

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for expedited review and cancellation
of BellSouth telecommunications, Inc.'s Key
Customer promotional tariffs and for investigation
of BellSouth's promotional pricing and marketing
practices, by Florida Digital Network, Inc.

Docket No.: 020119-TP

In Re: Petition for expedited review and cancellation
Of BellSouth Telecommunications, Inc.'s Key
Customer promotional tariffs by Florida Competitive
Carriers Association.

Docket No.: 020578-TP

DIRECT TESTIMONY AND EXHIBITS

OF

DANYELLE KENNEDY

ON BEHALF OF

FLORIDA COMPETITIVE CARRIERS ASSOCIATION

OCTOBER 23, 2002

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FPSC-COMMISSION CLERK

1 **Q. Please state your name, address and occupation.**

2 A. My name is Danyelle Kennedy. My business address is 815 S. Palafox St., Pensacola,
3 Florida, 32501. I am Chief Financial Officer of Network Telephone Corporation
4 (hereinafter referred to as "Network Telephone" or "NTC). My areas of responsibility
5 include all financial aspects of the company, including financial operations, business
6 forecasting and budgeting, treasury, financial reporting, merger and acquisition activity,
7 purchasing and warehouse management of Network Telephone.

8 **Q. Please provide a description of your educational background and job functions.**

9 A. I graduated magna cum laude from the University of Southern Mississippi with an
10 accounting degree, and am a licensed CPA (Certified Public Accountant) in the state of
11 Mississippi. I worked for Arthur Andersen LLP as an auditor where I specialized in the
12 telecommunications and banking industries. My clients included several publicly traded
13 companies, including a multi-national wireless telecommunications company with assets
14 of \$740 million, a long distance telephone company with \$50 million in assets, a
15 commercial bank with more than \$2.5 billion in assets, and a state public employee
16 retirement system with assets of \$14 billion. I then joined Network Telephone in March
17 1999 as controller. I was promoted to vice president of finance a year later, then to senior
18 vice president of finance in 2001. I am a member of the Mississippi State Society of
19 Public Accountants and Women in Cable & Telecommunications.

20 **Q. For whom do you appear in this proceeding?**

21 A. I am testifying on behalf of the Florida Competitive Carriers Association (FCCA), of
22 which Network Telephone is a member.

23 **Q. What is the purpose of your testimony?**

1 A. By providing specific examples of the manner in which BellSouth's predatory
2 promotions have affected one of FCCA's members, I will illustrate the anticompetitive
3 impact the promotions are having on the development of viable local competition in
4 BellSouth's service area.

5 **Q. Please summarize how your testimony will be structured.**

6 A. I will address specific instances of how BellSouth's promotional tariffs have harmed
7 Network Telephone, and how BellSouth uses the tariffs for winback of ALEC customers
8 in a predatory and anti-competitive manner. I will propose guidelines to which all ILEC
9 promotions should be held prior to approval of the promotion by the PSC, and I will
10 address appropriate termination penalties, based on cost, for term agreements.

11 **Q. Have Network Telephone customers and/or potential customers been offered
12 BellSouth promotions?**

13 A. Yes, NTC's customers and potential customers have been offered various BellSouth
14 promotions.

15 **Q. Can you provide specific examples with Florida customers and describe how the
16 customers reacted?**

17 A. We have had signed customers who planned to terminate their agreements with
18 BellSouth, and then had to cancel service with NTC when they learned the amount of
19 termination penalty they would owe BellSouth. In the case of one Pensacola five-line
20 customer, the termination penalty was \$1,600. In other cases, after our signing the
21 customer, the customer was offered the BellSouth Simple Solutions promotion, and
22 Network Telephone lost the customer or had to offer the customer a new promotion to
23 counter the BellSouth offer. In one specific Pensacola case, BellSouth contacted the

1 customer within a few weeks of NTC pulling a CSR, and the customer signed a term
2 agreement with BellSouth instead of with NTC.

3 **Q. Can you estimate what the overall impact of the BellSouth promotions has been to**
4 **NTC's Florida business?**

5 A. Based on our sales numbers and specific input from our Florida sales force, I estimate
6 NTC has lost 20% of its total Florida sales each month due to the BellSouth Key
7 Customer promotion. These are customers who would otherwise have changed service to
8 Network Telephone's facilities-based service offerings, but remained with BellSouth due
9 to the BellSouth promotional incentives.

10 **Q. Have you closely analyzed the discounts associated with each of these BellSouth**
11 **promotional offers?**

12 A. Yes. Based on a 36-month agreement, the January 2002 Key Customer Promotion
13 offered a 25% discount off tariffed charges for a 36-month contract, and a 100% discount
14 on hunting. The June 2002 Key Customer promotion offered a 20% discount off tariffed
15 charges, and a 100% discount on hunting. The July 2002 Simple Solutions promotion
16 offered a 25% discount off tariffed charges, and a 100% discount on hunting.

17 **Q. What would Network Telephone's cost be to provide service to customers through**
18 **UNE-P, and facilities with UNE loops?**

19 A. Exhibit ___(DK-1) details this information, using a four-line Pensacola customer with
20 hunting as an example. BellSouth's retail charge to the customer with either the January
21 Key Customer promotion or the July Simple Solutions promotion is \$98.84. If NTC
22 provisioned the customer using the UNE Platform (UNE-P), Network Telephone's
23 wholesale cost to BellSouth would be \$93.68. BellSouth maintains that its promotional

1 rates are cost-justified. I fail to see how BellSouth can maintain that its promotions are
2 cost-justified, when the retail rate of the promotion is only \$5.16 more than the wholesale
3 UNE-P cost BellSouth bills to competitors for the same lines.

4 **Q. Please explain the impact of the promotion on a competing ALEC such as your**
5 **company.**

6 A. The competitor also has to consider the added expense of his back office, ordering,
7 customer service, billing, and all other business functions, as well as the cost of acquiring
8 the customer and the internal cost of maintaining that customer each month. Obviously,
9 the total cost of these functions will exceed the \$5.16 differential between the UNE-P
10 price and BellSouth's discounted retail rate by a significant margin. That being the case,
11 Network Telephone, and likely other ALECS, would never be able to match the
12 promotional pricing being offered by BellSouth and stay in business. The rates charged
13 by BellSouth under the promotions appear to be predatory and without cost justification.
14 Moreover, if NTC provisioned the customer using its own facilities-based collocations
15 and UNEs, our wholesale cost is \$89.35. We can purchase the promotion at the resale
16 discount allowed in Florida for \$82.22. Again, if the Commission's goal is realistically
17 priced competition, approval of promotions such as the Key Customer and Simple
18 Solutions is not promoting that goal.

19 **Q. On which BellSouth UNE rates is the above comparison based?**

20 A. It is based on the rates effective in Network Telephone's interconnection agreement with
21 BellSouth as of October 4, 2002. These rates are the appropriate ones to include in the
22 comparison, because they correspond to the time frame during which the January 2002
23 Key Customer tariff was in effect.

1 **Q. Will the revised UNE rates that the Commission approved in September ameliorate**
2 **the anticompetitive impact of BellSouth's promotions?**

3 A. That will depend on the size of the discounts that BellSouth intends to offer in future
4 promotional tariff filings. Further, with respect to the customers that BellSouth signed up
5 for as long as three years as a result of the past Key Customer tariffs, the termination
6 provisions of their contracts act as an obstacle to our ability to compete for those
7 customers, even if our wholesale costs have been reduced going forward.

8 **Q. Have you examined the termination penalties associated with the two key customer**
9 **promotions filed in Florida this year, and termination penalties in the simple**
10 **solutions promotion BellSouth filed?**

11 A. Yes, I have.

12 **Q. Can you describe their differences?**

13 A. Yes. In the Key Customer promotion effective in January 2002, BellSouth's termination
14 penalty required the customer to pay back all discounts if the customer terminated the
15 contract, to pay for any waived non-recurring charges, and to pay for all other costs
16 related to the premature termination. In the Key Customer Promotion effective June 26,
17 2002, and in the Simple Solutions Promotion effective July 29, 2002, the termination
18 penalty is a set fee of \$25 or \$40 per month for each month remaining on the contract.
19 The charge of \$25 or \$40 depends on the customer's level of total billed revenue.

20 **Q. Can you determine what BellSouth means by "paying for all cost related to the**
21 **premature termination," in addition to the payback of discounts, for the January**
22 **key customer promotion?**

1 A. The meaning of this provision is not described in the tariff or the tariff notification.
2 However, I have attached as Exhibit __ (DK-2) a copy of a Key Customer agreement for
3 Florida dated April 2, 2002. This contract indicates that “the subscriber shall pay to
4 BellSouth the amount of \$100 representing the costs of administration and acquisition
5 incurred by BellSouth. Tariffed termination liability charges may apply if applicable.”

6 **Q. So this additional termination liability charge of \$100 was not specified in the tariff
7 or the tariff notification?**

8 A. No, other than the general language that the customer must pay for all costs. We had
9 several customers complain of the additional \$100 charge, and could not ascertain where
10 it was coming from, until we saw the actual contract.

11 **Q. Do you have any idea why the \$100 charge was not specifically tariffed?**

12 A. No, I do not. Since it appears to be a standard charge in the contract, it certainly could
13 have been included in the tariff filing.

14 **Q. What Conclusion do you draw from an analysis of the varying January and June
15 termination penalties?**

16 A. The change in termination charges does not appear to be cost based. Cost-based
17 termination penalties are normally formulated on actual costs incurred through payments
18 made to other carriers in termination penalties or the general and administrative costs
19 incurred for the order processing and field technician time to disconnect the service. The
20 only costs that the ILEC would incur are the general and administrative expense to
21 process the order. If we look at a customer with a Key Customer agreement in February,
22 with a 36-month contract and \$200 in monthly billing, and he terminated his agreement
23 after six months, his termination penalty would be \$450, including the \$100 “cost of

1 administration and acquisition.” The same customer, terminating after six months under
2 the June Key Customer scenario, would pay \$1,200 in termination penalties.

3 **Q. In your opinion, would the actual costs for terminating either of these agreements**
4 **differ?**

5 A. No.

6 **Q. What do you believe is the rationale for changing the structure of the termination**
7 **penalty?**

8 A. The change appears to be designed solely to keep a customer from opting out of his
9 contract to use the service of another provider. I cannot see that it has any basis in cost.

10 **Q. What was Network Telephone’s response to BellSouth’s use of the key customer**
11 **promotions?**

12 A. The BellSouth promotions seriously hampered NTC’s ability to compete in the
13 marketplace. It was necessary for NTC to counter with promotions that reduced the
14 margins on our products considerably, and for us to develop a mechanism for our sales
15 force to make an offer to pay the termination penalties the customer would incur if the
16 BellSouth agreement was terminated. An established company may be able to succeed
17 with slim margins, but a newly competitive company is severely hampered when it must
18 cut profit margin to the bone to compete with a monopoly that has vastly greater
19 resources.

20 **Q. Isn’t this competitive pricing a normal, and desired, result of competition in the**
21 **sector?**

22 A. From a customer’s perspective it might appear that it is a desired result. However, you
23 must take into account that one of the players in this pricing war is an incumbent in the

1 market place with over 90% of market share and over 100 years in the business. The
2 playing field is not level, and you cannot treat all parties the same. BellSouth has the
3 ability to cross-subsidize its services, providing discounts to a single sector of the market
4 while raising rates in other sectors. It draws from large reserves of customers and
5 customers who are captive and do not have access to competition. It is essential that
6 BellSouth not subsidize discounts for one sector or market with charges levied on other
7 customers. If BellSouth is allowed to price in this manner, I can assure you there will be
8 no remaining competition in Florida, and consumers will be the ultimate losers.

9 **Q. Should BellSouth be held to certain criteria when its promotional tariffs are filed**
10 **and reviewed?**

11 A. Yes. If BellSouth is not held to a standard in its filing of promotions, it has the ability to
12 completely eliminate competition in Florida.

13 **Q. What do you believe should be included in those standards?**

14 A. Several issues should be considered in any promotional model for BellSouth. First, all
15 similarly situated customers should be treated equally. BellSouth has acknowledged and
16 PSC staff has found that there are some issues with equal treatment. (See Staff
17 Recommendation of August 8, 2002, pages 15-18). Secondly, BellSouth has maintained
18 that it offers its promotions to all customers in a competitive wire center, and not just to
19 customers who have been won by competitors. However, the manner in which the
20 promotion is offered to existing customers, if it is offered at all, is distinctly different
21 from the manner in which it is offered to competitors. As an example, Exhibit ____(DK-3)
22 is an ad sent by BellSouth to a customer as a winback effort. It clearly says "Come Back
23 to BellSouth." Compare this ad to the type of the ad in Exhibit ____(DK-4), which is what

1 BellSouth provided as an example of offering the Key Customer promotion to existing
2 customers. There is, simply stated, no comparison in the size of the ad, the size of the
3 type, or the number of pages. The marketing focus with respect to the existing customer
4 is definitely not equal to that of the “winback” ad. In addition, the ad in Exhibit __ (DK-
5 4), sent to existing customers, contains language which says “Hurry! Offer expires April
6 30, 2002.” The Key Customer promotion was tariffed through June 30, 2002. BellSouth
7 was obviously limiting the time an existing customer could take advantage of the
8 promotion, in violation of its tariff and in conflict with the manner in which it was
9 continuing to offer the promotion to ALEC customers.

10 **Q. Did you note any other problems with these particular ads?**

11 A. Yes. The “winback” advertisement promotes the discounted BellSouth single-line price
12 for service in Pensacola. BellSouth does include a disclaimer, in very small print, that the
13 multi-line price in Florida is higher. However, BellSouth has acknowledged in previous
14 filings with this Commission that a single-line customer would not qualify for the Key
15 Customer promotion, which required a \$75 monthly minimum in regulated charges billed
16 to the customer. (See Exhibit __ (DK-5) – page 9 of BellSouth’s response in Docket
17 020119-TP filed March 5, 2002). A single-line customer would also not qualify for the
18 hunting feature the ad also specifically promotes. For this reason the ad is misleading,
19 and is designed to incorrectly make ALEC customers believe the prices they pay their
20 ALEC provider are too high in comparison to BellSouth. The ad should correctly reflect
21 BellSouth’s discounted multi-line price, not the single-line price.

22 Criteria for deciding on whether a BellSouth promotional filing should be approved must
23 include equal treatment of similarly situated customers and a requirement that the

1 promotion be offered under the same terms, conditions, and *advertisement* to *all*
2 customers, not just to ALEC customers. BellSouth is not offering service equally to all
3 customers when its method of making the offer varies as widely as I have demonstrated
4 with these advertisements.

5 **Q. Are there criteria that should be considered when a promotion is offered?**

6 A. Yes. Joe Gillan will address many off these criteria from an economic standpoint. I
7 would like to address three major areas that should be considered from a practical
8 business standpoint when evaluating promotional offerings. There are three major areas
9 that should be considered, in addition to the requirement that the promotion be offered on
10 equal terms to all customers. One area is the waiver of installation charges. Another is
11 the issue of appropriate termination penalties. The third is geographic targeting.

12 **Q. Please begin with your comment on installation charges.**

13 A. It is inappropriate for installation charges to be waived in these promotions. Installation
14 charges have been established by the PSC for BellSouth based on careful cost studies so
15 customers are paying the actual cost of installation of new lines and are not having new
16 service installation subsidized by existing customers. Waiving these charges insures that
17 existing customers will subsidize new installations. ALECS are charged full connection
18 charges by BellSouth for service connections ordered and cannot fairly compete in a
19 marketplace in which the incumbent is allowed to waive line connection charges. Our
20 wholesale charge for connection of a UNE loop to serve the four-line Pensacola customer
21 I used in my previous example is \$254.62. The amount does not include the costs of
22 taking the order, dispatching an NTC technician, or any internal costs for NTC.
23 BellSouth would charge the end-user \$0.00 under the terms of the promotions. Our

1 wholesale charge for connection of a new four-line customer under the not currently
2 combined UNE-P wholesale rate is \$132.69. Again, there is no NTC internal expense or
3 ordering charge included in this cost. BellSouth would charge the end-user \$0.00 under
4 the terms of the promotions. Wholesale connection charges are not waived for the ALEC
5 and it gives BellSouth an anti-competitive advantage to waive these charges for end-user
6 customers while offering additional discounts on line charges. The connection charges
7 are not being recouped, and therefore are being subsidized by existing, established
8 customers, and by the ALECS who pay full connection charges to BellSouth.

9 **Q. Why do you raise the subject of termination penalties?**

10 A. Termination penalties must be based on the actual cost of terminating the agreement,
11 rather than structured solely to capture the customer and not allow him to migrate to a
12 competitor. BellSouth's strategy is clearly to lock the customer into a three-year term,
13 during this crucial time for competitors, and thereby eliminate competition from the
14 market. By making it impossible, as a practical matter, for a customer to terminate an
15 agreement, BellSouth is abusing its monopoly status and engaging in predatory practices
16 designed to eliminate competition.

17 **Q. Please address the manner in which BellSouth used "geographic targeting" in its
18 promotions.**

19 A. While companies understandably target promotions to areas of competition, BellSouth's
20 action in this regard is anti-competitive. I believe it to be anti-competitive, because
21 BellSouth avails itself of information not generally available to competitors in making a
22 decision as to where to offer its promotions, and what level of discount should be offered.
23 BellSouth is the only competitor with access to complete information on what the level of

1 competition is in each market. It knows the number of collocations in each wire center,
2 and it knows the number of UNE-P lines sold in each market, and to how many
3 competitors. Like information is not available to competitors. BellSouth's exclusive
4 access to this information places it not only in a unique situation of competitive
5 advantage, but actually positions BellSouth to act in an anti-competitive fashion in using
6 this information. Because of BellSouth's unique access to information on competition in
7 each of its wire centers, BellSouth should be required to offer any promotion throughout
8 its entire service territory, at least until a structural separation of the company is
9 established so there is no sharing of information to BellSouth retail that is not available to
10 all competitive carriers.

11 **Q. Are there other practices related to current promotions that you believe are anti-**
12 **competitive or discriminatory?**

13 A. Yes. BellSouth offers promotions in conjunction with the Key Customer and the Simple
14 Solutions promotions which I believe are anti-competitive. Attached as Exhibit __ (DK-
15 6) is a copy of a letter Network Telephone, as a Florida BellSouth customer, received as a
16 promotion. Enclosed with the letter is a pamphlet outlining the promotion. The Select
17 Points program is a program designed to allow customers to earn a cash value for each
18 dollar spent, and to redeem that cash value for various prizes or cash.

19 **Q. Is the select points promotion tariffed in Florida?**

20 A. Network Telephone received the information in Exhibit __ (DK-6) in May of 2002, so it
21 is certainly being offered in Florida. However, according to the information on
22 BellSouth's tariff notification website, the first notice of the program was issued in July

1 2002, reissued on August 20 and August 26, and suspended on August 28. The Tariff
2 Notification is attached as Exhibit __ (DK-7).

3 **Q. So BellSouth was offering a promotion to Florida customers that was not tariffed?**

4 A. Apparently so.

5 **Q. Is that your only objection to the select points promotion?**

6 A. The Select Points promotion offers rewards to customers for a multitude of purchases of
7 both regulated and non-regulated items, including Yellow Page Advertising. Advertising
8 in the Real Yellow Pages, for example, accrues points at the rate of 1 point for every \$3
9 spent. Regulated services accrue points at the value of 1 point for every \$1 spent. Points
10 can be redeemed for cash, or for such items as two months of BellSouth's Fast Access
11 DSL, or BellSouth's Prepaid Phone Cards. BellSouth states that each point has a cash
12 value of \$.25.

13 With this promotion, customers receive cash back from purchase of regulated services
14 which are already discounted under a promotion such as Key Customer, resulting in a
15 promotional "piling on" effect. The fact that BellSouth offers one promotion in
16 conjunction with another not only makes it more difficult to compete, but complicates
17 any effort to understand and evaluate the offerings through a cost model. For this reason,
18 BellSouth should not be allowed to apply more than one promotion at a time to a given
19 customer.

20 Services such as BellSouth's prepaid calling cards are given away under the Select Points
21 promotion. Interestingly enough, BellSouth customers can get a \$75 pre-paid calling
22 card for 2,000 points, which is an accrual at a rate higher than \$.25 per point. Customers

1 can receive one year of yellow pages highlighted listings at RealPages.com at no charge
2 for 6,120 points.

3 The fact that points accrue for yellow page advertising is in itself a suspect tying
4 arrangement. For a small business, there is really not an alternative to advertising in the
5 BellSouth directory. An ALEC customer is billed directly for yellow page advertising by
6 BAPCO, and therefore does not have the option of having these revenues applied to a
7 point-system to be given a cash value. By allowing for points to be earned for cash
8 rewards based on what are substantially captive yellow page advertising customers,
9 BellSouth has successfully undermined the ability of competitors to present options to
10 customers. And they have done it with a service that is not tariffed, and with “select
11 points” based on a cash value earned on an already discounted Key Customer promotion.

12 **Q. Should BellSouth promotions be offered on a resale basis to ALECs?**

13 A. As a matter of principle, yes, they should. If a promotion cannot be offered for resale,
14 then BellSouth should not be allowed to offer it. The Select Points promotion I have just
15 described is a promotion that obviously could not be offered for resale, and therefore
16 should not be allowed.

17 I would like to expand on the notion that offering promotions such as Key Customer for
18 resale to competitors somehow makes them less anti-competitive, or more cost-justified.
19 I know BellSouth has offered the fact that the promotions are available for resale as a
20 defense to the promotion. From a cost standpoint, the resale discount is based on avoided
21 cost, or the cost of handling the customer and the order by the ALEC, so any promotion
22 should have the same avoided cost and should be able to be offered on a resale basis. I

1 think we need to examine the resale perspective from the standpoint of the Telecom Act,
2 however.

3 An ALEC cannot manage a successful business based on a resale cost model. BellSouth
4 resells the business product to the ALEC at a discount, which is based on the ILEC's
5 avoided cost in no longer having to handle the customer directly. The cost the ILEC
6 avoids is incurred cost for the ALEC. In Florida, the business resale discount is 16.81%.
7 The customer has to be offered an incentive to move service to the ALEC. Therefore, the
8 ALEC must offer the customer the product at a discount off the BellSouth price to
9 encourage the customer to make a change to a competitor. If the ALEC offers the
10 product to the customer at a 10% discount, and pays the ILEC a 16.81% discount, the
11 differential has already been reduced to 6.81%. Out of that 6.81% it must acquire the
12 customer, pay BellSouth for processing its wholesale orders, and handle front-end billing,
13 customer care and repair. There is simply not adequate margin to make the model
14 successful.

15 In addition, Network Telephone's business objective is to develop facilities-based
16 competition. Network Telephone, as a facilities-based competitor, would be foolish to
17 adopt three year agreements under a resale environment, accept the risks and termination
18 penalties involved, and preclude the customer from moving to our own facilities-based
19 network for the entire period.

20 So while as a matter of principle, I believe any BellSouth promotion should be held to the
21 standard of being available for resale, I don't believe that the simple fact it is available
22 for resale precludes it from being held to certain cost standards, or -- in the absence of

1 compliance with such standards - make it a proper, competitive promotion under the
2 environment we have in the telecommunications industry today.

3 **Q. Could you briefly summarize your testimony with regard to the elements you**
4 **believe should be considered by the Florida PSC when it reviews promotional filings**
5 **from BellSouth?**

6 A. Yes. The Commission should consider 1) cost justification for the promotion in its
7 entirety, including any added promotions which may be available to the same customer;
8 2) termination penalties designed reasonably to recover costs and not to capture
9 customers; 3) no waiver of installation charges; 4) no geographic targeting until there is
10 structural separation; 5) equal treatment for all similarly situated customers, including
11 existing customers; and, 6) no approval of promotions such as Select Points which
12 contain elements which are not available for resale.

13 **Q. Does that conclude your testimony?**

14 A. Yes.

NTC Wholesale Cost	
Description	UNE-P (4 Lines)
Loop and Port Cost	72.92
Feature Package	9.04
Local Usage (Term)	11.72
NTC Wholesale Cost	\$93.68

BST Retail Rate Simple Solutions	
Description	(4 Lines)
Line Charges	98.84
Hunting Charges	0.00
Line and Feature Charge to Customer	\$98.84



Key Customer Program Subscriber Election - Mass Market - Georgia and Florida

The undersigned Subscriber desires to participate in the BellSouth Key Customer Program (the "Program"), and agrees to the following:

- Subscriber is a new or existing BellSouth Telecommunications, Inc. ("BellSouth") business services subscriber in Georgia or Florida and has monthly-billed BellSouth regulated charges (as defined in the applicable BellSouth tariff) at each such location between \$75 and \$3,000 excluding hunting charges. Subscriber agrees to keep local services with BellSouth under its General Subscriber Services Tariff ("G.S.S.T.") or Private Line Services Tariff, for thirty-six (36) months from the enrollment date in the Program. The enrollment date shall be determined by the first billing cycle date in which Subscriber receives the discount off its BellSouth regulated charges as set forth in paragraph 2, below.
- Subscriber agrees to the following term and discount (Check One):

Monthly BellSouth Total Billed Revenue*	() Thirty-six (36) Month Term
\$75 - \$3000.00	25%
Hunting Bonus Discount	100%

*The total billed revenue consists of end-user monthly billed BellSouth regulated charges at qualifying locations excluding: nonregulated charges, taxes, late payment charges, charges billed pursuant to federal or state access service tariffs, charges collected on behalf of municipalities (including, but not limited to services for 911 service and dual party relay services), and charges for services provided by other companies.

- The Hunting Bonus Discount will apply to the Subscriber's recurring charge for the Hunting service commensurate with the term of the election Subscriber chooses. (Hunting is also defined as Rotary Line Service).
- For each month during which this contract is in effect, Subscriber will receive the discount associated with Subscriber's monthly total billed BellSouth charges (as defined in the applicable BellSouth tariffs) for that particular month in each state as approved by regulatory authority. If such charges fall below the minimum revenue per month, discounts will not be applied for such locations. The applied discounts will appear as a credit in the Other Charges and Credits (OC&C) section of the Subscriber's bill. All business local service will continue after the election term has expired, after which Subscriber agrees to pay full tariffed charges.
- In the event Subscriber discontinues business local service with BellSouth prior to the expiration of the term, Subscriber shall pay to BellSouth the amount of discounted charges for its local services that the Subscriber had received as a result of Subscriber's participation in the Program. In addition, Subscriber shall pay to BellSouth the amount of \$100 representing the costs of administration and acquisition incurred by BellSouth. Tariffed termination liability charges may apply if applicable.
- In the event Subscriber changes service locations for business local service, Subscriber shall notify its BellSouth Small Business Office to advise of the change in service location.
- In the event Subscriber is switched without authorization by another carrier for business local service, Subscriber must call its BellSouth Small Business Office to continue the Program once the improperly switched account has been returned to BellSouth.
- This election is subject to and controlled by the provisions of BellSouth's lawfully filed tariffs, including any changes therein as may be made from time to time.

Subscriber: Southern Fab Manufacturing (Business Name)

1960 Highway 82 229-446-7381
 (Business Address) 229-446-7385

By: O.T. McKiezie DMH
 Authorized Signature

(City/State Zip)
 E-mail Address (optional)
 229-446-7381
 (Business Telephone number)

Name: O.T. McKiezie
 Title: Owner

(Additional Business Telephone Number (s))

Rep Name: Moya McFarlane

Date: April 2, 2002

Fax this completed and signed form to the
 (954) 492-1563

Telephone number for questions: 1-800625-8879

CUID: ZGCMDFY Version 012302

OR Mail to: Moya McFarlane 6451 N Federal Highway Ste 401
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least 25%***

**on your monthly local
service – that's just \$19.30
per line per month.****



Plus get:

- Free line installation*
- Hunting at no charge
- Special savings on Internet services

Come back to BellSouth

Get at least 25% off BellSouth local service tariffed rates when you select a 36-month term agreement. You'll also get free line installation, free hunting (rollover), and you'll be eligible for special savings on BellSouth Internet services such as BellSouth FastAccess® DSL and BellSouth® Dedicated Internet Access service.

© 2002 BellSouth Corporation. All service marks and trademarks contained herein are the property of BellSouth Intellectual Property Corporation or their respective owners.

Come back to reliability

Come back to BellSouth, your trusted source for quality communications services. With 99.999% dial tone reliability, you can count on the BellSouth network to work for you. That kind of reliability is critical to keeping your business, your customers and your co-workers connected.

Come back to a wide range of products and services

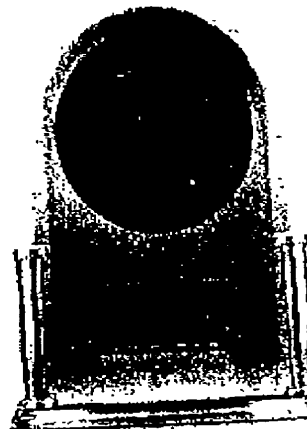
BellSouth offers much more than just local phone service. From wireless to high speed Internet access, voice messaging, wireless e-mail and more, BellSouth can provide you with a solution that's right for your small business. Since it can all be billed on your BellSouth bill, you'll have only one provider to call. At BellSouth, our goal is to deliver the high-quality, affordable products and services you need to maximize your communications and grow your business.

Come back to BellSouth's superior service

At BellSouth, your savings are backed by more than 100 years of quality service. Contact a BellSouth Small Business Specialist today and let us show you how we can benefit your business.

**Come back to BellSouth
today and start saving,**

**call 1-888-868-3943 or visit
www.bellsouth.com/smallbusiness**

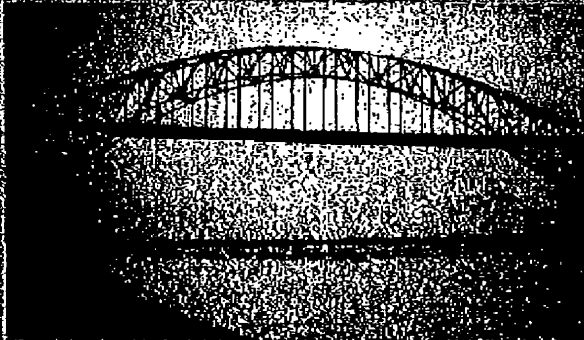


BellSouth is the 2001 recipient of the J.D. Power and Associates Award for "Highest Customer Satisfaction With Small Business Local Telephone Service Providers."¹

* Available to new and existing BellSouth Small Business customers - in specific areas of GA and FL - without current volume, term or other contract. 100% bundling discount applies. Excludes analog private line service. Savings will vary. Savings and installation waiver require monthly spending between \$75 and \$200 for local landline services and a 36-month term agreement. Termination charges may apply. 18-month term agreement also available at lower discount rate. Other restrictions apply. Call a BellSouth Small Business Specialist for details. Offer expires 6/25/02.
¹ Amount is the single-line flat rate business line charge that applies for customers in specific areas of GA and FL, discounted by 25%. For FL customers, the charge for multiple lines is higher.
¹ J.D. Power and Associates 2001 Small Business Telecommunications Study.™ Study conducted among 2,511 business users with 2-99 employees. www.jdpower.com

With other savings available, there may be something missing — like reliable service.

Now save at least 28% on your monthly small business local telephone bill and keep that reliable BellSouth service you rely on.



As in the past, you can rely on our personalized service.

With BellSouth, there's nothing missing.

Call 1-800-368-2222 for more information. Or visit our website at www.bellsouth.com. To find out how much you can save, just enter the personalized savings estimate below.

Anybody can offer you savings. BellSouth offers you more. As a BellSouth customer for over 100 years, you've continued to enjoy reliable service, particularly experts and a variety of products designed to help you grow your business. But we know savings are important to you, too. You qualify for our Key Customer Program, so we're offering BellSouth savings to your small business.

Choose a Key Customer term election agreement now and save at least 28% on your monthly local telephone bill — plus keep the extremely reliable and responsive service BellSouth is known for. Furthermore, J.D. Power and Associates ranked BellSouth "Highest Customer Satisfaction With Small Business Local Telephone Service Providers."* To find out how much you can save, just enter the personalized savings estimate below.

Personalized savings estimate prepared for: Longstrehe Longstrehe Restaurant

Your current average monthly BellSouth bill for local telephone charges:	\$1000.000000
Your estimated average monthly BellSouth bill with term agreement:	\$700.000000
Your estimated total annual savings†:	\$3600.000000**

Your savings estimate is based on your average local billed charges for the past three months and your selection of a 36-month term election agreement. Your term election agreement may also entitle you to additional savings on a variety of BellSouth services.

Here's how to start saving:

1. Read the terms and conditions on the back of this message.
2. Complete and sign the attached reply card.
3. Detach the card, seal the bottom edges with tape and mail.

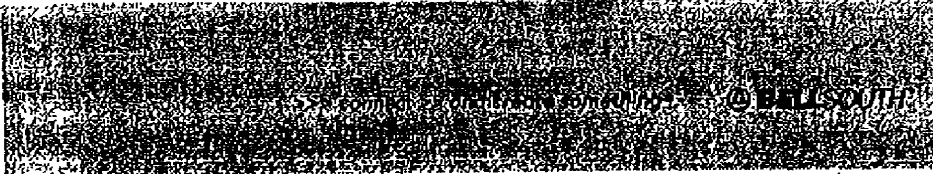
Hurry! Offer expires April 30, 2002.

If you've already signed a term agreement, you know how valuable BellSouth Small Business savings are, so please disregard this message. If you have any questions, please call 1-800-368-2222.

* J.D. Power and Associates 2001 BellSouth Customer Satisfaction Study conducted among 1,411 small business local telephone service providers. www.jdpower.com

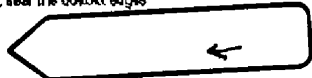
** Personalized savings estimate based on your average local billed charges for the past three months and your selection of a 36-month term election agreement. Savings estimates are based on your current local billed charges for the past three months and your selection of a 36-month term election agreement. Savings estimates are based on your current local billed charges for the past three months and your selection of a 36-month term election agreement. Savings estimates are based on your current local billed charges for the past three months and your selection of a 36-month term election agreement.

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Please check the term election length you are selecting and sign where indicated below. Detach this card, seal the bottom edges with tape and mail.

Hurry! Offer expires April 30, 2002.



LS000100



I want to continue my local telephone bill with the following term election agreement (term length checked below) and understand and agree to the conditions set forth on the attached form. 36-month 18-month

Signature: _____ Date: _____

I understand BellSouth Corporation and my telephone service provider are not responsible for any errors in the Key Customer Program or for any other errors in this message or for any other errors in this message or for any other errors in this message.

Please print your name: _____

XXXXXXXXXXXX36-MO-XXXX
 Sample A Sample
 ABC Company
 123 Main Street
 Anytown, US 12345-6789
 ZIP+4® 12345

Office: _____ Business Telephone: _____
 Address: _____
 101

BellSouth Key Customer Program Subscriber Election - Georgia & Florida
 The undersigned Subscriber desires to participate in the BellSouth Key Customer Program (the Program), and agrees to the following:

1. Subscriber is a new or existing BellSouth Telecommunications, Inc. (BellSouth) business service Subscriber in Georgia or Florida and has monthly billed BellSouth regulated charges* (as defined in the applicable BellSouth tariff) of each such location between 175 and \$1,000. Subscriber agrees to keep local service with BellSouth under its General Subscriber Service Terms (G.S.S.T.) or Private Line Service Tariff, for a minimum of eighteen (18) or twenty-six (26) months from the enrollment date in the Program. The enrollment date shall be determined by the first billing cycle date in which Subscriber receives the discount off its BellSouth regulated charges or set forth in paragraph 2, below.

2. The Hanging Lines Discount will apply to the Subscriber's recurring charge for the Hanging Lines commensurate with the term of the election Subscriber chooses. Hanging is also defined as Heavy Line Service.

3. For each month during which this contract is in effect, Subscriber will receive the discount associated with Subscriber's monthly total billed BellSouth regulated charges* (as defined in the applicable BellSouth tariff) for that particular month in each state as approved by regulatory authority. If such charges fall below the minimum amount per month, discounts will not be applied for such locations. The credited discounts will appear as a credit in the Other Charges and Credits (O.C.A.C.) section of the Subscriber's bill. All business local service will continue under the existing term for expired, after which Subscriber agrees to pay full billed charges.

4. In the event Subscriber discontinues business local service with BellSouth prior to the expiration of the term, Subscriber shall pay to BellSouth the amount of discount charges for its local services that the Subscriber had received as a result of Subscriber's participation in the Program. In addition, Subscriber shall pay to



2. Subscriber agrees to the following term and discount:

Monthly Billed BellSouth Regulated Charges*	Eighteen (18) Month Term	Thirty-six (36) Month Term
SFS \$1,000.00	37%	35%
Hanging Lines Discount	50%	100%

*The total monthly billed amount consists of end-user monthly billed BellSouth regulated charges of existing business service Subscriber charges, local line payment charges, charges billed per use and national or state access service tariffs, charges collected on behalf of municipalities including but not limited to surcharges for the maintenance of public safety services, and charges for interconnectivity with other carriers.

BellSouth the amount of \$100 representing the cost of administration and acceptance incurred by BellSouth. Termination liability charges may apply if applicable.

5. In the event Subscriber changes service locations for business local service, Subscriber shall notify the BellSouth Small Business Office to advise of the change in service location.

6. In the event Subscriber is switched without authorization by another carrier for business local service, Subscriber must call its BellSouth Small Business Office to continue the Program once the improperly switched account has been returned to BellSouth.

7. This election is subject to cost control by the providers of BellSouth's localized tariffs, including any changes therein or may be made from time to time.

Version: 05/01

PLEASE RETURN FOR YOUR RECORDS.

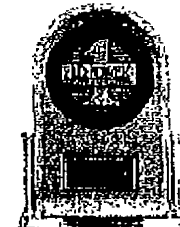
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BELLSOUTH®

1057 Lower Park Blvd.
 31406-2910
 Atlanta, GA 30319

PREPAID
 FIRST-CLASS MAIL
 PER. POSTAGE
 PAYABLE AT
 BELLSOUTH

Now save at least 25% a year on your local phone bill and keep the reliable BellSouth service your small business needs! See Inside for your personalized savings estimate.



Highest Customer Satisfaction with Small Business Local Telephone Service Providers™



NO POSTAGE
 NECESSARY
 IF MAILED
 IN THE
 UNITED STATES

BUSINESS REPLY MAIL
 FIRST CLASS MAIL PERMIT NO. 642 JACKSONVILLE, FL
 POSTAGE WILL BE PAID BY ADDRESSEE
BELLSOUTH
 PO BOX 3538
 JACKSONVILLE, FL 32202-0795



2524019

instance, an ALEC would pay no more than \$20.17 for the UNEs that it would take to provide a business line with virtually any standard features (including hunting) to a small business customer.⁶ By comparison, a BellSouth small business customer in Miami would pay \$22.55⁷ for each business line it purchased pursuant to a 36-month term contract under the 2002 Key Customer Program – such a customer would pay extra for any features it ordered (with the exception of hunting).

This obviously is not a realistic comparison, because a business customer with only a single 1FB line would not satisfy the 2002 Key Customer Program's minimum monthly billing requirement of \$75. A more appropriate comparison would involve the BellSouth Complete Choice[®] for Business Package, which is a tariffed offering that provides business customers with lines as well as any of thirty calling features selected by the customer. (See General Subscriber Service Tariff §A3.45). A small business customer in Miami with a two-line Complete Choice[®] for Business Package would pay at least \$70.50 a month under the 2002 Key Customer Program.⁸ By comparison, an ALEC would pay no more than \$40.34 (2 X \$20.17) for the UNEs that it would take to

⁶ This \$20.17 figure consists of: \$12.94 for a two-wire voice grade loop/port combination (UNE-P); \$3.41 for monthly usage; \$2.26 for features per port; and \$1.56 for Optional Daily Usage File. As such, this figure is inflated by \$1.56 because the information provided in the Optional Daily Usage File is not related to the provision of 1FB service.

⁷ This consists of the tariffed \$30.07 rate for a 1FB in Miami less the maximum 25% discount available under the 2002 Key Customer Promotion.

⁸ The lowest tariffed rate for a two-line Complete Choice[®] for Business Package is \$94.00 per month. (See General Subscriber Service Tariff §A3.45.2). If a customer paying that rate signed a 36-month term election under the 2002 Key Customer Program, the customer would receive a 25% discount off this rate and, therefore, would pay \$70.50 per month for its two-line Complete Choice[®] for Business Package.

BellSouth
Select Business™
Platinum

***** AUTO**3-DIGIT 325

NETWORK TELEPHONE
INC

804 S PALAFOX ST
PENSACOLA, FL 32501-5938



> welcome

Your Select Business Account: 336-785-1799-630
Your Membership ID Number 1002517269

Welcome to the BellSouth Select Business Platinum program! It's a privilege you've earned as one of our top customers—and one that pays off for your business. As a member, every dollar you spend with BellSouth now earns points good for cash,* valuable products and services—as well as many other exclusive perks.

You'll find complete details on our website, www.bellsouthselectbusiness.com. Visit today to check your current points eligible to redeem,† see the newest product choices and redeem points online. Log in with your Member ID number, **1002517269**, or primary phone number and this **first-time access password: S63U36**.

Included in this letter are the General Program Rules for your participation in the Program as well as important information concerning your rights and BellSouth's obligations concerning the treatment of information (called customer proprietary network information or CPNI) about your BellSouth services. If you wish to limit BellSouth's ability to use this information, you should call 1-800-290-3333. While restricting our use of this information will limit the benefits available under the Select program, regardless of your action BellSouth will continue to provide you with the same level of service.

We appreciate your trust in permitting us to send you special offers in a way that works best for your business—including mail, phone, fax and email. Thanks again for choosing BellSouth.

Sincerely,

Jeff White
President, BellSouth Select, Inc.

*A check from BellSouth Selectâ Restrictions apply – see back
† See Point Redemption in the General Program Rules on back

Keep this card: it's your direct line to prompt, professional assistance from your Account Executive and Business Service Manager – and just one more way your membership makes working with BellSouth easier than ever

© BELL SOUTH™

> contact BellSouth

BellSouth Account Executive
877-253-8729
business.select@bellsouth.com

For information about your Select Business membership,

GENERAL PROGRAM RULES

1. Address changes and changes to the name on the program account record must be made by calling the BellSouth Select Service Center, 1-800-290-3333
2. Misappropriation of BellSouth Select Business points or the violation of program terms may lead to appropriate administrative and/or legal action by BellSouth Select Inc., including but not limited to forfeiture of all accrued points. 3. Any tax liability resulting from the exercise of program points and the receipt of awards is the sole responsibility of the member and/or business owner. 4. BellSouth Select will not allow your name and address to be used by unaffiliated organizations. However, BellSouth Select may inform you about products and services offered by ourselves and organizations associated with us, which you may find of interest. 5. BellSouth Select reserves the right to alter, limit or modify program rules, regulations, awards and award levels or to terminate the BellSouth Select Business program at any time.

Program Eligibility

1. Program benefits may not be available to those customers receiving discounts from other programs including discounts for regulated services pursuant to tariff or promotional programs filed with appropriate regulatory authorities. Program eligibility is the sole discretion of BellSouth Select. 2. Customers must have a non-regulated service provided by a BellSouth affiliate in order to be eligible for membership. 3. Customers must have a good account pay status. Members whose lines are disconnected due to late payments or who are delinquent in their payments for advertising in The Real Yellow Pages® from BellSouth will be removed from the program. 4. Participation in the program is voluntary. 5. Customers are asked to provide BellSouth with a permanent Customer Proprietary Network Information. 6. All program memberships are evaluated for requalification at the end of each membership year. Membership privileges and points balances earned during first year of membership can be retained from that year to the next provided customers meet the minimum requirements for membership.

Earning Program Points

1. Customers can earn program points as long as they have an active program membership. 2. Program points are earned on qualified spending with BellSouth Telecommunications, Cingular™ Wireless, BellSouth Internet and BellSouth Paging service at a rate of 1 point per dollar spent; advertising with The Real Yellow Pages® earns at a rate of 1 point per every \$3 spent. Points are accumulated and held in member accounts. Spending for long distance charges from companies other than BellSouth are not eligible for points earnings. 3. Members wishing to earn points on Cingular™ Wireless and/or BellSouth Internet Service spending must combine those charges on their bill from BellSouth Telecommunications. 4. Program points expire on December 31, two calendar years after the year in which they are issued. For example, points earned in 2002 will expire on December 31, 2004. 5. Bonus points may be issued to BellSouth Select Business members on a periodic basis. Bonus points will be awarded at the sole discretion of BellSouth Select. 6. Points will be reported in periodic activity statements. The point balances are also available from the BellSouth Select Business Service Center at 1-800-290-3333 and www.bellsouthselectbusiness.com. 7. Program points have no cash value beyond the credit on a member's Select Business account. Cash will not be given to members for any unredeemed points.

Point Redemption

1. Subject to the following requirements, program points may be redeemed at any time following credit to your program point account. At no time can the cumulative value of points redeemed exceed the cumulative value of billing to you for non-regulated BellSouth company products and services. Non-regulated services include advertising with The Real Yellow Pages® and The Real White Pages® from BellSouth, Cingular™ Wireless, BellSouth Internet Services and others. 2. A member's business accounts must be in good standing with the provider of the services for those accounts.

Program "Partner" Benefits

1. Program members must offer proof of program membership in order to enjoy "partner" benefits. 2. By participating in this program, each member agrees that BellSouth Select is not responsible for the benefits provided by "partner" companies. BellSouth Select is not liable for benefits that "partners" fail to provide. Each "partner" is responsible for its benefits only and not for those benefits of other "partners." 3. BellSouth Select reserves the right to discontinue "partner" relationships at any time.

Rules for Bill Combining

1. Members may combine their Cingular™ Wireless and/or BellSouth Internet spending by calling their local business office. Billing for these services must be combined on member's BellSouth Telecommunications bill to earn points. 2. Members who have several business locations billed on one combined monthly bill will be issued only one program number per combined bill. All program points and award credits will be issued against that single membership number.

IMPORTANT INFORMATION CONCERNING YOUR CUSTOMER PROPRIETARY NETWORK INFORMATION (CPNI) RIGHTS

Recent changes in government regulations allow the BellSouth family of companies to use information about your current telecommunications services to make recommendations on the products and services that will best meet your business communications needs in the future, unless you notify us otherwise.

What information are we talking about? We are talking about certain information regarding the telecommunications services that you buy from BellSouth, including the types of services you receive, the way we provide these services to you and your billing records.

How can we use this information to help you? BellSouth will be able to use information about your current service to let you know about innovative service proposals that can enhance or replace your current services. Using that information, BellSouth may even be able to make you one of the first to know about emerging technology or new offerings, including local service, long distance, Internet and many other services. You may also receive savings on these products and services, and you may be able to combine all these items on one monthly bill. Unless you notify us that you do not approve, we can use this information to your benefit!

Who will use this information? Only those companies that now or in the future sell BellSouth services, including our agents and authorized sales representatives, will use this information. For your convenience, we refer to

all of those companies as "BellSouth," including BellSouth Telecommunications, BellSouth BSE, BellSouth Entertainment, BellSouth Long Distance, Cingular™ Wireless, BellSouth Advertising & Publishing and any other current or future direct or indirect subsidiary of BellSouth Corporation.

Will BellSouth protect this information? Absolutely. Regardless of whether you approve or disapprove our use of this information, you have a right to have your account treated confidentially and BellSouth has a duty under federal law to protect the confidentiality of customer information.

Here is one other thing you need to know. You can always change your mind about BellSouth's use of this information simply by calling us. Your instructions to us will remain in effect until you tell us you have changed your mind. Whatever your choice, BellSouth will continue to provide you with the same high quality of service you currently receive.

What do I have to do? Nothing. Unless you call us to tell us not to use your information, we will continue to send you news and updates on the products and services specifically designed to add ease and convenience to your business operations. However, if you do call us at 1-800-290-3333, we will only use your information to provide you with the type of products and services to which you already subscribe. We look forward to serving you even more effectively with new communications opportunities and solutions from BellSouth, the company you know and trust.

How To Use The Business Service Manager Program

Trouble reporting procedures:

1. To initiate your trouble report, call the BellSouth Repair Center at 1-800-247-2020
2. If the problem is not resolved during the specified time frame, request a first-level escalation at 1-800-247-2020
3. If, after requesting a first-level escalation and allowing time for the problem to be resolved, your request is not being handled to your satisfaction, call a Business Service Manager at 1-888-530-4603



BellSouth **Select**
Business Platinum

Please note the highlighted change in the BellSouth Select® program below, effective 4/01/02.

Earning Program Points

1. Customers can earn program points as long as they have an active program membership. **2.** Program points are earned on qualified spending with BellSouth Telecommunications (regulated and non-regulated products and services), CingularSM Wireless, BellSouth Internet and BellSouth Paging service at a rate of 1 point per dollar spent; advertising with The Real Yellow Pages[®] earns at a rate of 1 point per every \$3 spent. Points are accumulated and held in member accounts. Spending associated with Directory Advertising purchased by accounts on a national basis is not eligible to earn points on the BellSouth Select Business program. Spending associated with accounts that utilize an agency other than BellSouth Advertising & Publishing and/or any affiliates thereof for placing advertising and are subsequently billed by that agency is not eligible to earn points on the BellSouth Select Business program. Spending for long distance charges from companies other than BellSouth is not eligible for points earnings. **3.** Members wishing to earn points on CingularSM Wireless and/or BellSouth Internet Service spending must combine those charges on their bill from BellSouth Telecommunications. **4.** Program points expire on December 31, two calendar years after the year in which they are issued. For example, points earned in 2002 will expire on December 31, 2004. **5.** Bonus points may be issued to BellSouth Select Business members on a periodic basis. Bonus points will be awarded at the sole discretion of BellSouth Select, Inc. **6.** Points will be reported in periodic activity statements. The point balances are also available from the BellSouth Select Business Service Center at 1-800-290-3333 and www.bellsouthselectbusiness.com. **7.** Program points have no cash value beyond the credit on a member's Select Business account. Cash will not be given to members for any unredeemed points.

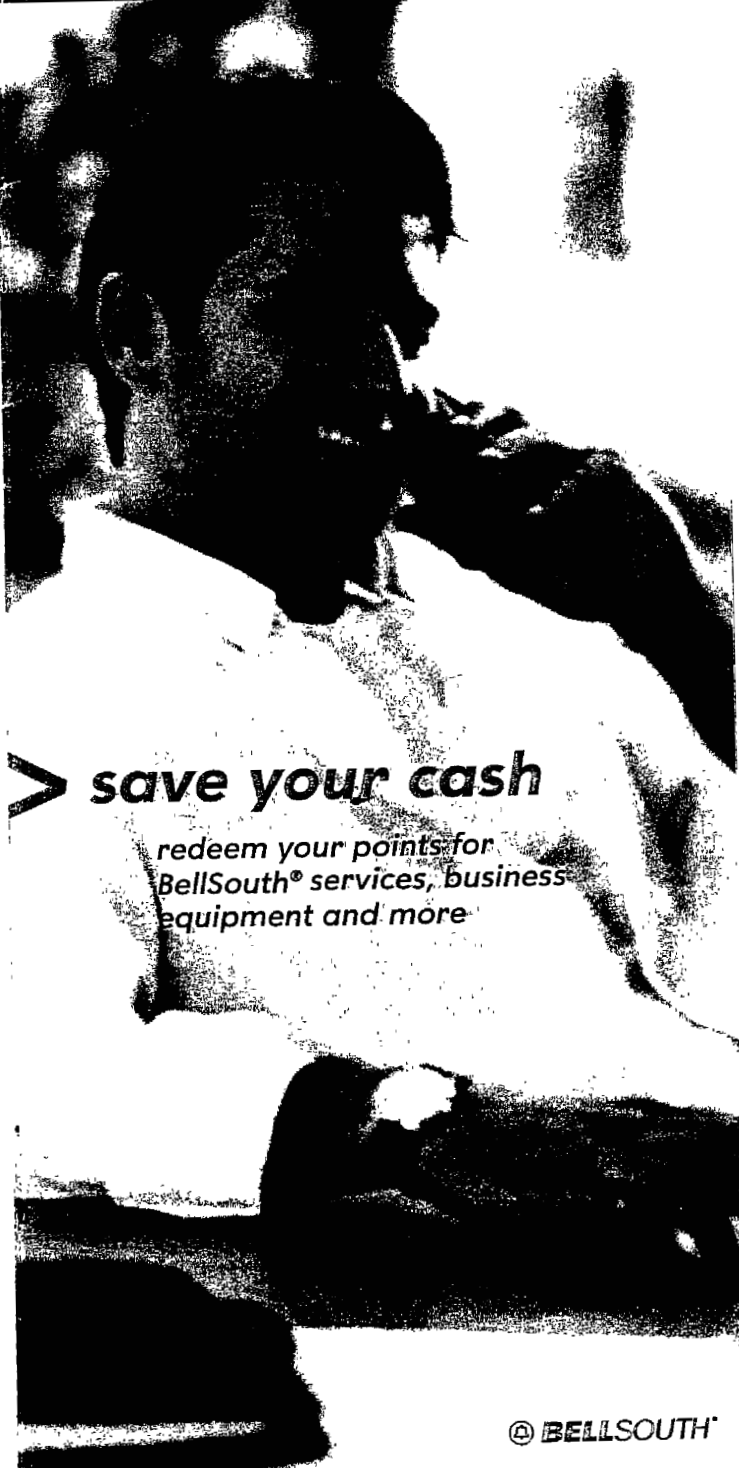
For complete BellSouth Select Program Terms and Conditions, please see the back of your statement.

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BELLSOUTH

BellSouth Select
Business: Platinum

SUMMER 2002



> save your cash

*redeem your points for
BellSouth® services, business
equipment and more*

© BELL SOUTH

> *fyi*

Dear Valued Member,

Now is a great time to be a BellSouth Select® Business member. We've recently added IBM® products to our growing list of rewards, which means you can redeem your points for an IBM desktop system or IBM ThinkPad®— along with great time-saving technology such as a Palm™ organizer. Plus, we are now offering two new and valuable BellSouth services for points:* your own Static IP address and voicemail.



We are continually striving to help you make the most of your telecommunications dollar— and valuable products and services like these are just the beginning! We hope this is one of the reasons why J.D. Power and Associates ranked BellSouth as having the "Highest Customer

Satisfaction with Small Business Local Telephone Service Providers."†

As a member, you'll discover more great savings ideas throughout this issue, like exclusive discounts from McAfee® anti-virus solutions, Ameritrade® and FranklinCovey®. Visit www.bellsouthselectbusiness.com to find the savings and services that your small business needs.

A handwritten signature in cursive script that reads "Jeff White".

Jeff White
President, BellSouth Select, Inc.

*Points redeemed for a check from BellSouth Select, Inc. for cash value of benefit.

†J.D. Power and associates 2001 Small Business Telecommunications Study™ Study conducted among 2,511 business users with 2-99 employees. www.jdpower.com.



Reach 7 times more customers¹ with RealPages.comSM

Advertising online with BellSouth is smart because:

- 168 million Americans have web access²
- 69% of RealPagesSM users also search online with RealPages.com to find a business³
- RealPages.com gets over 8 million searches per month¹

Add impact to your RealPages.com listing and save 15%.*

ANYTIME SPORTS EQUIPMENT (404) 555-4762
40 HILLMAN DRIVE
DULUTH, GA 30341

Highlighted Listing

web site more info maps and directions

JOE'S SPORTING GOODS (404) 555-5255
117 MAPLE DRIVE
ATLANTA, GA 30309

web site more info maps and directions e-mail

More Info Plus

FUN SPORTS
813 MATTIWS STREET
NORCROSS, GA 30063

web site more info maps and directions

Web Link

Highlighted Listing: 1 year-6,120 points-a 15%* savings
Help your listing stand out with a bolded online listing and better overall placement in the business listings.

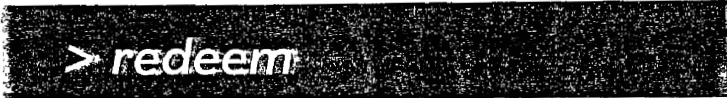
More Info Plus: 1 year-14,280 points-a 15%* savings
Your customers can make more informed decisions with a text information page, including your hours of operation, accepted payment methods, a customizable advertising message and more.

Web Link: 1 year-22,440 points-a 15%* savings
Let your customers click the "Web site" link on your business listing and go directly to your home page.

Limited-time offer! To redeem, call 1-800-290-3333 today.

*Offers expire 7/31/02. Limited to new product purchases only. No contract required, but the time frame for the product is one year from start date. Must have RealPages.com listing. Compared to stand alone Select check point redemption.

¹ Median estimates based on analysis applied to 2001 RealPages Internet traffic statistics
Your results may vary based on your own business and these results are not guaranteed
² Nielson/Net Ratings, 2-24-01 ³ NFO/IMV user Site Evaluation Program, 2001.



SAVE OVER 50%*
6 Months BellSouth®
Inside Wire Maintenance

For new subscribers only.
A cost-effective way to protect the telephone wiring and modular jacks in your office not automatically covered by BellSouth.

To redeem for this reward, call 1-800-290-3333.

Item #271
500 Points Per Line
\$30 Retail Value

Some restrictions apply;
please see page 5 for details*

SAVE OVER 65%*
6 Months BellSouth®
Equipment Maintenance

For new subscribers only.
No matter what the brand or model, protect your office phone equipment with an insurance plan from BellSouth.

Covers repair and replacement due to normal wear and tear or power surge.

To redeem for this reward, call 1-800-290-3333.

Item #273
500 Points Per Product
\$36 Retail Value



Some restrictions apply;
please see page 5 for details*

New! Buxton® Organizer/Planner

Give yourself all the tools you need to stay on schedule and organized, all in one place! Crafted from durable Bux-hyde®, planner features outside cell phone pocket, full-function calculator, pen, credit card pockets and planner.

Item #251
720 Points
\$25 Retail Value



500-1,200 Points

Howard Miller® Desk Clock

Multi-functional alarm clock features calculator, countdown timer, world time display, time/month/date/year display and current month calendar. Includes matching pen and business card holder.

Item #156
920 Points
\$30 Retail Value



BellSouth® Prepaid Phone Card

Great for business trips or anytime you're away from the office. Order several to recognize valued employees—it's a gift that fits everyone!

\$30 Phone Card
Item #153
1,000 Points
\$75 Phone Card
Item #001
2,000 Points



SAVE OVER 20%* **New! 3 Months Memory Call** **Flat Rate Voicemail**

This valuable service is available in Alabama, Mississippi, Florida, North Carolina and Kentucky only.

Item #295
1,200 Points
\$39 Retail Value

Other services may be required.



Flexlight Computer Light

Twist and bend to aim light right where you want it. Plugs into external laptop jack.



Item #157
1,400 Points
\$40 Retail Value



SAVE OVER 30%* 3 Months BellSouth® Shared Web Hosting

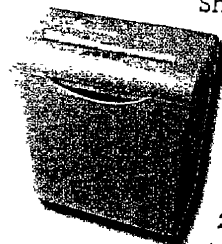
For new subscribers only.
Save 30% when you securely host your website with a trusted provider, BellSouth.†

**To redeem for this reward,
call 1-800-290-3333.**

Item #303
2,000 Points
\$72 Retail Value

*Must be enrolled in BellSouth Select Program. Service may not be available in all areas. Terms and conditions apply. Pricing plans include BellSouth charges and the Global Service Provider (GSP) charges for connection to the global Internet. GSP service is provided to users by providers unaffiliated with BellSouth and subject to GSP's terms and conditions. Some restrictions may apply; see online registration process for details. Domain Name Registrar Service will separately charge and bill domain registration fees to any BellSouth Site Builder or BellSouth Shared Web Hosting customer establishing a new domain name. Applies to new customers only.

Achiever® Cross-Cut Personal Shredder with Basket



Shreds a single sheet (including staples) in just 3 seconds. 9" paper feed opening has 5-sheet capacity, with auto start/stop and forward/reverse switch.

Item #049
2,425 Points
\$60 Retail Value

1,400-4,800 Points



SAVE OVER 20%*

**BellSouth® FastAccess® Business DSL
2 Months FastAccess Business Static IP**

Need a fixed address on the Web to run your business? Enhance your FastAccess Business service and order Static IP addressing. Static IP gives you a permanent address on the Web that enables many applications, from

hosting a website or FTP server to meeting firewall security requirements, and more.

To redeem for this reward, call 1-800-290-3333.

Item #293

2,500 Points For Single Address

\$80 Retail Value

Customer must have BellSouth FastAccess Business. Standard monthly pricing for BellSouth Business Static IP is 1 address=\$40, 5 addresses=\$60, 13 addresses=\$90, 29 addresses=\$100, 61 addresses=\$120.

IBM® 2.4GHz Cordless Phone

Get exceptional clarity and extended range. With jacks for PC/fax data and headset, as well as a belt clip, it works the way you do—with Call Waiting/Caller ID capability, three-line Caller ID display, 50-channel autoscan, up to 8 hours of talk time and 20-number speed dial directory.

Item #023

4,400 Points

\$120 Retail Value



**NEW! Frequent Flyer by Skyway®
3-Piece Expandable Luggage**

Give yourself some room! 3-piece luggage set expands 3" on each case! 21" 24" and 27" vertical uprights feature water- and tear-resistant 1600 SLC construction, push-button locking handle systems, in-line skate wheels and self-repairing nylon zippers. Pieces nest inside largest upright for storage.

Item #254

4,800 Points

\$130 Retail Value





SAVE 15%*

1 Year RealPages.comSM Highlighted Listing

Help your listing stand out in your business category.

To redeem for this reward, call 1-800-290-3333.



Item #297
6,120 Points
\$180 Retail Value

Restrictions apply;
see page 2 for details.

Palm[™] Handheld

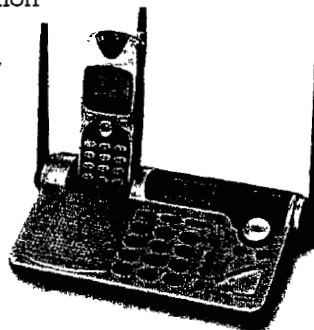
Features 8MB memory, mobile Internet kit, backlit display and HotSync[®] cradle for fast and easy backup—plus phone book, address book, calculator and note pad functions.



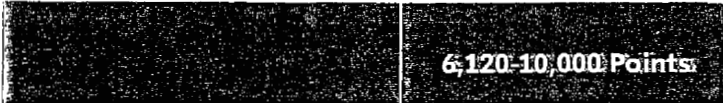
Item #198
6,800 Points
\$180 Retail Value

NEW! Panasonic[®] 2.4GHz Gigarange[®] Cordless Speakerphone

Get unbelievable clarity with this exceptional cordless phone. Desk and wall-mountable phone features Elite Digital Spread Spectrum Technology, digital speakerphone, dual Call Waiting/ Caller ID with 50-station memory, 90-station directory and dialer, dual backlit 3-line LCD with 2 display colors and belt clip.



Item #255
7,000 Points
\$200 Retail Value



SAVE OVER 30%*
**2 Months BellSouth®
FastAccess® Business DSL**

Experience blazing Internet speed over your existing phone line! Download images up to 50 times faster than with a 28.8K dial-up modem.† Includes free modem and activation. For new FastAccess Business subscribers only.

To redeem for this reward, call 1-800-290-3333.

Item #267
7,600 Points
\$285 Retail Value

See www.fastaccess.com for details. Standard monthly pricing is \$75 for Complete Choice for Business customers. Monthly price without BellSouth Complete Choice plan is \$79.95. Professional installation charge is \$199.95. Self-installation available after 4/8/02 at no charge. Offers include BellSouth charges and members will be billed for Global Service Provider's (GSP) charges for connection to the Internet. GSP service is provided to users by provider(s) unaffiliated with BellSouth and subject to GSP's terms and conditions. Service available where facilities permit. Pre-qualification does not guarantee service availability. Certain computer hardware and software requirements apply. Service subject to BellSouth Internet Service agreement terms and conditions. Other restrictions apply. †Download speeds may vary. Offer expires 7/31/02.

SAVE OVER 10%*
**BellSouth® Wireless E-mail Service with
Motorola® Talkabout® T900 2-Way Pager****



Send/receive messages nationwide to multiple addresses, store up to 250 addresses, get instant updates, headlines and more. Features 128K message memory. Includes device and three months' service.

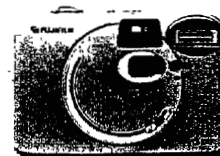
To redeem for this reward, call 1-800-290-3333.

Item #291
10,000 Points
\$289 Retail Value

**Subject to certain other conditions and restrictions. Other charges such as optional accessory and equipment costs, etc., may apply. BellSouth Wireless E-mail Service may not be available in all areas. Offer expires 7/31/02.

New! Fuji FinePix A101 Digital Camera

Perfect for your business, digital camera includes 1.3-megapixel CCD with user-friendly controls, 2x digital zoom, video recording, Internet PC-Cam mode, 3 flash modes and auto lens cover. USB computer connectivity.



Item #256
10,000 Points
\$270 Retail Value



New! Samsung® Combination TV/VCR

Experience superior performance with 13" and 19" units, which feature dark tint/semi-tint picture tube, 1.5 watts audio output, auto clock set, dual azimuth 4-head VCR with HQ circuitry, front A/V inputs and V-chip system. Includes unified remote control.



13" Combination TV/VCR
Item #257
10,360 Points
\$280 Retail Value

19" Combination TV/VCR
Item #258
12,360 Points
\$330 Retail Value

Philips® External CD-RW Drive (CD Burner)

The easy, all-in-one CD-ROM, CD-Recordable and CD-Rewritable solution! Copy or download large hard disk files or audio tracks from the Internet and other CDs. Reads CD-ROM at 4x4x6. Includes disk drive, cable and set-up software.



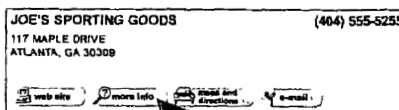
Item #154
10,400 Points
\$270 Retail Value

SAVE 15%*

1 Year RealPages.comSM More Info Plus

Add a text information page to your listing and help your customers make more informed decisions.

To redeem for this reward, call 1-800-290-3333.



Item #299
14,280 Points
\$420 Retail Value

Restrictions apply;
see page 2 for details

More Info Plus

10,360-22,400 Points

**New! JVC® Palm-Size
Compact VHS-C Camcorder**

This palm-size camcorder features Super VHS-C recording/playback, 400x zoom, digital image stabilizer and color viewfinder.

Item #259
16,000 Points
\$450 Retail Value



SAVE OVER 35%*
**2 months BellSouth® FastAccess®
Business DSL**

Connect multiple PCs to a single line at your business location with BellSouth FastAccess Business. Includes a free router, activation and professional installation.[†] For new FastAccess Business subscribers only.

To redeem this reward, call 1-800-290-3333

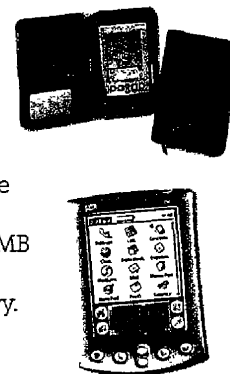
Item #269
20,400 Points
\$810 Retail Value

Some restrictions apply. See www.fastaccess.com for details. Standard monthly pricing is \$75 for Complete Choice for Business customers. Monthly price without BellSouth Complete Choice plan is \$79.95. Professional installation charge is \$199.95. Self-installation available after 4/8/02 at no charge. Offers include BellSouth charges and members will be billed for Global Service Provider's (GSP) charges for connection to the Internet. GSP service is provided to users by provider(s) unaffiliated with BellSouth and subject to GSP's terms and conditions. Service available where facilities permit. Pre-qualification does not guarantee service availability. Certain computer hardware and software requirements apply. Service subject to BellSouth Internet Service Agreement terms and conditions. Other restrictions apply. [†]Professional installation covers setup of 2 computers.

Palm™ Handheld and Case

Expandable organizer has color LCD screen, digital/multimedia card slot, universal connector and infrared beam capability, plus mobile connectivity software for wireless email and Internet access. Includes Palm OS® 4.1, 16MB memory, HotSync® cradle, stylus and rechargeable Lithium battery.

Item #201
22,400 Points
\$580 Retail Value



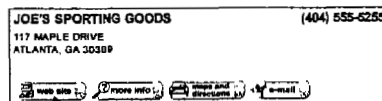
> **redeem**

SAVE 15%*

1 Year RealPages.comSM Web Link

Connect serious customers to your business' website—right from your listing!

To redeem for this reward, call 1-800-290-3333.



Item #301
22,440 Points
\$660 Retail Value

Restrictions apply,
see page 2 for details

Web Link

**Panasonic® Flatbed
Multi-Function System**

Printer, scanner, copier and PC-fax—all in one. Featuring 15-page document feed, 150-page document memory (2MB), full-feature telephone (with speaker), 110-station speed dial and electronic phone directory. Enhanced flatbed copier enlarges, reduces and collates.

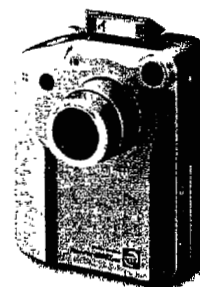
Item #150
24,000 Points
\$629 Retail Value



Fuji Finepix Digital Zoom Camera

High-definition color technology in a compact design. Features 4.3 million pixel file (2400 x 1800), 2.4 million sensor super CCD (RGB), 3x optical and 3.75x smooth digital zoom, PC-Cam/video Internet conferencing and movie with audio. USB connectivity.

Item #152
29,200 Points
\$750 Retail Value



22,440-50,000 Points

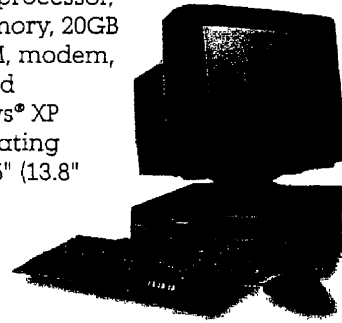
New! IBM® NetVista™ Desktop Computer

This leading-edge system features an Intel® Pentium® 4 1.6GHz processor, 128MB SDRAM memory, 20GB harddrive, CD-ROM, modem, stereo speakers and Microsoft® Windows® XP Home Edition operating system. Includes 15" (13.8" viewable) monitor.

Item #260

33,960 Points

\$850 Retail Value



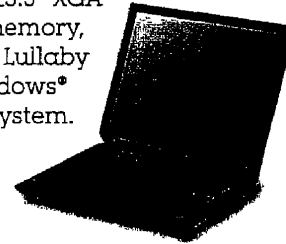
New! ThinkPad® R Series Notebook Computer

The IBM® ThinkPad® R series notebook provides the best blend of ThinkPad portability and essential features that include Intel® Celeron™ 1.13GHz processor, 20GB hard drive, 13.3" XGA TFT display, 128MB SDRAM memory, integrated Ethernet modem, Lullaby CD-ROM and Microsoft® Windows® XP Home Edition operating system.

Item #261

50,000 Points

\$1,250 Retail Value



From airfare to accommodations, redeem your points for practically all your travel needs.

Whether you need to arrange a meeting across town or travel across the country, you can use your points. Great for entertaining clients or cutting costs on business trips, your BellSouth Select® Business points can get you there for considerably less! Select from a wide range of travel services, and then book your trip with points or use just a few to help cut costs—it's up to you!

For more details, call the BellSouth Select Business Service Center at 1-800-290-3333 today.

Redeeming your points is fast and easy—check out the latest options and call us at 1-800-290-3333!

Product Rewards¹	Points Needed	Item Number
500—5,000 Points		
6 Months BellSouth® Inside Wire Maintenance*— Save over 50%	500	271
6 Months BellSouth® Equipment Maintenance*— Save over 65%	500	273
NEW! Buxton® Organizer/Planner	720	251
Howard Miller® Versatile Desk Clock	920	156
\$25 Check from BellSouth Select®, Inc.	1,000	178
\$30 BellSouth® Prepaid Calling Card	1,000	153
NEW! 3 Months Memory Call Flat Rate Voicemail*†— Save over 20%	1,200	295
Flexlight Computer Light	1,400	157
3 Months BellSouth® Shared Web Hosting*— Save over 30%	2,000	303
\$50 Check from BellSouth Select®, Inc.	2,000	179
\$75 BellSouth® Prepaid Phone Card	2,000	001
Achiever® Cross-Cut Shredder with Basket	2,425	049
NEW! 2 Months FastAccess® Business Static IP*— Save over 20%	2,500	293
\$100 Check from BellSouth Select®, Inc.	4,000	180
IBM® 2.4GHz Cordless Phone	4,400	023
NEW! Frequent Flyer by Skyway® Luggage	4,800	254
5,001—10,000 Points		
1 Year RealPages.com SM Highlighted Listing*— Save 15%	6,120	297
Palm™ Handheld	6,800	198
NEW! Panasonic® 2.4GHz Gigarange® Speakerphone	7,000	255
2 Months BellSouth® FastAccess® DSL*— Save over 30%	7,600	267
\$250 Check from BellSouth Select®, Inc.	10,000	181
3 Months BellSouth® Wireless Email Service with Motorola® Talkabout® T900 2-Way Pager*— Save over 10%	10,000	291
NEW! Fuji Finepix A101 Digital Camera	10,000	256
10,001—50,000 Points		
NEW! Samsung® 13" TV/VCR Combination	10,360	257
Philips® External CD-RW Drive (CD Burner)	10,400	154
NEW! Samsung® 19" TV/VCR Combination	12,360	258
1 Year RealPages.com SM More Info Plus*— Save 15%	14,280	299
NEW! JVC® Palm-Size Compact VHS-C Camcorder	16,000	259
\$500 Check from BellSouth Select®, Inc.	20,000	182
2 Months BellSouth® FastAccess® DSL*— Multiple Computer Package*— Save over 35%	20,400	269
Palm™ Handheld and Case	22,400	201
1 Year RealPages.com SM Web Link*— Save 15%	22,440	301
Panasonic® Flatbed Multi-Function System	24,000	150
Fuji Finepix 4800 Zoom Camera	29,200	152
NEW! IBM® NetVista™ Desktop Computer	33,960	260
NEW! IBM® ThinkPad® R Series Notebook	50,000	261
\$1,250 Check from BellSouth Select®, Inc.	50,000	183

Product Reward Terms and Conditions: ¹ Products subject to availability, comparable product substitutions may occur. Shipping included. Certain product features may require the activation of network services. Services may not be available in all areas. All products are warranted by the manufacturer for one year from the date of purchase. You may return a product for any reason within 30 days of your purchase for a full refund of your program points. Offers end 7/31/02.

*See catalog for restrictions. Points redeemed for a check from BellSouth Select, Inc. for cash value of benefit. †Available in Alabama, Mississippi, Florida, North Carolina and Kentucky only.



BellSouth **Select**
Business Platinum

> **value. rewards.**

When you're a BellSouth Select® Business Platinum member, the BellSouth services you use every day pay off—in points you can use for BellSouth services, business equipment and travel. Or get a check from BellSouth Select, Inc.

Get the inside track on big business advantages— with smart solutions:

24/7 access

- Go online to redeem points* see the newest rewards and check your real-time balance at www.bellsouthselectbusiness.com
- Or call the BellSouth Select Business Service Center M–F, 8 a.m.–6 p.m. ET at 1-800-290-3333

Personal service

- Resolve service issues to your complete satisfaction by working with your Business Service Manager

Members-only savings

- Save on BellSouth Internet services, advertising and more with exclusive offers on the services you need to compete
- Get online news, business tools and discounts at the BellSouth Small Business Resource Center at www.bellsouthselect.sbresources.com
- Save up to 80% on your next trip with Carlson Wagonlit Travel—and earn Delta SkyMiles® on selected travel packages! Go to www.bellsouthselectbusiness.com, then click "Online Travel Agent"

Enjoy the privileges you've earned as a top customer!

Your membership will be automatically renewed each year you maintain a non-regulated BellSouth product or service and a monthly spending level of \$100 for BellSouth Small Business services, or with The Real Yellow Pages® or The Real White Pages® from BellSouth. For complete program terms and conditions, visit www.bellsouthselectbusiness.com.

- Get one point for every \$1 you spend on local phone service, voice and fax messaging, calling features and data products; BellSouth Internet for Business; BellSouth Paging service; and CingularSM Wireless charges (when combined on your BellSouth Telecommunications bill)

- Get one point for every \$3 you spend on advertising in The Real Yellow Pages® or The Real White Pages® from BellSouth

- Call your local business office to combine all the BellSouth services you use on a single bill including Wireless, Internet and Paging (their number can be found on your BellSouth bill) and

- Call the BellSouth Select® Service Center to identify all eligible locations at 1-800-290-3333

*The value of all points you are eligible to redeem under the program cannot exceed the total amount you've spent for non-regulated services since your program enrollment date

> **getaway savings**

Enjoy great savings on your room rate at Gaylord Palms™

Right now, BellSouth Select® members can receive a special \$199 nightly room rate (\$200 off the regular \$399 room rate) at the spectacular new Gaylord Palms Resort and Convention Center in Kissimmee-St. Cloud, Florida. There, you'll enjoy championship golf at Falcon's Fire Golf Course, upscale restaurant dining and exciting lounges.

And, many of the greater Orlando attractions, including SeaWorld Adventure Park® and UNIVERSAL STUDIOS ESCAPE™ are close by, with the main gates of Walt Disney World® just five minutes away! It's all right here in one extraordinary setting created just for you.

To take advantage of this exclusive room discount, please call 407-586-2000 and refer to BellSouth Select member code BSFRR.

Room rate is per night and based on availability. Valid for up to four people per room. Not valid with any other offers or groups.



www.gaylordhotels.com

Receive a 10% savings on a Gaylord Opryland™ Resort Golf Getaway!

As a BellSouth Select® member, you can receive a 10% savings on a Golf Getaway Package at Gaylord Opryland Resort in Nashville, Tennessee, from now through July 31, 2002. Visit by May 31, 2002, and you'll also receive FREE tickets to the BellSouth Senior Classic. For only \$99,* this getaway package includes:

- One night room accommodations at Gaylord Opryland Resort
- One round (18 holes) of golf at Springhouse Golf Club

Call 1-888-976-2000 and refer to code BELC to enjoy this exclusive offer.

*Per person, plus tax, based on double occupancy. Travel must take place April through July 2002. Offer not commissionable or retroactive and not available to groups. Limit one BellSouth Senior Classic ticket per person if travel is completed by May 31, 2002. Other restrictions apply.



> *exclusive member savings*

The BellSouth Select® Business Resource Center was created to help your business save time and money. Log on to get the latest small business news, tools and resources. Plus, take advantage of these special discounts:

Save 10% on award-winning McAfee® anti-virus protection for your business Unchecked virus outbreaks can devastate your business. McAfee's Active Virus Defense Suite gives you total protection for all points of virus entry: Internet gateway, groupware servers, file servers and desktops. Save up to 10% on select products and services now.

Enjoy free trades and bonus offers with Ameritrade® Whether you're a seasoned investor or just starting to trade, it's easy to invest online. With Ameritrade, you'll enjoy low, flat commissions, top-notch trading tools, account access and secure online trading. For a limited time, open and fund an Ameritrade cash account and get a special account-opening bonus.

Save 10% on select FranklinCovey® planning products Combine the data of your desktop using the portability of your wireless phone with new FranklinCovey Planning Software. Sync your calendar, contact list, tasks and notes from your desktop computer to compatible wireless phones, handheld devices and even corporate scheduling software like Microsoft® Outlook®.

For details on these special offers and other valuable savings opportunities, visit www.bellsouthselect.sbresources.com

Offer valid in U.S. only. Cannot be combined with other offers.

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Notice

Notification Type:	Changes In Existing Service
Jurisdiction:	FLORIDA
Notice Date:	07/02/2002
Filing Package Number:	FL2002-143
Service Name:	FL-Select Points
Tariff Sections:	A2.20, B2.20
Expected Issue Date:	09/15/2002
Expected Effective Date:	09/30/2002
Descriptive Narrative:	<p>8/28/02 THIS NOTICE IS SUSPENDED 8/26/02 THIS NOTICE IS BEING REISSUED DUE TH CHANGE IN ISSUE AND EFFECTIVE DATES. 8/20/02 THIS NOTICE IS BEING REISSUED DUE TO CHANGE IN EFFECTIVE DATE 7/17/02 THIS NOTICE IS BEING REISSUED DUE TO CHANGE IN EFFECTIVE DATE</p> <p>BellSouth Select Business Program is a customer loyalty program offered and operated by BellSouth Select, Inc. Participants in the program earn Select Points based on their regulated and unregulated spend with BellSouth companies. Participants will receive one Select Point for each dollar spent on both regulated and unregulated BellSouth eligible products or services. Each Select Point has a cash value of \$.025.</p>

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Direct Testimony and Exhibits of Danyelle Kennedy on Behalf of Florida Competitive Carriers Association has been furnished by (*) hand delivery, (**) email or by U. S. Mail on this 23rd day of October 2002 to the following:

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Tallahassee, Florida 32399
fbanks@psc.state.fl.us

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