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July 23, 2001

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Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
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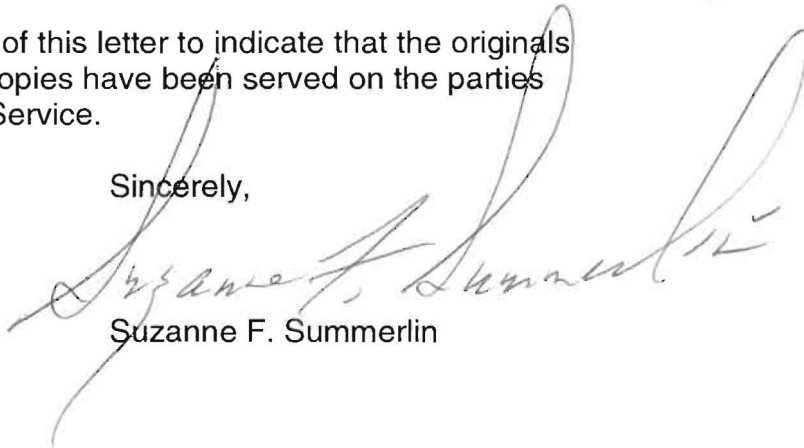
RE: Docket No. 010740-TP (Complaint of IDS Against BellSouth)

Dear Ms. Bayo:

Enclosed please find an original and fifteen copies of IDS Telcom, LLC's Direct Testimony and Exhibits of Keith Kramer, Becky Wellman, Bradford Hamilton, and Angel Leiro.

Please stamp the enclosed copy of this letter to indicate that the originals were filed and return the copy to me. Copies have been served on the parties reflected on the attached Certificate of Service.

Sincerely,



Suzanne F. Summerlin

SFS/sf

cc: Parties of Record
Mr. Keith Kramer

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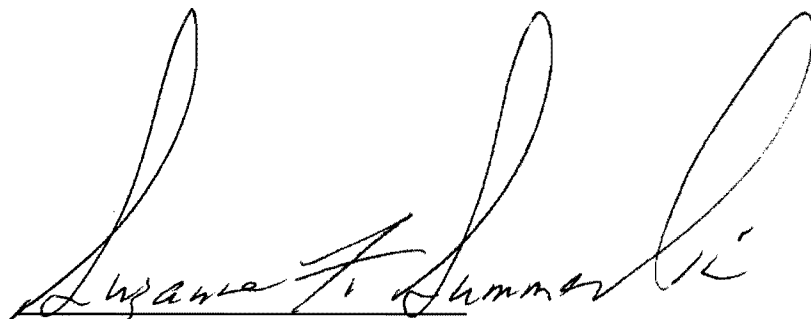
I HEREBY CERTIFY that true and correct copies of
IDS Telcom, LLC's Direct Testimony and Exhibits of Keith Kramer, Becky
Wellman, Bradford Hamilton, and Angel Leiro was furnished by hand delivery (*)
or U.S. Mail this 23rd day of July, 2001, to:

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Suzanne F. Summerlin

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint of IDS Long Distance, Inc.)
N/K/A IDS Telcom, LLC, Against)
BellSouth Telecommunications, Inc., and)
Request for Emergency Relief.)
_____)

DOCKET NO. 010740-TP

FILED: JULY 23, 2001

DIRECT TESTIMONY

OF

KEITH KRAMER

ON BEHALF OF

IDS TELCOM, L.L.C.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 010740-TP

DIRECT TESTIMONY OF KEITH KRAMER

1 Q: Please state your name and business address.

2 A: My name is Keith Kramer and my address is 1525 N.W. 167th Street, Suite
3 200, Miami, Florida 33169.

4 Q: For whom are you employed and in what position?

5 A: I am employed by IDS Telcom, LLC. My title is Senior Vice President.

6 Q: Please describe your duties at IDS.

7 A: I am responsible for management of the daily operations at IDS, including
8 provisioning and customer service. In addition, I oversee IDS' business
9 development, the executive staff, and the regulatory department. I am also
10 the team leader for negotiation of IDS' Interconnection Agreement with
11 BellSouth Telecommunications, Inc. for all nine states.

12 QUALIFICATIONS AND EXPERIENCE

13 Q: Please summarize your educational history and work experience.

14 A: My resume is attached to this testimony and incorporated by reference herein
15 and identified as Exhibit KK-1.

16 Q: Have you previously testified before regulatory authorities or courts?

17 A: Yes.

18 PURPOSE AND SUMMARY OF TESTIMONY

19 Q: What is the purpose of your testimony?

1 A: The purpose of my testimony is to address Issues One through Five as
2 identified by the parties to this proceeding and established by the Prehearing
3 Officer.

4 Q: Please summarize your testimony.

5 A: My testimony will address Issues One through Five by describing the
6 chronology of IDS' experiences with BellSouth from April 1999 to the present.
7 This chronology of IDS' experiences with BellSouth will demonstrate that
8 BellSouth has failed to provide IDS with Operational Support Systems
9 ("OSS"), Unbundled Network Elements (UNEs"), and the Unbundled Network
10 Element-Platform (the "UNE-P") product at parity with BellSouth's
11 provisioning of these OSS and UNEs and UNE-Ps to its own retail customers.
12 The chronology of IDS' experiences with BellSouth will also demonstrate
13 BellSouth's anticompetitive activities against IDS. These anticompetitive
14 activities by BellSouth involve capitalizing on BellSouth's failures to provide
15 OSS and UNEs and UNE-Ps at parity, as well as promotional offerings that
16 are inherently anticompetitive. These BellSouth promotional campaigns are
17 inherently anticompetitive because they offer deep discounts to win back IDS'
18 customers while financing the discounts by charging existing BellSouth
19 customers higher rates. These promotional offerings and win-back
20 campaigns and telemarketing campaigns are viciously anticompetitive. My
21 testimony, and that of the other IDS witnesses, will also make it clear that
22 BellSouth has been permitting the sharing of IDS' Customer Proprietary
23 Network Information ("CPNI") between BellSouth's Retail and Wholesale

1 Divisions in an inappropriate fashion in violation of the Telecommunications
2 Act of 1996. My testimony will demonstrate that the volume and consistency
3 of the contacts made by BellSouth's representatives with IDS' customers prior
4 to conversions being processed or completed or immediately thereafter
5 indicate that BellSouth's retail is immediately aware of IDS' new and potential
6 customers which can only happen if BellSouth's Wholesale Division is
7 inappropriately sharing IDS' CPNI information with the Retail Division.

8 IDS began having problems with BellSouth's resale services due to
9 system problems in April 1999. I will discuss the subsequent provisioning
10 problems involving the Interconnection Agreement entered into between the
11 parties in January 1999 and the later amendment in November 1999. I will
12 also discuss the egregious anticompetitive behavior exhibited by BellSouth
13 throughout its relationship with IDS which continues to this day. This is in
14 spite of IDS' continued efforts to work within the legal parameters of the
15 Interconnection Agreement entered into between the two companies. I will
16 also explain the disastrous effects of BellSouth's anticompetitive behavior
17 toward IDS and its willful and intentional interference with the timely and
18 proper conversion of IDS' customers' telephone services from BellSouth's
19 Retail Division to IDS' Resale and/or UNE-P environment. Finally, I will
20 discuss IDS' requests for relief from the Florida Public Service Commission—
21 Issue Five.

1 **ISSUE ONE:** Has BellSouth breached its Interconnection Agreement
2 with IDS by failing to provide IDS Operational Support Systems (“OSS”)
3 at parity?

4 **ISSUE TWO:** Has BellSouth breached its Interconnection Agreement
5 with IDS by failing to provide IDS Unbundled Network Elements
6 (“UNEs”) and Unbundled Network Element-Platforms (“UNE-Ps”) at
7 parity?

8 **ISSUE THREE:** Has BellSouth engaged in anticompetitive activities
9 against IDS in violation of Chapter 364, Florida Statutes, and the
10 Telecommunications Act of 1996?

11 **ISSUE FOUR:** Has BellSouth inappropriately utilized IDS’ CPNI data in
12 violation of the Telecommunications Act of 1996?

13 Q: Why do you believe IDS is entitled to have BellSouth provide IDS OSS and
14 UNEs and UNE-Ps at parity?

15 A: Section 4 of Part A of the Interconnection Agreement IDS executed with
16 BellSouth states:

17 **The services and service provisioning that BellSouth**
18 **provides IDS Long Distance for resale will be at least**
19 **equal in quality to that provided to BellSouth or any**
20 **BellSouth subsidiary, affiliate or end user. In**
21 **connection with resale, BellSouth will provide IDS**
22 **Long Distance with pre-ordering, ordering,**
23 **maintenance and trouble reporting, and daily usage**

1 **data functionality that will enable IDS Long Distance**
2 **to provide equivalent levels of customer service to**
3 **their local exchange customers as BellSouth**
4 **provides to its own end users. BellSouth shall also**
5 **provide IDS Long Distance with unbundled network**
6 **elements, and access to those elements, that is at**
7 **least equal in quality to that which BellSouth**
8 **provides BellSouth, or any BellSouth subsidiary,**
9 **affiliate or other CLEC. BellSouth will provide**
10 **number portability to IDS Long Distance and their**
11 **customers with minimum impairment of functionality,**
12 **quality, reliability and convenience.**

13 I am not a lawyer, but to me this language means BellSouth is
14 supposed to provide IDS OSS and UNEs and UNE-Ps that are equal
15 to those BellSouth provides its own customers.

16 Q: Do you believe the Florida Public Service Commission has authority to
17 enforce the terms of the Interconnection Agreement IDS entered into
18 with BellSouth?

19 A: Yes. It is my understanding that the Florida Public Service
20 Commission has been given the jurisdiction and authority by the
21 Telecommunications Act of 1996 to enforce the terms of IDS'
22 Interconnection Agreement with BellSouth.

1 Q: Do you believe the Florida Public Service Commission has authority
2 under the Telecommunications Act of 1996 and under Section 364 of
3 the Florida Statutes to take action against BellSouth for anticompetitive
4 actions against IDS?

5 A: Yes. It is my understanding that the Telecommunications Act of 1996
6 and the provisions of Section 364, Florida Statutes, specifically give
7 the Florida Public Service Commission the jurisdiction and authority to
8 take necessary action against any Incumbent Local Exchange
9 Company that is found to have engaged in anticompetitive activities.

10 Q: Do you believe the Telecommunications Act of 1996 precludes
11 BellSouth from permitting the sharing of IDS' CPNI information
12 between its Retail and Wholesale Divisions in such a fashion as to
13 permit BellSouth to contact IDS' customers prior to or immediately after
14 their conversion to IDS for purposes of winning the customers back to
15 BellSouth?

16 A: Absolutely. It is my understanding that such utilization of IDS' CPNI
17 data by BellSouth constitutes a violation of both the
18 Telecommunications Act of 1996 and the provisions of Section 364,
19 Florida Statutes, as a blatantly anticompetitive action against an
20 Alternative Local Exchange Company ("ALEC") such as IDS.

21 **HISTORY OF IDS' RELATIONSHIP WITH BELL SOUTH**

22 Q: Please explain IDS' relationship with BellSouth leading up to the problems it
23 was experiencing beginning in April 1999 with BellSouth's resale services.

1 A: IDS entered into a resale agreement with BellSouth in 1998. Almost
2 immediately after beginning provisioning of services to IDS' customers on a
3 resale basis, IDS began experiencing problems with BellSouth's systems
4 used for this purpose.

5 Q: What kind of problems was IDS experiencing with BellSouth's resale
6 services at that time?

7 A: When IDS began providing local services on a resale basis, it experienced
8 provisioning and service related problems such as customer disconnections
9 during the conversions as it later has for UNE-P conversions.

10 Q: What did IDS do as a result of these problems?

11 A: During a phone conversation with Mr. Gary Smart and upon his
12 recommendation, I requested a meeting with BellSouth's representatives in
13 order to discuss the problems and possible solutions. I met two
14 representatives for BellSouth, Mr. Jason Cooke and Mr. Gary Smart. During
15 our meeting, Mr. Cooke mentioned BellSouth's newest product offering called
16 the "Unbundled Network Element Platform" ("UNE-P") and introduced me to
17 the Product Manager, Mr. William Gulas.

18 Q: What exactly is the UNE-P model or UNE-P product?

19 A: The UNE-P model involves the leasing of port/loop combinations with a
20 professional service fee attachment. According to BellSouth, the agreement it
21 proposed for IDS to enter into for the utilization of the UNE-P model was a
22 commercial agreement between two companies and was not governed or
23 enforced by any regulatory agency.

1 Q: Was there anything about this particular agreement that you found strange
2 given the fact that agreements of this kind are usually governed by regulatory
3 authorities?

4 A: Yes. The agreement was written so that if a company were to go to a
5 regulatory authority, such as the Florida Public Service Commission, to either
6 modify or enforce the terms of the agreement, the agreement would be
7 rendered null and void.

8 Q: Did BellSouth explain why this agreement was not governed by the Florida
9 Public Service Commission?

10 A: BellSouth's position was that this agreement was an inter-company contract
11 for service and as such was not governed by the Telecommunications Act of
12 1996 or 1934 and if IDS were to go to any regulatory body for enforcement of
13 the contract, it would be null and void and the accounts would revert back to
14 resale status.

15 Q: Did you question BellSouth regarding the apparent inability to seek
16 enforcement with the Florida Public Service Commission of IDS' rights
17 regarding the agreement?

18 A: Yes I did, however, after reviewing the contract, IDS believed that this
19 opportunity offered significant pricing advantages over BellSouth's resale
20 product that we were currently utilizing. As such, IDS entered into "good
21 faith" negotiations with BellSouth to reach an agreement for UNE-P products
22 with a professional service fee. Furthermore, after more discussion with

1 BellSouth, IDS felt that BellSouth was going to work in IDS' best interests
2 toward a mutually-beneficial working relationship.

3 Q: What is IDS' position at this point in time regarding the jurisdiction and
4 authority of the Florida Public Service Commission to enforce the terms and
5 conditions of the Amendment to the Interconnection Agreement executed
6 November 2, 1999, by IDS and BellSouth?

7 A: IDS believes the Florida Public Service Commission has complete jurisdiction
8 and authority to enforce the terms and conditions of the entire Interconnection
9 Agreement between BellSouth and IDS including any attachments such as
10 the Amendment executed between BellSouth and IDS for the provisioning of
11 UNEs and the UNE-P model. The language BellSouth included regarding the
12 Florida Public Service Commission and other regulatory bodies such as the
13 Federal Communications Commission ("FCC") having no legal authority over
14 this Amendment to the Interconnection Agreement seems to IDS to be a
15 clearly unlawful effort by BellSouth to circumvent its obligations under the
16 Telecommunications Act of 1996 and to mislead IDS in this matter.

17 Q: What electronic interface did BellSouth offer for its UNE-P model in order for
18 IDS to submit orders?

19 A: In the agreement, BellSouth offered the Electronic Data Interface ("EDI") and
20 the Telecommunications Access Gateway ("TAG") as two electronic pathways
21 to submit orders. After considering the representations made by BellSouth,
22 IDS selected and had its employees trained on EDI in or about August of
23 1999. IDS' management decided it would be in the company's best interest

1 to order the electronic interface immediately and be trained on it, so when the
2 contract was completed we could, without delay, convert our existing resale
3 base to this new product.

4 Q: Did BellSouth provide you with any documentation regarding EDI in order to
5 explain its function and why this was the product IDS should use for
6 processing orders?

7 A: In the fall of 1999, BellSouth provided a presentation and training class on
8 EDI. IDS' representatives were led by Freddie Oquendo during this training.

9 Q: Did IDS decide to go forward with the UNE-P model?

10 A: Yes. On November 2, 1999, IDS and BellSouth signed an amendment to the
11 January 29, 1999, Interconnection Agreement. (See Exhibit KK-2.)

12 Q: What happened after IDS entered into the UNE-P agreement?

13 A: IDS decided to BETA-test the procedures under the agreement with two of
14 IDS' employees. The attempt caused service outages on both of the test
15 conversions. The service outages were caused by BellSouth and, as a result,
16 these two employees were out of service for more than a week and required
17 new facilities, including new phone numbers, in order to have their services
18 restored.

19 Q: Did you inquire with BellSouth regarding the outages IDS experienced? Please
20 explain.

21 A: I contacted Patty Knight, Customer Support Manager at BellSouth. Ms. Knight
22 opined that IDS caused the service outages and that our staff required
23 additional training. She recommended that BellSouth could provide this

1 additional training on-site for \$8,000. Although we know better now, IDS
2 believed at the time that IDS had caused the service outages. As such, I
3 agreed to the additional training, which was provided by Patty Knight and Pat
4 Rand of BellSouth.

5 Q: What happened during the training sessions?

6 A: During the training sessions, IDS' employees complained that they already
7 knew what was being taught and the training was not helping at all except to
8 re-hash what had already been learned.

9 Q: What did you do as a result of your employees' concerns?

10 A: I asked Ms. Knight and Ms. Rand if they could process an order through EDI
11 so that we could see first hand what IDS was doing incorrectly. After
12 attempting unsuccessfully to do so for three hours, Ms. Rand pulled me aside
13 and told me that the problem was with BellSouth's EDI and not with the way
14 IDS was processing the orders. Furthermore, Ms. Rand stated that EDI was
15 not supporting port/loop combinations and we should consider the
16 Telecommunications Access Gateway ("TAG") as a more effective solution to
17 the order processing problems.

18 Q: Did you request that this explanation be provided in writing along with the new
19 recommendation that TAG be used for this purpose?

20 A: Yes. I obtained information concerning ROBOTAG at a price of \$60,000 and I
21 compared it to a commercial product developed by MANTISS called
22 CLECWARE. After careful consideration, IDS chose to purchase the MANTISS
23 product.

1 Q: Did BellSouth state that TAG would allow IDS to process its orders correctly?

2 A: Yes. In January of 2000, IDS ordered TAG. However, BellSouth informed IDS
3 that TAG could not be installed and tested until late May 2000.

4 Q: How did this timing affect IDS and its business plan?

5 A: Needless to say this was unacceptable to IDS and devastating to its ability to
6 timely and effectively provision local telephone services to its current and
7 prospective customers. Many existing customers were expecting to take
8 advantage of the savings and the convenience of combined billing that IDS
9 could provide if IDS could sell them both local and long distance services.

10 Q: What action did you take in order to persuade BellSouth to move the installation
11 and testing date up from May 2000?

12 A: I spoke to Jimmy Patrick, the BellSouth representative who controlled the
13 installation of TAG. I explained to Mr. Patrick that if a reasonable date for the
14 installation was not proposed by BellSouth I would be forced to complain to the
15 Florida and Georgia Public Service Commissions. Mr. Patrick notified me that
16 BellSouth would move up the installation date for TAG to February 2000.
17 Testing began in March and was to last eight weeks, which again was
18 unacceptable, so I intervened to shorten the time frame and testing was
19 completed by April 2000. I instructed IDS' personnel to move the resale base to
20 UNE-P before April 17, 2000.

21 Q: Was there anything else you were trying to accomplish with BellSouth in January
22 2000 prior to the installation of TAG in February 2000?

1 A: Yes. I requested that BellSouth provide a contract for the UNE-P at pricing
2 provided by the FCC's 319 Remand by February 27, 2000. The idea was to
3 have the UNE-P agreement negotiated and filed to coincide with the installation
4 of TAG in order to proceed without further unnecessary delay.

5 Q: Did BellSouth comply with the February 27, 2000, deadline?

6 A: No. I contacted Ms. Shiroshi on February 27, 2000, to inquire with regard to the
7 agreement. Ms. Shiroshi acknowledged that the due date had arrived.
8 However, BellSouth still did not have an agreement ready for IDS and requested
9 additional time in which to do so.

10 I agreed to the additional time and BellSouth produced a two-page document
11 the first week in March 2000, which I signed and returned. A week later, Ms.
12 Shiroshi apologized for the delay and explained that the agreement BellSouth
13 sent which I had signed and returned was no longer acceptable and they were
14 drawing up a more complete document and our patience was required.

15 Q: Did TAG finally get installed in February 2000 as promised by BellSouth?

16 A: Yes. TAG was installed including a front-end processing platform called CLEC-
17 WARE by MANTISS.

18 Q: Was IDS now able to begin processing orders for the conversion to UNE-P?

19 A: In the beginning of April 2000, IDS was prepared to process and convert our
20 resale base to the more lucrative UNE-P model.

21 Q: Was IDS in fact able to process orders in April 2000?

22 A: No. Patty Knight for BellSouth told us that IDS' employees were not properly
23 trained and we did not know how to use the system.

1 Q: Did Ms. Knight communicate this to you in writing or verbally?

2 A: Ms. Knight relayed this information to me and IDS' Vice President of Operations
3 verbally during several telephone conversations. When I asked her to put her
4 answer in an e-mail, she declined.

5 Q: Who provided the initial "improper training" that Ms. Knight refers to?

6 A: All training regarding the UNE-P model was paid for by IDS and **provided** by
7 BellSouth.

8 Q: What was your reaction to Ms. Knight's suggestion that IDS was not properly
9 trained and that IDS required more training on the system?

10 A: I was upset that we were now being told that more training was necessary which
11 would effectively delay IDS further than it had already been delayed so I
12 proceeded to call Mr. William Gulas, Product Manager for BellSouth, to explain
13 our problem. After reviewing the situation, Mr. Gulas discovered that it was not
14 a lack of training, but rather the fact that BellSouth had given IDS an incorrect
15 Universal Service Order Code ("USOC") that had caused problems. The
16 incorrect USOC had not permitted IDS to process the orders that had been
17 submitted. Shortly thereafter, Mr. Gulas provided IDS with another USOC code
18 which, after BETA-testing with several orders, was successful in processing the
19 orders.

20 Q: Did BellSouth provide you a written explanation as to why it provided the wrong
21 USOC code and why it could not determine this as being the problem IDS was
22 experiencing in processing orders?

1 A: No. Ms. Knight was not sure whether the USOC that Mr. Gulas provided IDS
2 was correct. When IDS informed her that the USOCs worked, she said "good"
3 and she said she would look into how this occurred.

4 Q: Did BellSouth reimburse you for the unnecessary and improper training?

5 A: No. By this time I had not paid the bill and had told Ms. Knight that I felt that IDS
6 was being extorted into paying for misinformation. Additionally, I requested to
7 have twelve people trained instead of the initial six people and BellSouth
8 refused to proceed with the training unless IDS agreed to pay an additional
9 amount for the other trainees. This was despite the fact that the additional
10 trainees would pose no burden on BellSouth whatsoever as we were utilizing
11 IDS' facilities for this purpose and which turned out to be a complete waste of
12 time, money and effort for everyone involved. BellSouth used IDS as a test
13 subject. I managed to negotiate the amount back down to the original \$8,000.
14 Initially I refused to pay for training that essentially delayed my ability to
15 provision services. Later that year BellSouth demanded that IDS pay the bill or
16 there would be service interruptions. For this reason, IDS had little alternative
17 but to pay the amount to BellSouth.

18 Q: Did Mr. Gulas' solution work thereafter?

19 A: No. From mid-April through late April 2000, IDS attempted to convert its resale
20 customer base to UNE-P. However, what we could do one week we could not
21 do on the succeeding week. Unfortunately, Mr. Gulas was not available, and no
22 one at BellSouth could provide us with an answer to the problem.

1 Q: What was BellSouth's explanation regarding this latest mishap although Mr.
2 Gulas had identified the problem and provided the proper USOCs?

3 A: I was finally able to contact Mr. Gulas. I explained our problem to him. Mr.
4 Gulas gave us a "work around" and explained to us that BellSouth had not
5 entered the USOC into its billing system, which had effectively blocked our
6 ability to process orders.

7 Q: Was IDS now finally able to process orders as intended?

8 A: It was now mid-April 2000 and BellSouth appeared to have fixed the problem
9 and we felt confident that we could start converting our resale customer base.
10 The very next week after the first problems had been solved, IDS attempted to
11 start converting our existing customer base to UNE-P and we discovered that
12 BellSouth had placed a local PIC "freeze" on our resale customers--essentially
13 blocking our ability to convert those customer to UNE-P.

14 Q: Had BellSouth provided IDS with the UNE-P agreement that was previously due
15 on February 27, 2000?

16 A: BellSouth had still not provided IDS the agreement that I had requested in early
17 February. By late March 2000, the agreement had yet to be provided. I was
18 again forced to threaten going to the Florida and Georgia Public Service
19 Commissions to file a complaint to persuade BellSouth to produce an
20 agreement for the UNE-P. The agreement was finally provided and IDS signed
21 it on March 27, 2000.

1 Q: Now that you had signed an agreement, your employees had been retrained
2 and the correct USOCs were being used, were you able to process the
3 conversion orders to transfer your resale customers to the UNE-P model?

4 A: By mid-April 2000, BellSouth was still uncooperative in allowing IDS to convert
5 our resale base to UNE-P despite the agreement, training and correct USOCs.
6 Additionally, BellSouth placed a local PIC freeze on all of our resale accounts.

7 Q: Did BellSouth offer a solution to the PIC freeze of your customer accounts?

8 A: Yes. Initially, BellSouth requested IDS get a Letter of Authorization ("LOA") from
9 all our end-users for which the local PIC freeze applied. This was unacceptable.
10 The next solution was to assemble all the BTNs for the customers so that
11 BellSouth could manually remove the PIC freeze. Finally, BellSouth's Assistant
12 Vice President of Sales, Petra Pryor, asked if IDS would like to BETA-test the
13 LENS Bulk-Order process. This was more than a request, however, because
14 IDS' BETA-testing of the LENS Bulk-Ordering process appeared to be the only
15 feasible way to remove the local PIC freeze that BellSouth had purposely and
16 wrongfully placed on IDS' resale accounts. Left with little choice but to agree, I
17 asked Ms. Pryor to explain and she said that BellSouth would allow IDS to
18 convert the base through this product and remove the freeze.

19 Q: Did BellSouth make any further demands regarding removal of the PIC freeze?

20 A: BellSouth notified IDS that in order to process the conversion orders of its
21 existing customers, IDS would need to obtain a letter from each customer
22 requesting they be put on the new service with IDS as the preferred carrier even
23 though they were already IDS' customers.

1 Q: What effect, if any, does the UNE-P have on an end-user?

2 A: UNE-P should have no effect on the end-user whatsoever—it is a transparent
3 conversion of the customer's services to a different provisioning model. The only
4 effect the UNE-P has is to significantly increase IDS' profit margin with each of
5 these customers and conversely reduce BellSouth's profit on each account.

6 Q: Did BellSouth provide procedures by which IDS could test the Bulk Ordering
7 system?

8 A: In an April 17, 2000, letter (Exhibit KK-3) Ms. Petra Pryor, a BellSouth Assistant
9 Vice President, notified IDS of BellSouth's guidelines and processes to be used
10 by the two companies for BETA-testing the Bulk Ordering of Port/Loop Combo
11 Services via LENS. The testing process was to validate the BellSouth-IDS
12 LENS local exchange ordering procedures. IDS decided to do the BETA-test.

13 Q: Had this system ever been used previously by a CLEC for order processing?

14 A: IDS was led to believe that it would be the first to process Bulk-Orders using
15 LENS. However, during negotiations for the BETA-test in the beginning of May
16 2000, BellSouth held its CLEC informational meeting. During that meeting,
17 senior BellSouth officials announced the availability of the LENS Bulk-Ordering
18 system that IDS had just agreed to test for BellSouth.

19 Q: What was IDS' reaction to this news concerning the availability of the LENS
20 Bulk-Ordering system?

21 A: IDS' representatives called me from the CLEC informational meeting and told me
22 what they had just heard. I was amazed to say the least since I had been in
23 ongoing negotiations with BellSouth and fully intended to sign a BETA-test

1 agreement on that same product. My representatives informed me that
2 BellSouth announced to over 326 CLECs that its Bulk-Ordering system through
3 LENS was fully operational and everyone could sign up for it. At that time, I
4 authorized my representatives to proceed and sign up for the LENS Bulk-
5 Ordering system.

6 Q: Was IDS finally able to process orders now that BellSouth had provided the
7 LENS Bulk-Ordering system?

8 A: IDS converted some test customers to see if this product was functional.
9 BellSouth's representatives confirmed that the orders were successfully
10 converted. After six months of trying to convert customers to UNE-P, it appeared
11 that IDS would finally be able to successfully convert its resale customers as
12 planned. Consequently, IDS attempted to convert 1,400 business customers
13 representing 5,500 local lines. The result was that BellSouth's LENS Bulk-
14 Ordering system failed to properly convert our customers, causing service
15 failures to IDS' customers for both local and long distance services.

16 Q: What was the effect of this system failure?

17 A: This created a major crisis for IDS, jeopardizing IDS' relationship with its entire
18 customer base for local telecommunications services of 1,400 hard-won
19 business customers. Incredulous that this had occurred after all IDS had been
20 through, I demanded an immediate resolution from BellSouth. By the following
21 Tuesday, not only had BellSouth failed to rectify the problem, but it was unable
22 to determine the cause of the problem. By Wednesday, three days after the
23 disconnections had occurred, and an eternity for a business customer who is

1 losing revenue by each minutes his or her phone services do not function,
2 BellSouth had identified and attempted to fix the problem on a customer-by-
3 customer basis. Meanwhile, our customers were panicking because their
4 service had been disrupted for three days. As a result, most of these customers
5 started calling BellSouth for help.

6 Q: How did BellSouth respond to calls from IDS' customers?

7 A: Unbelievably, BellSouth blamed IDS for the service outages even though
8 BellSouth itself had caused the outages. To make matters worse, the
9 customers were told that if they returned to BellSouth, their service would be
10 restored within an hour.

11 At this point, I tried to discuss the issues with Duane Ackerman, CEO of
12 BellSouth, however his secretary would not allow me to speak with him and
13 suggested that I tell her the problem. Left with no alternative, I explained that
14 BellSouth was effectively attempting to put IDS out of business. I told her that
15 BellSouth was fraudulently taking IDS' customers by blaming IDS for service
16 outages caused by BellSouth and then representing to the customers that
17 BellSouth could have services restored practically immediately. I stated that all
18 of this was happening while BellSouth's systems would not even permit IDS to
19 submit a trouble ticket to have its customers' services restored. She said she
20 would get the responsible person from BellSouth to give me a call.

21 Q: Did someone from BellSouth contact you in this regard?

22 A: Yes. Later that day, I received a call from Glen Estell, President of BellSouth's
23 Interconnection Services. During our conversation, he apologized for the

1 trouble IDS had experienced and assured me BellSouth was working to resolve
2 the problem as quickly as possible

3 Q: What was your response to Mr. Estell's representation?

4 A: I told Mr. Estell that by the time BellSouth fixed the problem, IDS' customers
5 would either be out of business or BellSouth would have effectively won them all
6 back. He told me BellSouth would write a letter of apology to IDS' customers in
7 order to explain the situation so they would not go back to BellSouth. I told Mr.
8 Estell not to take my customers, and he said he could not do that.

9 Q: Did IDS receive the apology letter from BellSouth?

10 A: Yes. I received an apology from Glenn Estell, dated May 17, 2000, and it is
11 attached to my testimony and identified as Exhibit KK-4.

12 Q: Did BellSouth restore the affected customer's services?

13 A: Yes. However, it took BellSouth well over two weeks to fully restore service to
14 the remaining IDS' customers.

15 Q: Did you attempt to explain to anyone else the problems you had with the UNE-P
16 agreement and your attempts to move your resale base to the UNE-P model?

17 A: Yes. On May 12, 2000, I wrote a letter to Duane Ackerman explaining the
18 problems IDS had encountered with provisioning services under the UNE-P
19 agreement. (See Exhibit KK-5.)

20 Q: What effect did the services outages and IDS' inability to correct the outages
21 have on IDS' customer base?

22 A: I attempted to explain the effects of BellSouth's performance in my letter to Petra
23 Pryor dated May 19, 2000. (See Exhibit KK-6.) By the time BellSouth had the

1 services restored, IDS had lost over half of its customers to BellSouth. The
2 customers simply found it easier to stay with or go back to BellSouth in order to
3 get service restored. Nevertheless, BellSouth could not restore service for
4 some IDS customers in that same period of time. In my May 12, 2000, letter
5 (previously identified as Exhibit KK-5) to Duane Ackerman I outlined all of the
6 problems IDS had suffered from BellSouth since signing the UNE-P agreement.

7 Q: Did BellSouth respond to your letter to Duane Ackerman?

8 A: Yes. I received a letter dated June 8, 2000, from Petra Pryor, a BellSouth Sales
9 Assistant Vice President. (See Exhibit KK-7.) Ms. Pryor's letter said it was
10 written at the direction of Mr. Ackerman and it acknowledged "significant
11 problems" experienced by IDS and its end-users as a result of errors and
12 mistakes that had been made by BellSouth including, but not limited to, the
13 "electronic coding and editing anomalies that were the root cause of the
14 problem." Ms. Pryor's letter concluded by stating that BellSouth would consider
15 a settlement and release of claims associated with the situation. I responded
16 by telephone to Ms. Pryor and stated that it would be in everyone's best interest
17 if we met face to face in Atlanta, in order to see if we could reconcile our
18 differences and come up with some sort of mutual understanding and enter into
19 a settlement agreement.

20 Q: Did BellSouth agree to a meeting?

21 A: Yes. The meeting took place in Atlanta at BellSouth's Headquarters on July 1,
22 2000. IDS retained the services of counsel (Walt Steimel, Esq., of the
23 Greenberg Traurig law firm). Attending the meeting were IDS' counsel, owners

1 Joe Millstone and Michael Noshay, and myself on behalf of IDS, and Mary Jo
2 Peed, Petra Pryor, and Quinton Saunders for BellSouth. During this meeting,
3 we described everything that had occurred between IDS and BellSouth from
4 May 2000. During our meeting, it became obvious that Mary Jo Peed was
5 hearing all this information and the UNE-P's teamwork for the very first time.

6 Q: What was IDS' expecting from this meeting?

7 A: In light of the incredible damages that IDS had suffered as a direct result of
8 BellSouth's admitted compounded errors, mistakes and incompetence, we
9 expected that IDS would receive a settlement offer from BellSouth. However,
10 much to our surprise, the only discussion was the nature of our continuing
11 problems with BellSouth. Quinton Saunders gave us an apology. That was it.
12 We received the definite message that BellSouth had no intention of taking any
13 responsibility for not testing their equipment or products nor the damages
14 BellSouth had inflicted on IDS.

15 Q: What was the next step for IDS at this point in time?

16 A In mid-July 2000, I went to Atlanta to meet with a very high-ranking BellSouth
17 official who requested anonymity due to the fact that the information being
18 provided was highly sensitive and that, if I were to use it, it would compromise
19 their position at BellSouth. This person's responsibilities at BellSouth were to
20 design and implement the LENS Bulk-Ordering system. This person had
21 informed Quinton Saunders, Petra Pryor and other BellSouth officials who were
22 responsible for the carrier side of sales that the LENS Bulk-Ordering product
23 was not ready, and in this person's opinion, the LENS Bulk-Ordering system

1 was simply not capable or powerful enough to do bulk ordering as had been
2 represented to IDS. It became painfully obvious that BellSouth, as a whole, was
3 completely aware that the product that this person was developing was not
4 ready, had not been fully tested and as such would not work in accordance with
5 BellSouth's representations.

6 BellSouth had, nonetheless, placed the product on the market and
7 misrepresented to the entire CLEC community, including IDS, its viability and
8 availability without this person's sign-off.

9 Q: What action did IDS undertake to make sure that it understood and properly
10 processed orders to be converted through BellSouth's UNE-P?

11 A: IDS made an important decision in May 2000 to employ two individuals from
12 BellSouth: Mr. William ("Bill") Gulas, then BellSouth's Project Manager for the
13 UNE-P product, and Ms. Rebecca ("Becky") Wellman, then BellSouth's
14 Operations Staff Support Manager for all BellSouth Local Customer Service
15 Centers.

16 Q: How was the hiring of these individuals a significant measure for IDS in regard
17 to the provisioning of services under the UNE-P model?

18 A: Ms. Wellman brings over thirty years of experience in the BellSouth system
19 which culminated in her direct involvement in the development and utilization of
20 the Methods and Procedures currently used by the BellSouth Service
21 Representatives at all the LCSCs. Mr. Gulas was the Project Manager for the
22 same program. Collectively, they bring over forty years of experience within the
23 Bell system and extensive knowledge regarding not only the UNE-P product, but

1 the competitive local exchange market as a whole. Both individuals have
2 extensive specific knowledge regarding the Methods and Procedures used in
3 the provisioning of local telephone service and the processing of CLEC orders.

4 Q: What impact did these individuals have on IDS' ability to process orders through
5 the LENS Bulk-Ordering system and through the UNE-P model?

6 A: Mr. Gulas and Ms. Wellman were instrumental in setting up IDS' provisioning
7 process for converting customers to the UNE-P model. These two individuals
8 brought knowledge, training and experience to us regarding the provisioning
9 process that we had expected Patty Knight and Pat Rand of BellSouth to
10 provide us considering that IDS paid for it several times over. We were amazed
11 at the approach they trained us to use to provision these orders. Their
12 comprehensive explanations in some cases directly conflicted with the
13 information that we paid BellSouth to provide us. Through their planning, IDS
14 was able to become a CLEC capable of processing orders at a rate of 1,000 or
15 more lines per day.

16 Q: What did IDS do with its newly acquired knowledge and capabilities?

17 A: IDS decided to more fully direct its resources and attention to the provisioning of
18 local telephone services through UNE-P arrangements with BellSouth, in
19 combination with the long distance and other telecommunications services
20 which had until November 1999 been IDS' primary source of business revenue.

21 Q: Did this constitute a change in IDS' business approach?

22 A: Yes. IDS literally changed its inventory concept. Before IDS began providing
23 local telephone services, IDS essentially counted minutes in order to determine

1 revenue. IDS changed that process from a “minute inventory management”
2 concept to a “line order management” concept. This meant IDS would inventory
3 converted lines on a day-by-day basis. We decided to find out how many
4 orders, with the corresponding lines, we input into LENS on a daily basis for the
5 Bell processing center to provision and then determine how many lines
6 BellSouth’s LCSC could process and convert on a day-by-day basis. This would
7 allow us to determine how the flow went through IDS and then through
8 BellSouth and back out again.

9 Q: What was the combined benefit of what Mr. Gulas and Ms. Wellman brought to
10 IDS and the conclusions reached from knowing how many orders and
11 corresponding lines BellSouth could provision on a day-to-day basis?

12 A: The most significant benefit derived was that IDS became more proficient at
13 processing conversion orders than BellSouth’s LCSCs. IDS must, to this day,
14 repeatedly instruct BellSouth’s employees in the proper methodology for
15 processing these conversion orders. The problem that IDS began to run into
16 was that the great majority of the lines it was submitting for conversion were not
17 residential line customers, but rather multi-line business customers. In addition,
18 approximately 90% of these lines have some feature such as “Hunt and Roll
19 Over,” Voice Mail, Remote Call Forwarding, or some other feature that causes
20 the order to drop out of BellSouth’s automated systems and into a manual
21 handling system. In the manual handling system, a BellSouth employee must
22 physically input all the information from scratch into the system so that it can
23 flow through to completion.

1 Q: Why is BellSouth's manual system a problem?

2 A: It is a problem because BellSouth has decided to convert lines under the UNE-P
3 arrangement by disconnecting and subsequently reconnecting the end-user's
4 service or lines simultaneously with the conversion to IDS.

5 Q: Have you ever asked BellSouth why these conversions are being done in this
6 fashion?

7 A: Yes, I have asked why and BellSouth has not provided any explanation.

8 Q: What effect did this method of converting end-user services have on IDS'
9 customers' telephone services?

10 A: Many of the people working at the LCSCs are new and are not sufficiently
11 experienced to be able to identify and resolve the problems caused by this
12 method of converting end-user services. Also, many LCSC representatives are
13 not properly trained which results in a large number of errors. Many of the
14 errors IDS experienced in July 2000 became exacerbated in August 2000 when
15 customers were disconnected without the corresponding new service order
16 being implement. BellSouth's insistence in processing and converting end-user
17 services in this fashion can only be described as grossly negligent, completely
18 irresponsible and lacking in standard business prudence to the detriment of
19 business retail telephone subscribers. Ms. Wellman's testimony addresses the
20 disparity between BellSouth's internal procedures for processing its own retail
21 customers' orders and BellSouth's LCSC structure for processing CLEC orders
22 for UNE-Ps. She discusses the "disconnect and new connect" ("D & N") system
23 that has caused such grievous problems for IDS and its customers.

1 Q: How did IDS' customers react to these service outages?

2 A: Since the customer is unaware of what exact date the conversion of his services
3 to IDS is to occur (which is directly because IDS is not provided this information
4 until BellSouth has processed the order), the first and most completely natural
5 reaction of a customer to having his service either partially or totally
6 disconnected is to contact BellSouth's Repair or Retail Business Office. When
7 the customer is exposed to BellSouth's customer service department, he is told
8 that IDS ordered a disconnection of his service. A customer faced with this
9 misrepresentation, coupled with the fact that he is without dial tone (in many
10 cases for several hours or days), becomes literally incensed with IDS. When
11 IDS attempted to restore the customer's services through LENS, LENS was
12 reflecting a "Pending Service Order" ("PSO") status on the customer's service
13 record. This means that the actual conversion to IDS had not yet been
14 completed by BellSouth and, therefore, the customer was not legally or
15 technically IDS' at that point. IDS was powerless to act to restore the
16 customer's services. Both the customer and IDS are left totally at BellSouth's
17 mercy. When IDS attempted to get the customer's service back up, BellSouth
18 effectively blocked IDS from doing anything such as issuing a trouble ticket for
19 the service outage while the order was in a PSO status.

20 Q: What effect does the customer contacting BellSouth have on the customer's
21 decision to convert his services to IDS?

22 A: If the customer decided to call BellSouth's Retail Business Office concerning the
23 service outage, BellSouth's customer service representatives would likely tell

1 the customer that “if he cancelled the conversion order and stayed with
2 BellSouth, they could have the service restored within the hour.” And in most
3 cases where the customer chose to cancel the order, BellSouth would have the
4 services restored within the hour despite the fact that the LCSC represents to
5 IDS that the earliest possible time they could have services restored is usually
6 hours later or the next day. These business customers rely heavily on their
7 telephone service for their livelihood. They are actually punished by BellSouth if
8 they refuse to cancel their conversion order because they are told that they will
9 have to contact IDS. At the time the BellSouth representatives tell the customer
10 this, they know that IDS is powerless to affect the customer’s service because it
11 is in the “Pending Service Order” status and BellSouth will not permit IDS to
12 alter the situation. They know that IDS cannot have the services restored until
13 BellSouth itself updates the LENS customer service record and clears the PSO
14 (for the conversion to IDS) which has effectively kept the customer from having
15 the services restored or at a minimum permitted a trouble ticket to be opened.
16 During a substantial period of time, BellSouth was not updating LENS in a timely
17 fashion (72 hours after conversion). Without those updates, there is no way for
18 IDS or any CLEC customer service representative relying on LENS to actively
19 pursue a remedy for the customer. BellSouth’s Retail Division, on the other
20 hand, despite an order having not technically completed, will refuse to assist the
21 customer unless he cancels the order to convert and accepts whatever current
22 BellSouth promotion is being offered. For example, customers have been hard-
23 sold by BellSouth customer service representatives the “Full Circle Program,”

1 which was changed in November 2000 to the "Full Circle 2001," and is now
2 known as "Advantage Plus. I say "hard-sold" because the BellSouth customer
3 service representatives are "selling" to a vulnerable business customer whose
4 telephone services have been disconnected by BellSouth while BellSouth
5 dangles the carrot of having the customer's services restored in a much more
6 timely fashion than if the customer stays with his earlier decision to convert his
7 services to IDS. Mr. Bradford Hamilton, IDS' Product Manager, has discussed
8 these promotions and BellSouth's improper and outrageous win-back tactics in
9 his Direct Testimony in this Docket.

10 Q: Has BellSouth continued the Full Circle Program and the Full Circle 2001
11 Program?

12 A: Yes. Just prior to filing for "271" relief in Florida and Georgia, BellSouth
13 cancelled the Full Circle 2001 Program. However, BellSouth has only
14 changed the name and introduced a new promotion called the "Advantage
15 Plus" promotion in Florida and the "Business Medallion Plus" promotion in
16 Georgia which became effective June 1, 2001.

17 Q: What was IDS' reputation with the Florida Public Service Commission prior to
18 entering into the UNE-P agreement with BellSouth and initiating its sale of
19 local exchange services under that model?

20 A: Until this time, IDS had been providing long distance and other
21 telecommunications services in Florida for over ten years with a virtually
22 incident-free reputation with the Florida Public Service Commission. Between
23 the years 1989 to 1999, IDS had logged less than five complaints with the

1 Florida Public Service Commission. Since entering into the UNE-P
2 agreement with BellSouth, IDS' customers have consistently, and quite
3 naturally, complained to the Florida Public Service Commission concerning
4 the service disruptions. The simple fact of the matter is that IDS does not
5 cause any disruption of services in the overwhelming majority of the instances
6 where a disruption occurs. BellSouth has caused these disruptions and
7 continues to do so on a daily basis. Since IDS is the carrier placing the order
8 for conversion, IDS is more likely to be blamed. In most instances, BellSouth
9 is misrepresenting the facts to the customer giving the impression that
10 BellSouth had nothing to do with the disruption. Prior to entering into the
11 UNE-P agreement with BellSouth, IDS had so few dealings with the Florida
12 Public Service Commission, outside of regulatory filings and the like, that the
13 concept of how to work with the Commission in this regard was non-existent.
14 We simply had never needed to before.

15 Q: Based on the difficulties IDS had been experiencing with BellSouth, did you
16 participate in any Commission activities in order to let the Commission know
17 your experiences?

18 A: On August 1, 2000, IDS' counsel submitted a letter requesting permission from
19 the Commission to participate in the staff workshop scheduled for August 8,
20 2000, and to testify concerning its experience with BellSouth and the UNE-P
21 model in Docket No. 000121-TP. (See Exhibit KK-8.) The letter outlined the
22 problems IDS had experienced and what IDS intended to testify about. This
23 was a docket opened to investigate the establishment of operational support

1 systems ("OSS") and permanent performance metrics for incumbent local
2 exchange telecommunications companies. We did not know that we would
3 not be permitted to discuss the OSS problems we had experienced first-hand
4 with BellSouth at that workshop.

5 Q: Did the Commission give IDS permission to make a presentation at the staff
6 workshop as requested in Exhibit KK-8?

7 A: No. Much to our surprise, IDS was completely precluded from participating.
8 In fact, when we arrived at the Commission for the workshop, we were met at
9 the door by a Commission staff member and told that this was not the proper
10 forum to discuss any problems we were having with BellSouth. We were told
11 that the workshop was for the purpose of understanding and quantifying
12 performance measurements. Accordingly, we concluded we should not push
13 to outline all of our problems at this point. After the workshop, we did talk with
14 some Commission staff members and explained that no matter how much we
15 worked with BellSouth, they actively attempted to put IDS out of business.
16 BellSouth's response was always a "thank you" letter and we never received
17 any compensation, or even any discussion of any compensation, for any of
18 the extreme damages we had suffered from BellSouth.

19 Q: Aside from the damages sustained by IDS, did you request anything else from
20 BellSouth?

21 A: One of the requests that I had made of BellSouth, besides compensation for
22 the damages IDS had suffered, was the "delta" (or difference) between the
23 resale and the UNE-P pricing structure. Bill Gulas and I determined what the

1 difference would be if IDS had been charged the UNE-P rates instead of the
2 resale rates for the customers served during the period BellSouth refused to
3 provide IDS with the conversions to the UNE-P model. The consensus was
4 approximately \$929,000.

5 We had discussions with Petra Pryor and IDS sent her a spreadsheet
6 outlining all of the different cost structures and what the delta would be.
7 BellSouth analyzed what we put down, changed some of the figures, gave us
8 back their spreadsheet, and their calculations of the delta came out to about
9 the same number--\$929,000. This gave me some encouragement because I
10 thought maybe we could obtain a settlement at least on the delta. As far as
11 IDS' was concerned, this was money we were entitled to and BellSouth was
12 never entitled to, because our contract states this is what we are entitled to.

13 Q: Was EDI ever set-up for port/loop conversions?

14 A: Based on our employee's, Bill Gulas', opinion and knowledge from his
15 experience within BellSouth, EDI was never set up for port-loop conversions.
16 EDI was designed to accept UNEs, but not the port portion of it, only the loop
17 portion. It was not IDS' fault that the electronic mechanism, being
18 represented as having been designed by BellSouth to interface with
19 BellSouth's own systems, was not designed at that time to accept UNE
20 port/loop conversions.

21 Q: Did BellSouth offer the UNE-P to any other carrier?

22 A: IDS discovered that BellSouth was offering UNE-P and was completing
23 port/loop conversions for two other carriers while refusing to do the

1 conversions for IDS. Furthermore, BellSouth was doing everything it could to
2 prevent us from converting our resale base to UNE-P pricing. When
3 BellSouth finally did permit us to convert our resale base, it used an
4 unproven, untested product that its own representatives informed it was not
5 ready and probably would not work. BellSouth wrongfully led us to believe
6 that the system was operational and tested. Instead, BellSouth let its
7 defective product crash our resale base and disconnect all of our customers,
8 and then let its customer service representatives knowingly and wrongfully
9 blame the outages and problems on IDS. All of this resulted in BellSouth's
10 outrageously and wrongfully stealing half of IDS' customers.

11 Q: Was IDS willing to negotiate the delta between resale and UNE-P pricing?

12 A: No. As far as IDS' was concerned, the delta was non-negotiable. We were
13 entitled to \$929,000. We believed our initial damages because of the actual
14 customer losses, both local and long distance, and customers who had been
15 with IDS for years – long-term, income-producing customers – our initial loss
16 was in excess of \$1,000,000. BellSouth owed IDS \$929,000 based on the
17 contract we signed, and over \$1,000,000 of monetary damages for customers
18 we believe BellSouth stole because BellSouth provided IDS an untested
19 product, and falsely identified the problems as IDS' problems in order to have
20 the customers stay (in the case of conversions that never completed) or switch
21 back to BellSouth.

22 Q: Once you realized BellSouth was not going to settle this matter, what was your
23 next step?

1 A: Our attorney believed that if BellSouth was not going to come to the table, we
2 probably should call the FCC for guidance. We asked him to prepare
3 whatever was required and make the necessary calls. He contacted Frank
4 Lamancusa, the Deputy Chief of the Markets Dispute Division at the FCC, to
5 start the process of getting on a rocket docket--the FCC's version of an
6 accelerated docket proceeding.

7 Q: Did that communication have any effect?

8 A: Shortly after that communication, in or about the latter part of August 2000, IDS
9 experienced a dramatic increase in the number of customers being
10 disconnected without the corresponding new connection, essentially leaving
11 customers without dial-tone. We would put the order in, they would issue the
12 disconnect order (the "D" order) without the new connect order (the "N" order).
13 The customer would just be turned off. On many occasions, a BellSouth
14 technician would appear on the premises of a newly-acquired IDS customer
15 and the technician would tell the customer that he was there to disconnect the
16 customer's services. When the customer questioned the BellSouth technician
17 about this, the technician would say IDS said to disconnect your services. If
18 the customer called IDS to find out what was going on, IDS could not do
19 anything because BellSouth's defective systems had the customer in a
20 "Pending Service Order" ("PSO") status that meant IDS was powerless to
21 affect the technician's actions. Of course, the technician could leave the
22 customer on BellSouth's services if the customer canceled their conversion
23 order for IDS.

1 On other occasions, a customer would just be disconnected without any
2 technician appearing. Again, since the customer had been put on a PSO
3 standing, we could not immediately turn them back on, the customers were
4 getting frustrated, and BellSouth's Retail Customer Service Representatives
5 were telling the customers that they would turn the customer back on in an
6 hour if the customer cancelled the conversion order. This escalating concern
7 reached its pinnacle in late-August 2000 when twenty-five of IDS' customers
8 were disconnected within a few hours of each other.

9 Q: Did the Miami-Dade County area experience a hurricane threat during late-
10 August 2000 and how did this affect IDS' customers?

11 A: Yes. It appeared a hurricane was approaching the coastline and these
12 customers' telephone services had been disconnected. They had no
13 emergency service, no 911, no information, so I made a phone call and talked
14 with an attorney at the Florida Public Service Commission. I do not remember
15 her name. I explained the circumstances to her and the fact that I could not
16 get anyone at the BellSouth LCSC to do anything when these customers were
17 in a PSO status.

18 Q: What action did this attorney take to assist IDS and these twenty-five
19 customers?

20 A: She was kind enough to place a courtesy telephone call to BellSouth to attempt
21 to intervene on our behalf.

22 Q: What effect did that call have?

1 A: Shortly after her call, I received a call from our BellSouth Account
2 Representative, Michael Lepowski. He wanted to know who called the
3 Commission and I told him I did. I also informed him that we had a hurricane
4 approaching Florida and I could not get anybody to fix these service outages
5 and that the twenty-five customers had no emergency services. I explained I
6 could not get anybody to act because BellSouth was arguing internally. I
7 explained that, God forbid, the hurricane hits, and somebody dies while
8 BellSouth is arguing internally regarding how to fix the problems or how to get
9 the account back. BellSouth's internal problems, while not IDS', were quickly
10 becoming IDS' because of the disruptions to IDS' end-users' services. I
11 reiterated that IDS had to have these customers' services restored
12 immediately. Much to IDS' surprise, all twenty-five accounts were restored
13 within the hour. Normally, this would have taken days.

14 Q: Did IDS continue to have problems with the disconnections during the
15 conversions?

16 A: Yes. IDS continued to experience problems with the disconnects, throughout
17 August and September 2000.

18 Q: What did IDS discover in dealing with the LCSCs in this regard?

19 A: One of the main things we discovered with the LCSCs is that when IDS placed
20 an order for a port/loop conversion on the UNE-P, orders were dropping out for
21 manual handling. This was causing massive service problems.

22 Q: Did these problems occur during resale conversions?

23 A: No. IDS' experience is that resale conversions appear to convert flawlessly.

1 Q: What do you think is the problem with this obvious disparity between the two
2 kinds of orders?

3 A: We believe that this disparity is occurring because resale orders do not fall out
4 for manual handling, whereas UNE-P orders do. Customers are experiencing
5 no problems with resale conversions.

6 Q: What did you do about this disparity?

7 A: Because BellSouth was taking so long to convert orders and there were so
8 many problems during the conversions, we informed BellSouth's Quinton
9 Saunders that until BellSouth corrected its systems, we were going to submit
10 these orders for resale so the customer's service would not be disrupted, and
11 we are going to take the delta between the resale pricing and the UNE-P pricing.

12 Q: What was Mr. Saunders' response to you in this regard?

13 A: Mr. Saunders stated that IDS could do whatever it wanted to do, but BellSouth
14 would not give IDS the difference.

15 Q: What did IDS decide to do at that point?

16 A: Now that it was faced with either converting customers to resale, with a lower
17 profit margin, which would not cause disruptions *or* to UNE-P, which provided a
18 substantially higher profit margin, but which caused imminent service
19 disruptions, IDS was stuck. If we did not attempt to convert the customers soon,
20 they were not going to want to switch and they would probably want to stay with
21 BellSouth. However, if we did convert the customers to UNE-P, their services
22 would most likely be disrupted which meant they would go back to BellSouth
23 anyway and, to make matters worse, they would complain to the Commission

1 and not pay IDS. IDS had a choice to make and we made it. We would convert
2 the customers to resale, fight with BellSouth while the customers were at least
3 on IDS' service without disruptions, and then we would take the issues up with
4 BellSouth and spare the customers from having to deal with the problems.

5 Q: Did BellSouth offer IDS any form of compensation for the trouble you have
6 described?

7 A: Yes. Petra Pryor sent IDS' CEO, Joe Millstone, a letter dated August 30, 2000,
8 concerning the problems IDS experienced with LENS during the week of May 8,
9 2000. (See Exhibit KK-9.) She advised IDS that BellSouth would credit IDS'
10 account in the amount of \$31,712.79 as a result of the downtime caused by the
11 bulk-ordering problems associated with the LENS software. This was
12 BellSouth's offer for having stolen half of IDS' customers, which represented
13 well over \$1,000,000 per year in revenue.

14 Q: What was IDS reaction to this credit?

15 A: I was shocked. If I were to acquire the same number of customers by paying the
16 bonuses and commissions we normally pay for sales of this kind, or if I was an
17 ASR from BellSouth trying to sell lines for BellSouth, it would have cost me three
18 to four times the amount of \$31,000 just to acquire a new base. Therefore,
19 BellSouth effectively took a significant customer base from IDS for a mere
20 \$31,000. If BellSouth were to acquire the same number of lines, it would pay
21 approximately \$80 per line, or \$80,000, to an agent. Not only that, but the
22 customers will never switch services to another CLEC again because of the

1 negative experience. BellSouth was able to steal these customers for a fraction
2 of the acquisition cost they would have otherwise had to pay.

3 Q: How does BellSouth try to keep the customers who decide to switch services to
4 another carrier or, in particular, to IDS?

5 A: First, BellSouth causes a disruption of the customer's service during the
6 conversion. Second, BellSouth's Retail Customer Service Representatives
7 blame the disruption on IDS and the customer either cancels the conversion
8 order or requests that the service be switched back to BellSouth (if the
9 conversion completed). Third and finally, the customer will never leave
10 BellSouth again as a result of the aggravation and hassle!

11 Q: Did IDS ever receive any explanation for these problems from BellSouth?

12 A: Actually, on September 19, 2000, IDS received a letter from one of BellSouth's
13 managers, Rick Hemby. (See Exhibit KK-10.) In his letter, Mr. Hemby states
14 that BellSouth provides parity between the services that it offers to its retail
15 customers versus our UNE customers, so we were not entitled to the delta.

16 Q: What is the difference between BellSouth's Resale and UNE-P divisions?

17 A: Resale is considered a part of the retail division at BellSouth. It goes through the
18 same provisioning process as the retail side. It is considered a retail product,
19 and is based on avoided cost. These costs are what BellSouth considers
20 avoided if a CLEC takes over and they do not have to incur the cost, so they
21 subtract that cost. BellSouth's profit margins are identical. It does not lose any
22 money. We can put orders through resale and, because the flow through is
23 good, there is no problem. If IDS submits orders through UNE-P, which is

1 considered a wholesale product where the profits are dramatically reduced for
2 BellSouth, the process is very different. IDS experiences tremendous end-user
3 service outages. There is a huge statistical variation in service related problems
4 when placing accounts into resale versus putting accounts into UNE-P. We
5 know that if IDS places an order through resale, the flow through works with
6 minimal end-user problems. We know if we convert a customer to UNE-P, we
7 are running at a 30% error rate. The customers experience loss of dial tone,
8 hunt rollover grouping will change, voicemail is torn down, etc. Something will
9 happen to cause these problems after IDS submits the orders. On the one hand
10 (UNE-P), we have 30% conversion problems, on the other (resale), we have no
11 conversion problems. Despite this clear disparity, Rick Hemby stated in his
12 letter that BellSouth provides parity between its provision of services to its
13 business customers through its retail side and its provision of services to IDS'
14 customers through UNE-P. This was very confusing.

15 Q: Did BellSouth ever acknowledge the problems it has with the disconnect/new
16 connect procedure used for conversions?

17 A: Yes. IDS' Bill Gulas wrote a letter dated August 23, 2000, to Bill Thrasher of
18 BellSouth, in which he requested an explanation concerning end-user service
19 outages experienced by six IDS customers representing twelve lines. Linda
20 Atkinson, BellSouth's ACS Sales Support Director, wrote a letter dated October
21 4, 2000, in response to Mr. Gulas' letter. (See Exhibit KK-11.) The letter
22 detailed all the problems and all the corrections that BellSouth had made to get

1 these services operational. Again, Ms. Atkinson did not address any of the
2 credits to which IDS was entitled--just the corrections that BellSouth had made.

3 Q: Does this letter clearly indicate a typical scenario for IDS where BellSouth
4 causes a disconnection without the corresponding new connection?

5 A: Yes. Exhibit KK-11 clearly explains in BellSouth's own words that when a
6 conversion order was submitted to the LCSC, the service representative failed
7 to add a field identifier ("FID") of RRSO to the service orders. This causes the
8 services to be disconnected when the disconnect order processes and the new
9 connect orders are held for a USOC edit error. In another example in the same
10 letter to Mr. Gulas, BellSouth explains how a disconnection occurred on a flow
11 through order. Due to the presence of a USOC related to "call forwarding busy"
12 and other voicemail companion features, BellSouth's system automatically
13 populated the order with an additional USOC, which caused an edit error. The
14 service in that instance was disconnected because the disconnect order
15 processed while the new connect order was held for the USOC edit error.
16 BellSouth consistently represented to IDS that these USOC problems had been
17 corrected. However, the conversion problems only got worse and more
18 creative.

19 Q: How did they get worse?

20 A: Problems increased instead of decreasing. Despite the explanation provided by
21 Ms. Atkinson in her letter to Mr. Gulas (previously identified as Exhibit KK-11),
22 voicemail tear down issues escalated. In one of the hundreds of instances where
23 customers' voicemail was torn down during the conversion process, a woman

1 lost a message left by her son on her voicemail before he passed away. She
2 was obviously and naturally devastated and in tears. I contacted BellSouth to
3 find out what we could do for this customer and her tragic situation. BellSouth
4 attempted to salvage the lost messages but, unfortunately, the message was
5 lost forever. I was concerned because now voicemail disconnections were more
6 prevalent. BellSouth investigated the situation and again acknowledged a
7 problem, and again BellSouth informed IDS that the problem would be fixed
8 shortly. We were asked to wait until November 2000. We then found out the
9 voicemail outages were not an intermittent problem, but instead voicemail
10 outages were occurring for all the customers who converted at the time and had
11 voicemail. Since we did not know when the actual conversions took place, it
12 was difficult for IDS to notify a customer as to when they could expect a
13 teardown of voicemail. This problem persisted and the number of customer
14 complaints became overwhelming. In addition to customers being disconnected
15 and hunt rollovers not converting properly, now we had voicemail tear downs to
16 add to the menu of disasters.

17 Q: Can you quantify the conversion problems IDS was experiencing?

18 A: Approximately 50% of IDS' conversion orders were having problems.

19 Q: What did IDS do to curtail the problems?

20 A: After exhausting considerable effort trying to resolve the problems with BellSouth
21 directly, it became evident that BellSouth had no intention of resolving the
22 problems. We had no choice but to go to Frank Lamacusa at the FCC. Mr.
23 Lamancusa contacted BellSouth, and approximately October 24, 2000, Petra

1 Pryor called me in response to the FCC call to BellSouth. She gave me the
2 impression that now BellSouth wanted to work with IDS on some of the
3 problems we were having. Ms. Pryor requested a spreadsheet on the delta
4 between the UNE-P pricing and the resale pricing. She requested a detailed
5 explanation concerning the \$929,999 calculation which both BellSouth and IDS
6 had already agreed upon. I also gave her some quantification of what we felt
7 the damages were for the bulk-ordering dispute.

8 Q: Did IDS make a formal request for these amounts?

9 A: Yes. With Ms. Pryor's assistance in completing the forms, IDS prepared and
10 submitted the appropriate Billing Adjustment Request Forms (BAR). Ms. Pryor
11 stated that IDS should take the sum of the two figures, \$929,999 plus
12 \$1,400,000, and deduct that sum from the current bill that IDS owed BellSouth.
13 Based on this interaction, IDS concluded that BellSouth was finally going to
14 cooperate and work together within the terms of our agreement. We felt we
15 were acting in good faith, and BellSouth gave us the feeling that it was going to
16 act in good faith and was sensitive to our problems.

17 Q: Did IDS' problems with BellSouth decrease at this point?

18 A: On the contrary, in late October and early November of 2000, the conversion
19 problems and end-user service outages intensified. IDS explained to BellSouth
20 that IDS' customers were experiencing extreme difficulties and that IDS'
21 customer service resources were being pushed to the maximum with the
22 number of problems BellSouth was causing.

23 Q: What did IDS do to alleviate the customer concerns?

1 A: IDS had to double the number of customer service representatives we employed
2 in order to deal with the increased number of complaints that we were receiving
3 internally and through the Florida Public Service Commission and other state
4 commissions. Simultaneously with the increased demands for IDS' human
5 resources, IDS had to invest a tremendous amount of capital on new phone
6 equipment and computers. IDS had to immediately intensify the hiring and
7 training processes in order to meet the unexpected increased customer
8 demands. Normal business prudence could not have predicted that BellSouth
9 would perform in such an incompetent and negligent manner as to cause the
10 overwhelming numbers of customer service outages and disruptions in service
11 in spite of IDS' best, and quite competent, efforts.

12 Q: Please briefly explain some of the activity going on in your customer service
13 department as a result of BellSouth's poor performance and anticompetitive
14 behavior?

15 A: For example, customer calls were stacking up and initially IDS did not have
16 enough lines for customer service complaints. The situation became so bad
17 that customers simply could not get through to IDS' customer service
18 department to inquire about their service disruptions. As a result, customers
19 simply contacted BellSouth whose inaccurate and anticompetitive responses
20 greatly compounded the problems. Customers were left with no choice but to
21 go back to BellSouth to have services restored because they could not get
22 through to us.

23 Q: Did BellSouth do anything else to inhibit IDS' ability to convert customers?

1 A: Yes. In November 2000, following a period of intensified service outages which
2 were directly attributable to BellSouth's improper and careless processing of
3 conversion orders, IDS experienced a dramatic slow down in the number of
4 orders BellSouth was completing by the Purchase Order Number ("PON") due
5 date.

6 In fact, just prior to the Thanksgiving holiday in November 2000, BellSouth's
7 negligent and incompetent performance created a situation entirely out of
8 control. Not only were half the orders being converted incorrectly by BellSouth,
9 but the other half were not being converted at all. Almost half the orders we
10 submitted were not being done by the PON due date. Some orders were being
11 delayed by two and three weeks. Customers who fully expected to be
12 converted to IDS and begin appreciating our services and savings were not
13 being converted and they began complaining as well.

14 Q: What did IDS do now?

15 A: Finally, I tried to get hold of Mr. Thrasher at the LCSC, but he was on vacation. I
16 managed to speak with Robbie, an Assistant Manager at BellSouth, who
17 assured me that BellSouth was diligently working on the problem. However,
18 there were no measurable improvements. Finally, I demanded that these orders
19 be cleared up or I would again be forced to go to a regulatory agency to get
20 satisfaction for IDS and its customers.

21 Q: Did BellSouth give you an explanation as to why these problems were
22 intensifying instead of decreasing?

1 A: On the day before Thanksgiving, I received a call from Mary Jo Peed, an attorney
2 for BellSouth, who acknowledged that BellSouth was having significant
3 problems at the LCSCs and stated that BellSouth was working diligently to clear
4 them up. She informed me that she was taking Thanksgiving Day off, but that if
5 IDS continued to experience problems, we could call her. Robbie also again
6 acknowledged that BellSouth was working hard to clear the problems.

7 Q: Did BellSouth give any indication that it would compensate IDS pursuant to IDS'
8 request for damages?

9 A: Yes. Ms. Pryor sent me a letter dated November 28, 2000, denying IDS' request
10 for damages. (See Exhibit KK-12.)

11 Q: Did IDS see any improvement in performance from BellSouth through the
12 remainder of November 2000?

13 A: No. Now we were in early December 2000 and the problems got worse. Orders
14 were continuously being incorrectly converted and half of them were not being
15 completed at all. To make matters worse, LENS went down without any prior
16 notification. Basically, we were being put out of business and there was nothing
17 anyone at IDS could do. IDS' Becky Wellman contacted the LCSCs and
18 instructed them on exactly what the problem was regarding the voice mail, and
19 gave them directions on a possible solution. BellSouth's response was that it
20 ***probably*** would be fixed sometime in early December.

21 Q: Did IDS learn about anything that might have explained the intensification of the
22 order processing problems in December 2000?

1 A: Yes. When IDS called BellSouth's LCSCs, IDS discovered that half of the
2 employees were taking December off for vacation.

3 Q: What did this mean to IDS and its ability to serve its customers?

4 A: It became obvious that IDS' ability to do business on a continuing basis was now
5 determined solely by how many people BellSouth decided to have on staff at any
6 given time.

7 Q: What action did IDS take at this point?

8 A: I called BellSouth and spoke with Robbie about LENS. Robbie stated very
9 clearly that LENS did not work very well and was not very accurate for our
10 purposes. He even suggested that IDS should consider using CSOTS, yet
11 another BellSouth system that is supposedly more accurate.

12 Q: Had BellSouth represented to IDS that the LENS system was the industry
13 benchmark for CLECs?

14 A: Yes. Nonetheless, we had a BellSouth technical employee telling us during one
15 of the worst periods of end-user service outages that IDS should consider using
16 CSOTS instead of LENS because CSOTS is more accurate than LENS.

17 Q: Did you receive any subsequent communication from BellSouth regarding the
18 accuracy of LENS?

19 A: Yes. Just two hours after my discussion with Robbie, I received a call from
20 Michael Lepowski, IDS' Account Manager, who said that LENS is just as
21 accurate as CSOTS and that there is really no difference. He flatly contradicted
22 Robbie's statement to me that CSOTS is more accurate for IDS' purposes than
23 LENS.

1 Q: Did you eventually make a determination about this conflicting information you
2 were receiving from BellSouth concerning CSOTS versus LENS?

3 A: Yes. IDS concluded that CSOTS was far more accurate than LENS in its practical
4 use by IDS.

5 Q: In December 2000, did IDS see any improvements with regard to the problems
6 being experienced?

7 A: No. The problems IDS was experiencing with orders not being converted was
8 more than simply problematic—they were catastrophic. IDS' daily operations
9 had been practically ground to a halt by BellSouth! We discovered that accounts
10 were six weeks past due and still were not converting. When we viewed the
11 Customer Service Record ("CSR") in LENS, many of the accounts that were
12 converted we found out that they had already gone back to BellSouth. This was
13 very disturbing. At least two hundred accounts that we put in for conversion in
14 December 2000 had already gone back to BellSouth during the conversion
15 process. This was very confusing and we could not initially determine what was
16 happening.

17 Q: How did you determine the problem?

18 A: We discovered that BellSouth was backdating the conversion date to the PON
19 due date, regardless of when the actual conversion was taking place. This
20 meant that IDS was being billed for the time from the PON conversion due date
21 to the actual conversion date. It commonly took BellSouth five or six weeks after
22 the PON due date to actually convert a customer. This translated into IDS being
23 billed for five or six weeks during which it did not technically have the customer. I

1 called Robbie again since Mr. Thrasher was still on vacation and he said that IDS
2 could consider the customer theirs as of the **PON due date**. I asked him why
3 and he said, "Essentially, the customer is yours on the PON due date."

4 Q: Did you request that this be put in writing so that you could rely on this
5 representation?

6 A: I requested he put that in writing and he responded, "No, we can't put it in
7 writing." I asked again, "Are you saying that BellSouth considers the customer
8 IDS' on the PON due date?" He replied, "Yes." I asked Robbie, "The customer
9 is going to get a bill from IDS for this period of time. Is it possible that the
10 customer will also get a BellSouth bill for the same period of time?" He said,
11 "Yes, but it will be considered BellSouth's problem."

12 Q: Did you understand BellSouth to be stating that IDS' customers would commonly
13 receive two bills, one from each company for the same period of time?

14 A: Yes. BellSouth asserted that it would take care of the BellSouth bill and IDS
15 would not have a problem. According to BellSouth, IDS would be billing a
16 customer for services during a time when IDS was not actually providing the
17 customer any services. Although IDS was not supplying service to that customer
18 during that time, BellSouth was. BellSouth was backdating the bill to the PON
19 due date and charging me as well as the customer for that same period of time.

20 Q: Did this seem appropriate to IDS?

21 A: No, it did not make any sense to me. When I suggested that this appeared
22 improper and strange, BellSouth's representative said, "Yes, I see what you
23 mean."

1 Q: Did you ask BellSouth if it would report this practice in PMAPS?

2 A: Yes. However, Robbie said he was not sure if BellSouth would report that the
3 customer was converted on the PON due date. I pulled up PMAPS to see how
4 BellSouth reflected IDS' performance in December 2000. Because December
5 had not yet been published in PMAPS, we reviewed November's report. PMAPS
6 reflected that IDS had converted 98% of its orders on time.

7 Q: Was this correct?

8 A: Absolutely incorrect. IDS could barely get half its orders processed and PMAPS
9 reflected that IDS had 100% of its FOCs in an hour when IDS could not get 70%
10 of our FOCs done in a day, let alone an hour. I was absolutely at a loss as to
11 where this data was coming from or if BellSouth was simply making it up.

12 Q: Did BellSouth offer an explanation concerning this backdating of the PON due
13 date?

14 A: An hour or so later I received a phone call from Mike Lepowski. He said
15 BellSouth decided to backdate the conversion date to the PON due date as a
16 favor to IDS.

17 Q: What was your reaction to this representation by BellSouth?

18 A: I was stunned to say the least. I asked how he concluded this was a favor to IDS.
19 He said IDS could consider the customer ours as of the PON due date
20 regardless of the actual conversion date. I proceeded to explain to Mr. Lepowski
21 that IDS cannot possibly bill the customer on the PON due date because he is
22 not on our service and we have no way of knowing for sure when the customer
23 was actually converted. The way BellSouth is handling our orders, the customer

1 may never be on my service because BellSouth may steal him back. This meant
2 that IDS would be sending its customers a bill for services they never received
3 from IDS. Furthermore, BellSouth is billing IDS for the same period that it was
4 stating IDS should be billing the customer--meanwhile IDS could not bill the
5 customer. Where is this a favor? BellSouth is double dipping! This is going to
6 cost IDS hundreds of thousands of dollars. Of even more concern is that
7 BellSouth was actively winning customers back before they were even converted
8 to IDS due entirely to BellSouth's actions. In typical BellSouth response, Mr.
9 Lepowski said he would look into it.

10 Q: Was BellSouth doing anything else that caused customers to switch their services
11 back to them during this time period?

12 A: Yes. IDS found out that BellSouth was sending out letters to customers the
13 minute BellSouth started the conversion process, explaining that BellSouth was
14 sorry the customers have left BellSouth, and they would like to win them back.
15 Customers were receiving win-back letters from BellSouth while BellSouth was
16 weeks behind in the conversion process—while the customers were still
17 technically BellSouth's!

18 Q: What did the delays in converting orders do for BellSouth?

19 A: It allowed BellSouth the opportunity to win back all these customers before they
20 could be converted to IDS. How is it that BellSouth was sending win-back letters
21 to the customers **BEFORE** the customer actually had left BellSouth's service? It
22 did not make sense to me. Many of these customers were getting win-back
23 letters while LENS showed many of these conversions were still pending!

1 Q: How many customers was this happening to?

2 A: This was happening to approximately 1,100 customers. By January 2001, IDS
3 calculated that 297 customers, representing over 1000 lines, went back to
4 BellSouth before they were ever converted to IDS. We put in the conversion, we
5 got a PON due date, and when it is converted, the LENS CSR reflected that the
6 customer was already back with BellSouth. These customers were never fully
7 converted by BellSouth to IDS and instead were captured midstream by
8 BellSouth and either the order was cancelled altogether or they were simply
9 switched back to BellSouth without IDS' knowledge.

10 Q: Could anyone at BellSouth provide any explanation regarding this obvious
11 problem?

12 A: Going into the end of December 2000, we were so backed up, this was going to
13 cost millions of dollars. I literally could not get anybody at BellSouth to resolve
14 the issue. Instead, they were all saying they were working on the problems with
15 people dedicated to me, and they were doing everything they could to resolve the
16 problems.

17 Q: Did you decide to contact the FCC for assistance?

18 A: Yes. We decided this time to call the FCC personally and speak to Frank
19 Lamancusa. He thought we had remedied the situation when we called the first
20 time. We explained that the situation had deteriorated severely. Mr. Lamancusa
21 called BellSouth on December 26, 2000, and within hours, Robbie at BellSouth
22 phoned me saying he just heard from the FCC and that he felt it had not been

1 necessary for IDS to have contacted the FCC. He stated that BellSouth was
2 working very hard to convert the lines.

3 Q: Did the lines get converted finally?

4 A: By the end of December and the first week of January 2001, BellSouth managed
5 to convert all the lines they had not converted since November 2000. I was
6 amazed that I had to consistently threaten to call or actually call a regulatory
7 agency to make BellSouth comply with the agreement we had executed.

8 Q: Did IDS determine how many orders on which BellSouth had backdated the
9 actual conversion date to the PON due date?

10 A: By January 8, 2001, IDS had performed an audit. IDS determined that BellSouth
11 had backdated every conversion they had done through November and
12 December 2000 and charged IDS for them.

13 Q: How was BellSouth charging IDS for this?

14 A: On January 8, 2001, I received a letter from Claude Morton (See Exhibit KK-13).
15 In his letter, Mr. Morton threatened that if IDS did not pay this amount by January
16 22, 2001, any further requests by IDS for additional services would be refused
17 and IDS' end-users' services would be interrupted by February 8, 2001. Mr.
18 Morton also stated that a service restoral fee would apply for each end-user
19 account. No spreadsheet or explanations were attached. I subsequently
20 received a letter from Petra Pryor stating that BellSouth had declined IDS' \$1.4
21 million dispute that she had previously directed us to deduct from our bill in
22 October 2000. Again, no explanation was provided. She also indicated that
23 BellSouth would be crediting IDS only \$535,000 of the \$929,000 that we had

1 both calculated as the delta between the resale and the UNEs. She said,
2 pursuant to our contract, BellSouth was entitled to sixty days to set up the OSS
3 electronic interface and this represented the deduction from the \$929,000.

4 Q: Did you later confirm this representation to be untrue?

5 A: Bill Gulas, who now works for IDS and who wrote the UNE-P contract for
6 BellSouth, said there was never any intention to give BellSouth sixty days to set
7 up the OSS electronic interface for the UNE-P model. This provision was
8 intended for the benefit of CLECs like IDS. It appears that the demand letter
9 coincided with the denial of the billing disputes IDS thought BellSouth had agreed
10 to in October 2000.

11 Q: Were you able to work out an acceptable payment arrangement with BellSouth
12 regarding IDS' outstanding bills?

13 A: Between BellSouth's Mary Jo Peed and Claude Morton and IDS' counsel, Walt
14 Steimel, and myself, we finally worked out the correct bill with the correct pricing
15 structure since the demand letter had been grossly inaccurate. IDS worked out a
16 payment structure for monies to which IDS believed BellSouth was entitled. This
17 was the delta between the resale and the UNE-P pricing, including damages,
18 which BellSouth demanded us to pay back in ten days.

19 Q: What arrangement was reached?

20 A: IDS was to pay \$1,000,000 up front and \$200,000 a month until the balance was
21 paid. The amount owed was closer to \$1.8 million.

22 Q: Did BellSouth demand a deposit from IDS at that point?

23 A: Yes. At the same time, BellSouth demanded that IDS pay a \$3 million deposit.

1 Q: When did IDS become aware of BellSouth's "Full Circle Program" promotion?

2 A: Some time in early January 2001, IDS became aware that BellSouth had
3 instituted a new program called "The Full Circle Program." The Full Circle
4 Program was designed as a win-back program geared toward customers that
5 have left BellSouth services to go to a CLEC.

6 The interesting thing about this Full Circle Program is that it offered former
7 BellSouth customers the identical pricing structure that IDS had offered them—a
8 20% discount off of BellSouth's rates. The Full Circle Program offers the
9 customer the identical pricing if he goes back to BellSouth—however, to obtain
10 the 20% discount, the customer was required to sign a 36-month agreement. If
11 the customer chose to leave at any time during this contract period, the customer
12 would be required to refund all of the discounts he had received from BellSouth
13 to that date.

14 Q: Can you explain why you believe BellSouth's Full Circle Program and other
15 similar promotions, like the Full Circle 2001 promotion, are unlawful
16 anticompetitive activities by BellSouth?

17 A: Yes. Thirty-five to forty-five percent of IDS' orders being submitted to BellSouth
18 for conversion resulted in a service disruption of some sort to the end-user.
19 These service disruptions practically uniformly prompted the end-user to call
20 BellSouth's Retail Customer Service Department to see if they could solve the
21 problem. During these calls, BellSouth's representatives tell the customer, "Why
22 don't you come back to BellSouth? We'll turn you on in an hour, and we'll match
23 IDS' rates with a 20% discount, and we'll sign you to a three-year agreement." In

1 this instance, BellSouth has essentially made the customer believe that if he
2 converts his service to a CLEC, he is dead in the water. BellSouth refuses to
3 provide the services, leaving the end-user basically out of business. However, if
4 the customer chooses to cancel the conversion order or switch services back to
5 BellSouth, the customer is offered the same price that IDS has offered and
6 BellSouth then restores the customer's service in an hour. BellSouth refuses to
7 provide services to a customer it knows full well is still technically its customer in
8 order to have the customer cancel an order for conversion to a CLEC. In such a
9 scenario, why would a rational customer want to stay with IDS? It is a great deal!
10 At the same time BellSouth pursues this strategy, IDS has to pay for that very
11 customer that BellSouth has already won back for a full month in advance
12 because the customer was, according to BellSouth, technically converted to IDS.
13 The customer goes back to BellSouth, gets a discount, pays up front for the
14 exact same month for service from BellSouth, and BellSouth has permanently
15 tied the customer up for three years and assured he will never considering
16 switching to a CLEC again. It is a tremendous strategy for BellSouth. The only
17 problem is it is outrageously anticompetitive and in violation of everything the
18 Telecommunications Act of 1996 and the laws of the State of Florida have
19 purported to be trying to achieve for consumers for the past five years.

20 By contrast, IDS loses the customer now and forever. IDS has to pay for
21 conversion costs.

22 Q: Did IDS become aware of a BellSouth increase in its rates for BellSouth's
23 existing business customers?

1 A: Yes. In January 2001, BellSouth requested a rate increase for its business line
2 customers. BellSouth claimed the reason for the increase is that BellSouth has
3 lost so much business to CLECs that it needs this rate increase in order to make
4 up for lost profits. This in spite of the fact that its business grew by 10% in 2000!
5 Nevertheless, because BellSouth claims to have lost so much business to
6 CLECs, it needs to increase its rates approximately 15% to cover the revenue
7 loss to CLECs. BellSouth gets a rate increase and they match IDS' discount.
8 BellSouth basically blames all the service outages that it caused my customers
9 100% on IDS. BellSouth matches IDS' rates and ties the customer down for
10 three years, and then it implements a rate increase to pay for all of this. At the
11 same time, BellSouth demands a \$3 million deposit from IDS, BellSouth
12 demands \$2.7 million of IDS' own money to be paid, and BellSouth has
13 consistently grossly failed to provide minimal services to IDS—BellSouth has not
14 and apparently cannot convert IDS' customers correctly. By January 2001, we
15 were dead in the water.

16 Q: Have you had any additional issues arise with BellSouth?

17 A: Yes. Apparently, BellSouth was only setting IDS up for the kill now. As if all of
18 the above wasn't enough, now BellSouth began a mass telemarketing campaign
19 to win back those customers that had managed to successfully convert to IDS.
20 Some customers are even getting phone calls during the actual conversion
21 process and being offered the same discounts IDS had just offered them.
22 BellSouth was even telling customers that IDS was going out of business or was

1 bankrupt. The sworn customer affidavits attached to IDS' complaint clearly
2 demonstrate this.

3 There is no absolutely no incentive for a customer to want to stay with IDS or
4 with any CLEC for that matter. Even though this Full Circle Program is designed
5 for any customer that leaves BellSouth for another local exchange provider, IDS
6 is the dominant CLEC in South Florida and is the only one offering a 20%
7 discount off of BellSouth's line and feature charges.

8 Q: How many lines was IDS converting on a given day prior to all these obstructions
9 by BellSouth?

10 A: We were converting 1,000 lines a day—this was the largest daily growth rate of
11 any ALEC in Florida.

12 Q: Do you believe BellSouth targeted IDS because of the daily volume of business
13 IDS was doing?

14 A: Definitely. Since IDS was converting more customers than all of the other
15 CLECs in South Florida combined, we were the primary target of the Full Circle
16 Program. That's why BellSouth matched *our* rates. That's why BellSouth
17 telemarketed every single one of my customers. That is why BellSouth offered
18 my customers a deal, and at the same time, BellSouth was responsible for 50%
19 of my customers experiencing some type of service outage, if not complete
20 disconnection of their services, during conversion.

21 Q: Did there come a time in February 2001 that customers complained of being
22 slammed when they received their first bills?

1 A: Yes. In February 2001, because BellSouth succeeded in winning back hundreds
2 of IDS' customers during the conversion process, these customers believed that
3 they were never converted to IDS. Even though IDS had legitimate Letters of
4 Authorization or valid tape authorizations from each customer agreeing to switch
5 to IDS, BellSouth either had the orders cancelled or switched the customer back
6 before the customer believed that he was actually converted. When the
7 customers began receiving bills from IDS, they immediately believed they had
8 been slammed. These customers now believed that IDS took their service
9 without their authorization. Obviously, IDS did no such thing. However, these
10 customers' beliefs as a result of BellSouth's purposeful maneuvers,
11 misrepresentations, negligence, and incompetence, placed IDS in a precarious
12 situation not only with the customers but with the Florida Public Service
13 Commission.

14 We know that well over 300 customers were under this false impression.
15 Because IDS has no way of knowing that a customer cancelled the conversion
16 order or switched back to BellSouth during or just days after the conversion.
17 BellSouth automatically bills IDS for a full month's service for the customer
18 anyway. IDS, as a matter of course, bills the customer for what it perceives to be
19 valid charges.

20 Q: What is the customer's reaction to all of this?

21 A: The customer gets the bill and says, "Wait a second. I told BellSouth to cancel
22 my order to convert or switch my services back. Now I am getting a bill from IDS.
23 I was slammed." At this point, the customer complains to the Florida Public

1 Service Commission or he complains to us. We had a tremendous number of
2 calls coming in to our Customer Service Department--literally screaming that they
3 were slammed. Again, here's IDS' problem. The customer does not want to pay
4 the bill because, in his mind, he was never switched to IDS. BellSouth is billing
5 IDS for more than one month. I paid for the acquisition of this customer, and I
6 am not getting any revenues from it, I am getting nothing but costs.

7 Q: Did IDS determine if these customers that cancelled orders or switched back to
8 BellSouth provided BellSouth with an LOA or other form of authorization to
9 cancel the orders or switch services back to BellSouth?

10 A: We made hundreds of calls through our Marketing Department's Customer
11 Relations group to determine if customers had provided some form of
12 authorization other than a verbal request for BellSouth to take them back and not
13 a single customer that went back to BellSouth in January or February 2001
14 provided any such authorization to BellSouth. They simply explained that they
15 verbally requested BellSouth to cancel the orders or switch their services back to
16 BellSouth and BellSouth had happily obliged.

17 Q: Is IDS permitted to take BellSouth's customers without complying with the Rules
18 of the Florida Public Service Commission requiring proof of customer
19 authorization?

20 A: No. IDS must follow the Rules of the Florida Public Service Commission and I
21 would presume BellSouth must also. IDS is required to make sure the customer
22 understands he is switching to IDS. IDS must obtain a valid customer
23 authorization through an LOA or a third-party verification. IDS calls customers to

1 make sure they understand we are a separate company from BellSouth. IDS
2 sends out welcome packages to each customer. Apparently, however, BellSouth
3 can just have its customer service representatives ask, "Do you want to stay or
4 switch back?" If the customer says yes, that is it. No LOA or tape verification--
5 just a simple verbal request and confirmation.

6 Q: Has IDS determined how many customers it has lost due to BellSouth's OSS
7 failures and win-back efforts by BellSouth?

8 A: Although IDS has not calculated the absolute total number of losses of
9 customers, IDS has calculated its losses for a specific period. During November
10 and December of 2000 and January and February 2001, IDS suffered customer
11 losses due to BellSouth's OSS failures and anticompetitive activities of over
12 3,100 customers. Of that number, IDS knows for certain that at least 297 went
13 back to BellSouth during the conversion process. Approximately 1,100
14 customers went back to BellSouth *before* they received the first IDS bill, which
15 means that some of these customers could have gone back during the
16 conversion process. IDS simply cannot absolutely determine how many did.
17 Nevertheless, it is a fact that these customers went back before they received
18 their first bill from IDS. I know the remainder left after they got their first bill. I
19 also know that of the 3,100 customers who left, approximately 2,000 had some
20 failure occur during the conversion process.

21 Q: How many lines do these customers represent?

22 A: These 3,100 customers represent almost 10,000 access lines to IDS--local and
23 long distance lines. The revenue that these lines could have brought IDS is

1 immeasurable. The acquisition cost to acquire these lines was enormous. The
2 very loss of this much business back to BellSouth due primarily to BellSouth's
3 inability to supply IDS services at parity with their retail division, combined with
4 BellSouth's anticompetitive activities, is phenomenal.

5 The fact that BellSouth did not provide these services at parity and the fact that
6 BellSouth used the very lack of quality service that it was supposed to provide
7 IDS and its customers as a basis to win back customers is unconscionable.

8 Q: What effect did BellSouth's misrepresentations concerning IDS going bankrupt or
9 out of business have?

10 A: I guess BellSouth felt that it had damaged us so much that IDS would have to
11 declare bankruptcy. However, we did not. Therefore, BellSouth made sure my
12 customers thought we did. It is one thing to go out in the market place and have
13 some of your competitors say IDS is going bankrupt or that IDS is going out of
14 business. It is quite another if BellSouth says IDS is going out of business—to
15 most customers, that's like God saying IDS is going out of business. The effects
16 of these misrepresentations in such a small community like the South Florida
17 area, is insurmountable. Our financial institutions heard this. They wanted to
18 know if we were going to declare Chapter 11. I even had customers come to our
19 offices to see if we were out of business. All of this was because BellSouth
20 decided, when all else failed, to telemarket our customer base and say IDS was
21 going bankrupt.

22 If business customers have the slightest idea that the company that is
23 providing them telecommunications services is in any sort of jeopardy, much less

1 going out of business, they will immediately switch their services. They have a
2 responsibility to *their* customers and to *their* employees to make the right
3 decision. BellSouth has done everything it can to destroy IDS' reputation.
4 BellSouth has turned off IDS' customers. BellSouth has consistently given IDS
5 sub-par quality in conversions. BellSouth has consistently turned customers off.
6 BellSouth has consistently not converted customers in a reasonable time period.
7 BellSouth has used the time difference to win the customers back with a program
8 that matches IDS' rates. BellSouth ties the customers down for 3 years.
9 BellSouth increases the rates to every existing BellSouth business customer in
10 order to finance the win-back program. BellSouth sends IDS bills that are
11 unconscionable. BellSouth demands monies without spreadsheets explaining
12 the basis for the charges. BellSouth unreasonably demands multi-million dollar
13 deposits. BellSouth tells our customers directly that IDS is going bankrupt.
14 BellSouth has done everything in its power to put this company out of business.
15 BellSouth has become even more aggressive in trying to put me out of business
16 when I was called the FCC. BellSouth became retaliatory after I talked with the
17 FCC. Most of my business is in the State of Florida. This is where we started
18 back in 1989. We felt that our only recourse was to file this Complaint with the
19 Florida Public Service Commission and explain what has happened since IDS
20 entered into a contract with BellSouth to do UNE-P service for the citizens of
21 Florida.

22 **ISSUE FIVE: What remedies, if any, should the Commission order**
23 **BellSouth to provide IDS in the event IDS proves that BellSouth has**

1 **breached the Interconnection Agreement or engaged in anticompetitive**
2 **activities?**

3 Q: What do you believe your testimony and exhibits and that of your other IDS
4 witnesses and the evidence to be presented at the hearing in this proceeding will
5 prove?

6 A: My testimony and exhibits and that of the other IDS witnesses and the
7 subsequent evidentiary presentation at the hearing in this proceeding will prove the
8 following:

- 9 1. BellSouth has breached its Interconnection Agreement with IDS by failing
10 to provide IDS OSS and UNEs and UNE-Ps at parity.
- 11 2. BellSouth has engaged in anticompetitive activities in violation of the
12 Telecommunications Act of 1996 and Chapter 364, Florida Statutes.
- 13 3. BellSouth has inappropriately utilized IDS' CPNI data in violation of the
14 Telecommunications Act of 1996.
- 15 4. BellSouth has consistently failed to process IDS' orders for new and
16 existing customers in a timely and efficient and effective manner at parity
17 with its processing of orders for its own BellSouth retail customers.
- 18 5. BellSouth's LENS system and other electronic interfaces have consistently
19 failed to function properly and to provide accurate information with which
20 IDS could process its orders.
- 21 6. BellSouth has consistently changed LENS and its other electronic
22 interfaces without adequate notice to IDS.

- 1 7. BellSouth inappropriately placed a PIC freeze on IDS' resale customers'
2 local service when IDS attempted to move its resale customer base to the
3 UNE-P model for local services in the spring of 2000.
- 4 8. BellSouth knowingly and recklessly offered IDS a bulk-ordering system
5 for IDS' use without notification that the system had never been market-
6 tested to assure its proper operational functioning.
- 7 9. BellSouth's actions in providing the untested bulk-ordering system
8 resulted in IDS' loss of hundreds of customers when their services were
9 disconnected or otherwise disrupted.
- 10 10. BellSouth's failure to properly process conversions for IDS' customers has
11 resulted in the dismantling of voicemail for thousands of IDS' customers.
- 12 11. BellSouth failed to take any effective action when notified of the consistent
13 loss of IDS' customers' voicemail upon BellSouth's incompetent
14 processing of IDS' orders for conversion of those customers.
- 15 12. The record of BellSouth's miserable performance in the processing of IDS'
16 orders in spite of the competence of IDS' personnel and procedures
17 demonstrated unconditionally that BellSouth's current Local Carrier
18 Service Centers ("LCSC") system has not, cannot and will not provide IDS
19 OSS or UNEs or UNE-Ps at parity because of its inherently flawed
20 structure and operation.
- 21 13. BellSouth refused to provide UNE-Ps to IDS for an extended period of
22 time and has failed to provide a refund to IDS of \$929,000 for the

1 difference between the UNE-P prices IDS was entitled to and the resale
2 prices IDS was forced to pay during that period.

3 14. BellSouth has refused to convert IDS' customers' DSL lines to IDS for
4 resale in breach of the Interconnection Agreement.

5 15. BellSouth has refused to provide IDS hunt grouping between classes of
6 service for IDS' customers in breach of the Interconnection Agreement.

7 16. BellSouth has telemarketed IDS' customers prior to the conversion of
8 those customers to IDS' services capitalizing on BellSouth's failure to
9 provide OSS and UNEs and UNE-Ps to IDS at parity.

10 17. BellSouth has engaged in win back campaigns including contacting IDS'
11 customers and blaming IDS for service disruptions, delays, and
12 disconnections on IDS when BellSouth knew that these problems were the
13 fault of BellSouth.

14 18. BellSouth has telemarketed IDS' customers and misrepresented to them
15 that IDS is going bankrupt or out of business or is an otherwise unreliable
16 provider of telecommunications services.

17 19. BellSouth has contacted IDS' customers during or immediately after
18 service disruptions or other OSS problems and utilized its anticompetitive
19 promotional offerings such as the Full Circle Program and Full Circle 2001
20 to lure customers back to BellSouth by offering them discounts of up to
21 20% to return to BellSouth under contract terms of up to 36 months.

1 20. BellSouth has won back IDS' customers without obtaining the customers'
2 Letters of Authorization or third-party verification, or otherwise complying
3 with Chapter 364, Florida Statutes, or the Commission's rules.

4 21. BellSouth has duplicatively billed IDS and IDS' customers for the same
5 minimum thirty-day period of service when BellSouth has won back IDS'
6 customers.

7 22. BellSouth has fraudulently back-dated conversion dates for IDS'
8 customers to the PON due.

9 23. BellSouth fraudulently misled IDS into signing an agreement which
10 BellSouth purported would not be enforceable by any regulatory agency
11 including the Florida Public Service Commission in spite of the fact that
12 this agreement concerns the subject matter of the Interconnection
13 Agreements regulated and enforceable by the Telecommunications Act of
14 1996, the Florida Public Service Commission and the FCC. In this
15 fashion, BellSouth fraudulently sought to circumvent its obligations under
16 the Telecommunications Act of 1996 to provide IDS OSS and UNEs and
17 UNE-Ps at parity.

18 Q: What remedies does IDS want the Commission to order BellSouth to provide
19 IDS for the damages BellSouth has inflicted on IDS?

20 A: As the regulatory agency charged with enforcing IDS' Interconnection
21 Agreement with BellSouth and enforcing the provisions of Chapter 364,
22 Florida Statutes, and the Telecommunications Act of 1996, as well as
23 encouraging the development of competition in the local exchange services

1 market, IDS requests that the Florida Public Service Commission order the
2 following:

3 1. BellSouth shall refund IDS the \$929,000 difference in resale prices
4 BellSouth charged IDS and the UNE-P prices IDS was entitled to during
5 the six months period when BellSouth refused to provide IDS UNE-Ps.

6 2. Refund IDS 40% of the total monies paid by IDS to BellSouth during the
7 period between April 1999 and the date of filing of this Complaint on May
8 11, 2001, for BellSouth's complete and total failure to perform its
9 contractual obligations to provide OSS and UNEs and UNE-Ps to IDS at
10 parity.

11 3. BellSouth shall immediately provide IDS with direct real-time access to
12 BellSouth's DOE and SONGS systems in a fashion identical to BellSouth's
13 access to such systems.

14 4. BellSouth shall cease and desist from any promotional or win back
15 activities such as the Full Circle Program or Full Circle 2001 and contacting
16 IDS' customers within sixty days of their conversion to IDS for a full twelve
17 month period after BellSouth conclusively proves to the Florida Public
18 Service Commission that it is providing OSS and UNEs and UNE-Ps to IDS
19 at parity with those provided to BellSouth's own customers.

20 5. BellSouth shall structurally separate its retail division from its wholesale
21 division such that no sharing of IDS' or any other CLEC's CPNI data will be
22 possible in the future. BellSouth shall be sanctioned with severe penalties
23 for permitting the inappropriate sharing of IDS' CPNI information such that

1 BellSouth's retail division was capable of inappropriately attempting to win
2 back IDS' customers even prior to their conversion to IDS' services.

3 6. BellSouth shall be sanctioned with severe penalties for its fraudulent
4 inducement to IDS to enter into an agreement which BellSouth purported to
5 be outside of the regulatory purview of the Florida Public Service
6 Commission, the FCC or the Telecommunications Act of 1996.

7 7. BellSouth shall be sanctioned with severe penalties for its anticompetitive
8 activities against IDS which have resulted in serious damages to IDS and
9 to IDS' customers and to the development of competition in the local
10 telecommunications services market which has been mandated by the
11 Florida Legislature and the United States Congress.

12 Q: Does this conclude your testimony?

13 A: Yes.

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KEITH KRAMER
1525 NW 167th Street
Miami, Florida 33169
Business: (305) 913-4000

Present Employment: 1993 – Present – IDS Long Distance, Inc. n/k/a IDS Telcom, LLC.

1993 - Sales Manager – responsible for developing a sales team for IDS' services.

1994 - Sales Director for IDS' multiple-City sales team

1995 - Sales and Marketing Director for IDS

1996 - Project Manager for Local Services for IDS – developed strategies for the development and deployment of the network to be used for local services.

1997 – VP, Sales and Marketing, for IDS

Developed IDS' customer service systems and procedures for Local Services including negotiation of Interconnection Agreement with BellSouth and other RBOCs such as Sprint, GTE and Verizon.

Developed a forward-looking Business Plan for Market rollout based on UNE-P in the nine BellSouth states.

12/99 – present - Senior Vice President of IDS

1984-1993 – Southern Wine & Spirits , Miami, Florida – General Sales Manager

Primarily responsible for the Domestic - Business Development (Sales and Marketing)

1981-1983 – Stereo Etc.

General Manager – Operations for Chain of Audio Video Stores.

Primarily responsible for Business Development and Sales Expansion

Education: 1976 – Bachelor of Arts Degree – University of Miami (Business)

1978 – Masters Degree – Florida International University (Business Administration)

**Amendment to the Interconnection Agreement
By and Between BellSouth Telecommunications, Inc.
And IDS Long Distance, Inc. Dated January 27, 1999**

This Agreement refers to the Interconnection Agreement ("the Agreement") entered into by IDS Long Distance, Inc. ("IDS Long Distance") and BellSouth Telecommunications, Inc. ("BellSouth") on January 27, 1999. This Amendment ("Amendment") is made by and between IDS Long Distance and BellSouth and shall be deemed effective on the date executed by IDS Long Distance and BellSouth

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, IDS Long Distance and BellSouth (individually, a "Party" and collectively, the "Parties") hereby covenant and agree as follows:

1. Section 2.1 of the General Terms and Conditions of the Agreement is hereby amended to read as follows.

2.1 The term of this Agreement shall be one year, beginning on the effective date of this Agreement, except as set forth in Attachment 15 of this Agreement

2. The following is hereby inserted into the General Terms and Conditions of the Agreement as a new section, Section 2.4

2.4 If an interconnection agreement is not negotiated or renewed, the termination liability set forth in Appendix A of Attachment 15 to this Agreement shall survive

3 Exhibit 1, attached hereto and incorporated herein by reference, is hereby inserted into the Agreement as a new attachment, Attachment 15.

4 All of the other provisions of the Interconnection Agreement shall remain unchanged and in full force and effect.

5 Either or both of the Parties is authorized to submit this Amendment to the appropriate State Public Service Commissions or other Regulatory Agencies 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

IDS Long Distance, Inc.

Signature

Printed Name

Title

Date

BellSouth Telecommunications, Inc.

Signature

Printed Name

Title

Date

Exhibit 1

Attachment 15

Professional Services and Combinations

The Parties hereto agree that the rates, terms and conditions contained in this Attachment 15 involve certain duties and obligations entered into voluntarily by BellSouth and that BellSouth is not obligated by the terms of the Telecommunications Act of 1996 (the "Act"), to perform these duties and obligations. The Parties have entered into these duties and obligations because of the economic benefits accruing to each party as a result of doing so. The Parties further acknowledge that certain of the duties and obligations set out in this Attachment 15 involve professional services rather than telecommunications services. Nonetheless, the Parties further recognize and agree that, BellSouth having voluntarily agreed to perform such duties and obligations, BellSouth will make the rates, terms and conditions contained in this Attachment 15 available to any other local telecommunications carrier that agrees to be bound by rates, terms and conditions identical to those in this Attachment 15.

The Parties further acknowledge and agree that BellSouth's duties and obligations as set out in this Attachment 15 require BellSouth to combine network elements that, but for the Parties' agreement herein, BellSouth would not be required to provide or combine for any telecommunications carrier. Accordingly, the Parties agree that, to the extent this Attachment 15 requires BellSouth to undertake duties and obligations that it is not otherwise required to perform pursuant to any section of the Act nor pursuant to any current or future order of the Federal Communications Commission ("FCC") or of any state public service commission, such duties and obligations are not subject to the jurisdiction of the FCC or of any state public service commission, including but not limited to any authority to arbitrate the rates, terms and conditions for the offering of such combinations of network elements. To the extent that IDS Long Distance, the FCC, or any state commission asserts that any such rates, terms and conditions of this Attachment 15, are subject to the jurisdiction of the FCC or any state public service commission for the purpose of changing said rates, terms and conditions, or are subject to arbitration, except for commercial arbitration pursuant to Section 13 of this Attachment 15, then such rates, terms and conditions shall immediately become null and void and of no effect whatsoever as between the parties affected. Services provided by BellSouth to IDS Long Distance pursuant to this Attachment 15 that BellSouth is not otherwise required to provide shall be converted to and treated as resale for all purposes. If any part of this Attachment 15 becomes null and void because of any action taken by IDS Long Distance, then early termination charges as specified in Appendix A of this Attachment 15 shall apply. If this Attachment 15 becomes null and void because of any action taken by any other person, party, or entity, including but not limited to the FCC or any state commission, then early termination charges as specified in Appendix A of this Attachment 15 shall not apply. If any person, entity or party exercising its rights under Section 252(i) of the Act, the "Adopting Party," or the FCC, any state public service commission, or any other person

entity or party asserts that any of the rates, terms and conditions of this Attachment 15 assumed by the Adopting Party are subject to the jurisdiction of the FCC or any state public service commission for the purpose of changing said rates, terms and conditions of this Attachment 15 or are subject to arbitration, except for commercial arbitration pursuant to Section 13 of this Attachment 15, then, to the extent that such assertion of jurisdiction purports to apply to rates, terms or conditions herein that BellSouth is not obligated under the law to provide, such rates, terms and conditions of any such contract or agreement based upon this Attachment 15 shall immediately become null and void and of no effect whatsoever as between the parties affected. In the case of a ruling of a state public service commission, this Attachment 15 shall be null and void in that state only, and all affected services provided by BellSouth to IDS Long Distance in that state pursuant to this Attachment 15 shall be converted to and treated as resale for all purposes. If this Attachment 15 assumed by an Adopting Party becomes null and void because of any action taken by the Adopting Party, then early termination charges as specified in Appendix A of this Attachment 15 shall apply. If this Attachment 15 assumed by an Adopting Party become null and void because of any action taken by any other person, party or entity, including but not limited to the FCC or any state commission, then early termination charges as specified in Appendix A of this Attachment 15 shall not apply.

Notwithstanding the foregoing, if during the term of this Attachment 15, should the FCC, any state public service commission, or any arbitrator appointed and acting pursuant to section 252(b) of the Act, require BellSouth to provide to another CLEC that has not agreed to be bound by rates, terms and conditions substantially identical to the rates, terms and conditions contained within this Attachment 15, some or all of the professional services provided for herein including a combination of network elements, at rates, terms or conditions different from those set out in this Attachment 15, then as to IDS Long Distance and BellSouth, this Attachment 15 shall become null and void only in that state or jurisdiction where the ruling is effective and no early termination charges shall be applied to IDS Long Distance. Upon this event, BellSouth and IDS Long Distance shall only be required to continue fulfilling their obligations under this Attachment 15 for a period of 180 days following the ruling becoming final and nonappealable. During the 180-day period, BellSouth and IDS Long Distance shall renegotiate in good faith the terms and conditions of this Attachment 15 consistent with the final and nonappealable ruling for the states affected by said ruling. If the Parties cannot reach a mutually acceptable agreement within such 180-day period, the rates for IDS Long Distance's embedded base shall revert to the appropriate jurisdiction's resale rate for such services. No nonrecurring charge will be assessed for the conversion of the embedded base to resale rates.

The Parties agree that any telecommunications carrier may obtain the totality of the identical rates, terms and conditions of this Attachment 15 pursuant to Section 252(j) of the Act. The Parties further acknowledge that all of the rates, terms and conditions contained in this Attachment 15 are interdependent upon and related to one another and that the Parties would not have agreed to any or all of this Attachment 15 if any of the rates, terms and conditions of this Attachment 15 were or are altered in any way.

1. Term

BellSouth shall provide and IDS Long Distance shall purchase the combinations described in this Attachment for a period of seven (7) years from the effective date of this Attachment. The Parties recognize that this period of 7 years is longer than the term of the Agreement. Accordingly, the Parties agree that, for purposes of this Attachment 15, and for the duration of this Attachment 15, they shall be bound by the terms and conditions, including but not limited to the rates, set out in the Agreement as well as in any subsequent interconnection agreement that may be entered into by the Parties as a result of negotiation, arbitration, adoption of another company's interconnection agreement, or otherwise. The governing terms and conditions for any given time shall be those set out in the interconnection agreement in effect between the Parties at such time. If, at the expiration of the Agreement or any subsequent interconnection agreement, IDS Long Distance does not enter into a replacement interconnection agreement with BellSouth, then this Attachment 15 shall terminate provided however, that the termination liabilities set forth in Appendix A shall survive the termination of this Attachment 15.

If after sixty (60) days of signing the Attachment where both Parties have made a good faith and best effort attempt to implement the Attachment, IDS Long Distance determines there are operational or technical impairments to the implementation, IDS Long Distance will provide BellSouth, in writing, those operational or technical impairments. Within fifteen (15) days of receiving the notification the Parties will develop a process improvement plan to meet the requirements specified by IDS Long Distance. If after sixty (60) days from the development of the process improvement plan BellSouth has not met the requirements specified in the plan, IDS Long Distance may terminate the Attachment without invoking the early termination charges reflected in Appendix A to this Attachment.

2. Minimum Volume

IDS Long Distance shall use the combinations provided by BellSouth pursuant to this Attachment and listed in Appendix A hereto, as Appendix A may be amended from time to time, to provide a minimum of ninety (90) percent of its total local business, voice and data services. For purposes of this section, the 90% minimum volume requirement shall be measured by the number of IDS Long Distance switched DSO lines or their equivalents as listed in section 1 of Appendix A in each Metropolitan Statistical Area ("MSA") located in BellSouth's franchised territory in which IDS Long Distance is operating at any given time (excluding DSL technology and dedicated services). This percentage shall be maintained during the term of this Attachment, irrespective of any growth in business experienced by IDS Long Distance. If the FCC or a state commission issues a final and non-appealable ruling that combinations of the network

elements as set forth in Appendix A of this Attachment 15 should be priced in a manner other than as set out in Appendix A of this Attachment 15. such combinations in that state or jurisdiction where the ruling is effective will not be included in the determination of IDS Long Distance's total local business. Within sixty (60) days of the execution of this Attachment, the Parties agree to establish the procedures for measuring the minimum volume percentages during the audits as described in Section 7 of this Attachment. Resold services provided by BellSouth will not be included as a combination purchased from BellSouth nor included as part of IDS Long Distance's total local business. Other than a DSL or dedicated transport offering, if IDS is interested in pursuing other combinations that those listed in Appendix A, IDS will first send BellSouth a written request and allow BellSouth 30 days to respond to the request. After 30 days if BellSouth has not agreed to provide the combination(s) requested by IDS Long Distance, IDS Long Distance may pursue alternative solutions from entities other than BellSouth, including IDS Long Distance to obtain such combinations. If BellSouth agrees to provide such requested combinations, Appendix A shall be amended to include the new combination and the 90% rule contained in this Section 2 shall apply to the new combinations as well as previously provided combinations.

If market conditions change significantly during the term of this Attachment 15, the Parties agree to discuss whether the pricing in this Attachment 15 is appropriate.

3. Failure to Attain or Maintain Minimum Volume

- 3.1 IDS Long Distance shall attain, within one month from the execution of the Attachment, the Minimum Volume, as set forth in Section 2 of this Attachment 15 for all MSAs in the BellSouth franchised territory in which IDS Long Distance is operating at any given time.
- 3.2 If at any time after one month of the execution of the Attachment, BellSouth has reason to believe that IDS Long Distance is not in compliance with the Minimum Volume requirement outlined in this Attachment, BellSouth may invoke Section 7 of this Attachment, even prior to the first anniversary date of this Attachment.
- 3.2.1 In the event that IDS Long Distance is not in compliance with the Minimum Volume requirement outlined in this Attachment at any time, then BellSouth may send a Notice of Failure to Maintain Minimum Volume pursuant to which IDS Long Distance shall have sixty (60) days to demonstrate that it has met the Minimum Volume requirement. If, after sixty (60) days, IDS Long Distance is unable to demonstrate compliance with the Minimum Volume requirement, BellSouth shall have the right to refuse additional orders for Professional

Services, and all new orders shall be treated as resold service and have the resale discount applied pursuant to the IDS Long Distance Resale Agreement

- 3.2.2 In the event that BellSouth determines that IDS Long Distance is not in compliance with the Minimum Volume requirement outlined in this Attachment and IDS Long Distance contests BellSouth's audit findings, the Parties may exercise Dispute Resolution Procedures pursuant to Section 13 of this Attachment.
- 3.3 If after ninety (90) days from the transmittal of the "Notice of Failure to Maintain Minimum Volume," IDS Long Distance is still unable to demonstrate it has complied with the Minimum Volume requirement, then all existing services combined pursuant to this Attachment 15 shall be converted to and otherwise treated as resold services and shall be priced at the retail rate for such service less the resale discount, as set forth in the CLEC-1 Resale Agreement, on a going-forward basis. This action will invoke the termination penalties as described in Appendix A of this Attachment 13 and this Attachment 13 shall be deemed terminated without further action from either part.

4. Professional Services Performed by BellSouth

4.1 Services Available

- 4.1.1 Existing Services BellSouth will use its professional, technical and engineering expertise to provide to IDS Long Distance the combinations of unbundled network elements set forth in Appendix A hereto, as that appendix is amended from time to time by the mutual agreement of the Parties. (BellSouth's provision of such combinations is hereinafter referred to as "Professional Services")
- 4.1.2 Product and Processes Development Within sixty (60) days of the execution of the Attachment, the Parties agree to establish procedures for the development of additional combinations to be combined under this Attachment

5. Ordering, Provisioning and Billing

- 5.1 The Professional Services ordered via this Attachment 15 must be ordered electronically through EDI or TAG. Alternative processes for ordering the Professional Services other than via EDI or TAG may be mutually developed and must be agreed to by both Parties
- 5.2 IDS Long Distance is limited to a maximum of 25 lines per Local Service Request that require Professional Services
- 5.3 Maintenance, Repair, and Testing

- 5.3.1 IDS Long Distance shall use the CLEC TAFI or the ECTA interfaces for maintenance, repair, and testing of all combinations provided under this Attachment. Should a specific combination not be supported by one of these interfaces, IDS Long Distance may then contact the appropriate repair center
- 5.3.2 BellSouth's provision of maintenance, repair, and testing services for IDS Long Distance shall be at least equal in quality, subject to the same conditions and provided within the same provisioning time intervals that BellSouth provides to its affiliates, subsidiaries and end users. If IDS Long Distance can demonstrate, in accordance with the dispute resolution procedures laid out in Section 13 of this Attachment, that BellSouth's actions in carrying out maintenance, repair, or testing has directly resulted in an IDS Long Distance end user switching carriers and that BellSouth did not provide quality of service at least equal to that which BellSouth provides to itself in a similar situation, BellSouth shall refund the non-recurring charge and one month's Professional Services fee billed to IDS Long Distance for that end user, provided that IDS Long Distance has paid those charges.
- 5.4 Billing
- 5.4.1 Professional Services shall be billed in the same format using the same process as IDS Long Distance is currently billed for Unbundled Network Elements as set forth in Attachment 7 to the Agreement.
- 5.4.2 Payment Responsibility. Payment of the Professional Services will be the responsibility of IDS Long Distance. IDS Long Distance shall make payment to BellSouth for all services as set forth in Attachment 7 to the Agreement
- 6. Rates**
- 6.1. The recurring and nonrecurring rates for the services provided in this Attachment 15 shall be as set forth in Appendix B as this Attachment 15 is amended from time to time by the mutual agreement of the Parties.
- 6.2 IDS Long Distance will pay for each combination BellSouth combines pursuant to this Attachment a Professional Services Coordination Fee ("PSCF") The PSCF for each category of combinations are as set forth in Appendix A of this Attachment 15
- 7. Audits**
- 7.1 The following audit procedures shall apply

- 7.1.1 Subject to IDS Long Distance's reasonable security requirements and except as may be otherwise specifically provided in the Agreement, BellSouth has the right to audit IDS Long Distance's books, records and other documents every six (6) months, with the first audit to take place on or anytime after, the first anniversary date of the Attachment for the purpose of determining whether IDS Long Distance has satisfied its Minimum Volume obligations. BellSouth may employ other persons or firms for this purpose. Such audit shall take place at a time and place agreed on by the Parties no later than thirty (30) days after notice thereof to BellSouth.
- 7.1.2 IDS Long Distance shall cooperate fully in any such audit, providing reasonable access to any and all appropriate IDS Long Distance employees and books, records and other documents reasonably necessary to determine whether the minimum volume obligation has been met.
- 7.1.3 BellSouth may audit IDS Long Distance's books, records and documents more frequently than once every six months during any Contract Year at its discretion if the previous audit found a variance of four percentage points or more below the Minimum Volume.
- 7.1.4 Audits shall be at BellSouth's expense, subject to reimbursement by IDS Long Distance in the event that an audit finds a variance, on an annualized basis, of four percentage points or more below the Minimum Volume.

8. Termination for Cause

- 8.1 In the event of breach of any material provision of this Attachment 15 by either Party, other than as set for in Section 3 above, the non-breaching party shall give the other Party written notice thereof via certified or overnight mail with return receipt, and:
- 8.1.1 If such material breach is for non-payment of amounts due hereunder, the breaching party shall cure such breach within thirty (30) days of receiving such notice, and if the breaching party does not, the non-breaching party may, at its sole option, terminate this Attachment 15, or any parts hereof. The non-breaching party shall be entitled to pursue all available legal and equitable remedies for such breach. Amounts disputed in good faith and withheld or set off shall not be deemed "amounts due hereunder" for the purpose of this provision.
- 8.1.2 If such material breach is for any failure to perform in accordance with this Attachment which adversely affects the non-breaching party's subscribers, the non-breaching party shall give notice of the breach and the breaching party shall cure such breach within thirty (30) business days, and if the breaching party does not, the non-breaching party may, at its sole option, terminate this

Attachment 15, or any parts hereof. The non-breaching party shall be entitled to pursue all available legal and equitable remedies for such breach.

- 8.1.3 if such material breach is for any other failure to perform in accordance with this Attachment 15, the breaching party shall cure such breach to the non-breaching party's reasonable satisfaction within forty-five (45) days, and if it does not, the non-breaching party may, at its sole option terminate this Attachment 15, or any parts hereof. The non-breaching party shall be entitled to pursue all available legal and equitable remedies for such breach. The non-breaching party shall be entitled to pursue all available legal and equitable remedies for such breach.
- 8.1.4 If BellSouth is the breaching party and the breach results in the termination of this Attachment, early termination charges, as described in Appendix A, Section 2, shall not apply, and all services provided by BellSouth to IDS Long Distance pursuant to this Attachment 15 shall be converted to and treated as resale for all purposes.

9 Purchase or Acquisition

- 9.1 Should IDS Long Distance purchase a telecommunications company ("Telco") with existing facilities and if either IDS Long Distance or Telco uses these facilities to provide services equivalent to those described in Section 1 of Appendix A, and the combined amount of facilities of IDS Long Distance and Telco would put IDS Long Distance in non-compliance with the minimum volume requirement of this Attachment 15, BellSouth and IDS Long Distance will amend this Attachment to include in Section 14, Exempting Switches, the Telco switches that have been in operation for six months prior to the completion of the merger or acquisition that serve end users in BellSouth's franchised territory, and will abide by all terms and conditions in that section. IDS Long Distance shall use the original Telco facilities for growth and churn only, and shall not transfer to Telco's facilities any services originally provided by BellSouth to IDS Long Distance under this Agreement.
- 9.2 Should IDS Long Distance ever sell more than fifty percent (50%) of its common equity to another telecommunications company ("Telco"), IDS Long Distance agrees that the following term shall apply to the assumption of this Attachment 15, and that if Telco does not agree to such terms, this Attachment 15 shall become null and void and of no further effect, and that the termination liability set forth in Appendix A of this Attachment shall apply
- 9.2.1 Telco will amend this attachment to include in Section 14, Exempting Switches Telco's switches that have been in operation for six months prior to the completion of the merger or acquisition that serve end users in BellSouth's franchised territory, and will abide by all terms and conditions in that section. Telco will use the original Telco facilities existing at the time of the acquisition for growth and churn only and shall not transfer to Telco's facilities any services

originally provided by BellSouth to IDS Long Distance under this Attachment

10. Assignment and Subcontract

10.1 Any assignment by either party to any non-affiliated entity of any right, obligation or duty, or of any other interest hereunder, in whole or in part, without the prior written consent of the other party shall be void. A party may not assign this Attachment 15 or any right, obligation, duty or other interest hereunder to an Affiliate company of the party without the consent of the other party. All obligations and duties of any party under this Attachment 15 shall be binding on all successors in interest and assigns of such party. No assignment or delegation hereof shall relieve the assignor of its obligations under this Attachment 15 in the event that the assignee fails to perform such obligations.

10.2 If any party's obligation under this Attachment 15 is performed by a subcontractor or affiliate, the Party subcontracting the obligation nevertheless shall remain fully responsible for the performance of this Attachment 15 in accordance with its terms, and shall be solely responsible for payments due its subcontractors or affiliates. No subcontractor or affiliate shall be deemed a third party beneficiary for any purposes under this Attachment 15.

11. Relationship of Parties

Each party is an independent contractor, and has and hereby retains the right to exercise full control of and supervision over its own performance of its obligations under this Attachment 15 and retains full control over the employment, direction, compensation and discharge of all employees assisting in the performance of such obligations.

12. No Third Party Beneficiaries

The provisions of this Attachment 15 are for the benefit of the Parties hereto and not for any other person. This Attachment 15 shall not provide any person not a party hereto with any remedy, claim, liability, reimbursement, claim of action, or other right in excess of those existing without reference hereto

13. Dispute Resolution Procedures

Any dispute arising out of or related to this Attachment 15 that cannot be resolved by negotiation shall be settled by binding arbitration in accordance with the J A M S /ENDISPUTE Arbitration Rules and Procedures ("Endispute Rules"), as amended by this Attachment. The cost of arbitration, including the fees and expenses of the Arbitrator, shall be shared equally by the Parties unless the arbitration award provides otherwise. Each party shall bear the

costs of preparing and presenting its case. The Parties agree that this provision and the Arbitrator's authority to grant relief shall be subject to the United States Arbitration Act, 9. U.S.C. 1-16 et seq. ("USAA"), the provisions of this Attachment and the ABA-AAA Code of ethics for Arbitrators in Commercial Disputes. The Parties agree that the Arbitrator shall have no power or authority to make awards or issue orders of any kind except as expressly permitted by this Attachment, and in no event shall the Arbitrator have the authority to make any award that provides for punitive or exemplary damages. The Arbitrator's decision shall follow the plain meaning of the relevant documents and shall be final and binding. The award may be confirmed and enforced by any court of competent jurisdiction. All post-award proceedings shall be governed by the USAA. The Parties will continue to operate according to the terms of this Attachment while the Parties engage in the dispute resolution process; BellSouth will continue to receive orders until resolution is achieved pursuant to this Section.

14. Exempting Switches

IDS Long Distance has X-number of facilities in the following locations:

A. Location	B. Total single line equivalents currently in service	C. Maximum Facilities Allowed	D. Allowed growth at this location

As of the effective date of this Attachment, IDS Long Distance provides services utilizing facilities equivalent to those described in Appendix A on these switches listed in the above table. The use of IDS Long Distance's switches shall have the effect of causing IDS Long Distance to fail to meet the minimum volume requirement of this Attachment. IDS Long Distance may continue to place services utilizing facilities equivalent to those described in Appendix A on their existing switches until it has reached the maximum number of facilities to be utilized as set forth in the above table. Maximum Facilities Allowed means the current switch capacity to provide the services described in Appendix A without subsequent expansion of the facilities as they exist at the time of execution of

this Attachment. All services above the Maximum Facilities Allowed shall be provided utilizing the unbundled network elements and professional services contained within this Attachment until the Minimum Volume obligation is attained. Thereafter, IDS Long Distance shall maintain the Minimum Volume requirements contained within this Attachment.

15. Effect of FCC 319 Remand

Both IDS Long Distance and BellSouth believe that the FCC order regarding Unbundled Network Elements and the recombination thereof will be issued within the next few weeks. Either party within ten (10) days after the issue of the order has the right to void this Attachment 15 and make it of no further effect without penalty to either party.

ATTACHMENT 15

APPENDIX A

Loop / Port Arrangement

1. Unbundled Network Elements that may be combined using the Professional Services Coordination Fee ("PSCF"):

Combination (bundling) of Unbundled 2-wire Analog Voice-Grade Loop (SL1), Unbundled 2-wire Analog Port (both the monthly and usage-sensitive elements).

2. **Early Termination Charges**

The charge for early termination of this Attachment will be a per line charge on the average number of lines installed for the previous twelve (12) months prior to the termination charge taking effect. A \$90.00 (\$7.50 per line per month) per line charge will be assessed if the Attachment is terminated prior to the 3rd anniversary date of the Attachment. A \$60.00 (\$5.00 per line per month) per line charge will be assessed if the Attachment is terminated on or after the 3rd anniversary date and prior to the 5th anniversary date. A \$30.00 (\$2.50 per line per month) per line charge will be assessed if the Attachment is terminated on or after the 5th anniversary date.

3. **Ordering**

All services ordered associated with Attachment 15 of this Agreement must be ordered electronically. No manual orders will be accepted.

4. **Nonrecurring Charges**

Based on the Parties' assumption that 95% of the combinations covered by this Attachment will be for existing lines involving services already in place, and only 5% will involve new installations, the Parties agree that the nonrecurring charge for each combination provided by BellSouth to IDS Long Distance pursuant to this Attachment will be \$41.50. In no event, shall such nonrecurring charge be reduced below \$41.50. BellSouth may conduct an audit on an annual basis to determine the actual percentage of new installations covered by this Attachment 15. The Parties agree that if such audit shows the actual percentage of new installations of orders placed under this Attachment 15 during the previous 12 months or since the last audit, whichever period is shorter, is greater than 5% IDS Long Distance will pay a one-time settlement for every order placed under this Attachment 15 during the audited period. The

settlement amount to be paid pursuant to the terms of this paragraph shall be \$10 for each 10% increase in new installations over and above the original projected 5%. For example, if 100 orders had been placed during the period in question and the audit showed 18% of those orders involved new installations, IDS Long Distance would pay \$10 for every order placed during the period in question, or \$1,000. If the audit showed 28% of those orders involved new installations, IDS Long Distance would pay \$20 for every order placed during the period in question, or \$2,000.

5. Rates

The recurring rates for the PSCF are as follows:

State	PSCF Zone 1	PSCF Zone 2A	PSCF Zone 2B	PSCF Zone 3
Alabama	\$5.30	\$9.30	\$15.30	\$20.30
Florida	\$5.30	\$9.30	\$15.30	\$20.30
Georgia	\$5.30	\$9.30	\$15.30	\$20.30
Kentucky	\$5.30	\$9.30	\$15.30	\$20.30
Louisiana	\$5.30	\$9.30	\$15.30	\$20.30
Mississippi	\$5.30	\$9.30	\$15.30	\$20.30
North Carolina	\$5.30	\$9.30	\$15.30	\$20.30
South Carolina	\$5.30	\$9.30	\$15.30	\$20.30
Tennessee	\$5.30	\$9.30	\$15.30	\$20.30
USOCs:				
Residential VG	UEG2R	UEG2W	UEG2G	UEG2L
Business VG	UEG2D	UEG2X	UEG2H	UEG2M
PBX 2-Way Trunk	UEG2A	UEG2Y	UEG2J	UEG2N
PBX 1-Way Outward Trunk	UEG2B	UEG2Z	UEG2K	UEG2P

Zone 1 and Zone 3 are as defined in the FCC NECA 4 Tariff.

The following localities constitute Zone 2A and Zone 2B:

Zone 2A	Zone 2B
Alpharetta, GA	Gainesville, FL
Hollywood, FL ✓	Augusta, GA
Baton Rouge, LA	Shreveport, LA
Charleston, SC	Huntsville, AL
Winston-Salem, NC	Wilmington, NC
Greenville, SC	Columbus, GA
Knoxville, TN	Macon, GA
Chattanooga, TN	Asheville, NC
Pompano Beach, FL ✓	Lafayette, LA
Mobile, AL	Spartanburg, SC
Savannah, GA	Albany, GA
Pensacola, FL ✓	Florence, SC
Marietta, GA	
Daytona, FL	

Attachment 15

Appendix B

The following recurring and nonrecurring rates for the individual unbundled network elements apply only for these elements when they are combined pursuant to this Attachment 15 and thus when there is a concurrent payment of a PSCF. These rates are available only on a BellSouth region-wide basis and cannot be selected on a state-by-state basis.

2-Wire Analog Line Port Regional Rates (Res., Bus.) including all available features, per month (1), (2)	\$6.85
USOC: Residential VG	UEPRL
USOC: Business VG	UEPBL
USOC: PBX 2-Way Trunk	UEPPC
USOC: PBX 1-Way Outward Trunk	UEPPO
NRC – Disconnect Chg - 1 st	\$18.41
NRC – Disconnect Chg – Add'l	\$18.41
Regional Unbundled 2-Wire Cross Connect, per month	\$0.30
USOC	PE1P2
Regional Unbundled Usage Rates (1), (2)	
Unbundled Local Switching, per mou	\$0.0021025
End Office Trunk Port, per mou	\$0.0002287
Unbundled Interoffice Transport (Shared), per mile/per mou	\$0.0000101
Unbundled Interoffice Transport (Shared), Facilities Termination, per mou	\$0.0004593
Unbundled Tandem Switching, per mou	\$0.0007849
Unbundled Tandem Trunk Port, per mou	\$0.0003331
2-Wire Analog VG Loop-SL1, per month	
USOC	UEPLX
Alabama	\$19.04
Florida	\$17.00
Georgia	\$16.51
Kentucky	\$20.00
Louisiana	\$19.35
Mississippi	\$21.26
North Carolina	\$16.71
South Carolina	\$22.49
Tennessee	\$16.00

BellSouth Interconnection Services Fax 205 321-7777
10th Floor
600 Florida Center Street
Birmingham, Alabama 35202

April 17, 2000

Mr. Bud Higdon
Vice President of Provisioning
IDS Telecom
1525 Northwest 167th St, 2nd FL
Miami, FL 33169

Dear Mr. Higdon:

This notification is to provide testing guidelines and processes that will be used by BellSouth and **IDS TELCOM** for beta testing Bulk Ordering of Port/Loop Combo Services via LENS. BellSouth reserves the right to suspend testing for major coding changes.

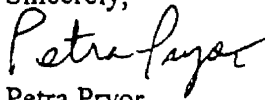
The testing process described in this document is designed to validate **BST - IDS TELCOM** LENS local exchange ordering procedures. The main objective of this Beta-Test is Evaluate/validate Bulk Ordering of Port/Loop Combo functionality. This testing will also allow the new key functions of LENS to be examined by **IDS TELCOM** and if necessary, this testing will allow the LENS team to make course corrections, correct any emergency defects and allow **IDS TELCOM** an opportunity to provide feedback.

Beta Testing will test bulk ordering for Port/Loop Combo. This functionality will be made available to **IDS TELCOM** for a limited period only. *The bulk ordering functionality provided will be operational and will generate firm orders.* During this period, current LENS users will not be affected by the Beta Testing because the software will be released on parallel hardware and will not affect production LENS in any way. Once the Beta Testing is completed, external access to the release will be removed to allow for the completion of the overall development effort.

Some test-Parameters will need to be followed. **IDS** will utilize LENS Bulk Ordering of Port/Loop Combo Services. The orders may include Single Line Residence and Business, Multi-line Accounts (25 lines or less), or Series Complete Hunting (identified by HTG). Remote call forwarding and Complex Services accounts are not supported.

The test will only be considered a success if 100% accuracy of the orders takes place from end-to-end. This includes 100% accuracy from provisioning to billing. If this objective is not met, BellSouth and **IDS** will work together to correct any outstanding issues.

Sincerely,



Petra Pryor
Assistant Vice President ACS Sales

4511 BellSouth Center
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Phone 404 927 7020
Fax 404 521 2311

Glen Estell
President, Interconnection Services

May 17, 2000

Mr. Joe Millstone, CEO
IDS Telcom
1525 Northwest 167th Street, Suite 200
Miami, FL 33169

Dear Mr. Millstone:

Mr. Ackerman asked me to respond to your letter of May 12, 2000. Also, this will confirm our conference call discussion of May 15, 2000

IDS experienced many problems when placing a large quantity of end user orders during the week of May 8, 2000. As you know, IDS utilized new functionality within a BellSouth software program to submit these orders. Unfortunately, BellSouth's mechanized systems experienced software problems that were not detected in the standard development and implementation process utilized by BellSouth when bringing new functions up for commercial use. The problems with the programs were discovered when IDS' orders completed through the system.

We regret that this situation occurred and hope that we can work through this issue and prevent any such difficulties with IDS orders in the future.

Please accept BellSouth's apologies and share them with any IDS customer whose service may have been affected during the past several days.

Sincerely,



Glen Estell
President, BellSouth - Interconnection Services



Telcom

Via Facsimile (404) 584-6545

May 12, 2000

Duane Ackerman, C.E.O.
BellSouth
675 W. Peachtree Street
Room 37D
Atlanta, GA. 30375

Dear Mr. Ackerman:

Recent events caused by BellSouth have caused a catastrophic interruption of service (to include Local and Long Distance) to over 1300-business customers of IDS. This latest disaster is actually the culmination of events occurring over the last four months. I am now forced to take action.

After interviewing my senior Operation Managers, and IT Managers, below is a synopsis of their testimony:

Upon reaching an agreement with BellSouth under the UNE P Agreement, and then the subsequent Attachment-2 Amendment for Remand 319, IDS, under BellSouth's direction, began to try to electronically connect with BellSouth to process orders. Initially, IDS tried through EDI. This was not possible, because BellSouth would no longer support a third party vendor associated with EDI. At this point, we had discussions regarding whether LENS would be able to process accounts based on the UNE-P agreement. Pattie Knight said, "absolutely not, and the problem IDS was having using EDI was a training issue, and she would be available for such training". I purchased her services only to find out that IDS staff already knew what she was teaching, and such training was unnecessary. The problem was, EDI was not, nor could it be made able to process accounts. BellSouth solution was to offer ROBOTAG to IDS for \$60,000. After careful review of what BellSouth said ROBOTAG could do and what it actually could do, it was our opinion that this course was unacceptable.

In early February, IDS evaluated and purchased the MANTISS product. BellSouth said that they would not be prepared to test until late May. When my personnel advised me of this, I proceeded to intervene with BellSouth and Jimmy Patrick to expedite the testing. Testing began in March and was to last eight (8) weeks. Again, I needed to intervene to shorten the time frame. (The UNE-P Agreement was signed in November 1999). By April, testing was completed and I instructed my personnel to move over our Re-sale base to the UNE before April 17, 2000. (BellSouth's billing date). When we attempted to do so, we were unsuccessful.

Docket No. 010740-TP
Exhibit _____ (KK-5)
Page 1 of 3

Page 2
BellSouth
Mr. Askeman
5/12/00

We escalated the problem to Pattie Knight who for two weeks explained to us we did not know how to use the system, and we were using the wrong USOC's even though we explained to her we were using the exact USOC's she gave us. Again, I had to intervene with BellSouth and escalate the matter to a higher level, only to discover BellSouth had the wrong USOC inserted in their software. Within a short period of time, this was corrected. However, that weekend, BellSouth inserted a patch, which replaced the correct USOC with the incorrect USOC, and inserted other parameters to prevent us from moving the Re-sale customers to the UNE program. Again, this was brought to Pattie Knight's attention. Again, she said that we were doing it incorrectly. Ms. Knight repeatedly advised my personnel on what we were doing wrong. She failed to listen to us although we knew what the problem was. Again, I had to intervene after my personnel escalated it to the Executive level of that division with no success. By then it was the end of April and we passed the April 17th deadline. The problem was a line code that prevented IDS from moving the base because of the Local PIC freeze on the accounts. To put it simply, BellSouth systemitically prevented IDS from moving its customers from Re-sale to the UNE program. This is very costly to IDS, but very profitable to BellSouth. Each time we would solve one or more problems, BellSouth created other problems to prevent IDS from processing UNE accounts. Ironically, each time a problem arose, Ms. Knight always said it was an IDS problem...not BellSouth's, thereby wasting a valuable time and imposing tremendous coss to IDS, only to find out after weeks of arguing, and Ms. Knight' rejection of IDS' valid points of information, that it was indeed BellSouth's problem.

The final disaster occurred when I sent my operations personnel to Atlanta for a Remand 319 conference. At that time, we learned that LENS could process the UNE's. This, after several key Executives at BellSouth assured me it would never happen, and causing IDS to spend several hundred thousand dollars to purchase and install MANTISS. But, since LENS was available and ready to process bulk orders, I directed my staff to test LENS several times to insure it worked and then move over the Re-sale base. After my staff was assured that all test orders were completed successfully, we then over the weekend moved 1378 accounts to the UNE program. It did not work. Monday, customers' complaints overwhelmed IDS' customer service department. We again called Pattie Knight (by now, you know what the answer was), and then escalated it to Bill Thrasher. This time, there was clearly no doubt where the problem existed, and how the problem was created. Finally, BellSouth admitted to IDS (without IDS having to prove the point), that it was Bellsouth's fault. Even after this admission, the bulk of IDS' customers were out of service for three days. As of today, I am still receiving complaints. I had customers in my office telling me, I put them out of business. I have customers telling me they called BellSouth retail, who told them it was IDS' fault and if they switch to BellSouth, they will fix the problem immediately.

Page 3
BellSouth
Mr. Ackerman
5/12/00

Mr. Ackerman, I signed the UNE Agreement in November 1999 expecting to profit from that Agreement. Not only has IDS been prevented from doing so, but BellSouth has inflicted catastrophic financial harm to IDS' customers and financial burdens to IDS, which will ultimately affect my employees and their families. BellSouth has damaged the reputation of excellence that IDS has spent 11 years building.

Please address the following:

1. The lost profits that IDS has yet to realize from the initial agreement (UNE-P) since November '99.
2. Why BellSouth failed to advise IDS of their intent to use LENS for UNE's, which caused IDS to purchase MANTISS in its present format.
3. Ms Knight's apparent culpable negligence in performing her duties in her relationships with IDS.
4. The repeated inability of BellSouth to allow the MANTISS equipment to interface with BellSouth.
5. The apparent deliberate insertion of a code that prevented IDS from moving our own customer from Re-sale to the UNE program.
6. IDS' operational Executive manager was told that after each test with LENS on a switch "as is", the orders were complete and successful, when they were not.
7. The shutting down of services to 1300 plus customers of IDS, affecting both (local and long distance service).
8. Why going into the 5th day, customers are still having significant problems that have not yet been solved.
9. Would BellSouth allow its customers to be without service this long?

I anticipate your early response.

Sincerely,

Keith Kramer
Senior Vice President

KK:kh



TelcomSM

May 19, 2000

Petra Pryor
Assistant Vice President, Sales
BellSouth
10th Floor
600 North 19th Street
Birmingham, AL. 35203

Dear Ms. Pryor:

Attached is a summary of the profits IDS would have made if BellSouth was able to execute the UNE-P Agreement, which was signed November 2, 1999. This represents the re-sale base of IDS that would have moved over to the UNE-P agreement, plus the additional business sold since then. Also, attached is the month-to-month breakout of the re-sale and UNE-P cost along with the IDS retail "bill out" data.

In addition to the credit requested for the un-realized profits of the UNE-P, and UNE (Remand 319) contract, IDS is also requesting BellSouth to credit the re-sale bill of April in the amount of \$347,217.62. IDS needs this credit from BellSouth in order to stabilize the account base that had critical service disruptions as a result of the LEN's systemic problems that occurred last week and as outlined in Glen Estelle's letter.

I have factored conversion charges into the spread sheet, so please advise your billing department not to issue a bill or conversion charges for any lines through the end of May. I have also advised my CFO, Tom Wilkins to contact BellSouth's billing and collection department to put all amounts due to BellSouth in dispute until such time as the credit issues have been settled.

Ms Pryor, it is in the best interest of both companies to resolve these issues as fairly and as expeditiously as possible. As such, I have personally advised the Managing Partners of IDS Telcom and the Investment Bankers, not to seek damages at this time for any lost business or failure to perform. I have factored in what is a fair and just compensation for IDS. These are unrealized profits that IDS is entitled that BellSouth received instead. IDS's inability to realize these profits has caused considerable problems with our Investment Bankers regarding previously our delineated performance and business plan projections.

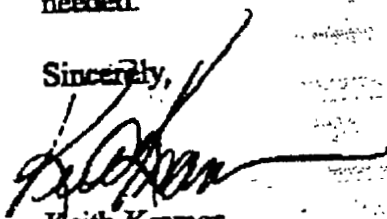
Page 2
BellSouth
Petra Pryor
5/19/00

In order to fast track this credit, I have not factored in fair and reasonable interest that should be added for each month IDS was unable to receive the proper profits. In requesting a credit for BellSouth's April re-sale bill, I have had to factor in the monies I will need to use to retain what is left of this base. I cannot help but factor in the customers who left our service because of this incident, ironically to the very company that caused the incident.

All the customers that left IDS' service for BellSouth will never switch back to IDS, because BellSouth's representatives presented the problem as an IDS problem, and not a BellSouth's problem. To quote a customer "this would have never happened, if I didn't leave Bell". The letter I received from Glen will help restore only a modicum of confidence in those customers who have yet to leave IDS, although I have found it to be of no effect at all to the customers who have left our service.

I do thank you for giving this prompt attention. Please call me if any clarifications are needed.

Sincerely,



Keith Kramer
Senior Vice President

Cc: Quinton Sanders - BellSouth
Beth Shiroishi - Bellsouth
Tom Wilkins - IDS

KK:kh

BellSouth Access Customer Sales 205 321-7700
10th Floor
600 N. 19th Street
Birmingham, Alabama 35203

Petra Pryor
Sales AVP

June 8, 2000

Mr. Keith Kramer
Senior Vice President
IDS Telcom
1525 Northwest 167th Street
Suite 200
Miami, Florida 33169

Dear Mr. Kramer:

This is in response to your letter dated May 12, 2000 to Duane Ackerman regarding several Electronic Data Interchange (EDI) issues and Bud Higdon's letter dated May 8, 2000 addressed to me. Mr. Ackerman has requested that I respond to your letter as the Sales Assistant Vice President for Interconnection Services. Specifically I will address the nine issues outlined in your letter, which will also respond to the issue in Mr. Higdon's letter.

I hope that you will find it acceptable if I address your concerns in reverse order. Your last item, I believe, is at the heart of the relationship we aspire to have with our customers and, frankly, is fundamental to my response to all nine items. You asked if we would "allow our customers to be without service this long." IDS is BellSouth's customer. The fact that you and your end-users have been without service for any length of time is of great concern to us. BellSouth's purpose is to create and keep customers by doing what is right -- from the customers' perspective. There is no benefit to BellSouth whatsoever in having companies that find it difficult to do business with us.

Regarding items seven and eight, unfortunately, your current impression of BellSouth is not favorable. However, it is never our intent to "shut down" services to the detriment of BellSouth's customers. The fact that you and many of your end-users have experienced "significant problems" is a clear indication that errors have occurred and mistakes have been made. From the many conference calls with BellSouth personnel over the past few days, you are familiar with the electronic coding and editing anomalies that were the root-cause of the problems. Resolving customer outages is of paramount importance to us, and I wish the remedies were always easy and instant. They are not, of course. Pertaining to the Local Service Requests (LSRs) originally submitted on May 5, 2000, IDS and BellSouth have engaged in a thorough joint testing of our electronic systems; fixes have been developed and validated; problems have now been solved; and all of these orders have been completed successfully. In addition to that success, I want to acknowledge your participation with us in the current Beta test of our systems. Your input is helping us close other gaps. Thank you.

Concerning item six, BellSouth is unaware of any individual order testing with IDS in the Local Exchange Navigation System (LENS). Beyond that, in all matters, we expect our representatives to communicate and make decisions based on the best information available at the time. This entire situation regarding the conversion of retail services to the Unbundled Network Element Platform (UNE-P) through the bulk order interface simply identifies that even BellSouth can experience software-coding errors. However, your allegation that BellSouth could or would deliberately code incorrectly, and that we would have something to gain by doing so, tests the limits of reasonableness.

Regarding item four, a number of CLECs successfully interface with us electronically, using LENS, Telecommunications Access Gateway (TAG), RoboTAG and EDI. We encourage the use of electronic interfaces because of the efficiencies gained through electronic access.

I alluded to item three earlier, but, in all of our customer relationships, we seek to learn what success looks like from the customer's perspective. Successfully serving the customer is an evolving process. Clearly, there have been communications breakdowns between our representatives and yours. Your perspective on these two points is evident throughout your letter. While I will not assign "culpable negligence" to anyone in this particular situation, I will tell you that, out of this, we will take the actions necessary to make us better and to strengthen BellSouth's on-going relationship with IDS.

Item two addresses notification of the use of LENS for UNE-P orders. BellSouth's notification to CLECs was through Carrier Notification SN91081703 that was posted on our Web site March 16, 2000. The notification states that, for CLECs with the appropriate contract, LENS (Issue 9) will support Bulk Ordering capabilities for port/loop combinations for "switch-as-is" orders.

Regarding item one, on May 22, 2000, BellSouth received your data relating to "lost profits." While the contractual relationship between our companies does not authorize a claim for "lost profits", BellSouth is willing to consider a settlement and release of claims associated with this situation. I will get back with you regarding this issue.

I look forward to further discussions and anticipate a better working relationship in the future.

Sincerely,



Petra Pryor
Sales Assistant Vice President

GREENBERG
ATTORNEYS AT LAW
TRAURIG

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RECORDS AND
REPORTING

Walter Steimel, Jr.
202-452-4893

SteimelW@gtlaw.com
16425.011200

August 1, 2000

Tim Vaccaro
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 000121-TP – Investigation into the Establishment of Operations Support
Systems Permanent Performance Measures for Incumbent Local Exchange
Telecommunications Companies

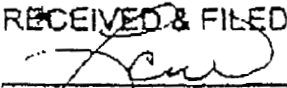
Dear Mr. Vaccaro:

This letter is on behalf of IDS Telecom (IDS) requesting to participate in the staff workshop scheduled for August 8, 2000, regarding the establishment of permanent performance measures for operations support systems (OSS) provided by incumbent local exchange companies (LECs). Keith Kramer of IDS and its counsel, Walt Steimel, Jr., will testify on behalf of IDS. IDS's testimony will last for approximately 20 minutes. Below is a brief summary of IDS's presentation.

IDS first began doing business as a long distance reseller in the State of Florida. After the passage of the Telecommunications Act of 1996, IDS also began operating as a competitive LEC. IDS began providing local exchange services to large and medium sized businesses by reselling the services of BellSouth. Within the past year, however, IDS signed an agreement with BellSouth for the purchase of unbundled network elements (UNEs) and began providing local services through UNEs.

Because of its agreement with BellSouth for UNEs, IDS has a great deal of recent experience using BellSouth's OSS to order UNEs to provide service for new customers, as well as to switch resale customers to UNEs. In particular, IDS will rely on its recent experience to

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SAO PAULO FORT LAUDERDALE DOCA RATON WEST PALM BEACH ORLANDO

Docket No. 010740-TP
Exhibit _____ (KK-8)
Page 1 of 3

Tim Vaccaro
Division of Legal Services
Florida Public Service Commission
August 1, 2000
Page 2

address a number of inadequacies in BellSouth's performance in providing OSS to IDS. These performance inadequacies include:

- (1) Failure to provide IDS with accurate and reliable information regarding the capabilities of various BellSouth systems designed to enable IDS to electronically connect with BellSouth to process IDS orders.
- (2) Failure to take adequate measures to ensure that competitive LEC customers are not misinformed by BellSouth's Web site postings regarding the availability and readiness of BellSouth's electronic systems used for order processing.
- (3) Failure to have mechanisms in place that are capable of identifying order processing problems in a timely manner, or of developing and implementing timely and effective solutions to these problems.
- (4) Failure to provide sufficient notice or explanation regarding unilateral changes made by BellSouth with respect to the types of interfaces and software that BellSouth electronic systems will utilize and support in connection with order processing.
- (5) Failure to establish procedures that are effective in devising realistic and reliable timetables and dependable processes for the conversion of competitive LEC customers from resale arrangements to arrangements under which services are provided through the use of BellSouth's UNEs.
- (6) Failure to dedicate sufficient resources to ensure adequate and timely testing of BellSouth's electronic systems used for order processing.
- (7) Failure to provide adequate measures to ensure the accuracy and reliability of testing results.
- (8) Failure to design and implement adequate problem-solving mechanisms capable of accurately evaluating and responding to data supplied by the competitive LEC customer defining the nature, scope, and origins of order processing problems caused by BellSouth's electronic systems.
- (9) Failure to establish adequate procedures, and failure to dedicate sufficient resources, to ensure that end user service interruptions caused by problems in BellSouth's order processing systems can be minimized and quickly corrected.

In light of the foregoing, IDS believes that it has particular insight regarding several of the questions the staff has asked to be addressed. For example, the experience of IDS and what can go wrong when a competitive LEC uses an incumbent's OSS, should help to shape the

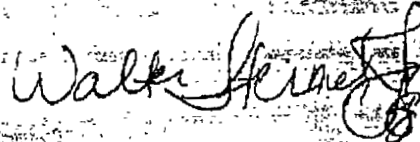
Tim Vaccaro
Division of Legal Services
Florida Public Service Commission
August 1, 2000
Page 3

objectives of any enforcement mechanism that the Florida Commission would develop. IDS will also present concrete ideas for structuring an enforcement mechanism that can avoid some of the pitfalls that IDS has encountered. IDS also has experience trying to quantify the damages that resulted from its experience using BellSouth's automated OSS.

In conclusion, IDS would like to emphasize the need for quick action when OSS problems occur. In the current telecommunications marketplace, competitive LECs must be highly responsive to the needs of their customers. Customers will not accept excuses about inadequate services provided by incumbent LECs, and they are not willing to accept harm to their own businesses because their telecommunications provider has received inadequate service. Once customers are lost, they are not coming back.

IDS appreciates this opportunity to present its views regarding this matter. If you have any questions, please feel free to contact me at the above number or Keith Kramer at (305) 913-4000.

Sincerely,



Walter Steimel, Jr.
Counsel for IDS Telecom

BellSouth Interconnection Services
1000
Birmingham, Alabama 35203

August 30, 2000

Mr. Joe Millstone
CEO
IDS Telecom
1525 Northwest 167th Street
2nd Floor
Miami, Florida 33169

Dear Mr. Millstone

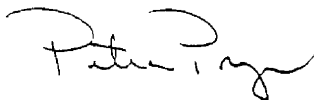
During the week of May 8, 2000, IDS Telecom experienced problems with BellSouth's Local Exchange Navigation System (LENS). The problem was corrected on May 12, 2000. This is to advise that BellSouth will credit IDS Telecom's account number 561Q97-1090 090 in the amount of \$31,712.79 as a result of the downtime caused by the bulk ordering problems associated with the LENS software.

There was no way to determine the exact number of accounts affected or the actual amount of time any particular account was out of service, therefore, the credited amount was based on half of the monthly billing divided by the number of days in the billing cycle multiplied by the number of downtime days. In accordance with Section 7.3.1 of the IDS/BellSouth Interconnection Agreement, under "Limitation of Liability" BellSouth's liability is limited to a credit for the actual cost of the services or functions not performed or improperly performed.

In addition, the outstanding balance on your local accounts minus the above adjustments as of August 29, 2000 is now \$2,011,691.00. BellSouth expects payment of these charges immediately to avoid collection action.

BellSouth apologizes for any inconvenience that may have been experienced by IDS Telecom or its customers.

Sincerely



Petra Pryor
Assistant Vice President
General Carrier Sales

BellSouth Access Customer Sales
10th Floor
600 N. 19th Street
Birmingham, Alabama 35203

Rick Hemby
Sales Director
205 321-4620

September 19, 2000

Mr. Keith Kramer
IDS Telecom
1525 N. W. 167th St., 2nd Floor
Miami, Florida 33169

Dear Mr. Kramer:

This is in response to your letter dated August 25, 2000, requesting a written explanation regarding the delay in the installation of the telephone service for IDS' end user, The Historical Research Center. Following are the results of BellSouth's investigation:

On July 31, 2000, BellSouth's Local Carrier Service Center received a Local Service Order (LSR) from IDS to move service for The Historical Research Center to a new location with a desired due date of August 7, 2000; however, the order was returned for clarification because the information provided by IDS was illegible.

On August 4, 2000, the LCSC received a corrected LSR from IDS with a desired due date of August 7, 2000. The LCSC issued order number NRBK65D3 to install twenty-four (24) lines for account 561-732-5263 with a due date of August 7, 2000. For reasons that are not documented in BellSouth systems, a BellSouth engineer requested that the LCSC split the order with twenty-one (21) lines to remain on the NRBK65D3 and issue service order CR74P706 for three (3) lines. Both of the orders were placed in a Plant Facilities (PF) status for F1 cable pairs at the end user's new location.

Beginning August 8, and continuing through August 28, 2000, a number of telephone calls took place between IDS and BellSouth during which reviews and follow-up status reports were provided to IDS. During that time it was determined that equipment must be ordered and installed at the end user's premises before service could be provided at this new end user location. On August 16, 2000, BellSouth escalated the request for the equipment to Lucent Technologies (Lucent). When BellSouth was unable to secure the equipment needed to complete the IDS order, BellSouth was advised by Lucent that it would contact its Corporate Office in an attempt to obtain the equipment from another site. During this entire process BellSouth kept Mindy Bass of IDS apprised of the status of the order as is evidenced by the status calls made to her on August 8, 9, 16, 18, 24 and 28, 2000. BellSouth personnel continued to work with Lucent to obtain the parts required to work the order for IDS' end user.

On August 28, 2000, with the equipment from Lucent installed, BellSouth removed the order from PF status and dispatched a technician that same day to the end user's premises to complete the order; however, the technician experienced difficulties with the installation of the new equipment. At approximately 10:00 AM, BellSouth's Technician spoke with Lucent personnel, and Lucent dispatched a technician to the end user's premises.

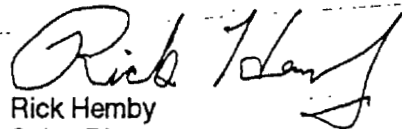
On August 29, 2000 at 6:30 PM, twenty-one (21) of the twenty-four (24) lines were installed and working. The service order CRR74P706 to install the additional three (3) lines was cancelled by Nancy M of The Historical Research Center on August 29, 2000.

The interval that was quoted to Nancy Marquis, of The Historical Research Center was BellSouth's standard interval, assuming all facilities and equipment are available, which they were not in this instance. BellSouth apologizes for any misunderstanding between Ms. Marquis and the BellSouth representative and regrets any inconvenience this may have caused IDS and its end user.

BellSouth maintains that it did not show favoritism or lack of parity in its attempt to work the pending orders. The same F1 facilities and Lucent equipment would have been needed for a BellSouth end user at this location; therefore, whether the end user was IDS or BellSouth, a delay would have been experienced by the end user.

If there are additional questions, or you wish to discuss this matter further, please feel free to call me at 205-321-4620.

Sincerely,


Rick Hemby
Sales Director

BellSouth Access Customer Sales
10th Floor
600 N. 19th Street
Birmingham, Alabama 35203

Linda Atkinson
Sales Support Manager
205-321-3243

(October 4, 2000)

Mr. William Gulas
IDS Telecom
Vice President of Local Services
1525 Northwest 167th Street, Suite 200
Miami, Florida 33169

Dear Mr. Gulas:

This is in response to your letter dated August 23, 2000 to Bill Thrasher, regarding service outages on twelve (12) telephone numbers involving six (6) IDS Telecom end users. Mr. Thrasher has requested that I respond to your letter. Following are the results of BellSouth's investigation:

On August 23, 2000 at 9:00 AM, Becky Wellman with IDS Telecom called the BellSouth Resale Maintenance Center (BRMC) with a trouble report that the following telephone numbers had been disconnected: 561-439-7355, 561-439-7687, 561-439-7775, 561-429-8928, 561-221-1062, 305-681-5235, 407-366-1177, 407-366-0409, 407-366-0630, 407-366-2480 and 561-567-7010. When the BRMC technician determined that service orders were pending on the accounts, Ms. Wellman was referred to the Local Carrier Service Center (LCSC) for assistance. At 9:45 AM, IDS faxed a list of the telephone numbers to the LCSC. Research in the LCSC revealed that the service representative had failed to add the field identifier (FID) of RRSO to the service orders, which caused the services to be disconnected when the disconnect orders processed and the new connect orders were held for a Uniform Service Order Code (USOC) edit error. All service except 561-567-7010 was restored by close of business on August 23; the exact time is unknown.


On August 24, 2000 at 8:45 AM, service for 561-567-7010 was restored.

The order for telephone number 561-878-0022 was a flow through order. Due to the presence of USOCs related to call forwarding busy and other voice mail companion features, BellSouth's system automatically populated the order with an additional USOC which caused an edit error. The service was disconnected because the disconnect order processed while the new connect order was held for the USOC edit error. The USOC problem has since been corrected as explained in the following paragraph.

Regarding your question concerning the implementation of the "Star 98" fix, the implementation was effective August 28, 2000. With the fix, electronic orders for ports and port/loop combinations will no longer automatically populate the USOCs associated with discounts for combinations of voice mail companion features. These features are provided at no charge for port and port/loop orders; thus, the codes are not applicable.

BellSouth regrets any inconvenience this may have caused IDS Telecom and its end users. If there are additional questions, please feel free to call me at 205-321-3243.

Sincerely,



Linda B. Atkinson
ACS Sales Support Director

BellSouth Interconnection Services
10th Floor
600 North 19th Street
Birmingham, AL 35203

Petra Pryor
Sales Assistant Vice President

205 321 7700
Fax 205 321 7777

November 28, 2000

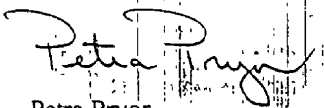
Mr. Keith Kramer
Senior Vice President
IDS Telcom, LLC
1525 NW 167th Street, Suite 200
Miami, FL 33169

Dear Mr. Kramer:

We have received your letter of October 24, 2000, and we have carefully reviewed all the information therein. In considering the IDS request, BellSouth has reviewed the contractual obligations of the IDS/BellSouth Interconnection Agreement. The liability of both parties is limited by that Agreement and further, the Agreement does not impose liability on either party for any consequential damages alleged by one party.

Based on the result of our review, BellSouth denies the IDS request for damages as requested in the above referenced letter.

Sincerely,



Petra Pryor
Sales AVP

BellSouth Interconnection Services

January 8, 2001

IDS Telcom, LLC
Attn: Mr. Keith Kramer
Suite 200
1525 NW 167th Street
Miami, FL 33169

Our records indicate that as of January 8, 2001 your account is past due in the amount of \$2,783,622.35. This amount includes both local and access services, and it takes into account your payment of \$972,459.13 received on January 4, 2001. It also takes into account credits for \$546,039.92 from BellSouth for your claim numbers BS1020200002 and BS1020200001.

As I said in our telephone conversation this morning, the full amount of the past due charges (\$2,783,622.35) must be paid by January 22, 2001. If the payment is not received, requests for additional services will be refused.

Your end-users' service will be interrupted unless full payment is received by February 8, 2001.

If your end-users' service is interrupted for non-payment of regulated charges, a restoral fee will apply for each end-user account upon restoral of service. This may be the only written notification you receive.

If you have any questions, please call me at 205-977-0157.

Sincerely,



Cc: Lynn Smith
Petra Pryor
Whit Jordan
Kelly Stephens
Mary Jo Peed