

ORIGINAL

Matilda Sanders

From: Slaughter, Brenda [Brenda.Slaughter@BELLSOUTH.COM]
 Sent: Friday, May 07, 2004 3:18 PM
 To: Filings@psc.state.fl.us
 Cc: Meza, James; Linda Hobbs; Fatool, Vicki; Holland, Robyn P.; Nancy Sims; Mary Rose Sirianni; Bixler, Micheale
 Subject: Docket No. 031125-TP
 Importance: High

- A. Brenda Slaughter
 Legal Secretary to James Meza III
 BellSouth Telecommunications, Inc.
 c/o Nancy Sims
 150 South Monroe, Rm. 400
 Tallahassee, FL 32301-1558
 (404) 335-0714
brenda.slaughter@bellsouth.com
- B. Docket No. 031125-TP: Complaint of IDS Telecom LLC against BellSouth Telecommunications, Inc. for over billing and discontinuance of service, and petition for emergency order restoring service.
- C. BellSouth Telecommunications, Inc.
 on behalf of James Meza III
- D. 39 pages total (including exhibits in PDF format), 14 pages total (WORD format in lieu of disk)
- E. BellSouth Telecommunications, Inc.'s Counterclaim

Brenda Slaughter
 BellSouth Telecommunications, Inc.
 Suite 4300 - Legal Department
 675 W. Peachtree Street
 Atlanta, GA 30375-0001
 Phone: (404) 335-0714

CMP _____

COM _____

CTR _____

ECR _____ <<Counterclaim.pdf>> <<BHZS01!.DOC>>

GCL _____ *****

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DOCUMENT NUMBER DATE
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ORIGINAL

Legal Department

JAMES MEZA III
Attorney
BellSouth Telecommunications, Inc.
150 South Monroe Street
Room 400
Tallahassee, Florida 32301
(404) 335-0769

May 7, 2004

Mrs. Blanca S. Bayó
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

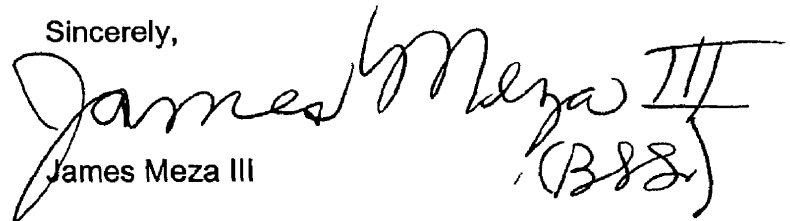
**Re: 031125-TP: Complaint of IDS Telecom LLC against BellSouth
Telecommunications, Inc., for over billing and discontinuance of
service, and petition for emergency order restoring service**

Dear Ms. Bayó:

Enclosed is BellSouth Telecommunications, Inc.'s Counterclaim, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,


James Meza III
(BSS)

Enclosures

cc: All Parties of Record
Marshall M. Criser III
R. Douglas Lackey
Nancy B. White

DOCUMENT NUMBER-DATE

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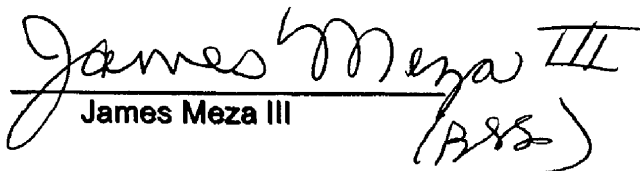
FPSC-COMMISSION CLERK

**CERTIFICATE OF SERVICE
DOCKET NO. 031125-TP**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via
Electronic Mail and Facsimile this 7th day of May, 2004 to the following:

Patty Christensen
Staff Counsel
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Commission
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Norman H. Horton, Jr.
Meser, Caparello & Self, P.A.
215 South Monroe Street, Suite 701
P.O. Box 1876
Tallahassee, FL 32302-1876
Tel. No. (850) 222-0720
Fax No. (850) 224-4359
nhorton@lawfla.com
Represents IDS


James Meza III
(BSS)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Complaint against BellSouth Telecommunications,) Docket No.: 031125-TP
Inc. for alleged overbilling and discontinuance of service,)
by IDS Telecom, LLC)
) Filed: May 7, 2004

COUNTERCLAIM

Defendant and Counter-Claimant, BellSouth Telecommunications, Inc. ("BellSouth"), pursuant to Florida Rule of Civil Procedure 1.170 and Rule 25-22.036, F.A.C., submits the following Counterclaim against Plaintiff and Defendant-in-Counterclaim, IDS Telcom, LLC ("IDS"), seeking an order (1) finding that IDS is in violation of the Interconnection Agreement for refusing to pay the undisputed charges associated with the disputes raised herein; (2) rejecting the basis for IDS's disputes; (3) requiring IDS to pay BellSouth \$3,896,769.93; (4) requiring IDS to immediately pay all undisputed charges and to escrow any disputed amounts with the Commission, pending resolution of this proceeding; and (5) ordering IDS to pay a deposit in the amount of \$4.6 million, which equals two months worth of billings.

PARTIES

1. BellSouth is Georgia corporation and an Incumbent Local Exchange Company regulated by the Commission and authorized to provide local exchange telecommunications in the State of Florida. BellSouth's address for receiving communications from the Commission is:

Ms. Nancy H. Sims
BellSouth Telecommunications, Inc.
150 South Monroe Street, Suite 400
Tallahassee, Florida 32301

2. IDS is a competitive local exchange carrier (“CLEC”) and interexchange carrier (“IXC”) certificated by the Commission to provide local exchange services and long distance services in the State of Florida. IDS’s address for receiving communications from the Commission is:

Mr. Angel Lerio
IDS Telecom, LLC
1525 NW 167th Street, Suite 200
Miami, Florida 33169

JURISDICTION

3. The Commission has jurisdiction under the parties’ Interconnection Agreement. See Interconnection Agreement, General Terms and Conditions (“GTC”) at Section 10; Attachment 7, Section 2.1, collectively attached hereto as Exhibit A. The Commission also has jurisdiction to enforce and interpret interconnection agreements it approves pursuant to Section 364.162, Florida Statutes and the Telecommunications Act of 1996 (the “Act”). See Section 364.162, Florida Statutes; BellSouth Telecommunications, Inc. v. MCI Metro Access Transmissions Serv., 317 F.3d 1270 (11th Cir. 2003) (en banc).

4. The instant Counterclaim is appropriate because, as established below, BellSouth and IDS have attempted to resolve several billing disputes (collectively referred to as “Disputes”) for an extended period of time to no avail. While these Disputes remain unresolved, IDS continues to withhold payments to BellSouth. In addition, the parties have been unable to resolve a dispute relating to BellSouth’s deposit request.

5. Given the Commission’s limited hearing schedule, it is necessary to resolve the Disputes within the instant proceeding to promote judicial efficiency,

minimize the cost and expense in litigating the Disputes, and to minimize the delay in BellSouth's receipt of the amounts set forth herein. Moreover, because the original Complaint is limited to a single issue – a dispute related to a special Q Account – the resolution of the Disputes in the instant docket will not unnecessarily delay the original proceeding. Lastly, based on IDS's Amended Petition, IDS's informal complaint and the Commission Staff's response, BellSouth believed that IDS raised additional disputes in its initial filing. See November 3, 2003 Letter from Angel Leiro to the Commission, attached hereto as Exhibit B; December 5, 2003 Letter from Commission Staff to Angel Leiro, attached hereto as Exhibit C. It was not until IDS responded to BellSouth's discovery on or about April 14, 2004 did IDS disclose that the only dispute it wished to resolve in its Complaint was the special Q Account Dispute. This is not surprising in light of the fact that IDS takes the position that as long as billing disputes are outstanding, BellSouth is prohibited from terminating IDS's service for nonpayment. See Amended Complaint at ¶ 21.

6. Had BellSouth previously known of this fact, BellSouth would have filed the instant Counterclaim to resolve the billing disputes with its Answer. In addition, since filing its Answer, it has become clear that the parties will be unable to resolve BellSouth's request for a deposit.

7. Given IDS's recent disclosure of its intentions to limit the parameters of its Complaint, BellSouth filed this Counterclaim as expeditiously as possible. No party will be prejudiced by consideration of BellSouth's Counterclaim in the instant docket.

GENERAL FACTUAL ALLEGATIONS

8. BellSouth and IDS are parties to an Interconnection Agreement that was approved by the Commission on or about May 14, 2003. This agreement has an effective date of February 5, 2003.

9. Under the Interconnection Agreement, IDS has an unmitigated obligation to pay for all services billed on or before the next bill date. See Exhibit A, Attachment 7, at Sections 1.2.1, 1.3. Further, BellSouth has the right to suspend or terminate service to IDS for nonpayment of services rendered. Id. at Section 1.7.2.

10. Under the Interconnection Agreement, IDS can assert **good faith** billing disputes, with certain limitations. Specifically, the Interconnection Agreement permits billing disputes that “are clearly explained by the disputing party and supported by written documentation, which clearly shows the basis for disputing charges.” Id. at Section 2.2. The Agreement explicitly excludes as billing disputes (1) “the refusal to pay all or part of a bill or bills when no written documentation is provided to support the dispute”; (2) “the refusal to pay other amounts owed by the billed Party until the dispute is resolved”; and (3) “claims by the billed Party for damages of any kind will not be considered a billing dispute.” Id.

11. Regarding resolution of billing disputes, the Interconnection Agreement provides:

In the event of a billing dispute, the Parties will endeavor to resolve the dispute within sixty (60) calendar days of the notification date. If the Parties are unable within the 60 day period to reach resolution, then the aggrieved Party may pursue dispute resolution in accordance with the General Terms and Conditions of this Agreement.

See Exhibit A, Attachment 7 at Section 2.1.

12. Section 10 of the GTC provides that “if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the aggrieved Party shall petition the Commission for resolution of the dispute.” Id. at GTC, Section 10.

13. Further, pursuant to Section 31.1 of the GTC, all amounts owed by IDS for services rendered under prior interconnection agreements, are governed by the terms of the current Interconnection Agreement.

IDS acknowledges and agrees that any and all amounts and obligations owed for services provisioned or orders placed under prior agreements between the Parties, related to the subject matter hereof, shall be due and owing under this Agreement and be governed by the terms and conditions of this Agreement as if such services or orders were provisioned or placed under this Agreement.

See Exhibit B, GTC at Section 31.1.

14. Moreover, the Interconnection Agreement provides for what happens after the resolution of a billing dispute by the Commission. If the billing dispute is resolved in favor of BellSouth, IDS must make “immediate payment of any of the undisputed amount owed . . . or [BellSouth] will have the right to pursue normal treatment procedures.” If the dispute is resolved in IDS’s favor, any credits due “will be applied to [IDS’s] account by [BellSouth] immediately upon the resolution of the dispute.” Id. at Attachment 7, Section 2.2.

15. Additionally, once IDS submits a billing dispute in lieu of making a payment, late payment charges and interest accrues on the disputed amount. Id. at Attachment 7, Section 2.3.

16. IDS has asserted and continues to assert the Disputes for the last several months and years in some instances. BellSouth and IDS have attempted to resolve the Disputes during the 60 day period after notification of each dispute and thereafter. In fact, the parties continue to attempt to resolve the Disputes, but to date, have been unsuccessful. Accordingly, pursuant to Attachment 7, Section 2.1, the Disputes are properly before the Commission.

COUNT I
DAILY USAGE FILE DISPUTE

17. BellSouth incorporates paragraph 1-15, above, as if fully set forth herein.

18. IDS has disputed \$1,438,276.53 for Daily Usage File (“DUF”) charges for services received in Florida.

19. Although IDS’s position waffles periodically, IDS’s dispute is primarily based on the erroneous belief that BellSouth has overcharged IDS for DUF records. IDS premises this position on the far-fetched contention that the reduced DUF rate established in Order No. PSC-02-1311-FOF-TP on September 27, 2002 in the UNE Docket (“2002 UNE Order”) applies retroactively to December 2001. This argument is directly contradicted by the 2002 UNE Order, wherein the Commission specifically held that the rates set forth in that Order will “become effective when the interconnection agreements are amended to reflect the approved UNE rates and the amended agreements become effective under law.” See 2002 UNE Order at 115.

20. Pursuant to the 2002 UNE Order, IDS and BellSouth signed an amendment (“Amendment”) to their previous Interconnection Agreement to adopt the rates set forth in the Commission’s 2002 UNE Order in October 2002. The parties filed

this Amendment on January 31, 2003, which the Commission approved on April 30, 2003 in Docket No. 03114-TP.

21. IDS's contention that it is entitled to the DUF rates set forth in the 2002 UNE Order beginning in December 2001 must be rejected as a matter of law. As made clear in the 2002 UNE Order, the DUF rate established in that Order are "effective when the interconnection agreements are amended to reflect the approved UNE rates and the amended agreements become effective under law." The undisputed facts establish that BellSouth and IDS did not amend their previous Interconnection Agreement to reflect the 2002 UNE Order rates until October 2002 and that this Amendment was not approved by the Commission until April 2003. Indeed, given the facially apparent invalidity of this dispute, BellSouth submits that IDS has not asserted this dispute in good faith and only as a means to avoid the payment of legitimate, appropriate DUF charges.

22. In an apparent attempt to further delay payment of these owed and past due charges and in obvious violation of the dispute resolution procedures set forth in the Interconnection Agreement, IDS requested mediation of the DUF rate dispute at the Federal Communications Commission ("FCC"). However, there is no formal FCC proceeding pending regarding this issue, and BellSouth has terminated mediation efforts to properly resolve this dispute in accordance with the Interconnection Agreement.

WHEREFORE, BellSouth requests that the Commission (1) find that IDS is in violation of the Interconnection Agreement for refusing to pay even the undisputed charges associated with this dispute; (2) reject the basis for IDS's dispute of the DUF records charges; and (3) order IDS to pay BellSouth \$1,438,276.53.

COUNT II
MARKET BASED RATE DISPUTE

23. BellSouth incorporates paragraphs 1-23, above, as if fully set forth herein.

24. IDS has disputed \$2,458,493.34 from December 2002 to the present based on the theory that BellSouth is improperly charging IDS market based rates in Florida for accounts with four or more lines in a particular MSA. IDS has refused to pay any charges associated with this dispute, including any undisputed charges.

25. Identical with the DUF rate dispute, this dispute is also flatly contradicted by the express wording of the Interconnection Agreement. Section 4.2.2 of Attachment 2 provides that “BellSouth shall not be required to unbundled local circuit switching for IDS Telcom when IDS Telcom serves an end-user with four (4) or more voice-grade (DS-0) equivalents or lines served by BellSouth in one of the following MSAs: Atlanta, GA; Miami, FL; Orlando, FL; Ft. Lauderdale, FL; Charlotte-Gastonia-Rock Hill, NC; Greensboro-Winston-Salem-High-Point, NC; Nashville, TN; and New Orleans, LA. . . .” Further, Section 4.2.3 of Attachment 2 provides that “[i]n the event IDS Telcom orders local circuit switching for an end user with four (4) or more DS0 equivalent lines within Density Zone 1 in an MSA listed [in Section 4.2.2], BellSouth **shall charge IDS Telcom the market based rates in Exhibit B for use of the local circuit switching functionality for the affected facilities.**” (emphasis added).¹

26. While IDS’s position on this dispute changes periodically, IDS principally claims that it should not have to pay these charges because the charges were not billed mechanically in violation of the Interconnection Agreement. See Exhibit B.

¹ These provisions are almost identical to the provisions regarding the application of market based rates for accounts containing 4 or more DS0 lines in a particular MSA contained in the previous Interconnection

However, all of the subject charges were billed to IDS in CBOS format and in the OC&C section of IDS's bills and thus complied with the Interconnection Agreement regarding billing format.

27. IDS also claims that it should not have to pay these charges because BellSouth charges IDS the market based rate for lines that are not in the applicable MSA. Id. In violation of the Interconnection Agreement, IDS has not presented BellSouth with any evidence to support this claim. Moreover, IDS's claim is incorrect as BellSouth only charges IDS the market based rate where appropriate pursuant to the terms of the Interconnection Agreement.

28. IDS also complains that BellSouth's use of the market based rates conflicts with previous Commission arbitration orders involving different carriers. However, IDS agreed to the language in its Interconnection Agreement, IDS never arbitrated this matter before the Commission, and IDS has never requested to amend its agreement to adopt the provisions of another carrier.

WHEREFORE, BellSouth requests that the Commission (1) find that IDS is in violation of the Interconnection Agreement for not paying the undisputed charges associated with this dispute; (2) reject the basis for IDS's dispute of market based rates for 4 or more DS0 lines in an applicable MSA; and (3) order IDS to pay BellSouth **\$2,458,493.34**.

Agreement. See Previous Interconnection Agreement, Attachment 2 at Sections 5.6.1.1, 5.6.1.2, and 5.6.2.4.

COUNT III
ESCROW/IMMEDIATE PAYMENT

28. BellSouth incorporates paragraphs 1-27, as if fully set forth therein.

29. Based on IDS's payment history as well as independent financial evidence, BellSouth is concerned that IDS will not have the funds necessary to pay BellSouth the amount the Commission eventually finds to be past due and undisputed pursuant to BellSouth's Counterclaim.

29. **WHEREFORE**, to minimize this risk, the Commission should require IDS to (1) immediately pay all amounts that it considers to be undisputed; and (2) put any disputed amounts in escrow with the Commission, pending resolution of this proceeding. The total amount paid or escrowed should equal **\$3,896,769.93**.

COUNT IV
REQUEST FOR A DEPOSIT

30. BellSouth incorporates paragraphs 1-30, as if fully set forth therein.

31. Pursuant to Attachment 7, Section 1.8 of the Current Agreement, BellSouth, in its discretion, has the right to request and secure a deposit from IDS. See Exhibit A, Attachment 7 at Section 1.8. Further, if in BellSouth's "sole opinion" IDS experiences an adverse change in its creditworthiness, BellSouth can obtain additional security. Specifically, Attachment 7, Section 1.8 provides:

When purchasing services from BellSouth, IDS will be required to complete the BellSouth Credit Profile and provide information regarding credit worthiness. Based on the results of the credit analysis, BellSouth reserves the right to secure the account with a suitable form of security deposit. Such security deposit shall take the form of cash, an Irrevocable Letter of Credit (BellSouth form), Surety Bond (BellSouth form) or, in its sole discretion, some other form of security. . If, in the sole opinion of BellSouth, IDS experiences an adverse change in its creditworthiness in

comparison to the level initially used to determine the level of the current security deposit and/or gross monthly billing has increased beyond the level initially used to determine the level of security, BellSouth reserves the right to request additional security and/or file a Uniform Commercial Code (UCC1) security interest in IDS's "accounts receivables and proceeds."

Id.

32. Additionally, BellSouth is obligated to provide IDS a written explanation as to why a deposit has been requested and to apply all credit standards on a non-discriminatory basis. Id. Moreover, the parties are obligated to work together to determine the amount of a reasonable deposit, and if they are unable to agree, either party petition the Commission for resolution of the dispute. Id.

33. Importantly, if the "dispute is not resolved within 60 days after petitioning the Commission, and IDS fails to remit to BellSouth any deposit requested pursuant to this Section, service to IDS may be terminated in accordance with the terms of Section 1.7" of Attachment 7, and any security deposits will be applied to IDS's accounts.

34. Pursuant to Attachment 7, Section 1.8 of the Current Agreement, on December 9, 2003, BellSouth requested a \$4,600,000 deposit from IDS after conducting a credit analysis of IDS. See December 9, 2003 Letter from Eric Reinhold to Angel Leiro, attached hereto as Exhibit D.

35. On December 22, 2003, IDS responded to BellSouth's December 9th letter and asked for specific information from BellSouth regarding the deposit request. See December 22, 2003 Letter from Angel Leiro to Eric Reinhold, attached hereto as Exhibit E.

36. On January 5, 2004, BellSouth responded to IDS's request and also answered several questions IDS had regarding the deposit request. See January 5, 2004 Letter from Eric Reinhold to Angel Leiro, attached hereto as Exhibit F. Specifically, in this letter, BellSouth advised IDS that BellSouth's request for a deposit was based on IDS' year-end 2002 financial statements as well IDS's delinquent payment history. BellSouth also explained that the \$4,600,000 deposit request was based on a six month average of IDS's most recent monthly billings for a two month period. Id.

37. The parties subsequently exchanged several additional communications regarding this issue until it became clear that a negotiated resolution was not achievable. See January 12, 2004 Letter from Angel Leiro to Eric Reinhold, attached hereto as Exhibit G; February 3, 2004 Letter from Eric Reinhold to Angel Leiro, attached hereto as Exhibit H. In fact, notwithstanding BellSouth's invitation to negotiate the deposit amount and alternative means of security, IDS has failed to substantively respond, thereby leaving BellSouth no other alternative but to file the instant Complaint. See e.g., Collection of emails exchanged between Eric Reinhold and Angel Leiro, attached hereto as Exhibit I.

38. BellSouth has the unfettered right to request a deposit from IDS under the Current Agreement after conducting a credit analysis of IDS. See Attachment 7, Section 1.8.

39. After conducting such an analysis, which included among other things, a review of IDS's own internal financial statements as well as IDS's delinquent payment history with BellSouth, BellSouth has determined that a deposit in the amount of review

\$4,600,000 is necessary. BellSouth based the deposit amount on the six month average of IDS's most recent monthly billings for a two month period.

40. BellSouth has complied with all conditions in the Current Agreement necessary to request that the Commission order IDS to post a deposit. Specifically, BellSouth has provided IDS written explanations as to why a deposit is requested; BellSouth has applied all credit standards to IDS on a non-discriminatory basis; and BellSouth has attempted to work with IDS to determine the amount of a reasonable deposit.

41. IDS has failed to engage in substantive negotiations regarding the amount and form of any deposit. Instead, IDS has challenged BellSouth's right to even require a deposit or BellSouth's motives in requesting a deposit.

42. Additionally, BellSouth reserves all of its rights under Attachment 7, Section 1.8 in the event this dispute is not resolved within sixty (60) days.

43. **WHEREFORE**, pursuant to Attachment 7, Section 1.8, BellSouth requests that the Commission order IDS to immediately post a cash deposit or other form of security in the amount of \$4,600,000.

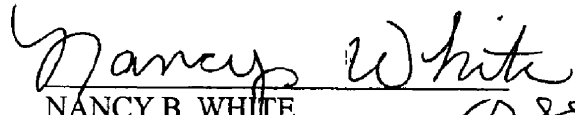
PRAYER FOR RELIEF


BellSouth respectfully requests that the Commission (1) find that IDS is in violation of the Interconnection Agreement for refusing to pay the undisputed charges associated with the Disputes raised herein; (2) reject the basis for IDS's disputes; (3) require IDS to pay BellSouth **\$3,896,769.93**; (4) require IDS to immediately pay all undisputed charges and to escrow any disputed amounts with the Commission, pending

resolution of this proceeding; and (5) order IDS to pay a deposit in the amount of \$4.6 million, which equals two months worth of billings.

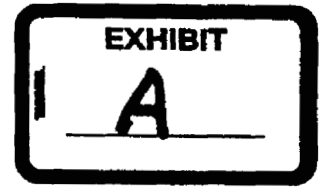
Respectfully submitted this 7th day of May, 2004.

BELLSOUTH TELECOMMUNICATIONS, INC.


NANCY B. WHITE (BSS)
c/o Nancy H. Sims
150 So. Monroe Street, Suite 400
Tallahassee, FL 32301
(305) 347-5558


R. DOUGLAS LACKEY (BSS)
JAMES MEZA III
Suite 4300
675 W. Peachtree St., NE
Atlanta, GA 30375
(404) 335-0769

536636



By and Between

BellSouth Telecommunications, Inc.

And

IDS Telcom, L.L.C.

disclosure or dissemination to anyone except employees of Recipient with a need to know such Information solely in conjunction with Recipient's analysis of the Information and for no other purpose except as authorized herein or as otherwise authorized in writing by the Discloser. Recipient will not make any copies of the Information inspected by it.

- 9.3 Exceptions. Recipient will not have an obligation to protect any portion of the Information which:
- 9.3.1 (a) is made publicly available by the Discloser or lawfully by a nonparty to this Agreement; (b) is lawfully obtained by Recipient from any source other than Discloser; (c) is previously known to Recipient without an obligation to keep it confidential; or (d) is released from the terms of this Agreement by Discloser upon written notice to Recipient.
- 9.4 Recipient agrees to use the Information solely for the purposes of negotiations pursuant to 47 U.S.C. 251 or in performing its obligations under this Agreement and for no other entity or purpose, except as may be otherwise agreed to in writing by the Parties. Nothing herein shall prohibit Recipient from providing information requested by the FCC or a state regulatory agency with jurisdiction over this matter, or to support a request for arbitration or an allegation of failure to negotiate in good faith.
- 9.5 Recipient agrees not to publish or use the Information for any advertising, sales or marketing promotions, press releases, or publicity matters that refer either directly or indirectly to the Information or to the Discloser or any of its affiliated companies.
- 9.6 The disclosure of Information neither grants nor implies any license to the Recipient under any trademark, patent, copyright, application or other intellectual property right that is now or may hereafter be owned by the Discloser.
- 9.7 Survival of Confidentiality Obligations. The Parties' rights and obligations under this Section 9 shall survive and continue in effect until two (2) years after the expiration or termination date of this Agreement with regard to all Information exchanged during the term of this Agreement. Thereafter, the Parties' rights and obligations hereunder survive and continue in effect with respect to any Information that is a trade secret under applicable law.
10. **Resolution of Disputes**
- Except as otherwise stated in this Agreement, if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the aggrieved Party shall petition the Commission for a resolution of the dispute. However, each Party reserves any

rights it may have to seek judicial review of any ruling made by the Commission concerning this Agreement.

11. Taxes

11.1 Definition. For purposes of this Section, the terms “taxes” and “fees” shall include but not be limited to federal, state or local sales, use, excise, gross receipts or other taxes or tax-like fees of whatever nature and however designated (including tariff surcharges and any fees, charges or other payments, contractual or otherwise, for the use of public streets or rights of way, whether designated as franchise fees or otherwise) imposed, or sought to be imposed, on or with respect to the services furnished hereunder or measured by the charges or payments therefore, excluding any taxes levied on income.

11.2 Taxes and Fees Imposed Directly On Either Providing Party or Purchasing Party.

11.2.1 Taxes and fees imposed on the providing Party, which are not permitted or required to be passed on by the providing Party to its customer, shall be borne and paid by the providing Party.

11.2.2 Taxes and fees imposed on the purchasing Party, which are not required to be collected and/or remitted by the providing Party, shall be borne and paid by the purchasing Party.

11.3 Taxes and Fees Imposed on Purchasing Party But Collected And Remitted By Providing Party.

11.3.1 Taxes and fees imposed on the purchasing Party shall be borne by the purchasing Party, even if the obligation to collect and/or remit such taxes or fees is placed on the providing Party.

11.3.2 To the extent permitted by applicable law, any such taxes and/or fees shall be shown as separate items on applicable billing documents between the Parties. Notwithstanding the foregoing, the purchasing Party shall remain liable for any such taxes and fees regardless of whether they are actually billed by the providing Party at the time that the respective service is billed.

11.3.3 If the purchasing Party determines that in its opinion any such taxes or fees are not payable, the providing Party shall not bill such taxes or fees to the purchasing Party if the purchasing Party provides written certification, reasonably satisfactory to the providing Party, stating that it is exempt or otherwise not subject to the tax or fee, setting forth the basis therefor, and satisfying any other requirements under applicable law. If any authority seeks to collect any such tax or fee that the purchasing Party has determined and certified not to be payable, or any such tax or fee that was not billed by the providing Party, the purchasing Party may contest the same in good faith, at its own expense. In any such contest, the purchasing Party shall promptly furnish the providing Party with copies of all filings in any

27. Good Faith Performance

Each Party shall act in good faith in its performance under this Agreement and, in each case in which a Party's consent or agreement is required or requested hereunder, such Party shall not unreasonably withhold or delay such consent or agreement.

28. Nonexclusive Dealings

This Agreement does not prevent either Party from providing or purchasing services to or from any other person nor, except as provided in Section 252(i) of the Act, does it obligate either Party to provide or purchase any services (except insofar as the Parties are obligated to provide access to Interconnection, services and Network Elements to IDS Telcom as a requesting carrier under the Act).

29. Rate True-Up

29.1 This section applies to Network Interconnection and/or Unbundled Network Elements and Other Services rates that are expressly subject to true-up under this Agreement.

29.2 The designated true-up rates shall be true-up, either up or down, based on final prices determined either by further agreement between the Parties, or by a final order (including any appeals) of the Commission. The Parties shall implement the true-up by comparing the actual volumes and demand for each item, together with the designated true-up rates for each item, with the final prices determined for each item. Each Party shall keep its own records upon which the true-up can be based, and any final payment from one Party to the other shall be in an amount agreed upon by the Parties based on such records. In the event of any disagreement as between the records or the Parties regarding the amount of such true-up, the Parties shall submit the matter to the Dispute Resolution process in accordance with the provisions of Section 10 of the General Terms and Conditions of this Agreement.

29.3 An effective order of the Commission that forms the basis of a true-up shall be based upon cost studies submitted by either or both Parties to the Commission and shall be binding upon BellSouth and IDS Telcom specifically or upon all carriers generally, such as a generic cost proceeding.

30. Survival

The Parties' obligations under this Agreement which by their nature are intended to continue beyond the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement.

31. Entire Agreement

- 31.1 This Agreement means the General Terms and Conditions, the Attachments identified in Section 31.2 below, and all documents identified therein, as such may be amended from time to time and which are incorporated herein by reference, all of which, when taken together, are intended to constitute one indivisible agreement. This Agreement sets forth the entire understanding and except for Settlement Agreements that have been negotiated separate and apart from this agreement, supersedes prior agreements between the Parties relating to the subject matter contained in this Agreement and merges all prior discussions between them. Any orders placed under prior agreements between the Parties shall be governed by the terms of this Agreement and IDS Telcom acknowledges and agrees that any and all amounts and obligations owed for services provisioned or orders placed under prior agreements between the Parties, related to the subject matter hereof, shall be due and owing under this Agreement and be governed by the terms and conditions of this Agreement as if such services or orders were provisioned or placed under this Agreement. Neither Party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the Party to be bound thereby.
- 31.2 This Agreement includes Attachments with provisions for the following:
- Resale
 - Network Elements and Other Services
 - Network Interconnection
 - Collocation
 - Access to Numbers and Number Portability
 - Pre-Ordering, Ordering, Provisioning, Maintenance and Repair
 - Billing
 - Rights-of-Way, Conduits and Pole Attachments
 - Performance Measurements
 - BellSouth Disaster Recovery Plan
 - Bona Fide Request/New Business Request Process
- 31.3 The following services are included as options for purchase by IDS Telcom pursuant to the terms and conditions set forth in this Agreement. IDS Telcom may elect to purchase said services by written request to its Local Contract Manager if applicable:
- Optional Daily Usage File (ODUF)
 - Enhanced Optional Daily Usage File (EODUF)
 - Access Daily Usage File (ADUF)
 - Line Information Database (LIDB) Storage
 - Centralized Message Distribution Service (CMDS)

features that are not currently available but are technically feasible through the switch can be requested through the BFR/NBR process.

- 4.2.2 Notwithstanding BellSouth's general duty to unbundle local circuit switching, BellSouth shall not be required to unbundle local circuit switching for IDS Telcom when IDS Telcom serves an end-user with four (4) or more voice-grade (DS-0) equivalent lines served by BellSouth in one of the following MSAs: Atlanta, GA; Miami, FL; Orlando, FL; Ft. Lauderdale, FL; Charlotte-Gastonia-Rock Hill, NC; Greensboro-Winston Salem-High Point, NC; Nashville, TN; and New Orleans, LA, and BellSouth has provided non-discriminatory cost based access to the Enhanced Extended Link (EEL) throughout Density Zone 1 as determined by NECA Tariff No. 4 as in effect on January 1, 1999.
- 4.2.3 In the event that IDS Telcom orders local circuit switching for an end user with four (4) or more DS0 equivalent lines within Density Zone 1 in an MSA listed above, BellSouth shall charge IDS Telcom the market based rates in Exhibit B for use of the local circuit switching functionality for the affected facilities. If a market rate is not set forth in Exhibit B, such rate shall be negotiated by the Parties.
- 4.2.4 Unbundled Local Switching consists of three separate unbundled elements: Unbundled Ports, End Office Switching Functionality, and End Office Interoffice Trunk Ports.
- 4.2.5 Unbundled Local Switching combined with Common Transport and, if necessary, Tandem Switching provides to IDS Telcom's end user local calling and the ability to presubscribe to a primary carrier for intraLATA and/or to presubscribe to a primary carrier for interLATA toll service.
- 4.2.6 Provided that IDS Telcom purchases unbundled local switching from BellSouth and uses the BellSouth CIC for its end users' LPIC or if a BellSouth local end user selects BellSouth as its LPIC, then the Parties will consider as local any calls originated by an IDS Telcom local end user, or originated by a BellSouth local end user and terminated to an IDS Telcom local end user, where such calls originate and terminate in the same LATA, except for those calls originated and terminated through switched access arrangements (i.e., calls that are transported by a party other than BellSouth). For such calls, BellSouth will charge IDS Telcom the UNE elements for the BellSouth facilities utilized. Neither Party shall bill the other originating or terminating switched access charges for such calls. Intercarrier compensation for local calls between BellSouth and IDS Telcom shall be as described in BellSouth's UNE Local Call Flows set forth on BellSouth's web site.
- 4.2.7 Where IDS Telcom purchases unbundled local switching from BellSouth but does not use the BellSouth CIC for its end users' LPIC, BellSouth will consider as local those direct dialed telephone calls that originate from an IDS Telcom end user and terminate within the basic local calling area or within the extended local calling areas and that are dialed using 7 or 10 digits as defined and specified in Section A3

billing media or additional copies of the bills, the Billing Party will provide these at a reasonable cost.

- 1.1.5 BellSouth will bill IDS Telcom in advance for all resold services to be provided during the ensuing billing period except charges associated with service usage, which will be billed in arrears. Charges will be calculated on an individual End User account level, including, if applicable, any charge for usage or usage allowances. BellSouth will also bill IDS Telcom, and IDS Telcom will be responsible for and remit to BellSouth, all charges applicable to resold services including but not limited to 911 and E911 charges, End Users common line charges, federal subscriber line charges, telecommunications relay charges (TRS), and franchise fees.
- 1.1.6 BellSouth will not perform billing and collection services for IDS Telcom as a result of the execution of this Agreement. All requests for billing services should be referred to the appropriate entity or operational group within BellSouth.
- 1.2 Establishing Accounts. After receiving certification as a local exchange carrier from the appropriate regulatory agency, IDS Telcom will provide the appropriate BellSouth local contract manager the necessary documentation to enable BellSouth to establish accounts for Local Interconnection, Network Elements and Other Services, Collocation and/or resold services. Such documentation shall include the Application for Master Account, if applicable, proof of authority to provide telecommunications services, the appropriate Operating Company Number (OCN) assigned by the National Exchange Carriers Association (NECA), Carrier Identification Code (CIC), Group Access Code (GAC), Access Customer Name and Abbreviation (ACNA), as applicable, and a tax exemption certificate, if applicable.
- 1.2.1 Payment Responsibility. Payment of all charges will be the responsibility of IDS Telcom. IDS Telcom shall make payment to BellSouth for all services billed. Payments made by IDS Telcom to BellSouth as payment on account will be credited to IDS Telcom's accounts receivable master account. BellSouth will not become involved in billing disputes that may arise between IDS Telcom and IDS Telcom's customer.
- 1.3 Payment Due. Payment for services provided will be due on or before the next bill date and is payable in immediately available funds. Payment is considered to have been made when received by BellSouth.
- 1.4 If the payment due date falls on a Sunday or on a Holiday that is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If

payment is not received by the payment due date, a late payment charge, as set forth in Section 1.6, below, shall apply.

- 1.5 Tax Exemption. Upon BellSouth's receipt of tax exemption certificate, the total amount billed to IDS Telcom will not include those taxes or fees from which IDS Telcom is exempt. IDS Telcom will be solely responsible for the computation, tracking, reporting and payment of all taxes and like fees associated with the services provided to the end user of IDS Telcom.
- 1.6 Late Payment. If any portion of the payment is received by BellSouth after the payment due date as set forth preceding, or if any portion of the payment is received by BellSouth in funds that are not immediately available to BellSouth, then a late payment charge shall be due to BellSouth. The late payment charge shall be the portion of the payment not received by the payment due date multiplied by a late factor and will be applied on a per bill basis. The late factor shall be as set forth in Section A2 of the General Subscriber Services Tariff, Section B2 of the Private Line Service Tariff or Section E2 of the Intrastate Access Tariff, as appropriate. In addition to any applicable late payment charges, IDS Telcom may be charged a fee for all returned checks as set forth in Section A2 of the General Subscriber Services Tariff or pursuant to the applicable state law.
- 1.7 Discontinuing Service to IDS Telcom. The procedures for discontinuing service to IDS Telcom are as follows:
 - 1.7.1 BellSouth reserves the right to suspend or terminate service in the event of prohibited, unlawful or improper use of BellSouth facilities or service, abuse of BellSouth facilities, or any other violation or noncompliance by IDS Telcom of the rules and regulations of BellSouth's tariffs.
 - 1.7.2 BellSouth reserves the right to suspend or terminate service for nonpayment. If payment of amounts not subject to a billing dispute, as described in Section 2, is not received by the bill date in the month after the original bill date, BellSouth will provide written notice to IDS Telcom that additional applications for service may be refused, that any pending orders for service may not be completed, and/or that access to ordering systems may be suspended if payment is not received by the fifteenth day following the date of the notice. In addition, BellSouth may, at the same time, provide written notice to the person designated by IDS Telcom to receive notices of noncompliance that BellSouth may discontinue the provision of existing services to IDS Telcom if payment is not received by the thirtieth day following the date of the initial notice.
 - 1.7.3 In the case of such discontinuance, all billed charges, as well as applicable termination charges, shall become due.
 - 1.7.4 If BellSouth does not discontinue the provision of the services involved on the date specified in the thirty days notice and IDS Telcom's noncompliance continues,

nothing contained herein shall preclude BellSouth's right to discontinue the provision of the services to IDS Telcom without further notice.

1.7.5 Upon discontinuance of service on IDS Telcom's account, service to IDS Telcom's end users will be denied. BellSouth will reestablish service for IDS Telcom upon payment of all past due charges and the appropriate connection fee subject to BellSouth's normal application procedures. IDS Telcom is solely responsible for notifying the end user of the proposed service disconnection. If within fifteen (15) days after IDS Telcom has been denied and no arrangements to reestablish service have been made consistent with this subsection, IDS Telcom's service will be disconnected.

1.8 Deposit Policy. When purchasing services from BellSouth, IDS will be required to complete the BellSouth Credit Profile and provide information regarding credit worthiness. Based on the results of the credit analysis, BellSouth reserves the right to secure the account with a suitable form of security deposit. Such security deposit shall take the form of cash, an Irrevocable Letter of Credit (BellSouth form), Surety Bond (BellSouth form) or, in its sole discretion, some other form of security. Any such security deposit shall in no way release IDS from its obligation to make complete and timely payments of its bill. If, in the sole opinion of BellSouth, IDS experiences an adverse change in its creditworthiness in comparison to the level initially used to determine the level of the current security deposit and/or gross monthly billing has increased beyond the level initially used to determine the level of security, BellSouth reserves the right to request additional security and/or file a Uniform Commercial Code (UCC1) security interest in IDS's "accounts receivables and proceeds." Interest on a security deposit, if provided in cash, shall accrue and be paid in accordance with the terms in the appropriate BellSouth tariff. Security deposits collected under this Section shall not exceed two months' estimated billing.

When BellSouth requests a deposit, BellSouth is willing to provide IDS a written explanation as to why a deposit has been requested. BellSouth shall apply all credit standards to IDS on a non-discriminatory basis. The Parties will work together to determine the amount of a reasonable deposit. If the Parties are unable to agree, either party may petition the Commission for resolution of the dispute. In the event that the dispute is not resolved within sixty days after petitioning the Commission, and IDS fails to remit to BellSouth any deposit requested pursuant to this Section, service to IDS may be terminated in accordance with the terms of Section 1.7 of this Attachment, and any security deposits will be applied to IDS's account(s).

1.9 Notices. Notwithstanding anything to the contrary in this Agreement, all bills and notices regarding billing matters, including notices relating to security deposits, disconnection of services for nonpayment of charges, and rejection of additional orders from IDS Telcom, shall be forwarded to the individual and/or address

provided by IDS Telcom in establishment of its billing account(s) with BellSouth, or to the individual and/or address subsequently provided by IDS Telcom as the contact for billing information. All monthly bills and notices described in this Section shall be forwarded to the same individual and/or address; provided, however, upon written notice from IDS Telcom to BellSouth's billing organization, a final notice of disconnection of services purchased by IDS Telcom under this Agreement shall be sent via certified mail to the individual(s) listed in the Notices provision of the General Terms and Conditions of this Agreement at least 30 days before BellSouth takes any action to terminate such services.

- 1.10 Rates. Rates for Optional Daily Usage File (ODUF), Access Daily Usage File (ADUF), and Centralized Message Distribution Service (CMD5) are set out in Exhibit A to this Attachment. If no rate is identified in this Attachment, the rate for the specific service or function will be as set forth in applicable BellSouth tariff or as negotiated by the Parties upon request by either Party.

2. BILLING DISPUTES

- 2.1 Each Party agrees to notify the other Party in writing upon the discovery of a billing dispute. IDS Telcom shall report all billing disputes to BellSouth using the Billing Adjustment Request Form (RF 1461) provided by BellSouth. In the event of a billing dispute, the Parties will endeavor to resolve the dispute within sixty (60) calendar days of the notification date. If the Parties are unable within the 60 day period to reach resolution, then the aggrieved Party may pursue dispute resolution in accordance with the General Terms and Conditions of this Agreement.
- 2.2 For purposes of this Section 2, a billing dispute means a reported dispute of a specific amount of money actually billed by either Party. The dispute must be clearly explained by the disputing Party and supported by written documentation, which clearly shows the basis for disputing charges. By way of example and not by limitation, a billing dispute will not include the refusal to pay all or part of a bill or bills when no written documentation is provided to support the dispute, nor shall a billing dispute include the refusal to pay other amounts owed by the billed Party until the dispute is resolved. Claims by the billed Party for damages of any kind will not be considered a billing dispute for purposes of this Section. If the billing dispute is resolved in favor of the billing Party, the disputing Party will make immediate payment of any of the disputed amount owed to the billing Party or the billing Party shall have the right to pursue normal treatment procedures. Any credits due to the disputing Party, pursuant to the billing dispute, will be applied to the disputing Party's account by the billing Party immediately upon resolution of the dispute.
- 2.3 If a Party disputes a charge and does not pay such charge by the payment due date, or if a payment or any portion of a payment is received by either Party after the payment due date, or if a payment or any portion of a payment is received in funds

which are not immediately available to the other Party, then a late payment charge and interest, where applicable, shall be assessed. For bills rendered by either Party for payment, the late payment charge for both Parties shall be calculated based on the portion of the payment not received by the payment due date multiplied by the late factor as set forth in the following BellSouth tariffs: for services purchased from the General Subscribers Services Tariff for purposes of resale and for ports and non-designed loops, Section A2 of the General Subscriber Services Tariff; for services purchased from the Private Line Tariff for purposes of resale, Section B2 of the Private Line Service Tariff; and for designed network elements and other services and local interconnection charges, Section E2 of the Access Service Tariff. The Parties shall assess interest on previously assessed late payment charges only in a state where it has the authority pursuant to its tariffs.

3. RAO HOSTING

- 3.1 RAO Hosting, Calling Card and Third Number Settlement System (CATS) and Non-Intercompany Settlement System (NICS) services provided to IDS Telcom by BellSouth will be in accordance with the methods and practices regularly applied by BellSouth to its own operations during the term of this Agreement, including such revisions as may be made from time to time by BellSouth.
- 3.2 IDS Telcom shall furnish all relevant information required by BellSouth for the provision of RAO Hosting, CATS and NICS.
- 3.3 Charges or credits, as applicable, will be applied by BellSouth to IDS Telcom on a monthly basis in arrears. Amounts due (excluding adjustments) are payable within thirty (30) days of receipt of the billing statement.
- 3.4 IDS Telcom must have its own unique hosted RAO code. Where BellSouth is the selected CMD5 interfacing host, IDS Telcom must request that BellSouth establish a unique hosted RAO code for IDS Telcom. Such request shall be in writing to the BellSouth RAO Hosting coordinator and must be submitted at least eight (8) weeks prior to provision of services pursuant to this Section. Services shall commence on a date mutually agreed by the Parties.
- 3.5 BellSouth will receive messages from IDS Telcom that are to be processed by BellSouth, another LEC in the BellSouth region or a LEC outside the BellSouth region. IDS Telcom shall send all messages to BellSouth no later than sixty (60) days after the message date.
- 3.6 BellSouth will perform invoice sequence checking, standard EMI format editing, and balancing of message data with the EMI trailer record counts on all data received from IDS Telcom.



IDS TELCOM Headquarters 1525 N.W. 167th Street, Suite 200, Miami, Florida 33169 U.S.A.
T+ 305 913 4000 F+ 305 913 4024 TOLL FREE+ 800 335 4437

November 3, 2003

Via Hand Delivery and Federal Express

Ms. Blanca S. Bayo, Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 110
Tallahassee, Florida 32399-0850

RE: Informal complaint against BellSouth Telecommunications Inc. pursuant to Rule
25-22.032, Florida Administrative Code

Dear Ms. Bayo:

I am writing on behalf of IDS Telecom LLC ("IDS"), a certified Florida CLEC headquartered in Miami. We are wholesale customers of BellSouth Telecommunications, Inc. ("BellSouth") pursuant to a commission-approved agreement. Please consider this letter as IDS' informal complaint against BellSouth regarding a series of billing and service problems described below.

We have attempted to work through these problems with BellSouth and have paid the undisputed portions of BellSouth's billings. However, BellSouth has refused to recognize the legitimacy of our disputes, and instead of attempting to resolve our differences, is threatening discontinuance of service.

Briefly, our disputes with BellSouth fall roughly into the following categories:

1. Conversion charges: Although the charge for UNE conversions decreased in our latest Interconnection Agreement, BellSouth erroneously continues to charge the old rate and its bills are therefore artificially inflated.
2. Engineering charges: BellSouth erroneously imposes engineering charges for which there is no documentation or an otherwise adequate method for validating charges; further, BellSouth is charging us for repairs on the BellSouth side of the demarcation point.
3. Non-Basic 1 and Non-Basic 4 charges: BellSouth erroneously bills non basic charges on basic UNE lines.
4. Port install and disconnect charges: BellSouth inappropriately charges multiples of the first-line port install or disconnect charge for all lines on multi-line orders, rather than charging the first-line rate for the first line, and a lower rate for additional lines. Additionally, BellSouth charges a disconnect fee to IDS when



BellSouth or a third party carrier wins an IDS customer, even though IDS placed no order with BellSouth.

- 5. Port/loop rerates: Although the charge for port/loop combo monthly recurring charges changed, BellSouth mistakenly continued to charge the old rate for a period of time, and failed to credit IDS for such overcharges.
- 6. Usage rerates: Although usage rates changed, BellSouth mistakenly continued to charge the old rate for a period of time, and failed to credit IDS for all such overcharges.
- 7. Market-based rates: BellSouth bills IDS an improper rate for ports on accounts in excess of four lines and fails to bill in a mechanized fashion. Further, in some cases BellSouth improperly bills a market-based rate on lines that are not in the MSA.
- 8. Issues subject to confidentiality requirements: There are several additional issues that I cannot describe more fully in this letter because they are covered by a confidentiality agreement. However, BellSouth has been placed on notice of these disputes and therefore is aware of them. IDS will comply with reasonable Staff requests for information regarding these issues, subject to confidentiality requirements.

The above errors have resulted in BellSouth overcharging IDS approximately \$3.3 million to date. This amount will change over time because the problems are continuing in nature.

We believe that some of these problems result from problems with BellSouth's billing system, but are exacerbated by BellSouth's failure to promptly acknowledge and properly process billing disputes. On numerous occasions IDS has requested a reconciliation of accounts and asked BellSouth to provide supporting detail, but BellSouth refuses to supply us with the requested information. We have tried in good faith to resolve these complaints directly with BellSouth, but have been unable to do so. We therefore request Florida Public Service Commission assistance in investigating these problems as well as ensuring that BellSouth does not discontinue any service to us, as threatened, pending such investigation.

Very truly yours,

Angelo Leiro
Vice President, Regulatory Affairs

cc: BellSouth Local Contract Manager
ICS Attorney
Maxine Alegar
BellSouth Telecommunications, Inc.

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

STATE OF FLORIDA



DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
BETH W. SALAK
DIRECTOR
(850) 413-6600

Public Service Commission

December 15, 2003



Angel Leiro, Vice President, Regulatory Affairs
IDS Telecom LLC
1525 NW 167-th Street, Suite 200
Miami, Florida 33169

Re: Informal complaint against BellSouth

Dear Mr. Leiro:

This correspondence is in response to your letter dated November 3, 2003, requesting that the Florida Public Service Commission (Commission) informally review the billing and service disputes that IDS Telecom LLC (IDS) has with BellSouth Telecommunications, Inc. (BellSouth). Based on your letter and our telephonic discussions to-date, it appears as though the billing-related issues in particular are recurring in nature, and certain disputes may even predate your current interconnection agreement between IDS and BellSouth. As such, the issues raised in your letter are complex and far beyond the scope of an "informal" complaint.

While researching the matters detailed in your letter, I reviewed the billing-related "dispute resolution" language in your interconnection agreement. Your agreement details the process to follow for challenging the accuracy of billed amounts, and states that if company-to-company efforts are not successful in resolving disputes, the aggrieved party may petition the Commission for assistance, or interpretation. While the "informal" complaint mechanism provided information from each side to facilitate discussion, the information is simply not adequate to resolve your complaint. I believe a more formal evaluation is necessary in order to do so.

Angel Leiro, Vice President, Regulatory Affairs
Page 2
December 15, 2003

Any disputes that remain after exhausting all levels of escalation may be presented to the Commission in a formal request for enforcement or interpretation of your interconnection agreement. In addition, it appears that the provisions in your interconnection agreement state that, even though disputes may exist, the billed party is obligated to render payment for all *nondisputed* sums that are due, and that enforcement actions are permissible by the billing party if these provisions are not followed. I would strongly encourage you to ascertain the amount that is *nondisputed* and make the necessary payments (to BellSouth) to prevent BellSouth from taking the permissible enforcement actions during the pendency of this dispute.

As I stated earlier, the billing-related disputes identified in your November 3, 2003, letter are complex matters that clearly are beyond the scope of an "informal" complaint. As such, this letter will bring closure to the "informal" complaint, and any further action, if any, will be dependent upon a formal request for enforcement or interpretation of your interconnection agreement. Feel free to write or call me if you have any questions about this matter; my business card is attached.

Cordially yours,



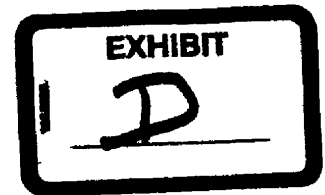
Michael Barrett
Analyst, Division of Competitive Markets and
Enforcement, Florida Public Service Commission

Enclosure

cc: Nancy Sims, Director - Regulatory Relations
BellSouth Telecommunications, Inc.
150 South Monroe Street, Suite 400
Tallahassee, Florida 32301

CATS file 567409-T

December 9, 2003



Attn: Angel Leiro
VP Regulatory Affairs
IDS Telecom, LLC
1525 N.W. 167th St, 2nd FL
Miami, FL 33169

RE: DEPOSIT INVOICE

Dear Mr. Leiro:

In accordance with BellSouth corporate policies, the Business Credit Management organization has conducted a credit assessment of your company. Unfortunately, the credit and financial information available to us at this time is not sufficient to extend credit on an unsecured basis.

Therefore, BellSouth is exercising its right per the Interconnection Agreement to request additional security in the amount of \$4,600,000. This deposit is based on an estimate of your average monthly charges for a two-month period.

BellSouth has applied all credit standards to IDS on a non-discriminatory basis and it is our opinion that circumstances so warrant and gross monthly billing has increased beyond the level initially used to determine the level of security.

In order to prevent the potential for suspension or termination of service, please remit the above mentioned security deposit by January 9, 2004. This amount can be submitted either in cash (guaranteed funds), in the form of an Irrevocable Letter of Credit (BellSouth form) or as a Surety Bond (BellSouth form), to:

Cash deposits should be sent to:

**Attn: ICS Deposits
Michelle Alexander
BellSouth PRO Center
208 N. Caldwell St
RM: 146
Charlotte, NC 28201**

An Irrevocable Letter of Credit or Surety Bond
should be sent to:

**Attn: Eric Reinhold
BellSouth Telecommunications, Inc.
Business Credit Management
1025 Lenox Park Blvd
RM: 9B24
Atlanta, GA 30319**



Your account(s) will be reviewed periodically to determine if any adjustments to the security deposit are warranted. If you have any questions regarding the contents of this letter, please contact me as soon as possible.

Respectfully,

Eric Reinhold
Credit Manager
404.986.1453

Enclosures 2

cc: Robert Hacker



IDS TELCOM Headquarters 1525 N.W. 167th Street, Suite 201, Miami, Florida 33169 U.S.A.
T: 305 913 3000 F: 305 913 1000 TOLL FREE- 800 335 4437



December 22, 2003

Via Federal Express

Mr. Eric Reinhold
BellSouth Telecommunications, Inc.
Business Credit Management
1025 Lenox Park Blvd.
RM: 9B24
Atlanta, GA 30319

Re: **Deposit Request**

Mr. Reinhold:

I am in receipt of your letter dated December 9, 2003 regarding BellSouth's request for a deposit from IDS in the amount of \$4,600,000 that you indicate was based on an estimate of IDS' average monthly charges for a two-month period.

IDS requests the following information from BellSouth pursuant to said deposit request:

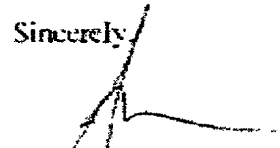
- 1) Provide IDS a copy of the current BellSouth Credit Profile referenced in Attachment 7 at Section 1.8 of IDS' current Interconnection Agreement.
- 2) Provide IDS with any and all information BellSouth relied on to determine IDS' credit worthiness.
- 3) Provide IDS with whatever information BellSouth relied on to arrive at the amount of the deposit requested.
- 4) What did BellSouth do in order to assess IDS' credit? Please explain, in detail, why the deposit is needed.
- 5) What credit standards did BellSouth's use in determining that a deposit is required?
- 6) If a deposit is truly needed, can IDS provide one of the alternatives specified in Attachment 7 at Section 1.8 as an alternative?
- 7) What adverse change in IDS' credit worthiness, if any, has IDS experienced that would require a deposit at this time?
- 8) What level of gross monthly billing did BellSouth use to determine the current level of security?

Kindly provide the above information in order for IDS to properly assess BellSouth request for a deposit.

If you have any questions, please do not hesitate to contact me directly.

Thank you for your assistance in this regard.

Sincerely,



Angel Leiro
V-P Regulatory Affairs

Cc: File

EXHIBIT

F

ENTIRE EXHIBIT CONFIDENTIAL

EXHIBIT

G

ENTIRE EXHIBIT CONFIDENTIAL

EXHIBIT

H

ENTIRE EXHIBIT CONFIDENTIAL

EXHIBIT

1

ENTIRE EXHIBIT CONFIDENTIAL