

ORIGINAL
ATTACHMENT B

BellSouth Telecommunications, Inc.
FPSC Docket No. 031125-TP
Request for Specified Confidential Classification
Page 1 of 1
2/6/04

**REQUEST FOR SPECIFIED CONFIDENTIAL CLASSIFICATION
FOR PORTION'S OF BELL SOUTH'S PARTIAL MOTION TO DISMISS AND
ANSWER FILED ON JANUARY 16, 2004**

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**PUBLIC VERSION
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Complaint against BellSouth Telecommunications, Inc. for alleged overbilling and discontinuance of service, by IDS Telecom, LLC)
Docket No.: 031125-TP)
Filed: January 16, 2004)

BELLSOUTH PARTIAL MOTION TO DISMISS AND ANSWER

BellSouth Telecommunications, Inc. ("BellSouth") respectfully submits this Partial Motion to Dismiss and Answer to the Amended Complaint ("Complaint") filed by IDS Telecom, LLC ("IDS"). For the reasons set forth below, the Florida Public Service Commission ("Commission") should dismiss IDS' request that the Commission find that BellSouth has violated federal law and a private, negotiated settlement agreement. In addition, BellSouth provides its Answer and affirmative defenses to the remaining allegations in IDS' Amended Complaint.

MOTION TO DISMISS

In its Amended Complaint, IDS asks this Commission to, among other things, interpret the parties' current Interconnection Agreement ("Present Agreement"), the parties' settlement agreement ("Settlement Agreement"), and the parties' amended settlement agreement ("Settlement Amendment") and find that (1) BellSouth violated the Settlement Agreement and the Present Agreement; and (2) BellSouth's actions relating to the violation of the Settlement Agreement and Present Agreement also violates Florida and federal law. See Complaint at 13. As established below, the Commission does not have subject matter jurisdiction to do either.

A. Standard for Motion to Dismiss.

A motion to dismiss questions whether the complaint alleges sufficient facts to state a cause of action as a matter of law. Varnes v. Dawkins, 624 So. 2d 349, 350

(Fla. 1st DCA 1993). In disposing of a motion to dismiss, the Commission must assume all of the allegations of the complaint to be true. Heekin v. Florida Power & Light Co., Order No. PSC-99-10544-FOF-EI, 1999 WL 521480 *2 (citing to Varnes, 624 So. 2d at 350). In determining the sufficiency of a complaint, the Commission should confine its consideration to the complaint and the grounds asserted in the motion to dismiss. See Flye v. Jeffords, 106 So. 2d 229 (Fla. 1st DCA 1958).

B. The Commission Must Have Subject Matter Jurisdiction To Resolve a Complaint.

Furthermore, in order to hear and determine a complaint or petition, a court or agency must be vested not only with jurisdiction over the parties, but also with subject matter jurisdiction to grant the relief requested by the parties. See Keena v. Keena, 245 So. 2d 665, 666 (Fla. Dist. Ct. App. 1971). Subject matter jurisdiction arises only by virtue of law – it must be conferred by constitution or statute and cannot be created by waiver or acquiescence. Jesse v. State, 711 So. 2d 1179, 1180 (Fla. 2nd Dist. Ct. App. 1998). This Commission, therefore, must dismiss a complaint or a petition to the extent that it asks the Commission to address matters over which it has no jurisdiction or to the extent that it seeks relief that the Commission is not authorized to grant. See, e.g., Order Granting Motion to Dismiss (PSC-01-2178-FOF-TP) in Docket No. 010345-TP (Nov. 6, 2001) (granting BellSouth's Motion to Dismiss AT&T's and FCCA's Petition for Structural Separation because "the Petitions fail to state a cause of action upon which relief can be granted. Namely, we have neither Federal nor State authority to grant the relief requested, full structural separation."); Order Denying Complaint and Dismissing Petition (PSC-99-1054-FOF-EI) in Docket No. 981923-EI (May 24, 1999) (dismissing a complaint seeking monetary damages against a public utility for alleged eavesdropping,

voyeurism, and damage to property because the complaint involved “a claim for monetary damages, an assertion of tortious liability or of criminal activity, any and all of which are outside this Commission’s jurisdiction.”).

The Commission, therefore, must determine whether the Legislature has granted it any authority to find that BellSouth is in violation of federal law or that BellSouth has violated a settlement agreement. In making these determinations, the Commission must keep in mind that the Legislature has never conferred upon the Commission any general authority to regulate public utilities, including telephone companies. See City of Cape Coral v. GAC Util., Inc., 281 So. 2d 493, 496 (Fla. 1973). Instead, “[t]he Commission has only those powers granted by statute expressly or by necessary implication.” See Deltona Corp. v. Mayo, 342 So. 2d 510, 512 n.4 (Fla. 1977); accord East Central Regional Wastewater Facilities Oper. Bd. v. City of West Palm Beach, 659 So.2d 402, 404 (Fla. 4th Dist. Ct. App. 1995) (noting that an agency has “only such power as expressly or by necessary implication is granted by legislative enactment” and that “as a creature of statute,” an agency “has no common law jurisdiction or inherent power . . .”).

Moreover, any authority granted by necessary implication must be derived from fair implication and intent incident to any express authority. See Atlantic Coast Line R.R. Co. v. State, 74 So. 595, 601 (Fla. 1917); State v. Louisville & N. R. Co., 49 So. 39 (Fla. 1909). Finally, “any reasonable doubt as to the existence of a particular power of the Commission must be resolved against it.” State v. Mayo, 354 So. 2d 359, 361 (Fla. 1977). As explained below, IDS cannot demonstrate that the Commission has the authority to grant the specific relief IDS requests.

1. The Commission Does Not Have Subject Matter Jurisdiction Over Alleged Violations of Federal Law.

As can be seen by a cursory review of Chapter 364, Florida Statutes, the Legislature has not granted the Commission any authority to determine whether a carrier has violated federal law. Moreover, while the Commission has authority under the Act in Section 252 arbitration proceedings to interpret and resolve issues of federal law, including whether or not the arbitrated issues comply with Section 251 and the FCC regulations prescribed pursuant to Section 251, the Act does not grant the Commission with any general authority to resolve and enforce purported violations of federal law. See e.g., 47 U.S.C. § 251.

The Commission recently addressed this exact issue in Order No. PSC-03-1892-FOF-TP, issued on December 11, 2003, in Docket No. 030349-TP, In re: Complaint by Supra Telecommunications and Information Systems, Inc. Against BellSouth Telecommunications, Inc. Regarding BellSouth's Alleged Use of Carrier-to-Carrier Information ("Sunrise Order"). In the Sunrise Order, the Commission held that "[f]ederal courts have ruled that a state agency is not authorized to take administrative action based solely on federal statutes" and that "[s]tate agencies, as well as federal agencies, are only empowered by the statutes pursuant to which they are created." See Sunrise Order at 3 (citations omitted). The Commission further noted, however, it can construe and apply federal law "in order to make sure [its] decision under state law does not conflict" with federal law. Id. at 3-4. Accordingly, in the Sunrise Order, the Commission determined that it "cannot provide a remedy (federal or state) for a violation of" federal law but that the Commission can interpret and apply federal law to ensure that its decision under state law does not conflict with federal law. Id. at 5. The Commission

noted that any “[f]indings made as a result of such federal law analysis would not, however, be considered binding on the FCC or any court having proper jurisdiction” Id.

Here, IDS is requesting that that the Commission find, based on the same acts, that BellSouth violated Florida law as well as federal law. See Amended Complaint at 12-13. Pursuant to the Sunrise Order and Florida law, the Commission lacks jurisdiction to make such a finding. Accordingly, BellSouth requests that the Commission dismiss IDS’ Amended Complaint to the extent it seeks a finding that BellSouth has violated federal law.

2. The Commission Lacks Subject Matter Jurisdiction To Interpret and Enforce a Settlement Agreement.

In addition, IDS requests that the Commission interpret the Settlement Agreement (as well as the Settlement Amendment) and find that BellSouth is in violation of both. The Commission does have authority under state and federal law to interpret and enforce agreements that it approves pursuant to the Act. See Section 364.162, Florida Statutes (authorizing Commission to interpret and enforce agreements that it approves under state law); BST v. MCImetro Access Transmission Serv., 317 F.3d 1270 (11th Cir. 2003) (finding that state commissions have the same authority under the Act). However, it is well-settled that the Commission does not have any authority to interpret and enforce general contracts. See United Tel. Co. of Fla. V. Public Service Commission, 496 So. 2d 116, 118 (Fla. 1986) (finding that Commission did not have authority to modify rate contracts between telephone companies); see also, In re: Petition for Limited Proceeding to Implement Water Conservation Plan in Seminole County Util. Corp., Order No. PSC-05-0536-S-WS, Apr. 28, 1995, 1995 WL 274474 at

1 *3 (finding that the Commission lacked authority to resolve certain disputes relating to a
2 settlement and stipulation).

3 Furthermore, the Settlement Agreement at issue specifically requires that [REDACTED]

4 [REDACTED]
5 [REDACTED] See Settlement Agreement at ¶ 26. As stated above, the laws of Florida do
6 not provide the Commission with jurisdiction to interpret and enforce a private,
7 negotiated settlement agreement. Accordingly, BellSouth requests that the Commission
8 dismiss IDS' Amended Complaint to the extent it seeks a finding that BellSouth has
9 breached the Settlement Agreement and/or the Settlement Amendment.

10 **ANSWER**

11 1. The allegations contained in paragraph 1 of the Amended Complaint do
12 not require a response from BellSouth.

13 2. BellSouth admits the allegations contained in paragraph 2 of the
14 Amended Complaint.

15 3. BellSouth denies the allegations contained in paragraph 3 of the
16 Amended Complaint, except to admit that the Commission has jurisdiction to interpret
17 and enforce interconnection agreements that it approves pursuant to Section 252 of the
18 Telecommunications Act of 1996 (the "Act"). BellSouth denies that the Commission has
19 jurisdiction to interpret and enforce settlement agreements or has jurisdiction to find that
20 BellSouth is in violation of federal law.

21 4. BellSouth denies the allegations contained in paragraph 4 of the
22 Amended Complaint except to admit that IDS filed its original Complaint on December

23, 2003 and that Rule 28-106.202, Florida Administrative Code provides for the amendment of Petitions.

5. BellSouth denies the allegations contained in paragraph 5 of the Amended Complaint, except to admit that the Present Agreement had an effective date as of January 27, 2001. BellSouth denies the allegations contained in paragraph 6 of the Amended Complaint, except to admit that IDS filed a complaint against BellSouth at the Commission on or about May 11, 2001 and that IDS filed a complaint against BellSouth at the Georgia Public Service Commission on or about July 16, 2001.

6. BellSouth denies the allegations contained in paragraph 6 of the Amended Complaint, except to admit that BellSouth and IDS entered into a confidential settlement agreement (previously defined as "Settlement Agreement") on or about September 27, 2001 and that the Settlement Agreement speaks for itself and is the best evidence of its terms and conditions.

7. BellSouth denies the allegations contained in paragraph 7 of the Amended Complaint, except to admit that BellSouth and IDS entered into an amendment to the Settlement Agreement (previously defined as "Settlement Amendment") containing an effective date of March 25, 2001.

8. BellSouth denies the allegations contained in paragraph 8 of the Amended Complaint (including footnotes), except to admit that the Settlement Amendment speaks for itself and is the best evidence of its terms and conditions.

9. BellSouth denies the allegations contained in paragraph 9 of the Amended Complaint.

10. BellSouth admits the allegations contained in paragraph 10 of the Amended Complaint.

11. BellSouth denies the allegations contained in paragraph 11 of the Amended Complaint.

12. BellSouth denies the allegations contained in paragraph 12 of the Amended Complaint, except to admit that IDS has paid some amounts owed on the Q account at issue.

13. BellSouth denies the allegations contained in paragraph 13 of the Amended Complaint, except to admit that BellSouth has requested that IDS pay all undisputed monies owed under the Settlement Agreement, Settlement Amendment, and the Present Agreement.

14. BellSouth denies the allegations contained in paragraph 14 of the Amended Complaint, except to admit that IDS has raised an improper dispute relating to the Q account and that IDS has paid some amounts owed in the Q account.

15. BellSouth denies the allegations contained in paragraph 15 of the Amended Complaint (including footnotes), except to admit that the Present Agreement contains Attachment 7, Section 1.7.2 and Section 31 of the General Terms and Conditions ("GTC"). These provisions speak for themselves and are the best evidence of their terms and conditions.

16. BellSouth denies the allegations contained in paragraph 16 of the Amended Complaint (including footnotes), except to admit that the Present Agreement contains Attachment 7, Section 2.1 and 2.1.1. These provisions speak for themselves and are the best evidence of their terms and conditions.

17. BellSouth denies the allegations contained in paragraph 17 of the Amended Complaint, except to admit that the Present Agreement contains Section 10 of the GTC and that the Prior Agreement contained Section 12 of the GTC. These provisions speak for themselves and are the best evidence of their terms and conditions.

18. BellSouth denies the allegations contained in paragraph 18 of the Amended Complaint (including footnotes).

19. BellSouth denies the allegations contained in paragraph 19 of the Amended Complaint, except to admit that IDS filed an informal complaint at the Commission on or about November 3, 2003.

20. BellSouth denies the allegations contained in paragraph 20 of the Amended Complaint, except to admit that Commission Staff suggested that IDS file a formal complaint and that IDS has attempted to bring some of its billing disputes to the attention of the FCC.

21. BellSouth denies the allegations contained in paragraph 21 of the Amended Complaint, except to admit that IDS has raised other improper billing disputes, which are referenced in Exhibit F to the Amended Complaint. BellSouth's response to each of these disputes is accurately set forth in BellSouth's December 4, 2003 Letter to the Commission, which is attached hereto as Exhibit 1. BellSouth's incorporates each response herein.

22. BellSouth denies the allegations contained in paragraph 22 of the Amended Complaint, except to admit that BellSouth properly terminated IDS' access to

LENS pursuant to the terms of the Present Agreement for IDS' failure to pay undisputed amounts and that BellSouth subsequently restored IDS' access to LENS.

23. BellSouth denies the allegations contained in paragraph 23 of the Amended Complaint, except to admit that LENS is an electronic interface between a CLEC and BellSouth's wholesale operations that enables CLECs to order, modify, and terminate telephone service to a CLEC's customer.

COUNT ONE

24. The allegations contained in paragraph 24 of the Amended Complaint do not require a response from BellSouth. To the extent one is required, they are denied.

25. BellSouth denies the allegations in paragraph 25 of the Amended Complaint, except to admit that IDS filed an informal complaint at the Commission on or about November 3, 2003.

26. BellSouth denies the allegations contained in paragraph 26 of the Amended Complaint.

27. BellSouth denies the allegations contained in paragraph 27 of the Amended Complaint.

COUNT TWO

28. The allegations contained in paragraph 28 of the Amended Complaint do not require a response from BellSouth. To the extent one is required, they are denied.

29. BellSouth denies the allegations contained in paragraph 29 of the Amended Complaint, except to admit that the Present Agreement governs the parties' rights and obligations regarding the payment of services, billing disputes, and the

suspension and/or termination of services. The Present Agreement speaks for itself and is the best evidence of its terms and conditions.

30. BellSouth denies the allegations contained in paragraph 30 of the Amended Complaint, except to admit that IDS has raised improper disputes relating to the Q account at issue.

31. BellSouth denies the allegations contained in paragraph 31 of the Amended Complaint.

32. BellSouth denies the allegations contained in paragraph 32 of the Amended Complaint.

33. BellSouth denies the allegations contained in paragraph 33 of the Amended Complaint.

34. BellSouth denies the allegations contained in paragraph 34 of the Amended Complaint.

35. BellSouth denies the allegations contained in paragraph 32 of the Amended Complaint.

COUNT THREE

36. The allegations contained in paragraph 36 of the Amended Complaint do not require a response from BellSouth. To the extent one is required, they are denied.

37. BellSouth denies the allegations contained in paragraph 37 of the Amended Complaint. Further, the Commission does not have subject matter jurisdiction to interpret or determine if the Settlement Agreement has been violated.

38. BellSouth denies the allegations contained in paragraph 38 of the Amended Complaint. Further, the Commission does not have subject matter jurisdiction

to interpret the Settlement Agreement, to determine if the Settlement Agreement has been violated, or to order any relief related to the Settlement Agreement

COUNT FOUR

39. The allegations contained in paragraph 39 of the Amended Complaint do not require a response from BellSouth. To the extent one is required, they are denied.

40. BellSouth denies the allegations contained in paragraph 40 of the Amended Complaint, except to admit that Section 354.01(g), Florida Statutes exists and that this statute speaks for itself and is the best evidence of its terms and conditions.

41. BellSouth denies the allegations contained in paragraph 41 of the Amended Complaint.

42. BellSouth denies the allegations contained in paragraph 42 of the Amended Complaint.

43. BellSouth denies the allegations contained in paragraph 43 of the Amended Complaint.

COUNT FIVE

44. The allegations contained in paragraph 44 of the Amended Complaint do not require a response from BellSouth. To the extent one is required, they are denied.

45. BellSouth denies the allegations contained in paragraph 45 of the Amended Complaint, except to admit that the Act, as reflected in the Present Agreement, governs BellSouth's relationship with IDS.

46. BellSouth denies the allegations contained in paragraph 46 of the Amended Complaint.

47. BellSouth denies the allegations contained in paragraph 47 of the Amended Complaint. Further, the Commission does not have subject matter jurisdiction to find that BellSouth is in violation of federal law.

48. BellSouth denies the allegations contained in paragraph 48 of the Amended Complaint. Further, the Commission does not have subject matter jurisdiction to find that BellSouth is in violation of federal law.

49. BellSouth denies that IDS is entitled to any of the relief requested by in the WHEREFORE clause.

50. Any allegation not expressly admitted herein, is denied.

AFFIRMATIVE DEFENSES

1. IDS' Amended Complaint fails to state a cause of action upon which relief can be granted.

2. The Commission lacks subject matter jurisdiction to find that BellSouth is in violation of federal law.

3. The Commission lacks subject matter jurisdiction to interpret or enforce the Settlement Agreement or the Settlement Amendment.

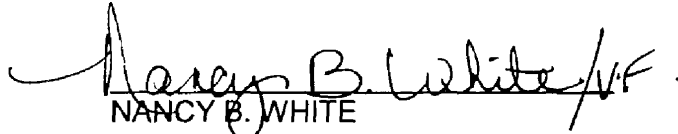
4. IDS' claims are barred by settlement and compromise.

5. IDS' claims are barred by accord and satisfaction.

WHEREFORE, for the foregoing reasons, BellSouth requests that the Commission grant BellSouth's Partial Motion to Dismiss and enter judgment in BellSouth's favor on all other counts.

Respectfully submitted this 16th day of January, 2004.

BELLSOUTH TELECOMMUNICATIONS, INC.

Handwritten signature of Nancy B. White in cursive, followed by a horizontal line and the initials "VF".

NANCY B. WHITE
JAMES MEZA III
c/o Nancy H. Sims
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(305) 347-5558

Handwritten signature of R. Douglas Lackey in cursive, followed by a horizontal line and the initials "VF".

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Steve L. Greer
Manager - Regulatory Relations

December 4, 2003

Mr. Michael Barrett
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: CATS - 567409T - Angel Lorio - IDS Telcom LLC

Dear Mr. Barrett:

The purpose of this letter is to respond to the allegations contained within the informal complaint of IDS Telcom LLC ("IDS") dated November 3, 2003. The complaint, at a high level, asserts that BellSouth Telecommunications, Inc. ("BellSouth") has overcharged IDS for services provided to it pursuant to the interconnection agreement executed between the parties and pursuant to the access tariffs of BellSouth. BellSouth has made numerous attempts to reconcile the disputed charges of IDS, including a face-to-face meeting that occurred in Birmingham on July 15, 2003 followed by weekly, as well as daily, conference calls between BellSouth's collection representatives and IDS personnel.

It is BellSouth's contention that IDS has received services in Florida from BellSouth in the amount of \$5,998,389.62. These services include access services purchased from BellSouth's intrastate access services tariff (\$633,110.47); services for purposes of resale by IDS (\$215,924.36) purchased pursuant to the interconnection agreement between BellSouth and IDS; and unbundled network elements ("UNE") purchased pursuant to the interconnection agreement between BellSouth and IDS (\$5,149,354.79). Of these amounts, IDS has disputed \$184,391.87 in access services billing; \$142,112.29 in resale services billing; and \$4,495,383.94 in UNE services billing. These disputes total \$4,801,888.10. Of the \$4,801,888.10 in dispute, \$1,390,473.53 represents a dispute submitted by IDS regarding market rates for unbundled switching provided to IDS by BellSouth where the IDS customer has four or more lines. This dispute is absolutely without merit.

Also included in the \$4,801,888.10 in dispute is \$1,438,276.53 for Daily Usage File ("DUF") charges. Through a contract amendment, BellSouth and IDS changed the rates for DUF in Florida as required by the Florida PSC order and

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EXHIBIT 1

made the appropriate adjustments to IDS' bill. IDS is disputing DUF charges billed prior to the effective date of that order. This dispute is also without merit.

Please be aware that the amounts in the preceding paragraph relate only to the services provided to IDS in Florida. IDS is a regional company with accounts in a number of BellSouth states. IDS not only owes undisputed monies to BellSouth for services provided in Florida but also for services provided in the other states.

There is no question that \$1,196,501.52 is unpaid, and late, and undisputed. Further, BellSouth contends that the \$1,390,473.53 amount relating to market rate switching and the \$1,438,276.53 for DUF has been improperly disputed by IDS, thus making it unpaid, and late, and undisputed.

Pursuant to Attachment 7, section 1.7.2 of the interconnection agreement between IDS and BellSouth, BellSouth may suspend or terminate service for nonpayment for amounts not subject to a billing dispute if the payment is not received by the bill date in the month after the original bill date. To suspend service, BellSouth must provide written notice to IDS that additional applications for service will be refused, that any pending orders for service may not be completed and that access to ordering systems may be suspended if payment is not received by the 15th day following the date of the notice. Said notice may also state that if payment is not received by the 30th day following the initial notice, service may be discontinued. BellSouth provided IDS with the notice required under this section of the interconnection agreement on October 20, 2003. **As such, BellSouth should be allowed to continue with the suspension of access to BellSouth's ordering systems without intervention from the Commission.**

In response to the specific allegations contained within the November 3, 2003 letter, BellSouth states as follows:

Conversion charges: BellSouth has reviewed the conversion charges claims of IDS and has credited charges where IDS has been overbilled. IDS claims that the dispute regarding conversion charges is \$130,279.44. BellSouth has denied \$126,985.26 of the disputed amount, and has still pending investigation \$3,294.18 of the disputed amount. A large number of the IDS claims in this category required more information on the part of IDS. In making its demand for payment, BellSouth did not include any charges still under investigation by BellSouth.

Engineering Charges: The amount of the charges in this category is \$177,335.32. BellSouth is still investigating whether these charges are correct and as such, has not included any of these amounts in its demand for payment.

BellSouth is confident that it can substantiate the overwhelming majority of these charges and where it cannot, BellSouth will issue a credit on behalf of IDS.

Non-Basic 1 and Non-Basic 4 Charges: These charges are for wiring work performed by the BellSouth technicians when installing service on behalf of IDS. The amount of the charges in this category is \$236,517.75. Although BellSouth had previously investigated these charges for IDS, IDS was not satisfied with the outcome and asked that the disputes be escalated to the next level of management. BellSouth has done so and as such is not including these amounts in its demand for payment. BellSouth has also requested that IDS provide the individual charges that it finds have been billed in error.

Port Install and Disconnect Charges: BellSouth has reviewed the port install and disconnect charges claims of IDS and has credited charges where IDS has been overbilled. IDS claims that the amount of the charges in this category is \$486,419.09. BellSouth has denied disputes in the amount of \$122,148.86. BellSouth is continuing to investigate \$364,270.23 that is in dispute. The pending dispute amount was not included in BellSouth's demand for payment.

Port/Loop Rates: The amount of the disputed charges in this category according to IDS is \$438,241.92. While BellSouth agrees that the majority of this dispute remains open between the parties, BellSouth has investigated and denied \$26.29, leaving \$438,215.63 pending. The pending dispute amount was not included in BellSouth's demand for payment.

Usage Rerate: According to IDS the amount of the disputed charges in this category is \$7,989.23. BellSouth has denied \$7,960.70 of the IDS claims. \$28.53 of the IDS claim remains pending. The pending dispute amount was not included in BellSouth's demand for payment.

Market-based Rates: The amount of the charges in this category is \$1,390,473.53. BellSouth has reviewed and denied these disputes as the charges are appropriate pursuant to the interconnection agreement between the parties. The agreement authorizes a market based rate, that is set forth in the price table included in Attachment 2 of the interconnection agreement, where the customer has 4 or more lines in a location within specified MSAs. The dispute has been escalated and denied at the escalated level. There is absolutely no basis to the IDS dispute regarding this issue and should be disregarded in its entirety.

Issues Subject to Confidentiality Requirements: Without more information provided by IDS to BellSouth, BellSouth cannot respond to this allegation. These issues, to the best of BellSouth's knowledge, have not been

discussed with the BellSouth collections personnel that have been interfacing with IDS personnel on a frequent basis.

BellSouth must receive payment of the undisputed amount of the charges incurred by IDS. That amount is \$1,196,601.52. BellSouth further contends that the market based switching and DUF disputes are groundless. As such IDS should immediately pay the \$1,390,473.53 and \$1,438,276.53 owed to BellSouth or face suspension of access to the ordering systems and disconnection if payment is not received.

BellSouth stands ready, willing and able to answer any questions that you may have regarding the undisputed charges or any other issue raised by IDS' informal complaint or BellSouth's response.

If you have any questions, please call me.

Sincerely,



Stan L. Greer
Manager Regulatory Relations