect their networks using SS7 signaling as defined in GR-317 and GR-394 including ISDN User Part ("ISUP") for trunk signaling and Transaction Capabilities Application Part ("TCAP") for CCS-based features in the interconnection of their networks. All Network Operations Forum (NOF) adopted standards shall be adhered to.

3.2 The parties will provide CCS to each other in conjunction with all trunk groups supporting local, transit, and toll traffic. The parties will cooperate on the exchange of Transactional Capabilities Application Part (TCAP) messages to facilitate full inter-operability of CCS-based features between their respective networks, including all CLASS features and functions. All CCS signaling parameters will be provided including automatic number identification (ANI), originating line information (OLI), calling party category, charge number, etc. All privacy indicators will be honored.

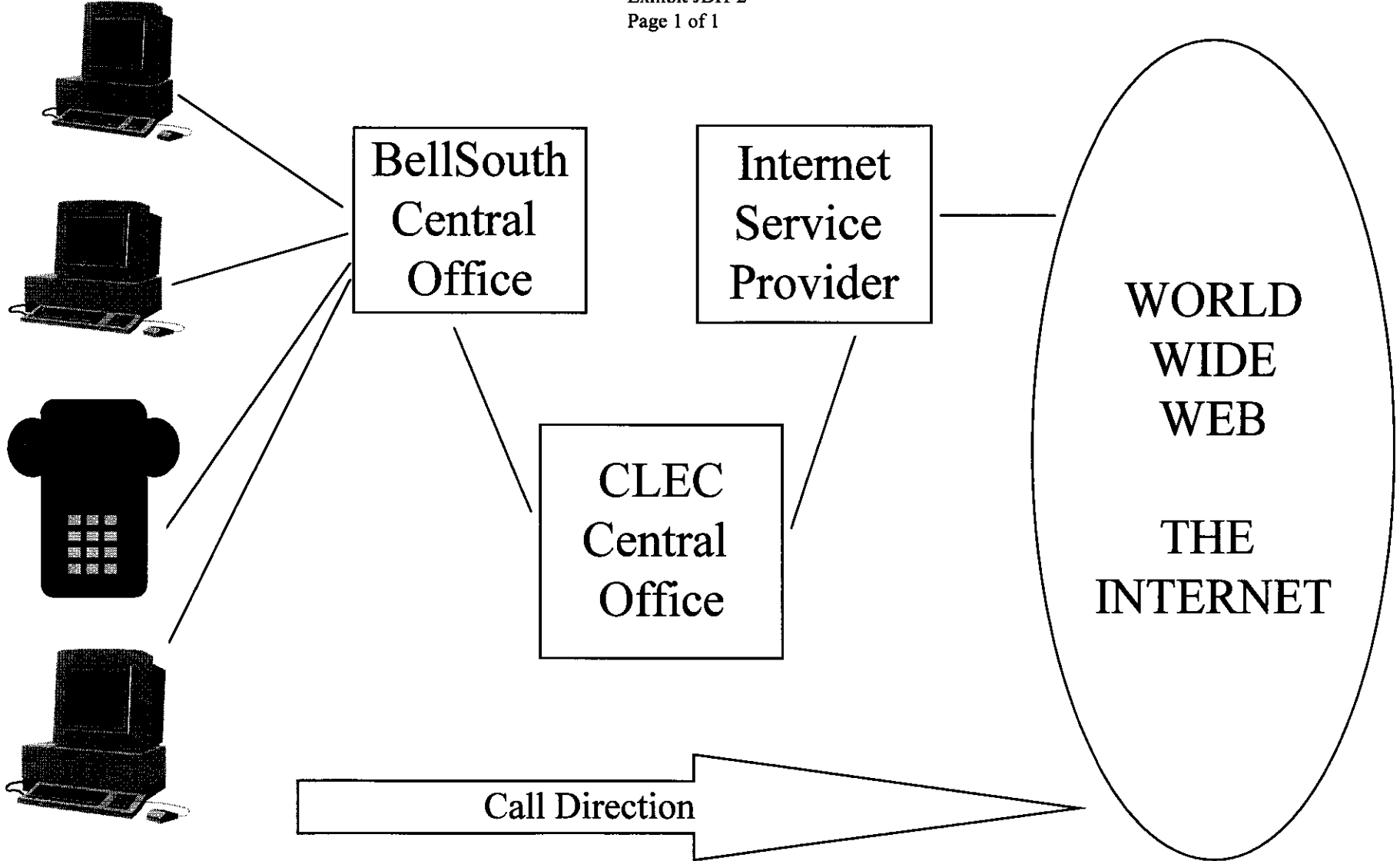
3.2.1 OSS7, while planned by BellSouth, is not presently available.

3.3 Refer to Attachment III, Section 15.5 for detailed terms of SS7 Network Interconnection.

3.4 Both parties agree that the standard interconnection facilities shall be Extended Superframe (ESF) with B8ZS line code. Where ESF/B8ZS is not available, MCIm will agree to using other interconnection protocols on



FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 971478-TP EXHIBIT NO. 6
COMPANY: Hendrix
WITNESS: Hendrix
DATE: 6-11-98



1

EXHIBIT NO. _____

DOCKET NO: 971478-TP, 980184-TP,
980495-TP, 980499-TP

WITNESS: JERRY HENDRIX

PARTY: BELLSOUTH

DESCRIPTION: DEPOSITION
LATE-FILED DEPO EXHIBIT NOS. 1-5

PROFFERING PARTY: STAFF

I.D. NO. JDH-3

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO 971478-TP ete EXHIBIT NO. 7
COMPANY: Hendrix
WITNESS: Hendrix
DATE 6-11-98

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In Re: Complaint of WorldCom Technologies, Inc., against, BellSouth Telecommunications, Inc., for breach of terms of Florida Partial Interconnection Agreement under sections 251 and 252 of the Telecommunications Act of 1996 and request for relief) DOCKET NO. 981478-TP

In Re: Complaint of Teleport Communications Group, Inc./TCG South Florida against BellSouth Telecommunications, Inc., for breach of terms of interconnection agreement under section 252 of the Telecommunications Act of 1996 and request for relief) DOCKET NO. 980184-TP

In Re: Complaint of Intermedia Communications, Inc., against BellSouth Telecommunications, Inc., for breach of terms of Florida Partial Interconnection Agreement under sections 251 and 252 of the Telecommunications Act of 1996 and request for relief) DOCKET NO. 980495-TP

In Re: Complaint of MCImetro Access Transmission Services, Inc., against BellSouth Telecommunications, Inc., for breach of terms of interconnection agreement under section 252 of the Telecommunications Act of 1996 and request for relief.) DOCKET NO. 980499-TP

TELEPHONE DEPOSITION OF: JERRY HENDRIX

BUREAU OF REPORTING
RECEIVED 5-28-98

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TAKEN AT THE
INSTANCE OF:

FPSC STAFF

PLACE:

GERALD L. GUNTER BUILDING
ROOM 362
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA

TIME:

COMMENCED AT 9:30 A.M.
CONCLUDED AT 1:20 P.M.

DATE

MAY 21, 1998

REPORTED BY:

NANCY S. METZKE, RPR, CCR
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8 32301.

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22 Monroe Street, Suite 701, Tallahassee, Florida 32301.

23 ALSO PRESENT:

24 ANNE MARSH, FPSC Staff.

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STIPULATION

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IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing was not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

I N D E X

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WITNESS

JERRY HENDRIX

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Examination by Mr. Ellis	88
Examination by Mr. Bond	106
Examination by Ms. Canzano	112

EXHIBITS

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NUMBER		IDENTIFIED
1	(Late-filed) Information regarding whether ALECs in this proceeding continue to pay BellSouth reciprocal compensation since the Bush memorandum and do the payments include compensation for ISP traffic termination	20
2	(Late-filed) Citation to the FCC's explicit assertion of jurisdiction over ISP traffic	22
3	(Late-filed) Witness Hendrix's analysis of the universal service report and order	43
4	(Late-filed) Payment balance from June '96 to February '97, Intermedia and BellSouth	53
5	(Late-filed) Information relating to the Georgia study	56

P R O C E E D I N G S

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MR. PELLEGRINI: You have the notary with you now?

MS. KEYER: Yes.

MR. PELLEGRINI: Okay. What is the notary's name?

MS. BUSH: Norma Dodson Bush.

MR. PELLEGRINI: All right. Ms. Bush, would you administer the oath to Mr. Hendrix at this time, please?

MS. BUSH: Yes, I will.

Will you raise your right hand? Do you swear to tell the truth and nothing but the truth, so help you God?

WITNESS HENDRIX: I do.

MR. PELLEGRINI: Now Ms. Bush, we are going to fax you a certificate of authorization which we would ask you to complete and return to us by fax to (850) 413-6733.

MS. BUSH: Okay.

MR. PELLEGRINI: Thank you.

All right. We'll take appearances at this time. I'm Charlie Pellegrini representing the Public Service Commission staff.

1 MS. KEYER: Mary Keyer on behalf of BellSouth.

2 MR. BEATTY: Robert Beatty also on behalf of
3 BellSouth.

4 MR. SELF: Floyd Self on behalf of WorldCom.

5 MR. ELLIS: John Ellis for Teleport.

6 MR. BOND: Tom Bond on behalf of MCI.

7 MS. CANZANO: Donna Canzano on behalf of
8 Intermedia.

9 MR. McRAE: Michael McRae on behalf of Teleport
10 Communications Group.

11 MR. PELLEGRINI: And do the parties agree to the
12 usual stipulations?

13 MS. KEYER: Yes.

14 MR. BOND: MCI agrees.

15 MS. CANZANO: Yes.

16 MR. PELLEGRINI: All right. This is the
17 deposition called by Commission staff of BellSouth
18 witness Jerry Hendrix in consolidated dockets 971478,
19 980184, 980495 and 980499-TP.

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1 Whereupon,

2 JERRY HENDRIX

3 was called as a witness by the FPSC Staff and, after being
4 first duly sworn, was examined and testified as follows:

5

6 EXAMINATION

7 BY MR. PELLEGRINI:

8 Q Mr. Hendrix, would you state your full name,
9 business affiliation and business address for the record at
10 this time?

11 A Yes, I will. My name is Jerry D. Hendrix.
12 BellSouth Telecommunications. My address is 675 West
13 Peachtree Street, Atlanta, Georgia, 30375.

14 Q Okay. Mr. Hendrix, let's begin by looking at
15 your direct testimony on page 3, your direct testimony on
16 page 3 and also your rebuttal testimony on page 4 to begin
17 with.

18 A I'm there.

19 Q Okay. On page 3 of your direct testimony, at
20 lines 4 through 6 you say that the FCC has concluded that
21 enhanced service providers of which ISPs are a subset use
22 the local network to provide interstate services, and in
23 your rebuttal testimony you make, at pages 4 and pages 5 --
24 at page 4 and page 5 you make a similar statement, page 4,
25 line 19.

1 A Yes.

2 Q And on page 5 at line 6. Can you tell me the
3 basis for that statement?

4 A Yes, I think in summary it goes back to 1983 and
5 establishing access charges. Initially enhanced service
6 providers along with resellers were, from paying access --
7 and it wasn't because of the nature of the service such as
8 it was the uniqueness of the services that they were
9 offering; and the FCC had sent an order indicating that
10 this traffic would be under their jurisdiction. So that is
11 the basis for the two cites that you mention.

12 Q But can you tell me where precisely the FCC makes
13 the statement that ESPs use the local network to provide
14 interstate services?

15 A Let me see if I can find that quickly in some
16 documentation here. Okay, for instance, in docket, FCC
17 Docket 87208, I'm looking at section 3, item number 7, and
18 this is the proposed changes in the access charge treatment
19 of enhanced service providers. Right after footnote 21, it
20 states, "Enhanced service providers like facility-based
21 carriers and resellers use the local network to provide
22 interstate services."

23 Q What paragraph is that?

24 A Paragraph 7.

25 Q All right. Are there other sources?

1 A I do recall other sources being stated, and
2 pretty much that same language being stated over and over
3 again. Also in the First Report and Order in the access
4 reform docket, and I'm looking at Docket 97158, and this
5 looks at page 153B, Treatment of Interstate Information
6 Services; and then under the background section, number 1,
7 paragraph 341 in the 1983 Access Charge Reconsideration
8 Order, the Commission decided that although information
9 service providers, ISPs, may use incumbent LEC facilities
10 to originate and terminate interstate calls, ISPs should
11 not be required to pay interstate access charges, and then
12 there is a footnote at the end of that sentence of 499.

13 Q Returning to the first cite, 87208, I think.

14 A Yes.

15 Q What does the footnote relate to?

16 A That footnote, I mentioned that footnote preceded
17 the sentence that I read, and that was footnote 21.

18 Q What statement in the text does it relate to, the
19 footnote?

20 A Let me see here, see if I can find that for you.
21 21 says, "See first recon super note 1 at paragraph 77."

22 Q I thought -- Didn't you read from the footnote
23 itself?

24 A No, I did not.

25 Q Oh, I'm sorry, I misunderstood you.

1 A I simply gave the footnote as a reference to
2 which sentence I was reading.

3 Q All right. And that sentence was in paragraph 7?

4 A That is correct.

5 Q All right. Can you give me the docket title and
6 the issue date, the release date of that order,
7 Mr. Hendrix, 87208?

8 A Yes, I can. That is in docket, CC Docket Number
9 87215, and the release date is July 17th, 1987.

10 Q That is in the matter of amendments to part 69,
11 is that -- of the Commission's rules relating to ESPs?

12 A I believe that is -- Yes, it is, exactly.

13 Q Now on page 4, Mr. Hendrix, line 1.

14 A Direct?

15 Q Yes. You quote a portion of the interconnection
16 agreement with WorldCom which states, "In no event shall
17 the local traffic area for purposes of local call
18 termination billing between the parties be decreased." Do
19 you see that? It's at the top of page 4.

20 A Yes. Yes, I do.

21 Q Can you explain to me what that statement means?

22 A Yes, I can. What it means is you have a given
23 local calling area and that you would not change the size
24 of the local calling area during the term of the
25 agreement. In other words, you would not want to make it

1 smaller as to require customers to pay more compen -- or to
2 pay rates higher than the interconnection rates or
3 reciprocal comp rates for a smaller area.

4 Q I'm not sure I understand why one would want to
5 decrease, otherwise decrease the local calling area. Can
6 you --

7 A Well, I believe one reason would be, you know, if
8 you were to limit the local calling area to only be a
9 single end office or wire center -- probably an end office
10 is better stated -- then, of course, that would limit the
11 number of calls that would be subject to reciprocal comp in
12 that you have a much smaller calling area; and then access
13 charges would apply to all calls beyond that smaller
14 calling area.

15 Q In this instance, I assume that local calling
16 area is -- well, that the local calling area is defined by
17 tariff; is that a correct assumption?

18 A Yes, it is.

19 Q That was -- All right. Turning to page 5
20 next.

21 A Yes, I'm there.

22 Q You make the statement there that no Intermedia
23 representative ever indicated to BellSouth that Intermedia
24 assumed that traditional local calling area definition in
25 section A3 to include ISP traffic. If that was

1 Intermedia's intent, that intent should have been made
2 unmistakably clear. Do you see that?

3 A Yes, I do.

4 Q Did BellSouth ever make it clear to Intermedia,
5 or for that matter, any of the other parties that it
6 intended to exclude ISP from local traffic?

7 A An answer is, no, it did not surface as part of
8 the negotiations; and the reason it did not surface was
9 because this traffic has always been viewed as traffic.
10 Speaking of interstate traffic there was little need to
11 exclude this traffic.

12 The other thing, let me point out, is that the
13 tariff reference A3 is our local service tariff defining
14 what is local and what the calling areas are and so forth,
15 and clearly that is in -- to compensate for ISP traffic
16 would be inconsistent with those sections of the tariff; so
17 since this was interstate traffic, there wasn't any point
18 to making it clear.

19 Q Well, let me refer you to Mr. Kouroupas's direct
20 testimony. Do you have that at hand?

21 A Yes, I do.

22 Q Go to page 7, please.

23 A Of his?

24 Q Direct testimony.

25 A Okay. I'm there.

1 Q There he says at the time that the
2 interconnection agreement under the Act was being
3 negotiated between Teleport and BellSouth that they were
4 operating under a contract that had been negotiated
5 pursuant to state law which also included a reciprocal
6 compensation provision.

7 MR. BEATTY: What line are you on?

8 MR. PELLEGRINI: Line 6 through 12, 13, 14,
9 beginning, "Prior to the Commission's approval of the
10 interconnection agreement at issue TCG and BellSouth
11 were operating under a prior negotiated agreement
12 approved by the FPSC under state law."

13 BY MR. PELLEGRINI (CONTINUING):

14 Q Do you see that?

15 A Are you asking me, Charlie?

16 Q Yeah, I'm asking you. I just want to be sure
17 you're with me there.

18 A Yes, I can see that. I thought you were
19 answering the question that someone else asked.

20 Q Yeah, well, Mr. Kouroupas's point there is that
21 by reason of that prior agreement -- well, that for some
22 time prior to that period the companies were exchanging
23 traffic data and that the issue of ISP traffic ought to
24 have been on everybody's mind at that time. What is your
25 reaction to that?

1 A I think it's very convenient for him to state
2 that, but that is not the case; and since this was
3 interstate traffic, we never view this traffic as being a
4 part of any interconnection arrangement where we would have
5 to pay reciprocal comp to the other party.

6 Q It just never came up apparently in the
7 negotiations, is that it?

8 A Exactly, and there wasn't any reason for it to
9 surface if, in fact, the FCC had jurisdiction over this
10 traffic; and with the agreements, what BellSouth and the
11 other parties understood to be the local calling area was
12 local traffic, in every case it is pursuant to the tariff.

13 Q Wouldn't it have been reasonable to think that
14 perhaps the ALECs would not have that same point of view
15 about the characterization of this traffic?

16 A I don't think it's reasonable. I think it's very
17 convenient for them not to have that point of view at the
18 time, but as I've stated in my direct, the main issue on
19 the minds of many of the CLECs was the imbalanced traffic
20 and whether they would be left with paying BellSouth much
21 more than BellSouth would be paying them with BellSouth
22 having a larger customer base; and so I think it's very
23 convenient for the parties in this docket to indicate now
24 that it was on the minds of those negotiating the
25 agreements, and that could not be further from the truth.

1 Q Well, I think, yes, there was quite a bit of
2 concern with traffic imbalance during the negotiations, was
3 there not?

4 A Yes, it was, and for that reason you have the
5 caps or the cap formula that was included in three of the
6 four agreements; and in fact, it is still existing in the
7 Teleport agreement. It was in the MCI agreement prior to
8 them moving to the new agreement. It was initially in the
9 ICI agreement. I believe it was part of the stipulation
10 that was entered by many of the parties back in 1995.

11 Q And it was not considered at that time that ISP
12 traffic would contribute, would be -- would contribute
13 potentially to traffic imbalance?

14 A No.

15 Q What then was thought to be the threat?

16 A I think --

17 Q Or potential cause for traffic imbalance?

18 A The threat we thought would be simply that one
19 party would be terminating more on the other party than
20 would -- We thought -- Well, the threat we saw to be
21 that one party would be terminating more traffic on the
22 other party creating some hardship for the other parties,
23 for that other party.

24 Q And BellSouth at that time was not aware that the
25 ALECs would potentially target ISPs?

1 A No. In fact, we thought that the ALECs would
2 instead, which is true to what we see currently, target
3 larger business customers or multi-dwelling units and not
4 ISPs where they simply situate themselves between BellSouth
5 and the ISP.

6 Q BellSouth has an affiliate ISP, does it not?

7 A BellSouth.net, yes.

8 Q And it was operational in the period of these
9 negotiations?

10 A I believe it really -- the early part of '97 to
11 middle part, I believe was when it was up and -- up and
12 running, but since I'm in the SP side of the house, I do
13 not know.

14 Q All right. Okay. On page 7 of your direct
15 testimony.

16 A Yes, I'm there.

17 Q At line 11, you state that BellSouth has not
18 knowingly paid reciprocal compensation to ALECs who have
19 transported traffic to their ISP customers nor has
20 BellSouth knowingly billed ALECs for performing that same
21 service. Do you see that?

22 A Yes, I do.

23 Q Can you tell me whether BellSouth continues to
24 receive compensation from any of the ALECs involved in this
25 proceeding?

1 A I have honestly not checked to determine whether
2 BellSouth is currently receiving compensation from any of
3 the parties here.

4 Q But BellSouth did cease billing for reciprocal
5 compensation, did it not, at the same time that it
6 determined to cease paying for it?

7 A I don't believe that's the case. I believe what
8 BellSouth did was to refuse to pay for what it believed to
9 be ISP traffic. I don't believe that included all of the
10 traffic.

11 Q No, not all of the traffic, but I think at the
12 same time, if I recall -- Who was it that wrote that
13 letter that got all this started?

14 A Are you speaking of the letter that came out from
15 Mr. Bush?

16 Q Yeah, the Bush letter. I think in that
17 memorandum he stated that BellSouth had decided to both
18 stop paying for reciprocal compensation -- for ISP traffic
19 and to stop billing the ALECs for that type of traffic.

20 A And, yes, I'm in agreement with what you've
21 stated; and that was what I was trying to say, was that it
22 wasn't for all traffic, but it was limited to the ISP type
23 traffic.

24 Q Can you check to see if, in fact, BellSouth has
25 continued to receive compensation from any of the four

1 parties in this proceeding?

2 A Yes. Would you like for me to show that as a
3 late-filed?

4 Q Yeah, as Late-filed Exhibit 1.

5 A All right, I sure will.

6 MS. CANZANO: May I interject for one second?
7 Could we go off the record so we are clear on what
8 this late-filed includes?

9 MR. PELLEGRINI: Sure. Sure.

10 (DISCUSSION OFF THE RECORD).

11 MR. PELLEGRINI: I'll make an attempt to identify
12 what Late-filed Exhibit 1 should contain. Late-filed
13 Exhibit 1 will indicate whether the ALECs in this
14 proceeding have continued since the Bush memorandum to
15 pay BellSouth reciprocal compensation for local
16 traffic termination, in the first place; and in the
17 second place, has that payment -- if there have been
18 such payments, do those payments include compensation
19 for traffic, ISP traffic termination, all right?

20 WITNESS HENDRIX: I understand the request.

21 BY MR. PELLEGRINI (CONTINUING):

22 Q On page 12 then of your direct testimony at line
23 9.

24 A Yes.

25 Q You state that ISPs are permitted to obtain and

1 use local exchange service to collect and terminate their
2 traffic?

3 A Yes, they are.

4 Q Would you agree that the FCC intended for ISP
5 traffic to be treated as local regardless of jurisdiction?

6 A I would agree, and that's the -- The key word
7 is "treated." They did not say that the traffic was local
8 but that the traffic would be treated as local. Simply
9 meaning, that since this is exchange type traffic, access
10 charges would not be applied to this traffic as to the
11 carrier and as it is to resellers that were previously
12 exempt from paying that.

13 Q Can you provide a citation which would support
14 the idea that the FC -- well, which would -- where the FCC
15 has explicitly exerted jurisdiction over ISP traffic?

16 A Yes, I will. Let me ensure that I understand the
17 question. You're asking as part of a late-filed to provide
18 a cite where the FCC has claimed this traffic to be
19 interstate?

20 Q Well, yes, if you can't do it presently, as a
21 late-filed exhibit.

22 A Okay, if you'll give me just one moment, I think
23 I may have a cite here. Charlie, in the previous order
24 that I referenced, it was notice of proposed rulemaking
25 that was released on July 17th of 1997. In the

1 introduction paragraph 1, it states that, "We grant
2 temporary exemptions for payment of access charges to
3 certain classes of each access users, including enhanced
4 service providers." That is in the document I referenced
5 earlier at paragraph 1.

6 Q Well, that, I think, is an implicit assertion of
7 jurisdiction. I'm looking for somewhere where the FCC
8 might have explicitly asserted that jurisdiction.

9 A Give me just one moment and let me see if I have
10 an additional cite.

11 Q Sure.

12 A I'd be more than happy to provide that as a
13 late-filed.

14 Q All right. That will be Late-filed Exhibit 2,
15 and it will consist of a citation to the FCC's explicit
16 assertion of jurisdiction over ISP traffic, if such exists.

17 Let me refer you to Mr. Kouroupas's rebuttal
18 testimony for a moment at pages 1 and 2.

19 A I'm there.

20 Q And the question near the bottom of Page 1, "Does
21 the language in the interconnection agreement provide a
22 basis or bases for resolution of this dispute?" Do you see
23 that?

24 A Yes, I do.

25 Q Mr. Kouroupas makes a number of points here, and

1 I'd like to call your attention to each one of them
2 individually and ask for your reaction. First he says on
3 page 1, "Both the interconnection agreement and the Act
4 limit exchange access service to telephone toll services,"
5 and then at lines 9 and 10 on page 2 he makes the
6 statement, "They are not telecommunication services under
7 current rules, therefore, they can hardly be telephone toll
8 services." Have you followed me?

9 A Yes, I have.

10 Q What is your reaction to that allegation?

11 A Well, I think my initial reaction is that he
12 probably took some liberties in interpreting what the FCC
13 has actually done. These ISP calls are clearly interstate
14 calls. They are clearly toll calls, I'd say in most of the
15 cases, and that he is taking liberties to what was the
16 intent of the FCC on this issue.

17 Q Do you see a flaw in his analysis?

18 A Yes, I do, because I mean it is clearly -- yes,
19 it is flawed, and it is clear to me that this ISP type
20 traffic, if it's not local and the FCC has claimed
21 jurisdiction over this traffic and if you look at the two
22 end points of those calls, it would clearly indicate that
23 these are toll type calls; so I think it is flawed, and as
24 I previously stated, he's taken what was intended there.

25 Q You would describe this traffic as telephone toll

1 service?

2 A I would say that it is. By and large most of the
3 traffic of this nature is toll type services, yes, and I
4 would say it would likely be interLATA, interstate,
5 international, but it's clearly not local traffic.

6 Q But toll charges are not applied, correct?

7 A No, they aren't, and well they should be for
8 traffic of this nature; and I think it was for that very
9 reason that the FCC saw this traffic being very similar to
10 the traffic that carriers currently haul and that carriers
11 currently assess access charges on but chose to exempt this
12 class of customers from paying those access charges, and I
13 think that has come out very clear both in what I filed as
14 well as what is in previous orders.

15 Q All right. The second point Mr. Kouroupas makes
16 there begins at line 11 on page 2, he states that calls to
17 ISPs cannot be governed by the terms and conditions of
18 applicable federal and state tariffs for switched exchange
19 access service referenced in section 5B of the
20 interconnection agreement because there are no such terms
21 and conditions regarding ISP calls. What is your reaction
22 to that statement?

23 A Well, let me go to section 5B of the
24 interconnection agreement. I don't agree off the top with
25 what he is stating because published throughout many of the

1 orders in other places -- in fact exchange access traffic,
2 but they've simply been exempt from paying access charges
3 on this traffic, so to indicate that your federal tariffs
4 and your state tariffs for switched access, you know, would
5 not apply, I do not agree. I think it's been exempt from
6 having to pay for this traffic type, to pay access charges
7 for this traffic type currently.

8 5B of the agreement talks about traffic that is
9 beyond local, and that refers to the dialing arrangements
10 and so forth, whereas we have referred to it as toll D
11 calls. And ISP does not address using those words in the
12 agreement because it was never talked about and because
13 this traffic was always viewed as being interstate traffic.

14 Q All right. The third point he makes begins at
15 line 19. He says there calls to ISPs are not interstate
16 service because a tariff switched access service apply on a
17 mandatory basis only to interexchange carriers under
18 current rules and ISPs are not IXC's. What do you say to
19 that?

20 A I think he is taking liberties there, just as I
21 mentioned in the very first point. The reason access
22 charges are not assessed to a segment of customers is
23 because they have simply been exempt. That does not --
24 And the traffic has been classed as interstate traffic, so
25 I think he's really taking some liberties to interpret or

1 to argue something that there isn't any point to argue
2 because the FCC has jurisdiction over this traffic, and
3 they class this traffic as interstate traffic.

4 Q But what is it that is incorrect with the
5 statement that he makes at lines 19 through 22?

6 A Well, I think what is wrong is the very first
7 word on line -- the very first words on line 20 where he
8 said these are not interstate services. They are clearly
9 interstate services. They are interstate services because
10 the FCC has classed this traffic to be interstate traffic.

11 Q Well, setting aside that part of the statement,
12 that is, setting aside the part that says ISPs are not
13 interstate -- calls to ISPs are not interstate service, is
14 there something wrong with the rest of that statement?

15 A I don't think you can simply lift that and
16 respond to the statement as being appropriate. I
17 personally cannot set that aside and say that the rest of
18 that statement is proper or appropriate. The reason I
19 can't is because we have rules. You know, we have rules
20 that would actually govern us today and that will exempt
21 this class of customer from paying access charges, so --
22 and the FCC has claimed this traffic to be interstate, so
23 it simply isn't appropriate to lift those words and then
24 comment as to the relevance of the rest of that sentence be
25 it wrong or right. You know, it just isn't relevant.

1 Q Okay. Go next, Mr. Hendrix, to page 13 of your
2 direct testimony at line 23 continuing to 24.

3 A Yes.

4 Q There you say there is no interruption of a
5 continual transmission of signals between the end user and
6 the host computers. Do you see that?

7 A Yes, I do.

8 Q Why do you make that statement? Why do you say
9 there is no interruption?

10 A Because it's true. I mean the fact of the matter
11 is, is that when you go off line and you are using an
12 Internet service, you know, that is an analog line, and
13 that service may be converted to a digital type service.
14 There is no interruption in the service. That line is up.
15 I mean you've actually seized a line, and that call would
16 go through to whatever that point is, interrupt the
17 service. And the fact that you simply convert that service
18 from an analog to a digital service, that is something that
19 happens every single day probably millions of times
20 throughout the day, you know, through the MUXing process;
21 so there is no interruption of the service.

22 Q Well, why is this important?

23 A I don't know why it is other than the fact that
24 it is -- that you need to look at the two end points of the
25 call, and that's the point we are trying to make; and I

1 think parties have argued that it is two separate calls,
2 but clearly it is not -- there is no interruption of that
3 call.

4 Q Is there some rule or other authority that would
5 require that an interruption occur in order for this
6 traffic to be classified or regarded as consisting of two
7 separate transmissions?

8 A I am not aware of any rule that would require
9 this, but I'm speaking simply from fact and, you know,
10 understanding the workings of the network; and I think the
11 reason parties would raise this issue as being two separate
12 calls is to -- for the most part it's a self-serving
13 statement, but there is no need to argue the point because
14 if, in fact, it was two separate calls, your Internet
15 access would be broken every time you try to go in and add
16 on or access a different site.

17 Q Turn to Mr. Kouroupas's direct testimony at page
18 11 for a moment.

19 A Direct you said?

20 Q Yeah.

21 A Okay. Page 11, I'm there.

22 Q Yeah, beginning at line 4 and continuing through
23 line 12, I would like you to read that; but my
24 understanding is that what he is doing there is describing
25 the signal conversion as being the equivalent of an

1 interruption. Would you read his analysis?

2 A Yes, I have. It says that router hardware and
3 software convert the traffic to data packets using the
4 transmission control protocols, Internet protocol, the
5 underlying data format for the Internet. That doesn't make
6 it two separate calls. The conversion takes place without
7 breaking that call -- without breaking that call path. I
8 stated earlier, you know, it is a convenient argument to
9 make, but I mean just in the real world, if you were to get
10 on the Internet and all of a sudden you lost the
11 connection, then you are just lost. You know, it isn't two
12 separate calls. It is simply a continuous signal. The
13 conversion is actually made.

14 Q Would you agree that there are two separate
15 services on the one call? Hello?

16 (WHEREUPON, THE CONNECTION WAS TEMPORARILY BROKEN
17 AFTER WHICH THE COURT REPORTER REREAD THE QUESTION)

18 A No, I would not, and there has been a lot said or
19 some said about that, and I think you may be, or the
20 parties -- or some parties may have confused separations
21 with jurisdiction. And as far as two separate services, I
22 believe something was filed that would indicate with
23 BellSouth providing the enhanced service part of the
24 package and with transmission being provided by a different
25 party, that that is seen as two separate services; and the

1 whole context or the proper context of that is simply
2 whether you would need a separate sub to provide those two
3 different pieces or whether BellSouth would need a separate
4 sub. The issue here, you know, as to whether there are two
5 separate services, the answer is, no, it's one service.

6 Q What is that one service? How would you describe
7 that one service?

8 A Enhanced service.

9 Q I'm sorry?

10 A Enhanced service.

11 Q Okay. I guess then you would agree there is a
12 signal conversion, I think; is that true?

13 A I would agree that you could have a signal
14 conversion, but that doesn't make it two separate calls
15 because a signal conversion takes place in a normal network
16 day in and day out. I know in the BellSouth case it does,
17 and I'm assuming that that is the same in many of the other
18 carriers' networks.

19 Q And you also believe that that conversion does
20 not represent an interruption of the transmission; is that
21 correct?

22 A Definitely not, it does not.

23 Q And you're not certain of what the significance
24 of all that is, I guess; is that correct?

25 A Well, I am not certain other than carriers to

1 make the point -- for some of the parties to make the point
2 that it's two separate calls. For that reason it should be
3 viewed in a different fashion, and I think the
4 demonstration, which I had nothing to do with, makes my
5 point very clearly.

6 Q On page 19, Mr. Hendrix, line 5, direct
7 testimony.

8 A Yes, I'm there.

9 Q Your statement is that the payment of reciprocal
10 compensation for ISP traffic would impede local
11 competition. Can you explain that statement? How would
12 local competition be impeded?

13 A Well, I think I go on and give an example that
14 probably is the best answer to that question, but I give an
15 example, and it may have been in my rebuttal, where I talk
16 about a user customer who is on the Internet for hours --
17 I'm sorry, it's on page 20, if you look at page 20, line 8
18 through page 21, line 2.

19 Q Yes.

20 A And that's an example where we would be asked to
21 pay for more than what we would get from our own customer's
22 service, and I think the way -- what actually happens in
23 that case is that we would be forced to adjust rates or to
24 demonstrate a need to adjust rates, and because of that
25 adjustment, the customers are not better served. Some

1 customers would end up paying more for services than they
2 truly ought to pay simply because of other parties gaming
3 the process. It does not meet what was the intent of the
4 Act to pay for this type of traffic, one, because not all
5 of the safeguards have been put into place for payment of
6 this traffic; and clearly this is interstate traffic, and
7 my thought is -- my personal thought is that they should be
8 assessed access charges for this type -- or access charges
9 should apply for this type of traffic.

10 Q This economic -- I mean your economic analysis on
11 page 20, if all ISP traffic was to be considered, would the
12 end result be what you portray here? I mean what would be
13 the net result with all ISP traffic considered?

14 MS. KEYER: I'm not sure I understand your
15 question, Charlie. Could you --

16 BY MR. PELLEGRINI (CONTINUING):

17 Q Yeah, all right. Well, the example you use in
18 this analysis is that of a single residence customer, one
19 who is on the Internet for two hours a day, typically; but
20 if you were to consider all local traffic, including
21 non-Internet traffic, what would the revenue impact be?
22 Would it be as extreme as it seems to be?

23 A Are you saying if I were to charge a user
24 sensitive charge on all local traffic? Is that what you're
25 asking, what would the net be, which would include Internet

1 traffic?

2 Q Well, no, I'm thinking about a residence end user
3 who doesn't use the Internet. I don't know how many of
4 those there are these days, but surely there must be some;
5 and if that kind of user is considered together with the
6 two-hour-a-day Internet user, what is the outcome and --
7 what is the net outcome?

8 A I'm not sure I understand, but let me attempt to
9 answer this way. If you were to allow part of the
10 compensation to be paid to these customers that have
11 situated themselves between us and the ISP, I would think
12 to allow that to happen would only make things worse.
13 Right now my sense is that there are many carriers that are
14 simply waiting to see and, you know, based on the final
15 ruling and the rulings out of the -- at the federal level
16 as to how this traffic should be treated. They are just
17 waiting to actually see, and the reason I know that is
18 because many of them are asking us to sign agreements that
19 would require us to pay based on final non-fillable orders
20 on this issue; so to allow this or to require us to pay
21 compensation for this type of traffic would simply put us
22 in the hole more; so it's not a pretty picture. I don't
23 think it would actually ever turn positive.

24 Q Then what the -- when you describe this economic
25 consequence for BellSouth, that is, this negative effect on

1 revenues, that's what you mean by impeding local
2 competition?

3 A Yes, because it's really boiling down to where
4 you get the -- where do you get the money and how are end
5 users helped by allowing this to happen? And the fact of
6 the matter is, is that ALECs will target a certain market
7 segment; and of course, they are targeting that market
8 segment to make money. But BellSouth will be serving even
9 those customers that may not be the most desirable
10 customers, and so those customers that we are serving will
11 realize no benefit from BellSouth paying more than it is
12 actually getting for the basic services or the second line
13 that other end users may be using, or there may be even
14 other services increase in price, you know, as a result of
15 this type of loss. So no one is really helped; it is
16 simply a way of gaming the market to put money into the
17 coffers of the ALECs.

18 Q This, Mr. Hendrix, this revenue consequence that
19 you describe on page 20 and 21, this was not something that
20 was anticipated or foreseen at the time of the negotiation?

21 A Oh, definitely not because we never anticipated
22 having to pay for this traffic. This was interstate
23 traffic. The FCC had jurisdiction over this traffic, and
24 it was never talked about, and it was not something that we
25 had planned for and, you know, a strict ruling -- I mean a

1 strict reading of the Act along with the order, the orders,
2 anticipated that it would be a traffic exchange and traffic
3 would be for the most part balanced. And even one of the
4 parties in this docket, and really more than one at the
5 time that we were talking with these two parties at least,
6 and those are ones that I was involved in, actually felt
7 that the traffic would be pretty even, you know, with us
8 terminating to them and them terminating to us. And that
9 being the case, you know, there was no way that anyone
10 would have thought that Internet service type traffic would
11 have been included. That definitely would not have made
12 the traffic even.

13 Q What happened then to cause you to understand
14 this consequence?

15 A What actually happened --

16 Q Or to recognize this consequence?

17 A Pardon?

18 Q My question is what subsequently happened to
19 cause BellSouth to recognize this consequence on revenues?

20 A What actually happened was the part of getting
21 billed from certain of the ALECs requesting that we remit
22 payment to them, and after looking further into this, we
23 realized that it was Internet type traffic that they were
24 sending to us; and as a result of that, you would have the
25 letter from Ernest Bush making them aware that we would no

1 longer be paying for this type of traffic.

2 Q But what was it in the billing that caused you to
3 look into the nature of the traffic being billed?

4 A The imbalance of traffic, the huge amounts that
5 we were being asked to compensate the ALECs for.

6 Q And those amounts were far in excess of what
7 BellSouth was billing the ALECs; is that --

8 A Exactly. And as I've said, Charlie, the thing
9 that sort of set that off, you know, with many of the
10 companies that we have talked to as part of negotiating
11 agreements, the concern as I voiced earlier was whether
12 there would be such an imbalance that the ALECs would be
13 paying much more to BellSouth than BellSouth to the ALECs;
14 and, you know, it was for that reason, and it's for that
15 reason even in the TCG agreement, that you have a cap in
16 place. You initially had a cap in the ICI agreement and
17 even in the MCI Metro agreement and even in the Florida
18 stip that was agreed to back in 1995.

19 Q Was there anything external that happened that
20 caused you to begin to have concerns about what was going
21 on?

22 A Well, of course we monitor things that go on
23 across the country, and we would be foolish not to, be poor
24 business people not to. I cannot sit here and honestly say
25 that there weren't external things that BellSouth had

1 caused us to look at it, I'm sure there actually were; but
2 with me just simply focusing on the agreement and focusing
3 on the negotiations, I did not get involved in a lot of
4 that other than to interpret the agreements and to share
5 with people within BellSouth as to the intent of the
6 various agreements.

7 Q On page 22 of your direct testimony you talk
8 about several FCC actions that are pending?

9 A Yes, I do.

10 Q It's true, isn't it, that some of these actions,
11 such as FCC Docket Number 96263, have been pending for
12 sometime, isn't it, without a decision forthcoming?

13 A I would agree that they usually have their own
14 time schedule that is not the same as what we would like to
15 see, so it's been sometime.

16 Q Do you have reason to believe at this time that a
17 decision is imminent from the FCC concerning the nature of
18 ISP traffic?

19 A You're going to like this answer.

20 Q Okay.

21 A I believe it's closer than it was.

22 Q Closer than it was?

23 A Yes.

24 Q Yes, I do like that answer.

25 A But I think it is, in fact, imminent that we will

1 see something shortly, and I sense that there is a lot of
2 pressure at the federal level to come out with something
3 quickly because this is an issue that is being addressed in
4 various states, and there has been a lot of contacts made
5 by various parties wanting to have some ruling from the
6 federal level on this issue.

7 Q Would you anticipate a decision yet this year?

8 A I'm hopeful, and it's indicated to me that we
9 should expect one, yes.

10 Q Let me turn you now to Mr. Martinez's rebuttal
11 testimony.

12 A I have it.

13 Q Page 4.

14 A I'm there.

15 Q No, page 5 rather.

16 A Okay, I'm there.

17 Q And your own rebuttal testimony at page 4, line
18 4.

19 A I'm there.

20 Q In your testimony, Mr. Hendrix, you state that
21 the FCC would have jurisdiction over information services
22 when they were inseverable. Do you see that?

23 A That's correct.

24 Q Mr. Martinez in his testimony indicates that the
25 services are severable and that particularly at line 12

1 where he quotes the FCC -- that the FCC has determined that
2 the services are severable. He quotes the FCC to say that
3 when a subscriber obtains a connection to an Internet
4 service provider via voice grade access to the public's
5 switched network that connection is a telecommunication
6 service and is distinguishable from the Internet service
7 provider's offering. And how do you read that FCC
8 statement, or how would you read it differently from
9 Mr. Martinez?

10 A Well, I don't know the context of the total
11 context that this is in, but my reference at page 4, line 4
12 was the result of the -- Let me see if I have a cite
13 here. This is, there are several docket numbers issued
14 back in 1989, I believe that was the time frame; and what
15 it says is that in sum, "The only limit that the Supreme
16 Court has recognized on state authority over intrastate
17 telephone service occurs when the state's exercise of best
18 authority negates the exercise by the FCC of its own lawful
19 authority over interstate communications," and then it goes
20 on to say -- and that is in the -- I'll give you a cite
21 first. That is in the impossibility exception 2, and that
22 was exception to 2B-1, restriction on the FCC's preemption
23 authority. And I think clearly what we have here was ISP
24 type traffic. The FCC has taken jurisdiction over this
25 traffic because you have interstate type calling, the state

1 reference, and which I referenced earlier. You also have
2 calls that could be international, and it's for that reason
3 and the uniqueness of this type of traffic that they have
4 taken jurisdiction over this traffic, and I'm not sure that
5 what the witness has done here has taken in the context of
6 what I meant on page 4, line 4.

7 Q Would you agree with me that title 2 regulation
8 is restricted to telecommunication services?

9 A I read that somewhere, Charlie. I think that's
10 right. I'm just not -- I don't have that reference here in
11 front of me, but I think that's right.

12 Q And would you further agree with me that
13 telecommunication services consist of those services, or
14 those transmissions rather, that do not alter the former
15 content of the information sent?

16 A I believe that's -- in fact, I think I had looked
17 that up in the Newton book this morning, but I believe that
18 may be right, Charlie.

19 Q Well, given those two points, can you agree with
20 me that the transmission from the end user to the ISP
21 provider is a telecommunication service?

22 A I don't know that I would go that far. I think
23 it is clearly an enhanced service as the FCC has so labeled
24 it.

25 Q Well, it is the kind of transmission that does

1 not alter the former content of the information sent, is it
2 not? That is, the call from the end user to the ISP
3 provider.

4 A I would agree that in general my understanding is
5 that it does not alter it.

6 Q Then the remainder of that call, that is, from
7 the ISP provider to the Internet to the backbone service,
8 that is, in fact, a transmission, is it not, that alters
9 the form and/or content of the information sent?

10 A No, I don't think I could agree with you there.

11 Q Why not?

12 A If what I heard you say is that from the ISP
13 provider to the backbone, that the info sent is, in fact,
14 altered?

15 Q Yes, that's my suggestion. I'm asking you if you
16 can agree with that.

17 A No, I don't think I can. I can't tell you why I
18 cannot currently, but I don't think I can.

19 Q Well, for example, there are protocol conversions
20 that are made at that point, are there not?

21 A There could be.

22 Q And there is a change from -- there is a change
23 to a packet switched transmission at that point, is there
24 not?

25 A Yes, but I don't believe that alters the

1 content. That is allowing you to transmit the service, but
2 I don't believe that alters the content.

3 Q Well, isn't there typically a change from a voice
4 grade transmission to a data transmission?

5 A Yes, there is; but, you know, if I were to pick
6 up the phone and call you from an analog line and that is
7 converted from analog to digital, you have digital service,
8 that is not altered. In other words, the message that I
9 will give you will be the same, you know, as it would have
10 been if you had been on analog, so the content is not
11 altered.

12 Q Well, let me take you back then to Mr. Martinez's
13 testimony at page 5 and the sentence that I quoted to you
14 from the FCC, which is there at lines 12 through 15. What
15 is your interpretation of what the FCC is saying there when
16 it says "And is distinguishable from the Internet service
17 provider's offering?"

18 A Let me just read it.

19 Q Sure. I guess, Mr. Hendrix, I would like you to
20 read that in context of the full citation because I think
21 the beginning of that addresses the question that we were
22 just struggling with where it says ISPs alter the format of
23 the information through computer processing applications,
24 such as protocol conversion and interaction with stored
25 data.

1 A I'm going to have to look at that further. I
2 don't know that I can, without looking at the total docket
3 which I did not do prior to this, but without looking at
4 the total docket, I'm hesitant to go further because it
5 actually appears that it may have been taken out of
6 context, and I would need to look at the total document
7 where this is lifted from.

8 Q Let me ask you to do that.

9 A Okay, I'd be happy to.

10 Q As a Late-filed Exhibit 3. And what I'm asking
11 you to do is study this citation from the universal service
12 report and order and provide your analysis of what it
13 means.

14 A Okay, I will.

15 Q With respect to whether -- whether, in fact,
16 there are two distinguishable services involved in a call
17 from an end user to an ISP.

18 A To an ISP, I understand.

19 Q Okay. Go now to page 15 of your rebuttal
20 testimony.

21 A I'm there.

22 Q Okay. At line 23 -- Well, in that section of
23 that testimony you include a number of definitions, and on
24 line 15 you include a definition of enhanced service,
25 correct, near the bottom of that page?

1 A At line 23, yes.

2 Q Yes, okay. And this definition is found in
3 section 1 of your GSST, correct?

4 A That is correct.

5 Q Okay. Are you saying that this definition is
6 somehow a part of the interconnection agreements?

7 A No, I'm not. What I'm doing there is making a
8 distinction between services, and it's local service, local
9 service area and extended area service; and the point that
10 is being made is really summarized very well in lines 7, 17
11 and 18 on that page where I state that none of the three
12 above mentioned Internet services.

13 Q Well, you say on page 16 at line 5 that the
14 enhanced service definition in no way implies that calls
15 complete to other stations within a specified area as
16 required in the definition of local service area, don't
17 you?

18 A Yes, I do.

19 Q Well, if it doesn't imply that, does it imply the
20 converse? I mean does it imply that completions outside
21 the local calling area? I mean is there any implication at
22 all relative to the completion of a call in the enhanced
23 service definition?

24 A You say is there any implication at all. I would
25 say the implication is that clearly it is not viewed as a

1 local service, and it's not included in the terms that were
2 defined on the previous page; but the enhanced service or
3 an ISP type service simply is not included as part of our
4 local. It isn't a local service, you know, and you have to
5 go back to that the FCC has jurisdiction over this traffic
6 and has claimed jurisdiction over this traffic, and it was
7 never talked about as part of the negotiations with the
8 ALECs.

9 Q Can you agree with me that each one of these,
10 each one of the agreements with these ALECs contains
11 definitions -- contain definitions for local traffic?

12 A Yes, I would.

13 Q And in any of them is there a reference to the
14 definitions in Section A1 of the GSST?

15 A I don't believe -- I don't believe so, Charlie.

16 Q Would you agree that the parties' expectation
17 would be that the definitions contained in the agreements
18 would be controlling?

19 A Let me make sure I understand the question. Is
20 the question would I agree that the terms as defined in the
21 agreement would be the controlling terms?

22 Q Well, yes, the definitions within the agreements
23 which define what is local service, would they not be
24 considered to be sufficient and controlling?

25 A Yes, but I think you would need to look at

1 the agreements in their proper context also because
2 agreements -- I'm doing this from memory -- refers back to
3 the tariff.

4 Q You say the agreements refer to the tariffs?

5 A Refer back to the tariffs in certain cases.

6 Q Can you take each one of the agreements in turn
7 and tell me where those references are made?

8 A I believe I can do that. Okay, let me start
9 with, let me see, is it MCI Metro?

10 Q All right.

11 A Okay, if you look in MCI Metro, I'm at page 3,
12 Section 2.2, "The parties shall bill each other for a
13 reciprocal comp at the rate --"

14 Q I'm not with you yet. What --

15 A It's in attachment 4.

16 Q Attachment 4.

17 A Is the way to find it, Section 2.2.

18 Q 2.2, all right.

19 A Okay, 2.2.1, local traffic is defined as any
20 telecommunication call that originates in one exchange and
21 terminates in either of the same or a corresponding EAS
22 exchange, and then the next sentence referenced back to
23 section A3.

24 Q Okay.

25 A Okay, the next one is Teleport. It's defined on

1 page 2.

2 Q Just a moment. On page 2?

3 A Yes, it is.

4 Q Yes, the local traffic definition appears there,
5 but it's without a reference to the tariff, is it not?

6 A Yes, it is, but I believe there is another cite,
7 but it doesn't come to mind right now, Charlie. Go to
8 ICI.

9 Q Yeah.

10 A ICI local is defined on page 2 also, and there is
11 the reference back to the GSST.

12 Q All right.

13 A And the next one was MFS.

14 Q Yes.

15 A MFS is -- let me see if I can remember where that
16 one is. If you look on page 6 of the MFS agreement.

17 Q All right.

18 A Section 1.4.

19 Q There it says what?

20 A I'm sorry, in 1.4 it refers you back to area
21 services. The words are used, but it's reference is not
22 there, but I think it's also mentioned in another place.
23 If you give me a minute, I could probably find that, but
24 let me go back to Teleport.

25 Q Yes.

1 A There is also a second reference at page 9 of the
2 Teleport agreement, and that is E, Section E at page 9.
3 It's under interim number portability.

4 Q Yes.

5 A And if you would look at E, it refers to A3,
6 local calling areas as defined in A3 of the BellSouth GSST
7 tariff.

8 Q I see that.

9 A Okay, give me one moment on MFS because there is
10 another reference. Okay, the MFS agreement, the other
11 reference which was 5.8.1.

12 Q Okay.

13 A It refers to EAS and EAS light traffic, but it is
14 not referenced in the GSST tariff; but the EAS is -- I mean
15 the only place you are going to find it is in the tariff.

16 Q Can you tell me how you would read Section A3 of
17 the GSST to exclude traffic terminated to an ISP?

18 A Well, as I mentioned, I mean the PSC, Florida PSC
19 actually approved the tariffs, and they approved the sub
20 serving areas and so forth, but ISP simply is not mentioned
21 as part of local basic.

22 Q Okay.

23 A And rightfully so since it's a federal -- since
24 the Feds have control over that traffic.

25 Q I wanted to ask you a few questions now with

1 respect to Intermedia's agreement based on Mr. Viren's
2 testimony, direct testimony.

3 A I have it.

4 Q Okay, on page the 2 at line 21, Mr. Verin states
5 that the companies filed an interconnection agreement with
6 the Commission on June 25th, 1996. Do you see that?

7 A Yes, I do. Well, I'm finding it. What was the
8 page again?

9 Q Two.

10 A Yes, I do see that.

11 Q All right. And then he goes on to state that
12 Intermedia received a letter dated August 12, 1997 from
13 Mr. Bush?

14 A Yes.

15 Q Also, the agreement was amended in February of
16 1997. Mr. Viren so states at page 7, I think.

17 A I do remember reading that.

18 Q And Ms. Strow makes that same testimony on page
19 8?

20 A Yes, she does.

21 Q And then there was a period of time between June
22 of '95 -- '96 and February of '97, eight months or so, in
23 which the companies were exchanging compensation for local
24 traffic which included ISP traffic. Was that not the case?

25 A I do not agree with that. I don't know if ISP

1 traffic was included in there or not. As I've stated, I am
2 not aware that BellSouth ever knowingly paid for this type
3 of traffic. I would agree that the agreement was amended
4 to include an elemental billing eliminating the cap that
5 was previously in place.

6 Q Well, what I'm a little bit concerned about -- at
7 page 8 in your direct testimony you stated unequivocally
8 that it was not BellSouth's intent for ISP traffic, intent
9 at the time of negotiations, intent for ISP traffic to be
10 subject to reciprocal compensation, did you not?

11 A Yes.

12 Q Well, I mean you've stated earlier this morning
13 that the subject was never on the table during
14 negotiations, if I understand correctly.

15 A Exactly.

16 Q So I'm curious as to why you make an unequivocal
17 statement relative to BellSouth's intent at the time of
18 negotiations concerning this type of traffic if it wasn't
19 in the minds of any of the parties.

20 A I'm not sure I understand your question.

21 Q Well, you've stated -- I mean if I understand
22 your testimony correctly, your direct testimony correctly
23 at page 8, you are stating that unequivocally BellSouth did
24 not have the intent that ISP traffic would be subject to
25 reciprocal compensation.

1 A Exactly.

2 Q But earlier today you stated that the subject of
3 reciprocal compensation for this type of traffic never came
4 up in the course of the negotiations?

5 A Exactly.

6 Q So I'm trying to reconcile BellSouth's intent
7 with that fact.

8 A Well, the intent was that -- okay, I think I
9 understand your question. At page 8, lines 12 and 13, what
10 I'm stating is that it was never an issue that surfaced as
11 a result of negotiating with the customers. If we had
12 known, it would have never been our intent to pay for this
13 traffic, so I'm sorry there is a conflict there. I do not
14 see it, but, you know, it's clearly stating we never
15 intended to pay for this traffic.

16 Q Well, you said earlier that at some point it
17 became apparent to BellSouth that there was an imbalance in
18 the billings, did you not?

19 A Yes, and I stated that as a result of seeing the
20 bills come in from ALEC customers requesting payment.

21 Q Well, then with respect to Intermedia, in that
22 period of time, beginning June '96 leading up to February
23 '97, at which time the agreement was amended, had this
24 concern not yet surfaced?

25 A It had not surfaced to me, and I'm not aware of

1 anyone else having been made aware of this issue. The
2 thing you have to keep in mind, I am negotiating the
3 agreement. I am negotiating the agreement based on what
4 the law requires me to do, but the subject of payment for
5 this type of traffic never surfaced; and even as part of
6 modifying the agreement back in February of 1997 with ICI,
7 it was never an issue there either.

8 We have many customers that would simply rather
9 go to billing as opposed to staying with the cap. The fact
10 of the matter is, is if you look in our current standard
11 agreements, and pretty much in every agreement that has
12 been signed as a -- after arbitration rulings have been
13 issued, none of those agreements are cap-type agreements,
14 they are all elemental billing. So the fact that ICI moved
15 from a cap arrangement to an elemental billing arrangement
16 would not be an indication that they are wanting us to
17 compensate them for ISP type traffic. It was just
18 something that was happening throughout the industry at
19 that time, not only with ICI but with other customers too,
20 and even other customers where we have not received huge
21 payment requests for this type of traffic. So it is
22 nothing unnatural to modify the agreement to go to an
23 elemental billing arrangement. In fact, our preference is
24 to go to an elemental billing arrangement.

25 Q Let me ask you, Mr. Hendrix, to examine the

1 billings in that period of time between Intermedia and
2 BellSouth and to in some way describe the relationship
3 between them?

4 A And I'm hoping and praying you are going to ask
5 me to do that on a late-filed as opposed to doing it now.

6 Q Yes.

7 A Okay, good, I do not have it.

8 Q Late-filed Exhibit 4, payment balance from June
9 '96 to February '97, Intermedia and BellSouth.

10 A Charlie, is that request limited to reciprocal
11 comp?

12 Q Yes, for local traffic termination, Intermedia
13 and BellSouth.

14 A Okay.

15 Q Mr. Hendrix, how would you determine, or how do
16 you determine which calls terminate to ISPs as
17 distinguished from other local calls?

18 A There are two major -- I mean I suppose there are
19 three ways that that is actually happening. Since the
20 August 12th letter the payments, Mr. Bush's letter, what we
21 have done is we have had some customers to come forward,
22 you know, either through calling me and, you know, wanting
23 to talk to me about the traffic and have actually given
24 us -- not to me but given to our billing people traffic
25 patterns or traffic wherein they could divorce as to what

1 was truly local, as to what was ISP type traffic.

2 The other two methods that have been used is
3 looking up telephone numbers. We have access, or at least
4 our group that is responsible for paying the bills have
5 access to telephone numbers that are ISP-type numbers, and
6 then we are also monitoring the usage based on AMA records
7 to determine what is ISP and what isn't.

8 Q What are AMA records?

9 A I knew you were going to ask me that. All I
10 know --

11 Q It's not the American Medical Association, is it?

12 A I'm sorry?

13 Q It's not the American Medical Association, is it?

14 A That was the same thing I said earlier, but it
15 isn't that; but it's a type of recording that we would do
16 in our -- I'm assuming it's in our switch.

17 Q Okay. You're familiar, I think, Mr. Hendrix,
18 with the Georgia study concerning WorldCom's ISP traffic?

19 A I have not honestly reviewed that study. I have
20 heard about the study, but I try not to get so entangled in
21 that. My focus is mainly negotiating with the various ALEC
22 customers.

23 Q Well, this was the study that was put forth by
24 Mr. Cooper in September of '97 as the basis for determining
25 what local traffic was ISP traffic. The conclusion was

1 that 94% of the traffic in -- the result of this study
2 apparently was that 94% of the traffic in Georgia was ISP
3 traffic?

4 A And I did, in fact, hear that number. It is not
5 surprising to me that it is that high. I know one of the
6 customers I met with had wanted to give me his traffic
7 patterns, which I simply referred to our billing people,
8 indicated -- his records indicated that theirs was about 90
9 plus also.

10 Q But are you familiar with why this study was
11 done?

12 A I believe the study was done -- as I have said, I
13 have not looked at the study, but I had, in fact, heard
14 about the study; but I believe the study was done to try to
15 get some sense as to how much of the traffic that is being
16 claimed as local that is not local but instead Internet
17 type traffic.

18 Q Did you happen to know when the study was begun?

19 A No, I do not.

20 Q When earlier you said that customers had met with
21 your people to discuss ISP traffic patterns --

22 A Yes.

23 Q -- what kinds of -- who were you talking about?
24 What kinds of customers?

25 A I'm not sure I can -- the CLEC-type customers.

1 Q All right. Could I ask you in a further
2 late-filed to supply information relating to the Georgia
3 study? That is, when it was done, why it was done, where
4 it was done in Georgia?

5 A Okay, that's fine.

6 Q And also, I would like to see a statement
7 relating that study to the Florida experience.

8 A Okay, and I'm not sure that that is there; and
9 then again, it may be there. It's just that I'm not very
10 close to that, and I only have some knowledge; so whatever
11 we can provide in response to what you're asking, I will
12 ensure that we do so.

13 Q All right. Do you want to take a break at this
14 point, Jerry?

15 A Do you have another -- How much longer have you
16 got?

17 Q Oh, I've got a ways to go yet.

18 A All right.

19 Q And I'm sure the parties will have questions of
20 you as well.

21 A Okay. That's fine.

22 (BRIEF RECESS TAKEN)

23 BY MR. PELLEGRINI (CONTINUING):

24 Q I want to ask you next, Mr. Hendrix, several
25 questions related to the WorldCom agreement, and I'd ask

1 you to turn to Mr. Ball's direct testimony at page 3, line
2 17, and your testimony, page 3, line 19.

3 A Direct page 3, line?

4 Q 19, your testimony, and Mr. Ball's testimony page
5 3, line 17.

6 A Okay, yes, I'm there.

7 Q There the definition of local traffic in section
8 140 is set out as calls between two or more telephone
9 exchange service users where both telephone exchange
10 services bear NPA, NXX designations associated with the
11 same local calling area of the incumbent LEC or other
12 authorized area, for example, extended area services and
13 adjacent local calling areas. Do you see that?

14 A Yes, I do.

15 Q And tell me how you see ISP traffic as differing
16 from this definition.

17 A I think the key difference is ISP traffic has
18 been put under the FCC jurisdiction, and that is in itself
19 the key difference. I mean, granted, it may be a
20 seven-digit that is being dialed, but it is under rules
21 that the Feds have set, and that is how we operate.

22 Q Mr. Ball also describes switched exchange access
23 service. He does that at page 6, line 5.

24 A Yes, he does.

25 Q He cites Section 1.62 (sic) of the agreement

1 which states that switched exchange access service means
2 the following types of exchange access services: feature
3 group A; feature group B; feature group D; eight hundred,
4 slash, 888 access; and 900 access and their successors; or
5 similar switched exchange access services. Do you see
6 that?

7 A Yes, I do.

8 Q Is it your testimony that ISP traffic fits into
9 any one of these categories?

10 A It's my testimony that, one, the FCC has given an
11 exemption to the ISP for this traffic, will be treated as
12 local from the standpoint that access charges would not
13 apply. Second, it is more akin to an interexchange type
14 service, more like feature group A. And given that, since
15 this is a carrier-type service, I view ISP as being more of
16 a carrier-type service. I think it's very much like a
17 feature group A type service. Now ISP is not mentioned
18 here in 1.662 (sic), but I think it is included in the last
19 phrase or the last part of that paragraph; it says similar
20 exchange access type services. While, you know, the word
21 itself is not mentioned, I think it would definitely fall
22 under similar switched exchange access services.

23 Q Would you describe feature group A traffic?

24 A Yes, I would. Feature group A traffic, feature
25 group A -- and when I say this, it's very much like the ISP

1 arrangement -- feature group A is a line-side termination.
2 You have a seven-digit number associated with this feature
3 group A type service. An end user would dial a seven-digit
4 number. The end user would get a second dial tone, and
5 that's where the differences are. That is where there is a
6 greater difference in that with a feature group A type
7 service you do have a second dial tone, but with ISP type
8 traffic, the signal is not broken. So there is a
9 difference there, but feature group A is a second dial tone
10 type service, it's a line side, it's a seven-digit number,
11 just as ISP is a line-side service and a seven-digit
12 number.

13 Q What is an end user attempting to accomplish
14 through feature group A? I mean what kind of call is he
15 making?

16 A Well, an end user could make several types of
17 calls. Clearly he can make a toll type call, be it
18 interLATA, intrastate or even interstate; and I believe,
19 subject to check, but it may even be able to complete some
20 local calls, feature group A type service. I'm not sure
21 whether they are, but I do not believe there is any
22 screening in place that would prohibit or not allow a
23 feature group A type call to go in.

24 Q These are not straightforward long distance
25 calls, are they?

1 A What do you mean by not straightforward?

2 Q Well, if I wanted to call you from here, from
3 Tallahassee to Atlanta, would I be making a call through
4 feature group A? Or I'm not quite sure --

5 A You could. You could. You have several
6 options. You may choose to use the Internet, or you may
7 choose to use feature group A. If there is a carrier using
8 feature group A for that type of service arrangement, you
9 could use feature group B, or you could use feature group D
10 type service.

11 Q How is feature group A traffic measured?

12 A Currently it is measured -- When you say
13 measured, how do we bill? I mean it is assessed. The
14 charges are --

15 Q Yes.

16 A -- assessed as any other switched access charges
17 are. Of course the elements for that would be, you know,
18 your carrier common line, your local switching, your
19 transport type services; and the charges are assessed, for
20 the most part, unless the customer purchases some dedicated
21 type access for transport that is assessed on a per minute
22 basis.

23 Q Could ISP traffic be measured in that way?

24 A I know that we would have AMA type recordings for
25 ISP traffic, and I'm assuming if you were to convert an ISP

1 to feature group A or feature group B type service, then
2 the answer is, yes, it is possible to convert that type of
3 service.

4 Q How do you distinguish feature group A traffic?
5 How do you identify it?

6 A You identify it by the seven-digit number that is
7 dialed. There is a seven-digit number that is dialed which
8 looks just like any other local number, and then there is a
9 second number that is dialed to get to the carrier, hence,
10 you have the second dial tone type service. So it is
11 identified by a given number that has been assigned to that
12 carrier using feature group A for its end users' customers
13 to access in.

14 Q Does BellSouth provide the switching function
15 with feature group A type traffic?

16 A BellSouth would provide the switching function
17 just as we would for feature group B, feature group D type
18 access traffic. In other words, there is a separate
19 element that is assessed carriers have called local
20 switching for that type of traffic.

21 Q But with ISP traffic, once the call reaches the
22 ISP, there is no further switching; isn't that correct?

23 A There may be other switching in the backbones of
24 the ISP network. In fact, there may be -- the network
25 access point may have routers and so forth for routing the

1 traffic which some of the switching functions may take
2 place at that point. But as far as BellSouth doing the
3 switching, once it's on the backbone of the ISP to
4 terminate, you know, wherever the ISP chooses to send it,
5 there is no further switching done by BellSouth.

6 Q On page 20 of your rebuttal testimony at line 8.

7 A Yes, I'm there.

8 Q You refer there to reporting problems that
9 existed when the FCC introduced feature group A service?

10 A Yes, I did.

11 Q Do you recall what those problems were and how
12 they became resolved?

13 A Let me read that in its context because the issue
14 there is more having to do with the separations problems,
15 and as pointed out there, the gist -- or to take it in its
16 proper context -- the gist of what we are speaking of is
17 that the separation rules that we have to operate under may
18 not be all clear. They may not be all accurate as was the
19 case with feature group A type service being that it was a
20 line-side termination, and so the problems have since been
21 fixed in that we can actually -- we actually see the
22 minutes, and you're able to -- you are able to apply a PIU
23 to ensure that this traffic is billed in the appropriate
24 jurisdiction for feature group A type services.

25 So while there were separation problems in that

1 it was a line side type service, the fix now is that for
2 customers report to us a factor that would allow us to
3 apportion the service; wherein, prior to that time, it was
4 simply based on assumed minutes. If it was one-way, 45
5 hundred minutes; if it was two-way, it was nine thousand
6 minutes for voice grade, for feature group A type services.

7 Q The PIU is merely an estimate in the first place
8 though, isn't it?

9 A A PIU is a factor that should be representative
10 of what the actual traffic patterns are or how much traffic
11 will be intrastate versus interstate. And since customer
12 calling patterns do not vary a lot, I would say it's better
13 than an estimate; and we have audit authority in our
14 tariffs to ensure that they are doing what they need to do
15 in reporting their traffic. So I think it's a whole lot
16 better than an estimate. It is a factor based on actual
17 traffic.

18 Q I want to go back a moment to this question of,
19 to the definition of switched exchange access service at
20 section 162. You suggested that perhaps ISP traffic should
21 be identified as a similar switched exchange access
22 service, did you not?

23 A Yes, I did.

24 Q Do you know what type, what other services are
25 considered to be similar switched exchange services?

1 A You are taxing me here. You are asking me to
2 think. Right off the bat I cannot come up with one.

3 Q Is this something you could furnish through a
4 late-filed?

5 A As to what I think other similar type services
6 are?

7 Q Well, yeah, what you think, or if somewhere that
8 is established.

9 A I'll be happy to look. I'm not sure that I will
10 come up with anything more, but I think it's clear from my
11 standpoint ISP could fall into that category; and it is
12 supported by what's been filed in other dockets by other
13 parties, you know, at the federal level.

14 Q Right. That would be, I think, 6. Late-filed
15 Exhibit 6 would be a listing of services that are
16 considered to be similar switched exchange access services.

17 A I suppose -- There were two, Charlie, that just
18 came. I'm going to do everything I can to avoid this
19 late-filed.

20 Q All right.

21 A Two that just came to mind would be five hundred
22 type service. Another one can be seven hundred type
23 service, so those are two that come to mind that I think
24 are similar, and they are not mentioned there.

25 Q I'm ignorant. What are five hundred and seven

1 hundred services?

2 A A five hundred type service is generally used, I
3 think currently, as a follow-me type service or a locator
4 type service by some of our carrier customers. Seven
5 hundred type service has also been used to emulate one plus
6 by some of the carriers, but it's also a vehicle to allow
7 you to check your picked carriers.

8 Q Okay. I'll agree with you, we won't need the
9 late-filed.

10 Mr. Hendrix, you stated earlier that BellSouth
11 has an ISP affiliate, did you not?

12 A Yes, I did, BellSouth.net.

13 Q All right. Does BellSouth treat traffic between
14 the LEC and -- between itself and the ISP affiliate any
15 differently than any other local traffic?

16 A I do not have first-hand knowledge, but I do not
17 think that we do.

18 Q On page 2 of your direct testimony --

19 A Yes.

20 Q -- you refer to ISP non-voice type traffic at
21 line 9.

22 A Yes, I do.

23 Q Do you think other non-voice traffic should be
24 treated the same as ISP traffic?

25 A I think -- well, I think there is a lot of

1 non-voice traffic that is treated different from ISP type
2 traffic. There is non-voice traffic where access charges
3 are actually applied, and I believe ultimately for ISP type
4 traffic, ISPs should be assessed access. So they are, in
5 fact, being treated -- some non-voice traffic is currently
6 being treated different from ISP type traffic where an ISP,
7 you know, while they are treated as local, simply meaning
8 that they are not assessed access charges for that type of
9 traffic, it is different from other non-voice type traffic.

10 Q But the fact that the traffic is non-voice is not
11 a, I guess in your opinion is not a sufficient distinction
12 with respect to reciprocal compensation?

13 A Definitely not. And I think the overriding
14 factor is that the FCC has claimed this traffic to be
15 interstate in nature, and definitely this traffic should
16 not be compensation, nor was it intended to be as part of
17 any of the agreements.

18 Q Would you agree that ISPs are a subset of a
19 broader group of providers which the FCC calls enhanced
20 service providers?

21 A Yes, I would.

22 Q And these other enhanced service providers, do
23 you believe that traffic terminated to them should also be
24 excluded from payment of reciprocal compensation?

25 A I would say yes.

1 Q But presently they are not excluded, correct?

2 A I don't know that they aren't. I cannot say for
3 certain that they are actually being compensated for this
4 other type of traffic, and the other reason to keep in mind
5 if, in fact, they are not being compensated, it would
6 probably be because the FCC has claimed jurisdiction over
7 this traffic for purposes of not applying access charges;
8 but I'm not -- I'm simply not aware that it is being
9 treated in a different way. Furthermore, I'm not really
10 sure that it's relevant in all honesty to what we are
11 speaking of here. I think here we are talking about the
12 true interconnection agreement and whether ISPs should be
13 listed as part of the reciprocal comp arrangement.

14 Q Yeah, I agree, I agree.

15 Okay. All right, I want to go back to a line of
16 questioning that I was on a moment ago. I'm not sure I
17 asked you this question, but is there any way in which
18 BellSouth treats an ISP customer differently from other
19 business customers who purchase services from the tariff?

20 A It actually -- and I suppose the answer is yes,
21 but let me expand on that. You know, at the federal level,
22 end user type customers have the authority to purchase
23 access, and so they are treated differently in that we
24 actually bill that customer's segment access charges, be
25 it, you know, for transport or whatever else; but the FCC

1 for the purpose of this segment of customers, being the
2 ISPs, have actually exempted this customer's segment from
3 paying access charges while understanding that this traffic
4 is largely interstate and non-local type traffic. So they
5 are, in fact, treated in a different way.

6 Q If you call the ISP's business office to set up
7 an account, does that call terminate there?

8 A I call the ISP business office, and I'm assuming
9 that ISP business office would use a regular land line type
10 arrangement, and if that is the case wherein it's just like
11 me picking up the phone and calling you, then I would say
12 yes. But the way I understand many ISPs to do business,
13 you need not call, you need to only have a PC, be able to
14 put a three and a half inch diskette in your PC to sign on
15 with a modem; and so if, in fact, it's a regular land line
16 type office that you would call, then I would agree, the
17 originating point would be with me. The terminating point
18 would be with the ISP.

19 Q Well, if you were to call the ISP's business
20 office for any purpose other than to gain access to the
21 Internet, how would you distinguish that call from a call
22 made for connection to the Internet?

23 A Okay, and I think the difference is my calling an
24 ISP business office would simply be any voice type call
25 with me going off dialing a number, be it a seven-digit or

1 eight hundred number, to simply get to the business office
2 to place an order perhaps with a live body at the other end
3 to answer that call. In the ISP arrangement we are talking
4 about here is my signing on, dialing a seven-digit number,
5 going through my central office, going through perhaps a
6 CLEC's switch, going to the ISP point of presence with the
7 ISP passing it on to this backbone network to terminate
8 that call. The ISP call, you know, stops at the far end
9 probably at some host platform wherein the call to the
10 business office, you know, is simply a land line type
11 arrangement with a live body at the other end.

12 Q Well, if I'm the end user with a relationship
13 with an ISP and this morning I find that I'm unhappy with
14 my current month's billing and I call in to complain about
15 that, I would dial a certain number; and this afternoon if
16 I want to go on the Internet through that ISP, I would dial
17 up the same number, would I not?

18 A I don't believe that is the arrangement. I do
19 not know. I know for the provider that I have the numbers
20 are different, and I would think in most cases they would
21 try to separate the business office functions from a
22 function that is strictly an enhanced service type
23 function.

24 Q That seems reasonable enough, but if that were
25 not the case, the two calls would be indistinguishable, I

1 suppose, right?

2 A I don't know that I would agree. I don't know,
3 first of all, how you would dial the same number. Perhaps
4 you do, I just don't know, and I would hate to speculate
5 that that would be the case.

6 Q We're getting near the end, Mr. Hendrix, I'm sure
7 you'll be happy to know.

8 A Promises, promises.

9 Q I know, but turn to Mr. Kouroupas's rebuttal
10 testimony once again.

11 A I'm there.

12 Q At page 8.

13 A Okay, I have it.

14 Q The question at line 18, he puts forth a
15 definition of termination.

16 A Yes, he does.

17 Q Would you find that definition to be an
18 appropriate one?

19 A No, I would not.

20 Q Why not?

21 A My reading -- and I may have read this wrong.
22 It's a little hard to read and interpret what he's
23 saying, but it appears as if he's indicating that a call
24 simply passing through or an interface point on its way to
25 an ISP is considered termination from the ALEC's

1 standpoint, and I disagree with that; and I think it's
2 inconsistent with previous orders both at the federal level
3 and at the state level and even in Florida where we held
4 many workshops where we looked at PIU and apportioning
5 traffic. And it was ruled that the two end points, the two
6 terminating points would be the termination -- would
7 determine the jurisdiction, but then the end point would --
8 the terminating end point where the call goes no further
9 would also be the termination of that call. And what we
10 have here is simply where the ALECs have situated
11 themselves between BellSouth and an ISP but a call is not
12 terminating with the ALEC. In fact, when it reaches the
13 ISP, that is the fringe of the termination, and the
14 termination may be at the host platform, or it may be at
15 some other point, you know, when that end user has seized
16 the platform to actually terminate that call. But clearly
17 as I read what he is stating here, that is not a
18 termination.

19 Q He describes this as a standard industry
20 definition. Do you disagree that it is?

21 A Well, that's interesting because I went and tried
22 to find that written in the standard book that has come
23 out, including terms, Newton's Telecom, and I did not find
24 it. Maybe it's me, you know, not knowing how to use the
25 book, but I looked and looked and looked and had others

1 look, and I cannot find it.

2 Q Well, tell me this then, what do you rely on in
3 your understanding of the meaning of the terms "termination
4 of traffic" or "ending point of a call?" In the first
5 place, are they the same, those two phrases? Do they mean
6 the same thing, termination of traffic, ending point of a
7 call?

8 A For the most part, yes, and I think you would
9 have to go back to all of the dockets and all of the
10 tariffs and, you know, look in the tariffs; and it's very
11 clear in the tariffs, both state tariff as well as federal
12 tariff, that the two end points would actually determine
13 where a call -- I shouldn't say two end points. The end
14 point where that call can go no further would determine the
15 termination point. It is not at a point where a carrier
16 has situated himself as a conduit.

17 In other words, to use an example, if I were to
18 call you, I go off hook, I make the call, it terminates in
19 your office; and so the terminating point would be in your
20 office. That call would go no further than your office,
21 and we are talking. It is not the office that it may go
22 through to terminate to someone else, which is what the
23 CLECs are actually advocating here.

24 Q But this is a critical point in this dispute,
25 that is, where does -- What is the end point of -- What

1 is the end point of this call?

2 A I can tell you for certain that the end point
3 does not rest with the CLEC, and as I had mentioned, you
4 know, even when it reaches the ISP, it must yet and still
5 go beyond that point. And the end point is probably at
6 some host platform, but it's not with the ALEC or the CLEC
7 simply serving as a conduit for that call. But I think if
8 you were to go back and look at, you know, previous orders
9 dealing with the PIU, and the concept would hold still true
10 for intrastate traffic as well as interstate, you know, it
11 is not -- the terminating point does not rest with some
12 intermediate -- intermediary simply transporting the
13 traffic through.

14 Q Yeah, but if you in Atlanta dial me here in
15 Tallahassee, you're going to dial -- you're going to make a
16 ten-digit dial, right?

17 A Well, really, a little bit more than that. In
18 other words, I understand what you're saying, I'm really
19 going to dial one plus 850, plus seven digits, so it's 11
20 digits on an equal access basis; but it may be more if you
21 use a different feature.

22 Q Yeah. But at the same time, you in Atlanta, if
23 you wanted to dial up an Internet service -- if you wanted
24 to dial up through an Internet service provider, you are
25 going to dial seven digits, are you not?

1 A No, I would likely in Atlanta dial ten currently
2 to reach that provider of that type of service, but that is
3 simply to get to its modem pool, and then that call would
4 go on the ISP network from there to terminate to whatever
5 it is I may be trying to seize. But it is not -- Let me
6 give you another example. Let's say I'm in a BellSouth
7 service area and let's say you're in Sprint's service area
8 down in Orlando.

9 Q All right.

10 A And let's just say that somebody else owns the
11 tandem between my service area and Sprint's area. What the
12 ALECs are stating here is that if I as a BellSouth customer
13 makes a call and it goes through the tandem belonging to
14 ICI that ICI is the terminating point of that call, where
15 really the terminating point is then Sprint -- is in
16 Sprint's area, at that telephone number in the Sprint
17 area. It's not with the tandem owner that is simply
18 serving to pass that call through.

19 Q Okay. I think just one more question, again with
20 reference to Mr. Kouroupas's testimony at pages 7 and 8,
21 direct testimony. He calls -- Are you there?

22 A Yes, I'm here.

23 Q The last question on page 7 there he calls
24 attention to what he calls a number of confusing --
25 conflicting and confusing statements made by various

1 BellSouth people, including yourself.

2 A Yes, he does.

3 Q Taking them one by one. He takes these
4 statements to suggest that BellSouth recognizes that
5 traffic does indeed terminate with the ISP. At first he
6 cites the Bush memorandum which talks about traffic
7 terminated to an enhanced service provider at lines 22
8 through 24 on page 7.

9 A Yes, he does.

10 Q What do you say to that?

11 A I think that letter has not been read in its
12 proper context. The issue that Mr. Bush is making there is
13 that the CLEC or the ALEC is not the terminating party, but
14 it goes through the CLEC and ALEC, and when it reaches the
15 ISP, that is the fringe of the termination; but the actual
16 termination is the ultimate destination for that end user
17 customer that is trying to see something on the Internet.
18 But clearly the termination is not with the CLEC or the
19 ALEC customer.

20 Q Then he goes on to cite your testimony at page 12
21 where you say first that ISPs are permitted to obtain and
22 use local exchange services to collect and terminate their
23 traffic?

24 A That's correct.

25 Q What did you mean by terminate their traffic in

1 that sense?

2 A Okay, and that is speaking of the services at the
3 ISPs, and this is on the -- after a call has passed from
4 BellSouth's office through the CLEC's office where the CLEC
5 has situated themselves between us and the ISP. The ISP
6 can purchase local services out of the GSST to be able to
7 carry that traffic once they actually receive that call,
8 and all that is saying is that -- I mean those are rules
9 that we actually have to live by, and they are able to
10 purchase these services and use those services simply
11 because the FCC has stated that they actually could and for
12 that reason did not assess access charges to a class of
13 customers. Clearly it is not stating that this is local
14 simply because the FCC who has classed this traffic as
15 interstate traffic that this traffic should be shown as
16 local.

17 Q Well, I think all of this goes to some confusion
18 over what is meant by various people in talking about
19 traffic termination. I mean there at page 12 you go on to
20 say the ISP will have purchased flat rated business service
21 lines from various local exchange company end offices and
22 physically terminated those lines at an ISP premises
23 consisting of a modem base?

24 A Yeah, but I think that -- I mean that does not
25 speak to the termination of traffic. That's just saying

1 that this is the transport vehicle that the carriers would
2 actually use, and it's just like you as a carrier going out
3 to purchase interoffice transport. You know, you may
4 purchase interoffice transport between my end office and
5 your serving wire centers, and I will charge you to
6 terminate, you know, those two ends. But that's not the
7 termination of traffic; that is simply tying down the
8 actual interoffice service, but that's not the termination
9 of traffic.

10 Q Is there a word that you would substitute for
11 "terminate" in these instances?

12 A I would say as far as the termination of the
13 equipment, I suppose one term that could be used, to tie
14 down the two ends of the service.

15 Q Yeah.

16 A Something of that nature. I mean we are talking
17 about terminating or to connect the interoffice service to
18 the serving wire center and the end office. I mean
19 "termination" is a term that is in the tariff. If you were
20 to go and look in section 7, E7 or go and look in section
21 E6 of the access tariff, we talk about facility
22 termination. Those are actual terms approved in the
23 tariff. It has nothing to do with the termination of
24 traffic, and I'm afraid that he has probably misspoke or
25 perhaps he knows very little about access.

1 Q Okay.

2 MR. PELLEGRINI: Okay. Thank you, Mr. Hendrix.

3 WITNESS HENDRIX: The pleasure has been all mine,
4 I'm sure.

5 EXAMINATION

6 BY MR. SELF:

7 Q Mr. Hendrix, this is Floyd Self.

8 A Oh, my goodness. Hello, Floyd.

9 Q How are you, Jerry?

10 A All right.

11 Q I want to initially ask you some straightforward
12 questions. You may think they are trick questions, but
13 they are really not. And with that statement, let me also
14 give you the caveat that since I'm representing WorldCom
15 and the interconnection agreement at issue, as you know for
16 WorldCom was actually executed by MFS which is a subsidiary
17 now of WorldCom, so if I say WorldCom, I'm just
18 incorporating MFS as well, okay?

19 A Okay.

20 Q My first question is are you an attorney?

21 A No.

22 Q Do you know who signed the WorldCom/BellSouth
23 interconnection agreement?

24 A Yes, I do.

25 Q And who is that?

1 A Bob Schye.

2 Q Okay.

3 A Robert Schye.

4 Q And at the time that that interconnection
5 agreement was signed, which I believe was August of 1996,
6 did Mr. Schye work for you, or did you work for him?

7 A Neither.

8 Q Okay. Were you part of the same organization at
9 that time?

10 A No, we were doing pretty much the same functions
11 but in two different groups.

12 Q Okay. Did you play any role in the
13 WorldCom/BellSouth negotiations that led up to that August,
14 1996 interconnection agreement?

15 A I did not play a role in negotiating it. I was
16 kept abreast since I was negotiating with other customers
17 at the same time.

18 Q Okay. Did you attend any of the meetings
19 involving WorldCom and BellSouth?

20 A No, but I was kept up to speed as to what was
21 happening.

22 Q Did you review any of the documents that were
23 exchanged as a part of that negotiation?

24 A Floyd, I'm sure I did. I can't remember exactly
25 which ones, but there were so many customers that we were

1 negotiating with at that time, but I do remember reviewing
2 some from time to time; and many of those, or some of those
3 may have been for this very customer.

4 Q But you don't recall any in particular?

5 A No.

6 Q Okay. Have you read the signed
7 WorldCom/BellSouth interconnection agreement?

8 A Yes, I have.

9 Q With respect to the escrow account under the
10 Commission's order in that interconnection agreement, as of
11 today has BellSouth fully funded that escrow account?

12 A I cannot tell you as of today whether that has
13 been done.

14 Q With respect to the FCC orders that you discuss
15 in your testimony, have you read all of those orders?

16 A I have read at least portions if not all. In
17 other words, I've read the relevant portions, and in some
18 of the other cases I may have read them all.

19 Q Okay.

20 A I may have read all of that order.

21 Q All right. Have you read Florida PSC Order
22 Number 21815 which was issued in September of 1989?

23 A I have read not all of it but most of it. Give
24 me the number again.

25 Q 21815.

1 A Okay, I have read most if not all of it. In
2 fact, I have some parts of it here.

3 Q Okay. In that order doesn't the Florida PSC
4 assert jurisdiction over ISP calls?

5 A Yes, they do, but then they go on to say we,
6 again, reiterate the caveat that the final determination of
7 the state/federal jurisdiction question currently resides
8 with the Feds.

9 Q Okay. Since the time that that order has been
10 issued, has the Florida Commission taken any action to
11 reverse or modify the decision that it made in that order?

12 A I am not aware of them having taken action to
13 modify it, but clearly there have been -- I think there was
14 a 9th circuit appeal, and in the 9th circuit appeal --
15 Let me see if I can find that.

16 Okay, I was looking for the 9th circuit appeal
17 that was referenced. In there -- Can you hear me?

18 Q Yes.

19 A Okay. In the 9th circuit appeal, and I read this
20 earlier, they talk about the jurisdiction and as to when
21 the federal would have jurisdiction over the state issues,
22 but I'm not aware of the Florida PSC having taken any
23 action.

24 Q Okay. Has the FCC taken any specific action to
25 preempt or reverse or otherwise challenge order 21815?

1 A I am not aware that they have taken action, but
2 if you remember, they did, in fact, take some action in
3 that resellers initially were not assessed access charges.
4 They since have come back, and we are, in fact, assessing
5 access charges to resellers, but they did not remove the
6 exemption of access charges from ISPs. Since that time,
7 they have not taken any action that has resulted in a final
8 order; but as a result of the Ault (phonetics) letter on
9 June 20th, 1997, they did, in fact, request comments that
10 would go to this issue, and I believe even some of the
11 paging issues may be associated with rulings that they may
12 take as to whether reciprocal comp should be applied for
13 this type of service.

14 Q Okay. BellSouth has ISP customers, correct?

15 A Yes, we do.

16 Q Would you agree that most of the ISPs that
17 operate within BellSouth's service area are probably
18 BellSouth customers?

19 A I do not know.

20 Q Okay. What services does BellSouth sell those
21 ISPs?

22 A Well, by federal order, due to the exemption, we
23 are required to allow them to purchase basic services from
24 the GSST; and as I mentioned earlier, in exemption given to
25 this customer segment, and they are treated as local in

1 that we will not assess access charges to these customers.

2 Q Okay. Are those ISPs reached on a local dialed
3 seven-digit, or in those areas where it's ten-digit local
4 dialing on a ten-digit basis?

5 A I believe, Floyd, to my understanding, is that
6 they have the option of being reached with a seven dial or
7 ten-digit dial, and in some cases end user customers may
8 reach them through toll dialing.

9 Q Okay. If both BellSouth and each ALEC included
10 ISP traffic in their reciprocal compensation payments, how
11 out of balance would the traffic be and to whose benefit?

12 A I do not know the answer as to how out of balance
13 that would be, but I don't believe that's really the
14 issue. I honestly do not believe that is relevant. I
15 think the issue here is that the ALEC has situated him or
16 herself between BellSouth and the ISP and is requesting
17 terminating compensation for this traffic that is, one, is
18 not local, that it's not under the jurisdiction of the
19 state, and it simply isn't appropriate that we compensate
20 for this traffic.

21 Q All right. Well, let me depart on that point for
22 a moment, and I want to ultimately ask you a hypothetical,
23 but let me first ask you -- I think in essence, and please
24 correct me if I'm wrong, but I think the essence of your
25 testimony is that you must look at the entire, quote, end

1 to end Internet access that is involved in an Internet
2 access call and that there are not distinguishable separate
3 calls that make that up; is that basically your position?

4 A I think those are points two and three of what
5 I'm trying to state. I think the first point and which I
6 think is the critical point is that this is not local
7 traffic. This is interstate traffic, and it was never
8 contemplated to be a part of the interconnection
9 arrangement.

10 Q Okay. But aren't there other situations where,
11 quote, end to end -- excuse me, let me start over again.

12 Aren't there other situations where there is,
13 quote, an end to end call that is made up of discreet and
14 jurisdictionally separate calls?

15 A I'm trying to think of one, and there may well
16 be.

17 Q Well, let me give you this hypothetical. A
18 person in Miami goes to a pay phone that's not a BellSouth
19 pay phone and makes a zero call and is trying to call a
20 party in Jacksonville, and the pay phone provider, the
21 operator services that are provided to that pay phone, the
22 operator is actually in Dallas, Texas; and so the pay phone
23 dials a different number to reach that operator in Dallas,
24 Texas. The operator in Dallas, Texas ultimately reaches
25 the called party in Jacksonville and connects the caller in

1 Miami ultimately to the person in Jacksonville. Now for
2 some purposes don't we have a call from the caller's
3 standpoint that is an intrastate call from Miami to
4 Jacksonville?

5 A I'm thinking.

6 Q Okay.

7 A You may well have two calls in that case, but yet
8 and still, the ultimate -- I mean and what I understand is
9 that this end user customer in this case has made an
10 intrastate call to an operator service company that would
11 have a separate and distinct number, and then the operator
12 services company will create another call and somehow patch
13 the two calls together to make a single call.

14 Q Correct. And from the caller's standpoint, he is
15 making an intrastate call, is he not?

16 A From the caller's standpoint, yes, he is
17 ultimately making an interstate -- I mean an intrastate
18 call. But I think the difference here is that that call to
19 the operator services company -- Let's just walk through
20 some of the charges on that call.

21 Q Okay.

22 A Of course there would be charges assessed for the
23 transport of that call going to the operator services
24 company. There would also be charges assessed for the
25 operator service function. There will also be charges

1 assessed for that call leaving the operator services
2 company coming back to the point that is intrastate to
3 terminate that call down in Miami. And so in that case you
4 have separate calls and you have separate billing elements
5 that would apply because the operator has actually
6 generated a second call.

7 Q Okay. So, for example, from BellSouth's
8 perspective, on the call from the pay phone in Miami to the
9 operator service center in Dallas, Texas, BellSouth would
10 assess on whoever the interexchange carrier is that is
11 transporting that call originating access charges inter --
12 excuse me, originating interstate access charges, correct?

13 A Exactly right.

14 Q And on the return leg from Dallas to
15 Jacksonville, BellSouth would assess on that leg of the
16 call terminating interstate access charges, correct?

17 A Exactly right, but you've got the operator
18 services function --

19 Q Right.

20 A -- where the operator has actually generated that
21 second leg of the call.

22 Q That's correct. Okay.

23 A Now that is different from what happens in an ISP
24 arrangement because the call is not broken. There is not a
25 new generation of a call. The line is built up, and it has

1 passed from BellSouth's office through the CLEC office to
2 the ISP for the ISP to terminate it perhaps at the host
3 platform. So that is quite different in that there is not
4 a new call being made in the diagram that I just
5 mentioned.

6 Q Well, that's in essence what this proceeding is
7 all about, isn't it?

8 A That's part of it, but I think the -- to me the
9 key part, you know, goes to the three points that you
10 mentioned with part number 1 being that this is not a local
11 call and the FCC has claimed jurisdiction over it, and as
12 such, BellSouth should not be required to compensate the
13 ALEC for this traffic, and then the other two points that
14 you mentioned; but I would agree this is part of the reason
15 that we are all here.

16 Q Okay. Can you identify any state public service,
17 public utility commission final order that agrees with
18 BellSouth's position in this proceeding?

19 A Not a final order, but to me that is not relevant
20 either because I think this case, from what I understand,
21 should be determined on the merits of the agreement. I
22 think the agreement is very clear, you know, if in fact a
23 ruling comes down based on the agreement; but I cannot
24 point to any final order in any other state.

25 Q All right. And with respect to those other state

1 final orders, has the FCC taken any action to preempt or
2 challenge those other state final orders?

3 A They have not to my knowledge taken any action to
4 preempt those state final orders, but the FCC is, in fact,
5 looking at this very issue, as I mentioned, you know, with
6 paging being a part of it as a result of the letter filed
7 by the Ault (phonetics) to this very issue.

8 Q Okay.

9 MR. SELF: Thank you very much, Jerry, that's all
10 I had.

11 WITNESS HENDRIX: All right, thank you.

12 EXAMINATION

13 BY MR. ELLIS:

14 Q Mr. Hendrix, my name is John Ellis. I have some
15 questions on behalf of Teleport.

16 A How are you?

17 Q I'm fine, thanks. How are you?

18 A Good.

19 Q Let me begin with some foundational questions.
20 What was your job title and what were your duties in July
21 of 1996 when BellSouth and Teleport entered their
22 interconnection agreement?

23 A My job title at that time was manager of
24 interconnection -- Are you still there?

25 Q Yes.

1 A Manager of interconnection services. I was
2 responsible for access pricing as well as negotiating
3 interconnect and resale agreements.

4 Q What was Mr. Schye's job title and job group if
5 he was not in the same as yours back at that time, July of
6 1996?

7 A Okay. He was in the strategic management group.
8 He too was responsible for negotiating agreements, and I
9 believe his title was senior director strategic management
10 group.

11 Q What was the reason for dividing the
12 responsibility for negotiating interconnection agreement
13 between those two groups at that time?

14 A The reason was there were so many customers, ALEC
15 customers coming to us wanting to negotiate, and the plan
16 was to have me assume the function; so I joined in, and I
17 and learned all about the functions, the issues, the
18 customers we were talking with in an effort to assume the
19 total function.

20 Q Mr. Hendrix, do you have any personal knowledge
21 of the negotiations between BellSouth and Teleport that led
22 to the signing of their July 1996 interconnection
23 agreement?

24 A It depends on what you mean by personal
25 knowledge. As I stated earlier, I did not attend any of

1 the meetings, but I was kept up to breast as to what was
2 happening with various customers; and the reason for doing
3 that was to ensure that I was not agreeing to something or
4 doing something that was inconsistent with what Bob Schye
5 was actually doing. So I was well aware as to what was
6 being agreed to with the other customers.

7 Q Then I would understand you didn't participate in
8 any meetings or telephone conferences or face-to-face
9 meetings with any employees of Teleport in those
10 negotiations?

11 A Not with Teleport, but I was well aware and kept
12 abreast of all that was happening.

13 Q Who was that that kept you abreast?

14 A Mr. Schye.

15 Q And do you recall any specific discussions with
16 Mr. Schye concerning the Teleport negotiations?

17 A We covered most customers, and as to whether
18 there was anything that would stand out that would be
19 different from what was going on with other customers, no.

20 Q Were his briefings to you and yours to him the
21 subject of memos or writings?

22 A No, they were not. We held weekly meetings,
23 sometimes even more frequent, and sometimes we met almost
24 every single day just to keep each other abreast. And
25 there were certain customers that we jointly talked with,

1 you know, simply because we felt that it was warranted.

2 Q Who else participated in those meetings with you
3 and Mr. Schye?

4 A Goodness, there was a whole host of people, which
5 would have included people from various departments that
6 were responsible for the operational issues throughout the
7 companies and trying to get the interconnect agreement in
8 place, which would include people from network, billing,
9 accounting; but it was just a whole host of people, as well
10 as people from my group, as well as people from Mr. Schye's
11 group.

12 Q Without a list of the people by name, can you
13 recall any of the other departments or functions that had
14 representatives participating in those meetings?

15 A From time to time we had legal. We also had
16 strategic management unit folks. We had our regulatory
17 folks, and I believe from time to time that would include
18 both federal as well as state folks, and those are
19 headquarters folks. It would have included the pricing
20 people as well as the tariff SMEs. And by SMEs, I mean
21 subject-matter experts that would be responsible for
22 interpreting the rates and the rate structures.

23 Q Did your department maintain a file for each
24 company with whom BellSouth entered an interconnection
25 agreement, or did Mr. Schye's department keep a file by

1 company, by agreement?

2 A We each kept files. Mr. Schye had his files, and
3 of course, I had my files; and we have since then
4 consolidated those files into a single file.

5 Q Is that filing system now kept by company?

6 A Yes, it is.

7 Q Have you reviewed that file for Teleport in
8 preparation for your testimony in this case?

9 A I reviewed some of the documents in that file.
10 As far as reviewing the total file, I think I did, I'm just
11 not sure.

12 Q What documents do you recall that you've
13 reviewed?

14 A Testimony mainly. I'm sorry, agreements mainly
15 that were entered into with Teleport and other customers
16 that are in this docket.

17 Q Do any of those documents that you reviewed
18 reference ISP traffic?

19 A No, they do not.

20 Q Were you told anything by Mr. Schye or anyone
21 else concerning any discussion of ISP traffic in the
22 negotiations between BellSouth and Teleport?

23 A I had talked with Mr. Schye, and what was told to
24 me is that ISP was not an issue with Teleport, that the
25 issue was mainly the imbalance of traffic; and that was the

1 same that I found in negotiating with other companies, that
2 it was the imbalance of traffic.

3 Q Have you made any investigation of any subject in
4 preparation for your testimony in this proceeding? For
5 example, you looked at the interconnection agreement
6 between BellSouth and Teleport in the file that BellSouth
7 maintains by company now for those interconnection
8 agreements. Have you done anything else, made any other
9 investigation or spoken to any other people to prepare
10 yourself?

11 A Sure, I've talked to quite a few people, you
12 know, just in pulling orders and pulling documents that may
13 have been filed, you know, both at the federal and the
14 state level. So I have talked with several people in that
15 process.

16 Q When did you first discuss with anyone the
17 subject of BellSouth's interpretation of the term "local
18 traffic" in connection with the payment of reciprocal
19 compensation for ISP traffic under interconnection
20 agreements?

21 MS. KEYER: I would object to any conversations
22 he may have had with an attorney on that.

23 MR. ELLIS: Well, I wouldn't ask for the subject
24 of the conversation if that was the case.

25 A I would say the subject of ISP type traffic

1 initially surfaced probably in the August 1997 time frame.
2 It may have been, you know, a short while prior to that
3 time, but I mean that is my first knowledge of talking with
4 anyone about ISP type traffic.

5 BY MR. ELLIS (CONTINUING):

6 Q When did that come to your attention -- I'm
7 sorry, not when, but who brought that to your attention?

8 A It may have been the subject of a meeting I was
9 in wherein we were getting bills from certain of the CLECs
10 or ALEC customers.

11 Q Do you recall who participated in that meeting?

12 A No, I do not.

13 Q Do you recall any of the departments of BellSouth
14 or divisions of BellSouth that were represented at that
15 meeting?

16 A As a general basis, it would have included the
17 regulatory folks, and I'm quite sure people from the
18 billing groups, so those would be the key players.

19 Q Do you recall any memoranda or briefings or
20 writings that presented the issue to you?

21 A No, I really do not, and as I mentioned, it has
22 come up in a meeting that involved mainly the regulatory
23 folks and the billing folks; but I do not remember anything
24 in writing addressing this issue other than I'm sure the
25 billing folks may have had the customers' bills.

1 Q Do you believe this first meeting was before or
2 after Mr. Bush's letter of August 12th, 1997?

3 A I believe the first meeting was right around that
4 same time, the same time as his letter; and I believe it
5 took place prior to, just prior to the letter, but how much
6 prior to I do not know. And the reason I was made aware of
7 it was because I was responsible for negotiating with our
8 ALEC customers.

9 Q When was the decision made to send Mr. Bush's
10 letter and who made it?

11 A It was made -- I can tell you it was made prior
12 to the date on the letter, but as to who made it, it would
13 have been perhaps some officer level within the company,
14 our policy making group. As to the actual person, I do not
15 know the actual person that made that decision to send the
16 letter; but it is usually coming from some officer level.

17 Q So you did not participate in the making of that
18 decision?

19 A No, I was made aware of it, and I was asked to
20 ensure that the letter was accurate, you know, as far as I
21 knew, you know, and as far as my knowledge, so that was it.

22 Q Did any of the people who participated in that
23 first meeting you've mentioned, were any of those people
24 decision makers?

25 A Well, I am a decision maker. Are you asking --

1 Q I beg your pardon. I meant were any of those
2 persons the ones who participated in the making of the
3 decision to send Mr. Bush's letter of August 12th.

4 A I'm assuming that there could have been people in
5 that meeting or people that may have been talked to that
6 made the decision to send the letter.

7 Q Who do you believe that was?

8 A I really don't know because there is a group of
9 people that would meet pretty much on a weekly basis to
10 talk about operational issues and so forth. So it is not a
11 decision that is made by a single person, so I would be
12 hesitant to guess who those people were.

13 Q You say a group of people met on a weekly basis
14 to discuss operational issues. Do you know when that group
15 may have first discussed the subject of BellSouth's
16 interpretation of the term "local traffic" in connection
17 with the payment of reciprocal compensation for ISP traffic
18 under interconnection agreements?

19 A No, I do not.

20 Q Have you discussed with anyone at Teleport
21 BellSouth's interpretation of the term "local traffic" in
22 connection with the payment of reciprocal compensation
23 under these agreements?

24 A No, I have not.

25 Q Do you know if anyone at BellSouth has?

1 A No, I do not know. I know there were quite a few
2 questions that have come in to various people on the
3 accounting, but I don't know if they have talked about
4 those issues.

5 Q Have you discussed this subject with anyone at
6 any other incumbent local exchange carrier other than
7 BellSouth?

8 A I am BellSouth, I'm sorry.

9 Q I say other than.

10 A I'm not sure I understand your question.

11 Q Sure. Have you discussed the subject of
12 BellSouth's interpretation of the term "local traffic" in
13 connection with the payment of reciprocal compensation
14 traffic under interconnection agreements with anybody at
15 any other regional Bell entity or any other incumbent local
16 exchange carrier?

17 A Well, I personally have not talked with any of
18 the other regional Bells on that; but as part of the
19 negotiation process, when we get to that part of the
20 agreement, the answer is yes. And, you know, if you were
21 to ask me who, I couldn't tell you, being that we have some
22 four hundred plus agreements; but that is a topic since
23 that letter has gone out that has come up with many of the
24 customers.

25 Q Do you know if any of those discussions took

1 place before the letter went out?

2 A I do not recall talking with anyone prior to the
3 letter.

4 Q Did anyone that participated in these meetings
5 mention to you that they had discussed this subject with
6 representatives of other regional Bells or other ILECs?

7 A No.

8 Q Have you testified on behalf of BellSouth in any
9 other proceedings or before any other state commission on
10 this issue of whether termination of traffic to an ISP
11 constitutes local traffic?

12 A Not squarely on this issue, no.

13 Q On a related issue?

14 A I was just trying to think if there were any, and
15 none come to mind. And the reason I said not squarely on
16 this issue is that it may have been as part of cross, but
17 currently I do not remember.

18 Q Okay. Who on behalf of BellSouth has testified
19 in any other proceedings or before any other state
20 commissions in connection with this subject?

21 A Well, we've had BellSouth attorneys to make
22 arguments before the appropriate regulatory bodies, and I
23 believe that the issue may have been addressed in Georgia,
24 and I believe -- I do not recall exactly who the witnesses
25 were in Georgia.

1 Q Do you know a Mr. Lynn Payne?

2 A Yes, I do.

3 Q Is he still with BellSouth?

4 A Yes, he is.

5 Q What is his current title with BellSouth?

6 A That's a good question. I think he is senior
7 director. I'm not exactly sure what department he is in,
8 but it's more affiliated with the regulatory side.

9 Q Is he in Atlanta?

10 A Yes, he is.

11 Q Have you ever discussed this subject with him?

12 A No, I have not. I did, in fact, talk to him
13 about the 1989 order since he was cited, but as far as
14 reciprocal comp, I do not recall having a conversation with
15 him on this issue.

16 Q What was the subject of your conversation with
17 Mr. Payne concerning the 1989 order?

18 A Just understanding the order. I just wanted to
19 ensure that what was in the order was to the best of his
20 knowledge what was stated. That was it.

21 Q In other words, the order says you said this, did
22 you really say it; is that what our position really was?

23 A Did you really say it, yes.

24 Q And he confirmed that he had?

25 A He said at that time that may have been what he

1 said, but since we lost the issue, you know, it's not
2 relevant.

3 Q I want to quote one sentence from that order
4 that's attributed to him, and I'll read it to you:
5 "Connections to the local exchange network for the purpose
6 of providing any information service should be treated like
7 any other local exchange service." Was that one of the
8 subjects you asked Mr. Bell (sic) to confirm, if that was
9 BellSouth's position at the time?

10 A I believe it was, yes.

11 Q Mr. Hendrix, when did BellSouth change its
12 position concerning that point? And I'll quote it again,
13 "The connections to the local exchange network for the
14 purpose of providing any information service should be
15 treated like any other local exchange service." When did
16 BellSouth change its position on that issue?

17 A I think it was when we were ordered to. You
18 know, you have a habit of changing something if you are
19 ordered to do something.

20 Q Can you cite me that order please?

21 A Well, I do not have it right here in front of me,
22 but the FCC ordered us to provide local utility -- local
23 services to be used by the ESPs in providing their services
24 and that access charges would not be assessed to these
25 customers.

1 Q How is not imposing access charges inconsistent
2 with the statement "Connections to the local exchange
3 network for the purpose of providing any information
4 service should be treated like any other local exchange
5 service?"

6 A Well, I think the fact that you do not apply
7 access charges, the only reason that it's stated that you
8 would treat them as local is because it is seen as an
9 exchange access type service that the ESPs are actually
10 offering, and you treat them as local, simply meaning that
11 you do not assess them access charges even though this is
12 an exchange access service.

13 Q You don't impose access charges on any other
14 local exchange service, correct?

15 A Well, any other local exchange service, we would
16 impose access charges on local customers making toll calls
17 using a carrier, but that's not the issue. The issue is
18 that the FCC has determined that this is interstate traffic
19 and you would treat this -- for the purpose of not applying
20 access charges, you would treat it as local allowing them
21 to order basic services, but you simply do not assess
22 access charges.

23 Q Like any other local exchange service?

24 A Well, I don't know that I would -- I don't know
25 what it is you are asking me, but I'm just telling you,

1 those are the facts. You know, you simply do not assess
2 access charges, and you treat it like local exchange in
3 that you do not assess access; and it is for that purpose
4 only that it's being treated as local service.

5 Q Okay. Was BellSouth's position that it would not
6 treat ISP traffic like -- would not consider ISP traffic to
7 be local traffic ever communicated to Teleport?

8 A I do not know. I am not aware whether it was or
9 wasn't, but even if it wasn't, you know, there is an
10 excellent reason that perhaps it wasn't, because the FCC
11 had jurisdiction over this traffic; so there is no point
12 in, you know, talking about something that is not relevant.

13 Q And was that position ever communicated to the
14 Florida Public Service Commission?

15 A I think it may have. Whether it was or wasn't, I
16 do not know. There have been orders to come out indicating
17 that the jurisdiction lies with the FCC on this issue and
18 that this is interstate traffic, so I'm sure someone would
19 have read those orders and would be well aware as to how
20 this service is to be treated.

21 Q Everyone should have known that?

22 A I'm not sure that everyone, but at least the
23 people that would have a need to know should.

24 Q Was BellSouth aware of Internet service provider
25 traffic prior to negotiating the interconnection agreement

1 with Teleport in July of 1996?

2 A When you asked if we were aware --

3 Q Of the manner in which the service was provided.

4 A I don't know. I don't understand your question.
5 I mean clearly we were aware since we were parties to many
6 of the dockets addressing this issue, and clearly we were
7 aware when we were ordered to allow them to purchase basic
8 services without the assessment of access charges for this
9 traffic. So, yes, we were definitely aware, but the fact
10 that it was interstate traffic, there wasn't any reason to
11 talk about it as part of the negotiation process because it
12 is not local.

13 Q When did BellSouth first learn that Teleport had
14 customers who were ISPs?

15 A I do not know.

16 Q Do you know who first learned that subject or how
17 it was learned?

18 A I do not know. I think I had mentioned earlier
19 the process, three processes that I'm aware of that we use
20 to identify this type of traffic; and one, of course, is
21 with customers coming forward, you know, after having seen
22 the letter; and then number 2 would be NXXs that we are
23 aware of as being an ISP type number; and then the third
24 process would be with the AMA records.

25 Q You mentioned customers coming forward after

1 having seen the letter. Were you referring to Mr. Bush's
2 letter of August 12th?

3 A Yes.

4 Q What has BellSouth communicated to Teleport
5 concerning payment of reciprocal compensation for ISP
6 traffic beyond the August 12th, 1997 letter from Mr. Bush
7 to a group of people?

8 A I do not know all of the correspondence that has
9 gone back and forth between BellSouth and Teleport. I may
10 have seen some of it, but I'm not exactly sure what or how
11 much has been communicated.

12 Q Well, in connection with the negotiation of the
13 July 1996 interconnection agreement between BellSouth and
14 Teleport, and I guess I'm going to have to ask you for
15 anything Mr. Schye may have told you or anyone else may
16 have told you about those negotiations in your daily or
17 weekly meetings, what did BellSouth communicate to Teleport
18 such that Teleport reasonably should have expected that
19 BellSouth did not intend to pay reciprocal compensation for
20 calls originated by BellSouth customers to ISPs or Teleport
21 customers?

22 A I do not know.

23 Q Does BellSouth contend that there was a separate
24 oral agreement with Teleport regarding ISP traffic that is
25 not reflected in the writing in the July 1996

1 interconnection agreement?

2 A I'm not aware of such.

3 Q Last question, as of July 1996, were there any
4 interconnection agreements between BellSouth and any other
5 Florida ALEC in which ISP traffic was accepted or carved
6 out from the definition of local traffic?

7 A Would you ask that again please?

8 Q In July of 1996, did BellSouth have any
9 interconnection agreements in place with any other Florida
10 ALECs in which ISP traffic was carved out from, accepted
11 from the definition of local traffic?

12 A I'm not exactly sure as to the timing that you
13 have referenced, but in trying to be responsive to the
14 questions, there have been other ALEC customers that have
15 been identified wherein we've gone in and carved out what
16 we believe to be Internet type traffic that we will not
17 compensate for.

18 Q Were there any of those in July of 1996 or
19 before?

20 A I do not know about the timing.

21 Q Those are all the questions I have.

22 MR. ELLIS: Thank you.

23 MR. PELLEGRINI: Tom, do you have questions?

24 MR. BOND: Yeah, I've got just a couple.

25

EXAMINATION

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BY MR. BOND:

Q Good afternoon, Mr. Hendrix. This is Tom Bond on behalf of MCI. How are you doing?

A Hey, Tom.

Q Just a few questions. First, I believe you've previously said that BellSouth does have some ISP customers in Florida and that ISPs --

A Excuse me, I'm not sure I said Florida.

Q Oh, okay.

A I think I said that BellSouth has some ISP customers that we offer service. I hope we do.

Q And I believe you said that ISPs have a number of ways customers could call them in. The customer could just make a seven-digit call or a ten-digit call in ten-digit dialing areas, or customers could call in with a toll option; is that correct?

A Yes, and what I was saying there was speaking as to how an end user may access, you know, through the modem. I know from a personal standpoint I had a seven-digit number in, went to ten-digit dialing, and I inserted my ten-digit dialing for my modem in my modem program; and I understand also that you could, in fact, use toll if you choose to access it through a toll arrangement.

Q So on the toll arrangement, let's just say

1 hypothetically BellSouth has an ISP customer in Miami,
2 there is an end user in Jacksonville, Florida that has got
3 an account with that ISP, he could put the one plus ten
4 digits into his modem and call up that ISP in Miami?

5 A If he chooses to do that. To me that's not a
6 very smart way of doing it. I think when I mentioned toll
7 what I had in mind was using the customers that may be in
8 very rural areas where they may have to have toll access in
9 order to get on the Internet; but I wasn't speaking of end
10 user customers that weren't in rural areas.

11 Q Well, let's assume -- I just picked Jacksonville
12 because I knew that it was BellSouth territory, but let's
13 just pick a hypothetical Florida city in a different LATA
14 from Miami that is a rural area and doesn't have a local
15 ISP and that customer calls the one plus ten digits to
16 access that ISP in Miami and has MCI as his long distance
17 provider. Is Bell going to assess MCI access charges on
18 that call?

19 A Yes, we will.

20 Q Okay. Let me refer you to page 20 of your direct
21 testimony. That's where you have your economic
22 hypothetical; is that correct? It's a 36 dollars per month
23 charge.

24 A That is where that is found, that's correct.

25 Q Okay. And your assumption was a one cent per

1 minute reciprocal compensation rate?

2 A That's correct.

3 Q Where did you get that one cent per minute?

4 A The one cent was -- you know, we have various
5 rates in some of the interconnection agreements. Some of
6 the earlier agreements, some of the earlier agreements have
7 higher rates, agreements that were assigned -- that were
8 signed rather prior to arbitration rulings, so one cent was
9 just used as an example.

10 Q Okay. Do you know what the rate of the MCI
11 agreement is?

12 A Yours is on an elemental basis currently, so it
13 actually depends on the routing of your traffic and whether
14 it's tandem routed or whether it's end office routed, the
15 transport you may choose to use; so there are many factors
16 that would enter.

17 Q Do you know what it is under the MCI agreement if
18 it's end office routed?

19 A If it's end office routed, I believe you have
20 about .002.

21 Q Okay. So that's one fifth of your hypothetical
22 one cent; is that correct?

23 A That's one fifth, yes; but you have to keep in
24 mind there are other customers with older agreements
25 wherein the rates would be different.

1 Q Well, I'm referring to the MCI agreement and the
2 MCI customers.

3 A Oh, I understand that, and I was just making a
4 point that not all the rates in all of the agreements are
5 the same.

6 Q Would you agree if the MCI rate is one fifth of
7 the rate you used in your example, then the total monthly
8 reciprocal compensation rate would be one fifth of the one
9 you used in your example?

10 A I think you are asking the same question twice.
11 Maybe I didn't understand the question. Could you repeat
12 it?

13 Q If the MCI rate is one fifth of the one cent per
14 minute rate you used in your example, then would it be
15 correct that your total monthly 36 dollars per MCI would
16 actually be one fifth of that 36 dollars?

17 A I don't think the math works exactly that way. I
18 would agree that it would be less than the 36 dollars; and
19 also to, you know, just to reiterate the point I was making
20 with various rates and various agreements, if you were to
21 look at the agreement that ICI initially signed in Florida,
22 that rate is the penny on dedicated with 1.058 cents on a
23 tandem switch, so the point is that you have various rates.

24 Q Are any of the four, the rates in the four
25 agreements at issue in this case a penny?

1 A Are any other rates -- Let me check. Give me
2 one moment here, I'm combing through. In the Teleport
3 agreement, if you look at attachment B-1 --

4 Q Okay.

5 A -- it has two rates. One is the dedicated rate,
6 assumes the DS-1 dedicated, and then you have a tandem
7 rate; and both, the dedicated and tandem rate, is in excess
8 of one penny.

9 Q Let me refer you to page 14 of your rebuttal
10 testimony.

11 A I have it.

12 Q Okay. I guess it's actually mostly on page 15
13 where you give certain definitions of terms that appear in
14 your tariff.

15 A Yes, I do.

16 Q Okay. In the MCI agreement, local traffic is not
17 defined in terms of the definitions of local service and
18 extended area service in your tariff, is it?

19 A In fact, if you look in attachment four, section
20 2.2 of the MCI agreement, it says, "The parties shall bill
21 each other reciprocal comp at the rate set forth in the
22 local interconnection for local interconnection in this
23 agreement and the order of the Florida PSC." And then it
24 has local traffic is defined, and then it goes on to define
25 it, and then it talks about EAS; and the EAS is referenced

1 back to the A3 section of the GSST tariff.

2 Q Those definitions you gave in your testimony are
3 not in Section A3, are they?

4 A In Section A3?

5 Q Correct.

6 A Yes, they are. I'm sorry, they are not in A3.
7 They are in A1.

8 Q Right. And A3 in the tariff is where it sets
9 forth which exchanges are associated with each other; is
10 that correct?

11 A Well, no, not really. It sets forth the
12 boundaries and what isn't exchange consistent with the way
13 it is designed in A1.

14 Q Isn't it true that the MCI agreement defines
15 local traffic in terms of calls that originate and
16 terminate in particular exchanges as opposed to calls which
17 fall under BellSouth's definition of local service or EAS
18 service?

19 A If you're asking me if it is defined in the MCI
20 agreement, the answer is yes, and it's the reference that I
21 had just given you, Attachment 4, Section 2.2.1.

22 Q And that definition is a telephone call that
23 originates in one exchange and terminates in either the
24 same exchange or a corresponding EAS exchange; is that
25 correct?

1 A Yes, it is, uh-huh.

2 Q Okay. Thank you.

3 MR. BOND: No further questions.

4 EXAMINATION

5 BY MS. CANZANO:

6 Q Good afternoon, Mr. Hendrix. This is Donna
7 Canzano.

8 A Hello, how are you?

9 Q Fine. How are you holding up?

10 A I've just about -- You've just about worn me
11 down. If he had asked one more question, I would have
12 been -- I would have had to give up.

13 Q Well, I won't keep you too long. I just want to
14 ask a follow-up question asked by Mr. Ellis regarding the
15 interconnection agreement that now specifically exclude ISP
16 traffic in the definition for local. Do you recall that?

17 A Yes, I do.

18 Q As of February 1997 were there any of those
19 agreements in place?

20 A I don't believe so. No. No, there wasn't.

21 Q Okay. Thank you, and that will be it for today
22 for me.

23 A Okay, but let me expand on that, and the reason
24 that none of the agreements included that language was
25 because we didn't think that it was an issue, and it wasn't

1 a point -- or a need to include that language prior to that
2 time; and as that became an issue, as is usual, the case in
3 trying to include the more, the most current rates, the
4 arbitrated rates and so forth, we tried to ensure that the
5 agreements are kept current to address whatever the current
6 issues are.

7 Q I understand.

8 MS. CANZANO: Thank you, but I have no further
9 questions for today.

10 WITNESS HENDRIX: Thank you.

11 MR. PELLEGRINI: I think that concludes, will
12 conclude Mr. Hendrix's deposition.

13 So far as Mr. Kouroupas's deposition is concerned
14 this afternoon, it's 20 past one now. We probably all
15 need to take a break for lunch.

16 MS. CANZANO: Charlie, may I ask something before
17 you go on to the next deposition?

18 MR. PELLEGRINI: Yeah.

19 MS. CANZANO: What is the due date for the
20 late-filed exhibits?

21 MR. PELLEGRINI: Oh, good point. What about the
22 end of next week, Jerry?

23 WITNESS HENDRIX: The end of next week will take
24 us to what, the 29th? Can we have the first week of
25 June?

1 MR. PELLEGRINI: Yeah what about, what about the
2 day following -- Well it's not the holiday, is it?

3 WITNESS HENDRIX: Yeah, June 1st, I think, is a
4 Monday.

5 MR. PELLEGRINI: What about June 2nd?

6 WITNESS HENDRIX: Okay, June 2nd, I think we can
7 do that.

8 MR. PELLEGRINI: Okay.

9 MS. CANZANO: Thank you.

10 MR. PELLEGRINI: Thank you, Donna.

11 As I was saying, my suggestion would be that we
12 start up with Mr. Kouroupas at two o'clock.

13 MR. ELLIS: That would be fine.

14 (WHEREUPON, THE DEPOSITION WAS CONCLUDED)

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ERRATA SHEET

DOCKET NUMBER 971478-TP,
980184-TP, 980495-TP,
980499-TP
JERRY HENDRIX
MAY 21, 1998

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CERTIFICATE OF DEPONENT

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This is to certify that I, JERRY HENDRIX, have read the foregoing transcription of my testimony, Page 1 through 114, given on May 21, 1998 in Docket Numbers 971478-TP, 980184-TP, 980495-TP, 980499-TP, and find the same to be true and correct, with the exceptions, and/or corrections, if any, as shown on the errata sheet attached hereto.

JERRY HENDRIX

Sworn to and subscribed before me this _____ day of _____, 19____

NOTARY PUBLIC
State of _____
My Commission Expires:

REPORTER'S DEPOSITION CERTIFICATE

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STATE OF FLORIDA)
COUNTY OF LEON)

I, NANCY S. METZKE, Certified Shorthand Reporter and Registered Professional Reporter, certify that I was authorized to and did stenographically report the deposition of JERRY HENDRIX; that a review of the transcript was requested; and that the transcript is a true and complete record of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 22nd day of May, 1998.


NANCY S. METZKE, RPR, CCR

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Legal

BellSouth Telecommunications, Inc.
FPSC Docket No. 971478-TP
Hendrix Deposition Late Filed
Exhibit No. 1
June 2, 1998
Page 1 of 1

Request: Do all four of the ALECs in this proceeding currently pay BellSouth for reciprocal compensation? If yes, does this payment include compensation for ISP traffic?

Response: Yes. All four of the ALECs (Teleport, Intermedia, MCI Metro, and WorldCom) do currently pay intraLATA reciprocal compensation. There are no known ISP minutes included in the BellSouth invoices sent to the four ALECs.

JUN 3 1998
LEGAL DIVISION

Request: Please provide citations regarding the FCC's explicit assertion of jurisdiction over Internet Service Provider traffic.

Response: The FCC has always recognized that the true nature of enhanced service provider (ESP) traffic (which includes internet service provider (ISP) traffic) was access service. As such, their actions and statements truly exhibit the fact that they have jurisdiction over ESP/ISP traffic. In several dockets, the FCC decided not to impose access charges on ESPs/ISPs. In all cases, however, the FCC – after referring to the interstate nature of the call – cited only policy reasons for its decision not to impose access charges. Moreover, the FCC has specifically noted the possibility that access charges, either currently structured or modified, might be applied at some point in the future to ESPs/ISPs. The citations provided below support this point.

Paragraphs 84, 205, and 206 of the 1983 Access Charge Reconsideration Order in Docket No. 78-72

Paragraph 84

Other users who employ exchange service for jurisdictionally interstate communications, including private firms, enhanced service providers, and sharers, who have been paying the generally much lower business service rates, would experience severe rate impacts were we immediately to assess carrier access charges upon them.

Paragraph 205

Some petitioners contend that enhanced services should not be subjected to access charges because the providers and users of those services did not receive sufficient notice that this proceeding might affect the amounts that they pay for access. — Therefore, vendors of enhanced services should have known that any final decision in the access charge phase of this proceeding would be likely to affect the charges they pay for access.

Paragraph 206

Moreover, the MFJ treats information access for information services, and exchange access for interexchange carrier services in the same manner. Therefore, persons who provide or use services that are described as “information services” in the MFJ should have known that they would pay any BOC carrier access charges in the absence of Commission action which required different treatment for “information access.”

Paragraphs 1, 6, and 7 of the Notice of Proposed Rule Making in CC Docket No. 87-215 dealing with the elimination of interstate access charges exemption for enhanced service providers

Paragraph 1

Therefore, we granted temporary exemptions from payment of access charges to certain classes of exchange access users, including enhanced service providers.

Paragraph 6

Therefore, instead of immediately applying access charges to enhanced service providers, we decided to fashion a transition plan to avoid the severe rate impact of assessing such charges at the outset. As a result, enhanced service providers currently pay local business rates and subscriber line charges for their switched access connections to local exchange company central offices.

Paragraph 7

Enhanced service providers, like facility-based interexchange carriers and resellers, use the local network to provide interstate service.

Paragraphs 341, 342, 345, and 348 of the May 1997 Access Reform Order in CC Docket No. 96-262.

Paragraph 341

In the 1983 Access Charge Reconsideration Order, the Commission decided that although information service providers (ISPs) may use incumbent LEC facilities to originate and terminate interstate calls, ISPs should not be required to pay interstate access charges.

Paragraph 342

As a result of the decisions the Commission made in the Access Charge Reconsideration Order, ISPs may purchase services from incumbent LECs under the same intrastate tariffs available to end users.

Paragraph 345

We decided here that ISPs should not be subject to interstate access charges.

Paragraph 348

We therefore conclude that ISPs should remain classified as end users for purposes of the access charge system.

BellSouth Telecommunications, Inc.
FPSC Docket No. 971478-TP
Hendrix Deposition Late Filed
Exhibit No. 2
June 2, 1998
Page 3 of 3

Footnote 220 on page 52 of the April 10, 1998 Report to Congress in Docket No. 96-45.

We make no determination here on the question of whether competitive LECs that serve Internet Service Providers (or Internet service providers that have voluntarily become competitive LECs) are entitled to reciprocal compensation for terminating Internet traffic. That issue, which is now before the Commission, does not turn on the status of the Internet service provider as a telecommunications carrier or information service provider.

BellSouth Telecommunications, Inc.
FPSC Docket No. 971478-TP
Hendrix Deposition Late Filed
Exhibit No. 3
June 2, 1998
Page 1 of 1

Request: Analyze the citation provided by Mr. Martinez in his direct testimony on page 5, lines 8 through 15. Specifically, what is your interpretation of what the FCC is saying there when it says "and is distinguishable from the Internet service provider's offering"?

Response: Mr. Martinez, as stated during depositions, has taken this citation totally out of context. This citation comes from the Universal Service Docket Order in CC Docket No. 96-45, released May 8, 1998, paragraph 789. This order sets forth plans to satisfy statutory requirements and to put into place a universal support system that will be sustainable in an increasingly competitive marketplace. It in no way addresses the jurisdictional nature of calls.

Specifically, paragraph 789 simply defines telecommunications services and information services for the direct purpose of determining who should contribute to the universal service fund. The order states that only telecommunications carriers that provide interstate telecommunications services should contribute. Hence, by making a distinction between telecommunications services and the internet service provider's offering, a valid determination of required contributors can be made.

It should be noted that nothing in this order contradicted the long standing FCC position that Enhanced Service Providers (including internet service providers) services include jurisdictionally interstate traffic.

BellSouth Telecommunications, Inc.
FPSC Docket No. 971478-TP
Hendrix Deposition Late Filed
Exhibit No. 4
June 2, 1998
Page 1 of 1

Request: Please provide details of the reciprocal compensation billing between BellSouth and Intermedia for the period of June 1996 to February 1997 for local traffic termination.

Response: Between June 1996 and February 1997, there existed a CAP/Threshold agreement between BellSouth and Intermedia. All local minutes of use for calls from Intermedia subscribers to BellSouth switches were collected on AMA tapes. These local MOUs were then invoiced to Intermedia using a "zero" rate for local minutes, thus giving a billed amount of "zero" for the local minutes of use.

Request: Please provide information on the study done in Georgia around September 1997 on MFS local traffic to determine what portion of MFS's local traffic is ISP traffic. Please include when, where, and why the study was done, and how it relates to the Florida experience.

Response: The Georgia study on MFS was conducted in the August/September 1997 time frame using May 1997 data. This was a study to determine ISP usage on one company (MFS) in one state (Georgia) as a sample to determine the economics of using this method to gather data and provide usage for all nine states.

Because the results of the study contain third-party information, the exact percentage of the minutes of use (MOUs) in the May 1997 data for MFS in Georgia which was ISP use will be provided upon execution of an appropriate non-disclosure agreement.

Current data gathered on Intermedia in Florida indicates that the level of ISP usage approximates that of the Georgia study.

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