

BellSouth Telecommunications, Inc.

Regulatory & External Affairs

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Tallahassee, FL 32301-1556

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Marshall M. Criser III

Vice President
Regulatory & External Affairs

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July 29, 2004

040800-TP

Mrs. Blanca S. Bayo
Director, Division of Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Re: Approval of Amendment to the Interconnection, Unbundling, Resale and Collocation Agreement between BellSouth Telecommunications, Inc. ("BellSouth") and KMC Telecom Holdings, Inc.

Dear Mrs. Bayo:

Please find enclosed for filing and approval, the original and two copies of BellSouth Telecommunications, Inc.'s Amendment to Interconnection, Unbundling, Resale and Collocation Agreement with KMC Telecom Holdings, Inc

If you have any questions, please do not hesitate to call Robyn Holland at (850) 222-9380.

Very truly yours,


Regulatory Vice President

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

**Amendment to the Agreement
Between
KMC Telecom Holdings, Inc.
and
BellSouth Telecommunications, Inc.
Dated October 6, 2000**

This Agreement refers to the Interconnection Agreement (“the Agreement”) entered into by KMC Telecom Holdings, Inc. (“KMC Telecom”) on behalf of itself and its certified operating affiliates identified in Attachment A hereto, and BellSouth Telecommunications, Inc. (“BellSouth”) on October 6, 2000. This Amendment (“Amendment”) is made by and between KMC Telecom and BellSouth and shall be deemed effective as of February 1, 2004. KMC Telecom on behalf of itself and its certificated operating affiliates identified in Exhibit A hereto.

WHEREAS, BellSouth and KMC Telecom entered into the Agreement on October 6, 2000, and;

NOW THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby covenant and agree as follows:

1. The Parties hereby mutually agree to incorporate into Exhibit A of Attachment 3 of the Agreement the rates set forth in Exhibit 1 to this Amendment, which is attached hereto and incorporated herein by this reference.
2. The Parties hereby mutually agree to add the following Sections 2.1.1, 2.1.2 and 2.1.3 to Attachment 3 of the Agreement:
 - 2.1.1 The Parties shall route traffic to each other in a manner consistent with the Trunk Group Architectures selected by the Parties and as set forth in this Section 2 of this Attachment 3, except as otherwise set forth in this Agreement (e.g., overflow) or in instances where a third party causes either Party to route traffic in a manner that is inconsistent with this Attachment.
 - 2.1.2 In instances of misrouting, either Party may request that the Parties investigate, identify the cause of, and correct misrouting to the extent technically and economically feasible.
 - 2.1.3 In the event that misrouting results in either Party’s inability to bill or collect revenues from a third party and the Parties disagree as to the liability of the other Party for such revenues, then either Party may pursue the Dispute Resolution procedures set forth in this Agreement.
3. The Parties hereby mutually agree to delete Sections 6.1.1, 6.1.2, 6.1.3, 6.1.3.1, 6.1.3.2 and 6.1.3.3 of Attachment 3 of the Agreement and replace them with the following:
 - 6.1.1 For purposes of this Attachment and for reciprocal compensation between the Parties pursuant to this Attachment, Local Traffic is defined as any circuit

switched call that is originated by an End User of one Party and terminated to an End User of the other Party within a given LATA on that other Party's network, except for those calls that are originated or terminated through switched access arrangements as established by applicable FCC or Commissions rules and orders. Additionally, Local Traffic includes any cross boundary, intrastate, interLATA or interstate interLATA calls established as a local call by the ruling regulatory body.

- 6.1.2 ISP-bound Traffic is defined as a call to an information service provider/enhanced service provider or Internet Service Provider ("ISP") that is dialed by using a local dialing pattern (7 or 10 digits).
- 6.1.3 For the per minute of use rate elements associated with Call Transport and Termination the Parties shall compensate each other at composite rate of \$0.0007 for Local Traffic and ISP-bound Traffic subject to the ceiling on minutes of use as set forth below.
 - 6.1.3.1 For ISP-bound Traffic exchanged from February 1, 2004 through the Expiration Date of this Agreement, compensation as set forth above shall be billed by the terminating Party to the originating Party on the ISP-bound minutes up to a ceiling of ISP-bound minutes, which shall be calculated as set forth in the ISP Order on Remand. The Parties shall exchange data to determine the appropriate volume of minutes to be utilized.
 - 6.1.3.2 In the event that the Parties disagree as to the amount of minutes utilized to calculate the ceiling on minutes of use as described herein, the Parties will assign representatives to identify the cause of such discrepancy and determine if the Parties can mutually agree as to the appropriate ceiling on minutes of use. In the event that the Parties are unable to reach agreement, either Party may pursue resolution through the Dispute Resolution process set forth in this Agreement.
 - 6.1.3.3 Any ISP-bound Traffic that exceeds the minute of use ceiling set forth above shall be exchanged on a bill and keep basis.
- 4. The Parties hereby mutually agree to delete Section 6.1.4 to Attachment 3 of the Agreement and replace it with the following:
 - 6.1.4 The Parties have been unable to agree as to whether non-ISP bound Virtual NXX Traffic constitutes Switched Access Service Traffic. Notwithstanding the foregoing, and without waiving any rights with respect to either Party's position as to the jurisdictional nature of non-ISP-bound Virtual NXX Traffic, the Parties agree to amend this Agreement in accordance with the General Terms and Conditions of this Agreement to abide by any effective and applicable FCC and Commission rules and orders regarding the nature of such traffic and the compensation payable by the Parties for such traffic, if any.
- 5. The Parties hereby mutually agree to add the following Sections 6.7.2.1, 6.7.2.2 and 6.7.2.3 to Attachment 3 of the Agreement:

- 6.7.2.1 Where BellSouth is the primary intraLATA toll provider for an Independent Company's ("ICO") end users (i.e. BellSouth receives from the ICO the intraLATA toll revenue paid by the end users) and where such ICO originates an intraLATA toll call that transits BellSouth's network and is terminated by KMC Telecom, BellSouth and KMC Telecom will work cooperatively together to determine the appropriate amount of usage to be paid by BellSouth for such traffic. BellSouth shall route such traffic over transit traffic trunk groups, where technically feasible, and will pass appropriate OLI associated with these calls, where technically feasible. KMC Telecom will bill BellSouth at KMC Telecom's intrastate switched access rate as set forth in KMC Telecom's access tariff as filed and effective with the Commission or non-discriminatory web-posted listing if the FCC or Commission does not require filing of a tariff.
- 6.7.2.2 Where KMC Telecom originates traffic that transits BellSouth's network and it is terminated by an ICO and where the ICO asserts that it has a legal right to charge BellSouth switched access for the termination of such traffic and charges BellSouth switched access for such traffic, which BellSouth pays to the ICO, KMC Telecom agrees to reimburse BellSouth for the actual charges assessed by the ICO to BellSouth (and paid by BellSouth) for the KMC Telecom originated calls. All reimbursement billing by BellSouth to KMC Telecom shall be covered by the Billing Dispute provisions of this Agreement. This provision does not apply when KMC Telecom has a direct relationship with the ICOs and has notified BellSouth of said relationship.
- 6.7.2.3 KMC Telecom and BellSouth agree to conduct a semi-annual true-up in order to adjust for the appropriate ICO transit usage to be billed to or paid by each party.
6. The Parties mutually agree to replace Section 6.8.3 with the following:
- 6.8.3 In the event that the Initial Billing Party, as defined herein, was provided the accurate switched access detailed usage data in a manner that allowed the Initial Billing Party to generate and provide such data to the Subsequent Billing Party within ninety (90) days after the recording date and where the Initial Billing Party failed to provide notice to the Subsequent Billing Party of any inability to provide such data within a reasonable and nondiscriminatory timeframe and the Subsequent Billing Party is unable to bill and/or collect access revenues due to the Initial Billing Party's failure to provide such data within said time period, then the Initial Billing Party shall be liable to the other Party in an amount equal to the unbillable or uncollectible revenues. Each company will provide complete documentation to the other to substantiate any claim of such unbillable or uncollectible revenues. In the event that the Parties disagree as to the liability of the Initial Billing Party for such unbillable or uncollectible revenues, then either Party may invoke the Dispute Resolution process set forth in this Agreement.
7. All of the other provisions of the Agreement, dated October 6, 2000, shall remain in full force and effect.

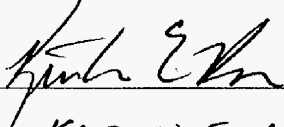
8. Either or both of the Parties are authorized to submit this Amendment to the respective state regulatory authorities for approval subject to Section 252(e) of the Federal Telecommunications Act of 1996.

Signature Page

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year written below.

BellSouth Telecommunications, Inc.

By:



Name:

KRISTEN E. ROWE

Title:

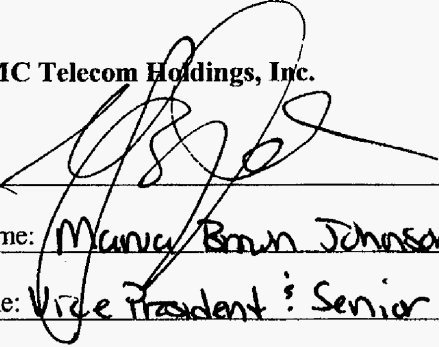
DIRECTOR

Date:

2/2/04

KMC Telecom Holdings, Inc.

By:



Name:

Maurice Brown Johnson

Title:

Vice President & Senior Counsel

Date:

6/30/04

EXHIBIT A

SCHEDULE OF KMC HOLDINGS, INC (KMC TELECOM) OPERATING AFFILIATES

KMC Telecom, Inc., KMC Telecom III, Inc., KMC Telecom V, Inc. (AL, LA)

KMC Telecom, Inc., KMC Telecom II, Inc., KMC Telecom III, Inc., KMC Telecom V, Inc. (FL)

KMC Telecom, Inc., KMC Telecom V, Inc. (GA)

KMC Telecom IV, Inc., KMC Telecom V, Inc. (KY)

KMC Telecom III, Inc., KMC Telecom V, Inc. (MS, SC, TN)

KMC Telecom II, Inc., KMC Telecom III, Inc., KMC Telecom V, Inc. (NC)

UNBUNDLED NETWORK ELEMENTS - Alabama											Attachment: 3		Exhibit: A		
CATEGORY	RATE ELEMENTS	Interim	Zone	BCS	USOC	RATES (\$)				Svc Order Submitted Elec per LSR	Svc Order Submitted Manually per LSR	Incremental Charge - Manual Svc Order vs. Electronic-1st	Incremental Charge - Manual Svc Order vs. Electronic-Add'l	Incremental Charge - Manual Svc Order vs. Electronic-Disc 1st	Incremental Charge - Manual Svc Order vs. Electronic-Disc Add'l
						Rec	Nonrecurring		Nonrecurring Disconnect						
							First	Add'l	First	Add'l	SOME C	SOMAN	SOMAN	SOMAN	SOMAN
LOCAL INTERCONNECTION (CALL TRANSPORT AND TERMINATION)															
INTERCARRIER COMPENSATION FOR LOCAL TRAFFIC AND ISP-BOUND TRAFFIC															
	Single Rate for Local Traffic and ISP-bound Traffic, per MOU (6/14/03-10/5/03)					0.000700000									

UNBUNDLED NETWORK ELEMENTS - Florida										Attachment: 3		Exhibit: A								
CATEGORY	RATE ELEMENTS	Interi	Zone	BCS	USOC	RATES (\$)	Svc Order Submitted Elec per LSR	Svc Order Submitted Manually per LSR	Incremental Charge - Manual Svc Order vs. Electronic-1st	Incremental Charge - Manual Svc Order vs. Electronic-Add'l	Incremental Charge - Manual Svc Order vs. Electronic-Disc 1st	Incremental Charge - Manual Svc Order vs. Electronic-Disc Add'l	OSS Rates (\$)							
													Rec	Nonrecurring		Nonrecurring Disconnect		SOMEc	SOMAN	SOMAN
													First	Add'l	First	Add'l				
	LOCAL INTERCONNECTION (CALL TRANSPORT AND TERMINATION)																			
	INTERCARRIER COMPENSATION FOR LOCAL TRAFFIC AND ISP-BOUND TRAFFIC																			
	Single Rate for Local Traffic and ISP-bound Traffic, per MOU (6/14/03-10/5/03)					0.000700000														

UNBUNDLED NETWORK ELEMENTS - Georgia										Attachment: 3		Exhibit: A				
CATEGORY	RATE ELEMENTS	Intari	Zone	BCS	USOC	RATES (\$)	Svc Order Submitted Elec per LSR	Svc Order Submitted Manually per LSR	Incremental Charge - Manual Svc Order vs. Electronic-1st	Incremental Charge - Manual Svc Order vs. Electronic-Add'l	Incremental Charge - Manual Svc Order vs. Electronic-Disc 1st	Incremental Charge - Manual Svc Order vs. Electronic-Disc Add'l				
													Rec	Nonrecurring		Nonrecurring Disconnect
							First	Add'l	First	Add'l	SOME C	SOMAN	SOMAN	SOMAN	SOMAN	SOMAN
LOCAL INTERCONNECTION (CALL TRANSPORT AND TERMINATION)																
INTERCARRIER COMPENSATION FOR LOCAL TRAFFIC AND ISP-BOUND TRAFFIC																
	Single Rate for Local Traffic and ISP-bound Traffic, per MOU (6/14/03-10/5/03)					0.000700000										
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UNBUNDLED NETWORK ELEMENTS - Kentucky										Attachment: 3		Exhibit: A	
CATEGORY	RATE ELEMENTS	Interi	Zone	BCS	USOC	RATES (\$)	Svc Order Submitted Elec per LSR	Svc Order Submitted Manually per LSR	Incremental Charge - Manual Svc Order vs. Electronic-1st	Incremental Charge - Manual Svc Order vs. Electronic-Add'l	Incremental Charge - Manual Svc Order vs. Electronic-Disc 1st	Incremental Charge - Manual Svc Order vs. Electronic-Disc Add'l	
							Rec	Nonrecurring First	Nonrecurring Add'l	Nonrecurring First	Nonrecurring Disconnect Add'l	SOME C	SOMAN
LOCAL INTERCONNECTION (CALL TRANSPORT AND TERMINATION)													
INTERCARRIER COMPENSATION FOR LOCAL TRAFFIC AND ISP-BOUND TRAFFIC													
	Single Rate for Local Traffic and ISP-bound Traffic, per MOU (8/14/03-10/5/03)					0.000700000							

UNBUNDLED NETWORK ELEMENTS - Louisiana											Attachment: 3		Exhibit: A			
CATEGORY	RATE ELEMENTS	Interi	Zone	BCS	USOC	RATES (\$)	Svc Order Submitted Elec per LSR	Svc Order Submitted Manually per LSR	Incremental Charge - Manual Svc Order vs. Electronic-1st	Incremental Charge - Manual Svc Order vs. Electronic-Add'l	Incremental Charge - Manual Svc Order vs. Electronic-Disc 1st	Incremental Charge - Manual Svc Order vs. Electronic-Disc Add'l	OSS Rates (\$)			
													Rec	Nonrecurring		Nonrecurring Disconnect
							First	Add'l	First	Add'l						
LOCAL INTERCONNECTION (CALL TRANSPORT AND TERMINATION)																
INTERCARRIER COMPENSATION FOR LOCAL TRAFFIC AND ISP-BOUND TRAFFIC																
	Single Rate for Local Traffic and ISP-bound Traffic, per MOU (6/14/03-10/5/03)					0.000700000										

UNBUNDLED NETWORK ELEMENTS - Mississippi								Attachment: 3		Exhibit: A			
CATEGORY	RATE ELEMENTS	Interim	Zone	BCS	USOC	RATES (\$)		Svc Order Submitted Elec per LSR	Svc Order Submitted Manually per LSR	Incremental Charge - Manual Svc Order vs. Electronic-1st	Incremental Charge - Manual Svc Order vs. Electronic-Add'l	Incremental Charge - Manual Svc Order vs. Electronic-Disc 1st	Incremental Charge - Manual Svc Order vs. Electronic-Disc Add'l
LOCAL	INTERCONNECTION (CALL TRANSPORT AND TERMINATION)												
	INTERCARRIER COMPENSATION FOR LOCAL TRAFFIC AND ISP-BOUND TRAFFIC												
	Single Rate for Local Traffic and ISP-bound Traffic, per MOU (8/14/03-10/5/03)					0.000700000							

UNBUNDLED NETWORK ELEMENTS - North Carolina										Attachment: 3		Exhibit: A																			
CATEGORY	RATE ELEMENTS	Inter	Zone	BCS	USOC	RATES (\$)	Svc Order Submitted Elec per LSR	Svc Order Submitted Manually per LSR	Incremental Charge - Manual Svc Order vs. Electronic-1st	Incremental Charge - Manual Svc Order vs. Electronic-Add'l	Incremental Charge - Manual Svc Order vs. Electronic-Disc 1st	Incremental Charge - Manual Svc Order vs. Electronic-Disc Add'l	OSS Rates (\$)																		
													Rec	Nonrecurring		Nonrecurring Disconnect		SOMEc	SOMAN	SOMAN	SOMAN	SOMAN	SOMAN								
LOCAL INTERCONNECTION (CALL TRANSPORT AND TERMINATION)																															
INTERCARRIER COMPENSATION FOR LOCAL TRAFFIC AND ISP-BOUND TRAFFIC																															
	Single Rate for Local Traffic and ISP-bound Traffic, per MOL (6/14/03-10/5/03)					0.0007000C																									

UNBUNDLED NETWORK ELEMENTS - South Carolina										Attachment: 3		Exhibit: A			
CATEGORY	RATE ELEMENTS	Inter	Zone	BCS	USOC	RATES (\$)				Svc Order Submitted Elec per LSR	Svc Order Submitted Manually per LSR	Incremental Charge - Manual Svc Order vs. Electronic-1st	Incremental Charge - Manual Svc Order vs. Electronic-Add'l	Incremental Charge - Manual Svc Order vs. Electronic-Disc 1st	Incremental Charge - Manual Svc Order vs. Electronic-Disc Add'l
						Rec	Nonrecurring		Nonrecurring Disconnect						
							First	Add'l	First	Add'l	SOME C	SOMAN	SOMAN	SOMAN	SOMAN
LOCAL INTERCONNECTION (CALL TRANSPORT AND TERMINATION)															
INTERCARRIER COMPENSATION FOR LOCAL TRAFFIC AND ISP-BOUND TRAFFIC															
	Single Rate for Local Traffic and ISP-bound Traffic, per MOU (6/14/03-10/5/03)					0.00070000									

UNBUNDLED NETWORK ELEMENTS - Tennessee										Attachment 3				Exhibit A		
CATEGORY	RATE ELEMENTS	Inter	Zone	BCS	USOC	RATES (\$)				Svc Order Submitted Elec per LSR	Svc Order Submitted Manually per LSR	Incremental Charge - Manual Svc Order vs. Electronic-1st	Incremental Charge - Manual Svc Order vs. Electronic-Add'l	Incremental Charge - Manual Svc Order vs. Electronic-Disc 1st	Incremental Charge - Manual Svc Order vs. Electronic-Disc Add'l	
						Rec	Nonrecurring		Nonrecurring Disconnect							OSS Rates (\$)
							First	Add'l	First	Add'l	SOMEK	SOMAN	SOMAN	SOMAN	SOMAN	SOMAN
LOCAL INTERCONNECTION (CALL TRANSPORT AND TERMINATION)																
INTERCARRIER COMPENSATION FOR LOCAL TRAFFIC AND ISP-BOUND TRAFFIC																
	Single Rate for Local Traffic and ISP-bound Traffic, per MOU (6/14/03-10/5/03)					0.0007000										