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BELLSOUTH TELECOMMUNICATIONS, INC.
DIRECT TESTIMONY OF JERRY HENDRIX
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 981121-TP
November 25, 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 a Director in the Interconnection Services Pricing Department. 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 the Interconnection Services Pricing Department in the Interconnection Customer Business Unit. In my position as Director, I oversee the negotiation of interconnection agreements between BellSouth and Alternative Local Exchange Carriers (ALECs).

1 Q. HAVE YOU TESTIFIED PREVIOUSLY?

2

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

7

8 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

9

10 A. The purpose of my testimony is to discuss whether the request of
11 MCImetro Access Transmission Services, Inc., (MCI) for a
12 combination of 4-wire DS1 loops and DS1 dedicated transport
13 constitutes a request for an existing BellSouth retail service.

14

15 Q. WHAT IS BELL SOUTH'S POSITION REGARDING MCI'S
16 REQUEST?

17

18 A. BellSouth believes the combination of 4-wire DS1 loops and DS1
19 dedicated transport recreates an existing BellSouth retail service known
20 as MegaLink® Service.

21

22 Q. HAS THIS ISSUE BEEN ADDRESSED BY THIS COMMISSION?

23

24 A. This issue has been generally but not specifically addressed by this
25 Commission. Following an arbitration proceeding between BellSouth

1 and MCIIm, this Commission held in Order No. 98-0810-FOF-TP issued
2 June 12, 1998, that the parties were to "determine through negotiation
3 what services provisioned through unbundled access, if any, do
4 constitute the recreation of a BellSouth retail service." Commission
5 Order, p. 50.

6

7 Q. HAVE BELLSOUTH AND MCIIm BEEN ABLE TO DETERMINE WHAT
8 "COMPETITIVE LOCAL TELECOMMUNICATIONS SERVICES
9 PROVISIONED BY MEANS OF UNBUNDLED ACCESS, IF ANY,
10 CONSTITUTED THE RECREATION" OF A BELLSOUTH RETAIL
11 SERVICE AS ORDERED BY THE COMMISSION IN ITS JUNE 12,
12 1998 ORDER?

13

14 A. No. BellSouth has attempted numerous times to meet with MCIIm
15 regarding implementation of the Commission's Order. In its first
16 attempt, BellSouth sent MCIIm a letter dated June 23, 1998, advising
17 MCIIm that BellSouth "would like to meet with MCIIm as early as
18 possible the week of July 6, 1998, to discuss how we can implement
19 the order." A copy of this letter is attached as Exhibit JDH-1.

20

21 Q. DID THE PARTIES HOLD SUCH A MEETING?

22

23 A. Yes. On July 8, 1998, the parties met for less than one hour to discuss
24 implementation of the Commission's Order. BellSouth attempted to
25 discuss the Commission's requirement that the parties were to

1 negotiate what "competitive local telecommunications services
2 provisioned by means of unbundled access, if any, constituted the
3 recreation" of a BellSouth retail service, but MCIIm refused to discuss
4 this issue. Instead, MCIIm insisted that it be allowed to purchase
5 combinations of a DS1 loop and DS1 dedicated transport for the sum of
6 the network elements. BellSouth maintained, and continues to
7 maintain, that this particular combination recreates the retail service
8 known as MegaLink® Service, and that the resale discount should
9 apply. In this meeting, BellSouth suggested an extension of time to
10 further discuss how to implement the Order. MCIIm refused to consider
11 this option and instead chose to adopt a piece by piece approach to
12 implementing the Commission's Order.

13

14 Q. DID BELLSOUTH FURTHER ATTEMPT TO DISCUSS WITH MCIIm
15 THE IMPLEMENTATION OF THE COMMISSION'S ORDER?

16

17 A. Yes. On July 10, 1998, BellSouth sent another letter to MCIIm
18 suggesting that the parties file a joint request for an extension of time to
19 implement the Commission's Order. See Exhibit JDH-2. BellSouth did
20 not believe MCIIm's proposed amendment, which was filed by MCIIm on
21 July 13, 1998, without BellSouth's signature, addressed all of the
22 Commission's directives.

23

24 Q. WAS MCIIm AGREEABLE TO THIS SUGGESTION?

25

1 A. No. On July 14, 1998, MCIIm wrote BellSouth a letter stating that MCIIm
2 did not "believe that it makes a difference whether combined elements
3 recreate an existing BellSouth service," and that in any event a
4 combination of a 4-wire DS1 loop and DS1 dedicated transport "does
5 not recreate an existing BellSouth retail service. " See Exhibit JDH-3.

6

7 Q. DID BELLSOUTH MAKE ANY OTHER ATTEMPTS TO MEET WITH
8 MCIIm REGARDING THIS ISSUE AND MCIIm'S REQUEST?

9

10 A. Yes. BellSouth responded to MCIIm on July 21, 1998, again requesting
11 a second meeting to discuss the implementation of the Commission's
12 June 12, 1998, Order. A copy of BellSouth's response is attached as
13 Exhibit JDH-4. BellSouth reiterated its position that the combination of
14 a 4-wire DS1 loop and DS1 dedicated transport does recreate
15 BellSouth MegaLink® Service as defined in the BellSouth Private Line
16 Services Tariff, Section B7. A copy of the applicable section of this
17 tariff is attached as Exhibit KWM-1 to Keith Milner's Direct Testimony in
18 this docket.

19

20 Q. DID MCIIm AGREE TO MEET WITH BELLSOUTH TO FURTHER
21 DISCUSS THIS ISSUE?

22

23 A. No. In a letter dated July 24, 1998, MCIIm again refused to meet with
24 BellSouth on "how to implement the Florida Public Service
25 Commission's Order," since MCIIm claimed it had no "requests at this

1 time for UNE combinations which would recreate an existing BST
2 service and therefore require negotiations under that Order." See
3 Exhibit JDH-5.

4

5 Q. WHAT DID BELLSOUTH DO AS A RESULT OF MCI's JULY 24,
6 1998, LETTER?

7

8 A. BellSouth made yet another attempt to meet with MCI to discuss the
9 implementation of the Commission's Order. In a letter dated August 3,
10 1998, attached as Exhibit JDH-6, BellSouth reminded MCI that "[t]he
11 Commission ordered that the parties to this proceeding shall be
12 required to negotiate on their initiative what competitive local
13 telecommunications services provisioned by means of unbundled
14 access, if any, constitute the recreation of the incumbent local
15 exchange carrier's retail service."

16

17 Q. WHAT WAS MCI'S RESPONSE TO BELLSOUTH'S REQUEST?

18

19 A. MCI responded that it remained "willing to negotiate," but the only
20 issue it wished to discuss was its request for BellSouth to provide 4-
21 wire DS1 loops combined with DS1 dedicated transport for the sum of
22 these two network elements. See MCI's letter dated August 7, 1998,
23 attached as Exhibit JDH-7. MCI maintained that this combination did
24 not recreate an existing BellSouth service.

25

1 Q. DID THE COMMISSION IN ITS JUNE 12, 1998, ORDER NO. 98-0810-
2 FOF-TP, DETERMINE THAT THE BELLSOUTH/MCI_m
3 INTERCONNECTION AGREEMENT PROVIDES A PRICING
4 STANDARD FOR COMBINATIONS OF UNBUNDLED NETWORK
5 ELEMENTS?

6
7 A. Yes. In Part II.B.I of the Order the Commission concluded "that the
8 agreement provides a pricing standard for combinations of network
9 elements that do not recreate an existing BellSouth retail service and
10 directed the parties to negotiate prices for those combinations that do
11 recreate an existing BellSouth retail service."

12
13 Q. DID THE COMMISSION IN ITS JUNE 12, 1998, ORDER ESTABLISH
14 ANY PRICES (CHARGES) FOR THE COMBINATIONS OF NETWORK
15 ELEMENTS?

16
17 A. Yes. The Commission set non-recurring charges for several loop/port
18 combinations. These were 2-wire analog loop and port combinations;
19 2-wire ISDN loop and port combinations; 4-wire analog loop and port
20 combination; and 4-wire DS1 loop and port combinations.

21
22 Q. DID THE COMMISSION SET PRICING FOR ANY OTHER
23 COMBINATIONS, SUCH AS THE 4-WIRE DS1 LOOP AND DS1
24 DEDICATED TRANSPORT THAT MCI_m HAS ORDERED?

25

1 A. No.

2

3 Q. DOES THE COMBINATION OF 4-WIRE DS1 LOOPS AND DS1
4 DEDICATED TRANSPORT RECREATE A BELLSOUTH RETAIL
5 SERVICE?

6

7 A. Yes. The combination of 4-wire DS1 loops and DS1 dedicated
8 transport does recreate a BellSouth retail service. The retail service
9 this particular combination recreates is BellSouth's MegaLink® Service.

10

11 Q. WHAT IS MEGALINK® SERVICE?

12

13 A. As defined in BellSouth's Private Line Services Tariff, Section B7.1.1,
14 MegaLink® Service is a service for the transmission of digital service
15 signals only and uses only digital transmission facilities. This service
16 provides for the simultaneous two-way transmission of isochronous
17 digital signals at DS1 speeds of 1.544 Mbps. Section B7.1.2.A further
18 states "MegaLink® Service contemplates communications originating
19 and terminating as (1) a customer premises to customer premises
20 channel via the Company's Serving Wire Center, (SWC) – and/or
21 through remote SWCs; (2) a customer premises to the Serving Wire
22 Center – and/or to remote SWCs – partial channel (link); or (3) a central
23 office to central office (interoffice) partial channel (link)."

24

25

1 Q. IS THE ABOVE SERVICE DESCRIPTION THE SAME AS THE
2 COMBINATION DESCRIBED IN MCI's COMPLAINT BEFORE THIS
3 COMMISSION?

4
5 A. Yes. In paragraph 2 of the complaint, MCI states that the requested
6 "combination of a 4-wire DS1 loop and DS1 dedicated transport will
7 provide its customers with a high speed (1.544Mbps) transmission path
8 or loop to connect to its Class 5 local switch." MCI's requested
9 combination is the same as (2) and (3) in the above definition of
10 MegaLink® Service. From its Class 5 local switch, MCI states that it
11 "will provide dial tone, as well as vertical features, operator services,
12 directory assistance information, emergency 911 service and access to
13 long distance networks."

14
15 Q. BESIDES BEING TECHNICALLY THE SAME, ARE THERE ANY
16 OTHER SIMILARITIES BETWEEN THE COMBINATION THAT MCI
17 HAS REQUESTED AND MEGALINK® SERVICE?

18
19 A. Yes. As can be seen in the BellSouth Private Line Service Tariff
20 Section B7.1.2.C. Application of Rates, the rate structure for
21 MegaLink® Service is the same as for the individual network elements
22 that MCI has requested. See Exhibit WKM-1 of Keith Milner's Direct
23 Testimony.

24
25 Q. CAN YOU EXPLAIN THIS FURTHER?

1 A. Yes. In the Private Line Service Tariff, the Digital Local Channel is the
2 facility between a Serving Wire Center and the end user's premises.
3 This is the same as the unbundled network element contained in the
4 BellSouth/MCIIm Interconnection Agreement, Attachment 1, Table 1-1.
5 The agreement defines a loop as a: "transmission facility between a
6 distribution frame [cross-connect], or its equivalent, in a BellSouth
7 central office or wire center, and the network interface device at a
8 subscriber's premises...."

9
10 MegaLink® Service also consists of an Interoffice Channel which is
11 "furnished between Central Offices." The charges for this element are a.
12 monthly fixed rate, plus a charge based on airline distance between
13 Central Offices. This rate structure is the same as the one contained in
14 the BellSouth/MCIIm Interconnection Agreement for DS1 dedicated
15 transport, Attachment 1, Table 1-2.

16

17 Q. WHAT IS BELLSOUTH'S REQUEST OF THE COMMISSION?

18

19 A. BellSouth requests the Commission rule that the combination of a 4-
20 wire DS1 loop and DS1 dedicated transport does in fact recreate the
21 BellSouth retail service known as MegaLink® Service and that resale
22 discounts apply.

23

24

25

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2

3 A. Yes.

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BellSouth Telecommunications, Inc.
Room 34S91 BellSouth Center
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

June 23, 1998

Mr. Wally Schmidt
MCI Telecommunications
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Wally:

This is to follow up our June 4, 1998 letter regarding MCI's request to migrate existing T-1s to Unbundled Network Elements (UNEs), and its plans to order combinations of 4 Wire DS1 local loops and DS1 dedicated transport services on a going forward basis.

As directed by the Commission, BellSouth would like to meet with MCI as early as possible the week of July 6, 1998, to discuss how we can implement the order. As you know the Commission ordered that we must memorialize and implement the order by July 12, 1998. Please let us know the day, time, and location that you prefer.

Should you have questions regarding this issue, please call Pat Finlen at 404-927-8389 or me at 404-927-7503.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Hendrix", written over a horizontal line.

Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Pam Lee
Pat Finlen



BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

July 10, 1998

Wally Schmidt
MCI
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Mr. Schmidt:

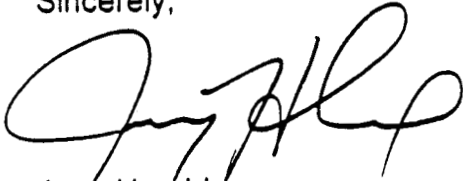
Your proposed amendment to the MCI/BellSouth Interconnection Agreement does not fully comply with the Florida Public Service Commission's Order of June 12, 1998, in Docket No. 971140-TP. That Order requires the parties to "submit written agreements memorializing and implementing" the Commission's decision by July 13, 1998. It is our belief that the Commission expected the parties to file a comprehensive agreement consistent with its Order. Your proposal in contrast, adopts a piece-meal approach.

Your proposed amendment does not address all of the Commission's directives, i.e., the parties are to negotiate prices for combinations that recreate an existing BellSouth retail service and determine what competitive local telecommunications services provisioned by means of unbundled network elements constitute the recreation of a retail service.

Your assertion in the proposed amendment that "the Parties attempted negotiations" is not accurate. Granted we met once for less than one hour to discuss the implementation of this Order, along with various other issues. However, any discussion of the recombination issue is intertwined with BellSouth's motion for reconsideration, which is why, during this meeting, I expressed my desire that MCI and BellSouth jointly request an extension until either the Public Service Commission rules on BellSouth's motion for reconsideration or until we could reach agreement on how to implement the Commission's Order. MCI was unwilling to agree to such a request.

Although we would hope that MCI would change its position, BellSouth intends to file a motion for an extension with the Commission. This would provide us the time necessary to examine fully these complicated issues. In the meantime, I stand ready to meet at anytime to negotiate these issues with you and can be reached at 404/927-7503.

Sincerely,



Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Steve Klimacek, Esq.
Chip Parker, Esq.
Pat Finlen, Manger
John LaPenta, Contract Specialist



**MCI Telecommunications
Corporation**

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

BellSouth Telecommunications, Inc.
FPSC Docket No. 981121-TP
Exhibit No. JDH-3
Page 1 of 2

July 14, 1998

Mr. Jerry Hendrix
Director – Interconnection Services/Pricing
BellSouth Telecommunications, Inc.
Room 34SB1 BellSouth Center
875 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Re: MCI/BellSouth Conference Call July 8, 1998 regarding
Interconnection T-1s.

Dear Jerry:

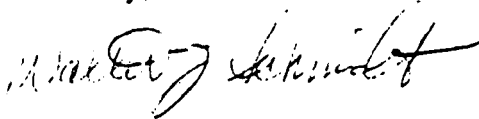
This letter is to confirm BellSouth's position as stated on our conference call of Wednesday, July 8, 1998 regarding MCI's request of June 1, 1998 that BellSouth provide to MCI combinations of unbundled network elements (UNEs) consisting of 4-wire DS-1 loop and DS-1 dedicated transport at the UNE rates contained in the MCI/BST Interconnection Agreement. BellSouth's position is that the provision of a 4-wire DS-1 loop and DS-1 dedicated transport in combination which terminates at a CLEC switch recreates an existing BellSouth service known as Megalink. As a result, BellSouth will not honor MCI's request as stated in our June 1, 1998 letter.

Although MCI does not believe that it makes a difference whether combined elements recreates an existing BellSouth service, it is MCI's position that, in any event, a serving arrangement whereby MCI utilizes a combination of 4-wire DS-1 loop and transport in order to connect MCI's customers to MCI's Class 5 local switch does not recreate a BellSouth existing retail service. Under this service arrangement the MCI switch will provide dial tone to the customer, as well as, vertical features, operator services, directory assistance information, emergency 911 services and access to long distance networks.

Given that this service arrangement does not recreate an existing BellSouth retail service, MCI's position is that existing UNE rates in our Interconnection Agreements apply and there is no need to negotiate pricing for a combination 4-wire DS-1 loop and transport.

MCI respectfully requests BellSouth reconsider its position and advise us in writing by July 20, 1998.

Sincerely,



Walter J. Schmidt
Senior Manager
Southern Financial Operations - Carrier Agreements

cc: Steve Klimacek
Pat Finlen
Charlene Keys
Daren Moore
Vernon Starr
Andri Weathersby
John La Penta
Chip Parker



BellSouth Telecommunications, Inc.
Room 34S91 BellSouth Center
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

July 21, 1998

Wally Schmidt
MCIm
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Mr. Schmidt:

This is in response to your letter of July 14, 1998 regarding our meeting of July 8, 1998. In this short meeting we were unable to agree on several issues.

One issue was MCIm's request that BellSouth provide to MCIm combinations of Unbundled Network Elements consisting of 4-wire DS1 loops and DS1 dedicated transport. As I stated previously, BellSouth's position is that this combination replicates a BellSouth retail offering. The retail service that this combination duplicates is MegaLink® service, which is contained in Section B7 of BellSouth's Private Line Services Tariff.

Other issues centered on how to implement the Florida Public Service Commission's Order in Docket No. 971140-TP. I am requesting a second meeting between our two companies to address the implementation of the Order and all related issues. I have reserved a room at the BellSouth Center for July 29th. Please let me hear from you by July 24th to establish the meeting time on this day.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jerry Hendrix", written over a horizontal line.

Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Steve Klimacek, Esq.
Chip Parker, Esq.
Pat Finlen, Manager
John LaPenta, Contract Specialist



**MCI Telecommunications
Corporation**

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

BellSouth Telecommunications, Inc.
FPSC Docket No. 981121-TP
Exhibit No. JDH-5
Page 1 of 2

July 24, 1998

Mr. Jerry Hendrix
Director - Interconnection Services/Pricing
BellSouth Telecommunications, Inc.
Room 34SB1 BellSouth Center
875 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Dear Jerry:

Thank you for your letter of July 21, 1998 confirming BST's position that MCI's request for a combination of 4-wire DS1 loops and DS1 dedicated transport duplicates BST's MegaLink service and your invitation for further discussions.

As you know, MCI disagrees with BST on the fundamental point that our request recreates a BST service. As a result, MCI believes that we are entitled to this combination at the prices specified in our Interconnection agreement and not at prices to be negotiated between BST and MCI. Given your position, we will seek our redress through other appropriate administrative or judicial forums.

As to your invitation to meet on "[o]ther issues centered on how to implement the Florida Public Service Commission's Order in Docket No. 971140-TP", MCI has no requests at this time for UNE combinations which would "recreate" an existing BST service and therefore require negotiations under that Order. Given this, we believe that the implementation of the Commission's Order can be accomplished by BST executing the contract amendment filed by MCI with the Florida Public Service Commission on July 13, 1998.

Thank you for your time and attention in this matter.

Sincerely,

A handwritten signature in black ink that reads "Walter J. Schmidt". The signature is written in a cursive style with a large, prominent "W" and "S".

Walter J. Schmidt
Senior Manager
Eastern Financial Operations-Southern Carrier Agreements

cc: Steve Klimacek
Chip Parker
Pat Finlen
John La Penta



BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

August 3, 1998

Mr. Wally Schmidt
MCI
Two Northwinds Center
5th Floor
2520 Northwinds Parkway
Alpharetta, GA 30004

Dear Wally:

This is in response to your letter of July 24, 1998 regarding our request to conduct a second meeting between our companies to discuss the implementation of the Florida Public Service Commission's (Commission) Order in Docket No. 971140-TP.

At issue is MCI's request that BellSouth provide combinations of Unbundled Network Elements consisting of 4-wire DS1 loops and DS1 dedicated transport. BellSouth currently offers this combination as MegaLink® service in Section B7 of BellSouth's Private Line Services Tariff.

The Commission ordered "that the parties to this proceeding shall be required to negotiate on their initiative what competitive local telecommunications services provisioned by means of unbundled access, if any, constitute the recreation of the incumbent local exchange carrier's retail service." In the spirit of the Commission's Order, I would like the opportunity to fully discuss and negotiate these issues before MCI "seeks redress" in another forum.

Please contact me at 404-927-7503 at your earliest convenience to arrange a meeting.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jerry Hendrix".

Jerry Hendrix
Director - Interconnection Services/Pricing

cc: Steve Klimacek, Esq.
Chip Parker, Esq.
Pat Finlen, Manager
John LaPenta, Contract Specialist



**MCI Telecommunications
Corporation**

Two Northwinds Center
2520 Northwinds Parkway
Alpharetta, GA 30004

August 7, 1998

Mr. Jerry Hendrix
Director - Interconnection Services/Pricing
BellSouth Telecommunications, Inc.
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Dear Jerry:

Please be advised that Wally Schmidt will be out of town until August 17, 1998.

In response to your letter of August 3, 1998, MCI remains willing to negotiate where there is a reasonable possibility that negotiations will result in an agreeable solution. The only issue on the table at this time is MCI's request that BellSouth provide MCI with the specific Unbundled Network Element combination consisting of a 4-wire DS1 loop and DS1 dedicated transport.

We read your letter of July 21, 1998, as confirming BellSouth's position -- expressed during our meeting on July 8, 1998 -- that this UNE combination recreates BellSouth's existing MegaLink service, and that the provision of this combination at UNE prices was therefore non-negotiable. This position created a cloud under which good faith negotiations were impossible and MCI saw no probability that another meeting would prove fruitful.

If your letter of August 3, 1998 is intended to indicate that BellSouth is now willing to "fully discuss and negotiate" regarding the provision of the requested combination at the unbundled network element prices required by the Florida interconnection agreement, MCI will be happy to meet with you, and suggests a meeting the week of August 10, 1998.

In addition, MCI is reiterating its position that we are ordering, as allowed in the Florida MCI/BellSouth Interconnection Agreement a four-wire DS-1 loop, defined at Attachment III, § 4.1, and DS-1 dedicated transport, as defined under Attachment III, § 10.1, terminating at the MCI switch. MCI will provide its own switching functionality. BellSouth's assertion that this service recreates an existing BellSouth service (MegaLink) is inconsistent with the terms of the interconnection agreement.

It is imperative that we bring this matter to a prompt conclusion. If BellSouth's position is indeed non-negotiable, MCI will have no choice but to seek redress in the appropriate forum.

Sincerely,

John J. La Penta
Eastern Financial Operations - South
Carrier Agreements

cc: Charlene Keys
Wally Schmidt
Chip Parker
Pat Finlen
Steve Klimacek

