BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Florida Competitive Carriers)	Docket No. 040530 - 7P
Association, AT&T and MCI for Expedited Ruling)	
to Require the Filing, Public Review and Approval) ·	
of Agreements For the Provision of Wholesale)	Filed: June 7, 2004
Local Facilities and Services Between ILECs and)	,
CLECs.)	

PETITION FOR EXPEDITED RULING REGARDING THE FILING, REVIEW AND APPROVAL OF WHOLESALE LOCAL FACILITIES AND SERVICES AGREEMENTS

The Florida Competitive Carriers Association (FCCA)¹, AT&T Communications of the Southern States, LLC ("AT&T"), and McImetro Access Transmission Services, LLC and McI WORLDCOM Communications, Inc. (collectively "McI"), pursuant to rules 25-22.036 and 28-106.201, Florida Administrative Code, request the Florida Public Service Commission (Commission) to enter an order requiring BellSouth Telecommunications, Inc. ("BellSouth") and Verizon Florida, Inc. ("Verizon") (collectively, the "ILECs") to file for review and approval any agreements between them and CLECs concerning resale, interconnection or Unbundled Network Elements ("UNE"), including, but not limited to, the full content of any understandings, oral agreements, or side agreements that may have bearing on such agreements, and any other such agreements concerning resale, interconnection or UNEs.

In support, FCCA, AT&T and MCI state as follows:

¹ The members of FCCA include (in addition to AT&T and MCI) Access Integrated Networks, Inc., ICG Communications, Inc., IDS Telcom LLC, ITC DeltaCom, Inc., KMC Telecom, Network Telephone Corporation, NewSouth Communications, Inc., Supra Telecommunications and Information Systems, Inc., and Z-Tel Communications, Inc. With the exceptions of Supra and ICG, each of these members is also a member of the Competitive Carriers of the South, Inc. (CompSouth).

Commission Jurisdiction

1. The Commission has the requisite jurisdiction over the instant Petition pursuant to Sections 364.161 and 364.07, Florida Statutes, and Sections 252(a)(1) and 252(e)(1) of the Telecommunications Act of 1996 (the Act).

Statement of the Facts

- On April 29, 2004, BellSouth issued the press release attached as Attachment A.
 The press release included the following:
- A. It announced that BellSouth had agreed to "long-term commercial agreements with three carriers, including Dialogica Communications, Inc., International Telnet and CI2, for the provisioning of wholesale local phone services throughout the nine-state BellSouth region in the Southeast."
- B. It advised that "BellSouth offered its wholesale customers an opportunity for a fair, long-term commercial agreement at definitive rates for access to the BellSouth network."
- C. It quoted the President of BellSouth Interconnection Services as stating:
 "These three agreements, along with our ongoing discussions with other CLECs, will move us
 forward to a new era in which wholesale local voice services will be provided through
 commercial agreements."
- 3. On May 4, 2004, BellSouth issued the press release attached as Attachment B. The press release announced that BellSouth had agreed to "long-term commercial agreements with four additional wholesale carriers including ABC Telecom, INET, KingTel and WebShoppe for provisioning of wholesale local phone services throughout the nine-state BellSouth region in the Southeast. This brings the total to seven commercial agreements for BellSouth."

- 4. On June 1, 2004, Verizon announced that it had entered into "commercial agreements" with two CLECs, InfoHighway and DSCI.
- 5. In a status conference on May 11, 2004 with Staff of the Florida Public Service Commission, BellSouth and Verizon stated they would not file any of the "commercial agreements" with the Florida Public Service Commission.
- 6. As used herein, the term "ILEC Agreements" means any and all agreements between BellSouth or Verizon and the CLECs identified above (including their affiliates), including the full content of any understandings, oral agreements, or side agreements that may have a bearing on such agreements, that have not been publicly filed with this Commission and that address in whole or in part terms, conditions, or pricing in Florida for resale; interconnection; and UNEs, including port or loop components of BellSouth's or Verizon's network, as set forth in Section 251(c) of the Act.

Issues Presented

- 7. FCCA, AT&T and MCI request that the Commission address the following issues:
- A. Should BellSouth, Dialogica, International Telnet, CI2, ABC Telecom, INET, KingTel and WebShoppe be ordered to file the BellSouth Agreements, and any other such "commercial agreements," with the Commission for its review and its possible approval or rejection?
- B. Should the BellSouth Agreements immediately be posted on the Commission's website to allow for public inspection and copying of the agreement?

FCCA, AT&T and MCI submit that each of the above questions must be answered in the affirmative.

Analysis of Issues and Reference to Applicable Authorities

- 8. The requested rulings are required for a number of public policy, legal and other reasons set forth below.
- 9. The plain language of Section 364.162(1), Florida Statutes makes clear the intent of the Florida Legislature that all interconnection agreements be filed with the Commission prior to their effective dates. This section provides, *inter alia*, "Whether set by negotiation or by the commission, interconnection and resale prices, rates, terms, and conditions shall be filed with the commission before their effective date." This requirement is the Commission's first line of defense to ensure that all providers of telecommunications services are treated fairly by preventing anticompetitive behavior, consistent with Section 364.01(4)(g), Florida Statutes.
- 10. Similarly, agreements must be submitted to and approved by the Commission under federal law. In fact, the filing requirement of Section 364.162(1), Florida Statutes, is consistent with and is essentially the same requirement established by federal law pursuant to Section 252 of the Act. The Act contains various requirements related to interconnection agreements. Specifically, Section 252(a)(1) allows parties to enter into negotiated agreements regarding requests for interconnection, services, or network elements pursuant to Section 251. Section 252(a) provides that any interconnection agreement adopted by negotiation shall be submitted for approval to the state commission under subsection (e) of this section. Section 252(e)(1) in turn provides:

Any interconnection agreement adopted by negotiation or arbitration shall be submitted for approval to the State commission. A State commission to which such an agreement is submitted shall approve or reject the agreement, with written findings as to any deficiencies.

11. Section 252(e)(2) provides that the state commission may reject the negotiated agreement only if it finds that "the agreement (or portion thereof) discriminates against a

telecommunications carrier not a party to the agreement" or that "the implementation of such agreement (or portion thereof) is not consistent with the public interest, convenience, and necessity." Section 252(e)(4) provides that the agreement shall be deemed approved if the state commission fails to act within 90 days after submission by the parties. Sections 251(c)(2) and 251(c)(3) prohibit the ILEC from discriminating in the provision of interconnection and access to UNEs.

- 12. Section 252(h) requires a state commission to make a copy of each agreement approved under subsection (e) "available for public inspection and copying within 10 days after the agreement or statement is approved."
- 13. Section 252(i) requires a local exchange carrier to "make available any interconnection, service, or network element provided under an agreement approved under this section to which it is a party to any other requesting telecommunications carrier upon the same terms and conditions as those provided in the agreement."
- 14. Section 271(c)(2)(B) requires, *inter alia*, that BellSouth and Verizon provide access to interconnections in accordance with the requirements in Sections 251(c)(2) and 252(d)(1) and nondiscriminatory access to network elements in accordance with the requirements of sections 251(c)(3) and 252(d)(1).
- 15. The FCC has construed this filing and approval requirement broadly, finding that "...any 'agreement that creates an ongoing obligation pertaining to resale, number portability, dialing parity, access to rights-of-way, reciprocal compensation, interconnection, unbundled network elements, or collocation is an interconnection agreement that must be filed pursuant to section 252(a)(1)." *Qwest Corp. Apparent Liability for Forfeiture*, File No. EB-03-0IH-0263, ¶ 23 (rel. March 12, 2004) (FCC 04-57) ("*Qwest NAL*"), at ¶ 23.

- 16. The FCC has recognized only four narrow exceptions to the filing requirements, none of which apply here: (1) agreements addressing dispute resolution and escalation provisions, to the extent that the information is generally available to carriers, (2) settlement agreements, (3) forms used to obtain service, and (4) certain agreements entered into during bankruptcy. *Qwest NAL*, at ¶ 23. According to the FCC, the "settlement agreements" exception includes only agreements that provide for "backward-looking consideration," e.g., in the form of a cash payment or cancellation of an unpaid bill. To the extent that a settlement agreement resolves disputes that affect an incumbent LEC's ongoing obligations under Section 251, that agreement whether labeled a "settlement agreement" or not must be filed with the state commission for approval. *Owest Declaratory Ruling*, 17 FCC Rcd 19337, ¶ 12 (2002).
- 17. Under federal law, the public filing of such agreements is extremely important. "Section 252(a)(1) is not just a filing requirement. Compliance with Section 252(a) is the first and strongest protection under the Act against discrimination by the incumbent LEC against its competitors." *Qwest NAL*, at ¶ 46. As the FCC has noted elsewhere, if there is any doubt regarding whether an agreement must be filed, the states are to resolve such disputes in the first instance. "Based on their statutory role provided by Congress and their experience to date, state commissions are well positioned to decide on a case-by-case basis whether a particular agreement is required to be filed as an 'interconnection agreement' and, if so, whether it should be approved or rejected." *Qwest Declaratory Ruling*, at ¶¶ 10-11.
- 18. The ILEC Agreements clearly are agreements that are required to be filed and approved by state commissions under federal law. In Florida, BellSouth had previous agreements with KingTel, Inc. and CI2. These carriers requested the Commission to approve their respective agreements pursuant to the Act. The Commission approved the requests.. See

Dockets Nos. 010879-TP and 990681-TP (KingTel) and Dockets Nos. 010298-TP and 030361-TP (CI2). The previous agreements that defined the terms and conditions under which these carriers accessed BellSouth's network were interconnection agreements that unquestionably provided these carriers with interconnection and access to UNEs and combinations of UNEs, including the UNE Platform (or UNE-P), pursuant to the requirements of the Act. As described by the April 29, 2004 BellSouth press release, "These three agreements, along with [BellSouth's] ongoing discussions with other CLECs, will move [BellSouth] forward to a new era in which wholesale local voice services will be provided through commercial agreements." Since the BellSouth agreements replace the previous agreements that provide for interconnection and access to UNEs and UNE combinations that the Commission approved pursuant to Section 252, it necessarily follows that the BellSouth agreements also are interconnection agreements as defined by the Act. As such, the BellSouth agreements must be filed for approval with the Commission as required by Section 252(e) of the Act.

- 19. Regulators in a number of other states have recently considered the same issue presented to the Commission in this Petition.. Specifically, in several states SBC Communications, Inc. ("SBC") and Sage Telecom, Inc. ("Sage") recently reached similar "commercial agreements." The regulatory agencies uniformly have found that such agreements must be filed with the state commission or challenged the ILEI's failure to do so:
- A. The Michigan Public Service Commission issued an Order requiring SBC and Sage to file the agreement for review. The Michigan Commission held that under the Act "interconnection agreements arrived at through negotiations must be filed with and approved by [the Commission]." Case No. U-14121, Michigan Public Service Commission (April 28, 2004). The Chair of the Michigan Public Service Commission noted that the state commission "must be

able to review the terms of this agreement and any associated agreements if it is to fulfill its responsibilities under state and federal law to ensure that the agreement is in the public interest and does not discriminate against other providers." Michigan Public Service Commission, Press Release April 28, 2004 (available at www.michigan.go/mpsc).

- B. The California Public Utilities Commission requested SBC to file the interconnection agreement. It noted: "In order for the Commission to perform this statutory duty [under Section 252(e)(2) of the Act], the interconnection agreement must be formally filed with the Commission and open to review by any interested party." Letter from Randolph L. Wu, State of California Public Utilities Commission, to SBC (April 21, 2004).
- C. On May 5, 2004, the Public Utilities Commission of Ohio ("PUCO") directed SBC and Sage to file comments and legal analysis supporting their position that they did not have to file the new agreement with PUCO. The Chairman of PUCO stated that the action was necessary "to sort out [PUCO's] obligations under the Telecommunications Act as they apply to these agreements." Public Utilities Commission of Ohio News Release, May 5, 2004 (available at www.puc.state.oh.us).
- D. Most recently, by order dated May 13, 2004, the Public Utilities

 Commission of Texas ordered SBC and Sage to file their agreement. Citing the FCC's Qwest

 Declaratory Ruling, the Texas Commission held that "the filing and review requirements are 'the first and strongest protection under the Act against discrimination by the incumbent LEC against its competitors."
- E. NARUC requested SBC and Sage to file the agreements with the respective state commissions. Stan Wise, NARUC President and Commissioner of the Georgia Public Service Commission, urged SBC and Sage to file the negotiated interconnection

agreements for approval "pursuant to § 252(e) of the Act in the States where they are effective as required by § 252(a)(1)." Letter from Stan Wise, NARUC President, to Sage and SBC, April 8, 2004. Mr. Wise noted: "Rapid filing and approval by the respective State commissions can only facilitate the ongoing industry negotiations." Id.

- F. On May 26, 2004, the Staff of the Missouri Public Service Commission filed a recommendation regarding the SBC/Sage agreement in which it concluded that the "commercial agreement" is, on a stand alone basis, an interconnection agreement that is subject to review under Sections 251 and 252 of the Act. Citing several of the FCC's key Qwest rulings, the Staff concluded that the agreement creates an ongoing obligation relating to the resale of switching, loops, LIDB, OSS, OS/DA, and ABS. It includes provisions addressing the rates, terms, conditions and processes applicable to an offer that includes loop and switching and that is designed to enable Sage to provide local dial tone services. Notwithstanding its conclusion that the SBC/Sage Agreement would be subject to review on a stand alone basis, staff noted that the agreement is only part of the entire interconnection agreement; the agreement and the separately filed amendment together are so interdependent and intertwined that they constitute a single agreement that is subject to review under Sections 251 and 252.
- 20. Indeed, BellSouth itself, in apparent recognition of its obligation to file these types of agreements, recently filed with the Florida Public Service Commission an interconnection agreement with Phone-Link, Inc., which it now claims is not subject to section 252 filing requirements. On May 5, 2004, BellSouth and Phone-Link filed their so-called "market-based" agreement for approval with the Commission. One week later, BellSouth withdrew the approval request, prior to the Commission taking any action.

- 21. State commissions have in the past rejected BellSouth's attempt to avoid the filing obligations under the Act by filing partial interconnection agreements. In 1999, BellSouth and Access One filed agreements with state commissions in BellSouth's southeast territory, but omitted the specific contractual terms that governed the provisioning of UNE-P. BellSouth argued that the UNE offering was not subject to regulatory scrutiny. BellSouth's argument was soundly rejected by several commissions, including those of North Carolina, Kentucky, and Alabama. These commissions held that filing only partial agreements were discriminatory and contrary to the public interest, convenience and necessity, and in violation of the Act. As a result BellSouth and Access One were required to file the entire agreements with the state commissions.
- 22. The ILEC Agreements must be filed approved, and made publicly available to avoid discrimination that is prohibited by the Act. The prohibition against discrimination with respect to interconnection is reflected in Section 251(c)(2)(D) of the Act, which imposes a duty on all ILECs to provide interconnection with the local exchange carrier's network interconnection "on rates, terms and conditions that are just, reasonable, and nondiscriminatory, in accordance with the terms and conditions of the agreement and the requirements of section 252." Similarly, Section 251(c)(3) imposes upon ILECs the "duty to provide, to any requesting telecommunications carrier for the provision of a telecommunications service, nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory, in accordance with the terms and conditions of the agreement and the requirements of section 252."
- 23. The FCC concluded in its First Report and Order that the term "nondiscriminatory" in the Act is not synonymous with the term "unjust and unreasonable

discrimination" in Section 202(a) of the Communications Act of 1934; it is more stringent. First Report and Order, ¶ 859. While the FCC found that cost-based differences in rates, such as volume and term discounts, are permissible under Sections 251 and 252 of the Act, it stressed that non-cost based discrimination, including state regulations that would allow such treatment, are prohibited by the Act. First Report and Order, ¶ 860, 862.

24. In addition to the prohibition on discriminatory limitations contained in Sections 251(c)(2) and 251(c)(3) of the Act, Section 252(i) of the Act also provides a mechanism for preventing discrimination. Section 252(i) states as follows:

AVAILABILITY TO OTHER TELECOMMUNICATIONS CARRIERS -- A local exchange carrier shall make available any interconnection, service, or network element provided under an agreement approved under this section to which it is a party to any other requesting telecommunications carrier upon the same terms and conditions as those provided in the agreement.

- 25. In ¶1296 of its First Report and Order, the FCC noted that Section 252(i) is "a primary tool of the 1996 act for preventing discrimination under section 251" As interpreted by the FCC, and eventually upheld by the United States Supreme Court in *AT&T Corp. v. Iowa Utilities Board*, 119 S. Ct. 721 (1999), Section 252(i) (the FCC's "pick and choose" rule permits CLECs to choose among individual provisions contained in publicly filed interconnection agreements. A CLEC may choose the entire agreement, or may elect to opt into certain provisions of the agreement.
- 26. The right to choose another interconnection agreement—either in whole or in part—is a right that exists for all CLECs, regardless of whether a CLEC is already a party to an interconnection agreement with different terms. On this key point, the FCC stated:

We further conclude that section 252(i) entitles all parties with interconnection agreements to "most favored nations" status regardless of whether they include "most favored nation" clauses in their agreements. Congress's command under Section 252(i)

was that parties may utilize any individual interconnection, service, or element in publicly filed interconnection agreements and incorporate it into the terms of their interconnection agreement. This means that any requesting carrier may avail itself of more advantageous terms and conditions subsequently negotiated by any other carrier for the same individual interconnection, service or element once the subsequent agreement is filed with, and approved by, the state commission. We believe the approach we adopt will maximize competition by ensuring that carrier's obtain access to terms and elements on a nondiscriminatory basis.

First Report and Order, ¶ 1316.

- 27. As the FCC as said, the goal of Section 252(i) is to prevent incumbent local telephone companies from discriminating against certain CLECs by inserting more favorable terms in agreements with other CLECs.
- 28. While it remains to be seen whether any CLEC will want to opt-in to any of the ILEC Agreements pursuant to Section 252(i), this provision is nonetheless relevant for the simple reason that CLECs not only have the right to opt-in to an entire agreement, but also have the right to "pick and choose" the provisions of another CLEC's interconnection agreement in order to prevent discrimination as specified in the FCC's rules. The principles underpinning Section 252(i) are similar to the principles underpinning a tariff, which by definition is a generally-available set of terms and conditions governing the provision of a particular service or product that is available on a nondiscriminatory basis to all customers. See Fax Telecommunications v. AT&T, 952 F. Supp. 946, 951 (E.D.N.Y. 1996); see generally MCI Telecommunications Corp. v. AT&T Co., 512 U.S. 218, 229-30 (1994) (publicly-filed tariffs are essential to preventing discrimination). As noted above, Section 252(h) requires a state commission to make available for public inspection and copying, a copy of each agreement approved under Section 252(e). For all of these reasons, the Commission should declare that the ILEC Agreements must be filed with the Commission for approval and be made publicly

available by posting the agreements in their entirety on the Commission's website forthwith. To allow BellSouth, with its agreements with Dialogica, International Telnet, CI2, ABC Telecom, INET, KingTel and WebShoppe, and Verizon with its agreements with InfoHighway and DSCI, to ignore the requirement that their agreements be filed with and approved by the Commission, and be made publicly available in its entirety, would in essence condone unlawful discrimination.

- 29. Moreover, to the extent that BellSouth asserts that the BellSouth agreements reflect the removal of an Unbundled Network Element that is no longer required to be provided pursuant to Section 251 as a result of the FCC's Triennial Review Order or *United States*Telecom Ass'n v. FCC² to remain in compliance with Section 271, -- something that is entirely speculative at this point-- BellSouth would be required to negotiate interconnection agreement terms that satisfy the terms of Section 271 If BellSouth fails to negotiate, it falls out of compliance with Section 271.
- BellSouth wishes to continue to provide in-region interLATA services under Section 271 of the Act, it "must continue to comply with any conditions required for [Section 271] approval," TRO, ¶ 665. That is so whether or not a particular network element must be made available under Section 251. See generally id. at ¶¶ 653-655. One of the central requirements of Section 271 is that a BOC enter into "binding agreements that have been approved under Section 252 specifying the terms and conditions under which the Bell operating company is providing access and interconnection to its network facilities." § 271(c)(1)(A). Those agreements must provide access to facilities that meet the requirements of the so-called section 271 check list.

² United States Telecom Ass'n v. FCC, No. 00-1012, 2004 WL 374262 (D.C. Cir. March 2, 2004)

- § 271(c)(2)(A)(ii). And, of course, that checklist requires that the agreement must provide for local switching. § 271(C)(2)(B)(vi). Finally, the FCC has recently concluded, to satisfy the requirements of the checklist, the interconnection agreement must provide switching at a rate deemed just and reasonable. TRO, ¶ 662-664.
- 31. Assuming that BellSouth wishes to continue to provide in-region interLATA services, it cannot simply remove unbundled local switching and other checklist items from its interconnection agreements. Because BellSouth presumably wishes to continue providing in-region long distance service, it must first negotiate and incorporate into its interconnection agreements new terms, conditions, and pricing relating to local switching, if it seeks to remove current UNE-switching arrangements from the interconnection agreements it has with CLECs. Under the Act, BellSouth must file those agreements for approval with the Commission and make them publicly available. For all of these reasons, FCCA, AT&T and MCI submit that in order for the Commission to perform its statutory duty under the Act, the BellSouth Agreements must be formally filed with the Commission and open to review by any interested party.
- 32. FCCA, AT&T and MCI submit that there are no genuine issues of material fact preventing the Commission from entering a summary decision in favor of FCCA, AT&T and MCI. There is no genuine factual dispute regarding whether BellSouth entered into agreements with Dialogica, International Telnet, CI2, ABC Telecom, INET, KingTel and WebShoppe or whether Verizon entered into agreements InfoHighway and DSCI for the purposes of interconnection and access to unbundled network elements. The ILECs' respective press releases establish these facts. BellSouth, Dialogica, International Telnet, CI2, ABC Telecom, INET, KingTel and WebShoppe attempt but fail to distinguish the BellSouth agreements from agreements arrived at via negotiations and/or arbitrations. Those which have been submitted to

the Commission for review by BellSouth and other CLECs are no different in character: each constitutes the product of commercial, business-to-business negotiations regarding either all or part, of an interconnection agreement. The same is true for Verizon's agreements with InfoHighway and DCSI.

Therefore, for the reasons noted above regarding the applicable rules and statutory requirements, the Commission has authority over the ILEC Agreements pursuant to Chapter 364, Florida Statutes, as well as the Act, which impose on it the obligation to review and either approve or reject the ILEC Agreements. The Commission should enter an order requiring BellSouth and/or Dialogica, International Telnet, CI2, ABC Telecom, INET, KingTel and WebShoppe to file the BellSouth Agreements, and Verizon and/or InfoHighway and DCSI to file the Verizon Agreements referenced in this petition (as well as any other ILEC Agreements) with the Commission for review and approval or rejection.

WHEREFORE, FCCA, AT&T and MCI respectfully request that the Commission:

- (i) Enter an order requiring BellSouth, Dialogica, International Telnet, CI2, ABC Telecom, INET, KingTel and WebShoppe to file their agreements (and any other such "commercial agreements" between BellSouth and other carriers) with this Commission immediately;
- (ii) Enter an order requiring Verizon, InfoHighway and DSCI to file their agreements (and any other such "commercial agreements" between Verizon and other carriers) with the Commission immediately:
- (iii) Enter an order ruling that the Commission has authority over these agreements pursuant to the requirements of either Chapter 364 or the Act or both;

- (iv) Enter an order requiring that the ILEC Agreements (and any other such "commercial agreements") be made publicly available and posted on the Commission's website; and
 - (v) Take such further action as the Commission deems necessary and appropriate.

 Respectfully submitted this the 7th day of June 2004.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing PETITION FOR EXPEDITED RULING REGARDING THE FILING, REVIEW AND APPROVAL OF WHOLESALE LOCAL FACILITIES AND SERVICES AGREEMENTS has been furnished (*) hand delivery and U.S. Mail this 7th day of June 2004, to:

(*)Beth Keating Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850

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BellSouth Signs Contracts for Long-Term Commercial Agreements With Three Wholesale Carriers

Company Rejects AT&T Proposal

FOR IMMEDIÂTE RELEASE

ATLANTA - April 29, 2004 - BellSouth (NYSE: BLS) today announced the signing of long-term commercial agreements with three carriers including Dialogica Communications Inc., International Telnet and CI2 for the provisioning of wholesale local phone services throughout the nine-state BellSouth region in the Southeast.

"In March, BellSouth offered its wholesale customers an opportunity for a fair, long-term commercial agreement at definitive rates for access to the BellSouth network. BellSouth's offer eliminates continued legal and regulatory uncertainty for our customers. These three agreements, along with our ongoing discussions with other CLECs, will move us forward to a new era in which wholesale local voice services will be provided through commercial agreements," said Keith Cowan, President of BellSouth Interconnection Services.

Since the FCC's call for the negotiation of commercial agreements, BellSouth has executed nondisclosure agreements with over 60 telecommunications carriers. These non-disclosure agreements set the framework for ongoing, private negotiations of commercial terms.

BellSouth also recently announced a commercial offering for UNE transport transition. Until June 15, 2004, BellSouth is offering a plan to provide an efficient transition from UNE transport and high capacity loops to transport offered via BellSouth's tariffs.

The company also commented on AT&T's public proposal to incumbent local exchange carriers in response to the March 10, 2004 call from the FCC Commissioners encouraging commercial negotiations. After six weeks of sitting on the sidelines, AT&T has made a desperate attempt to perpetuate the regulatory scheme that was vacated by the D.C. Circuit Court on March 2, 2004. Once again, AT&T is trying to perpetuate government controls of a marketplace that has become intensively competitive and should be controlled by the consumer.

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For more information contact:

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About BellSouth Corporation

BellSouth Corporation is a Fortune 100 communications company headquartered in Atlanta, Georgia, and a parent company of Cingular Wireless, the nation's second largest wireless voice and data provider.

Backed by award winning customer service, BellSouth offers the most comprehensive and innovative package of voice and data services available in the market. Through BellSouth AnswersSM, residential and small business customers can bundle their local and long distance service with dial up and high speed DSL Internet access, satellite television and Cingular® Wireless service. For businesses, BellSouth provides secure, reliable local and long distance voice and data networking solutions. BellSouth also offers online and directory advertising through BellSouth® RealPages.comSM and The Real Yellow Pages®.

More information about BellSouth can be found at http://www.bellsouth.com.

NOTE: For more information about BellSouth, visit the BellSouth Web page at http://www.bellsouth.com.

A list of <u>BellSouth Media Relations Contacts</u> is available in the Corporate Information Center.

BellSouth Signs Long-Term Commercial Agreements with Four Additional Wholesale Carriers

For Immediate Release:

May 4, 2004 🎉

ATLANTA -- BellSouth (NYSE: BLS) today announced the signing of long-term commercial agreements with four additional wholesale carriers including ABC Telecom, INET, KingTel and WebShoppe for the provisioning of wholesale local phone services throughout the nine-state BellSouth region in the Southeast. This brings the total to seven commercial agreements for BellSouth.

"The negotiations continue to be successful as our customers and BellSouth recognize the opportunity of working toward a free marketplace where economics will replace an unproductive cycle of litigation," said Keith Cowan, President of BellSouth Interconnection Services.

BellSouth also announced that, due to the high level of interest in its offer and the success of current negotiations, the company is extending its offer to negotiate wholesale agreements for access to the BellSouth network. BellSouth's wholesale switching offer includes a net increase of zero for mass market customers for the remainder of 2004, then introduces commercial rates with modest increases that would be phased in over 36 months.

Since the FCC's call for the negotiation of commercial agreements, BellSouth has executed nondisclosure agreements with more than 60 telecommunications carriers. These non-disclosure agreements set the framework for ongoing, confidential negotiations of commercial terms. BellSouth has also executed letters of intent with three other wholesale carrier customers.

BellSouth previously announced long-term commercial agreements with Dialogical Communications, Inc., International Telnet and CI2. In addition, BellSouth is offering a plan to provide an efficient transition from UNE transport and high capacity loops to transport offered via BellSouth's tariffs.

About BellSouth Corporation

BellSouth Corporation is a Fortune 100 communications company headquartered in Atlanta, Georgia and a parent company of Cingular Wireless, the nation's second largest wireless voice and data provider.

Backed by award winning customer service, BellSouth offers the most comprehensive and innovative package of voice and data services available in the market. Through BellSouth AnswersSM, residential and small business customers can bundle their local and long distance service with dial up and high speed DSL Internet access, satellite

television and Cingular® Wireless service. For businesses, BellSouth provides secure, reliable local and long distance voice and data networking solutions. BellSouth also offers online and directory advertising through BellSouth® RealPages.comsm and The Real Yellow Pages®.

More information about BellSouth can be found at www.bellsouth.com.

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NOTE: For more information about BellSouth, visit the BellSouth Web page at http://www.bellsouth.com.

A list of BellSouth Media Relations Contacts is available in the Corporate Information Center.