

**ORIGINAL**

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Request for Arbitration concerning  
Complaint of US LEC of Florida Inc. against  
BellSouth Telecommunications, Inc., regarding  
Breach of Terms of Interconnection Agreement  
and Request for Relief

Docket No. 990874-TP  
Filed: January 31, 2000

**US LEC OF FLORIDA INC.'S  
DIRECT TESTIMONY OF GARY D. GREFRATH**

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1 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 **A.** My name is Gary D. Grefrath. My business address is 401 North Tryon Street, Charlotte,  
3 North Carolina 28202. Immediately prior to my retirement in August 1999, I was Executive  
4 Vice President of Administration for US LEC Corp. and its operating subsidiaries, including  
5 US LEC of Florida Inc. ("US LEC"). In this position, I was responsible for marketing,  
6 regulatory and industry relations. I currently am performing some consulting services for US  
7 LEC as an independent contractor.

8  
9 **Q. PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE AND EDUCATIONAL BACKGROUND.**

10 **A.** Before I joined US LEC in 1996, I had been employed by Rochester Telephone Corporation  
11 (now Frontier Corporation) since 1969. While there, I managed many areas including carrier  
12 relations and operator services. I was also responsible for the preparation of tariff filings  
13 with the state of New York and the FCC and for all service and contractual relations with  
14 interexchange carriers, including AT&T, MCI and Sprint. Most recently at Rochester  
15 Telephone, I was responsible for the development and sale of a national directory assistance  
16 product. I hold a BBA in Marketing and an MBA from Western Michigan University.

17  
18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 **A.** The purpose of my testimony is to support US LEC's complaint concerning  
20 BellSouth Telecommunications, Inc.'s ("BellSouth's") violation of the provisions of US  
21 LEC's interconnection agreements with BellSouth that establish reciprocal compensation  
22 payment obligations for terminating local traffic.

1 I describe the negotiations which ultimately produced the original interconnection  
2 agreement between US LEC and BellSouth, and explain how a series of agreements between  
3 BellSouth and US LEC have been reached since the expiration of the original  
4 interconnection agreement in 1998.

5  
6 Finally, I will show that US LEC and BellSouth never discussed whether traffic  
7 bound for Enhanced Information Service Providers (“ESPs”) and Internet Service Providers  
8 (“ISPs”) should be excluded from the definition of local traffic in the original  
9 interconnection agreement or otherwise treated as ineligible for reciprocal compensation  
10 under that agreement. In that context, I will discuss US LEC’s understanding of the issue  
11 at the time the initial agreement was signed and, therefore, its intent in entering the  
12 agreement. In sum, it was my understanding, based on my years of experience in the  
13 industry, that calls to ESPs and ISPs were treated as local and, consequently, would be  
14 included in the parties’ reciprocal compensation obligations.

15  
16 **Q. PLEASE BRIEFLY DESCRIBE US LEC.**

17 **A.** US LEC is a certificated local exchange carrier providing service in competition with  
18 BellSouth in various localities throughout Florida. US LEC began operations in Florida as  
19 a switch-based provider in the third quarter 1998 in Orlando. US LEC has sales offices and  
20 switches also in Miami, Jacksonville, and Tampa. US LEC provides services throughout the  
21 Southeast to telecommunications-intensive customers, such as businesses, universities,

1 financial institutions, hospitals, hotels and government agencies. US LEC is a wholly owned  
2 subsidiary of US LEC Corp.

3 **Q. HAVE YOU HAD ANY EXPERIENCE IN THE NEGOTIATION OF INTERCONNECTION**  
4 **AGREEMENTS?**

5 **A.** Yes, I was responsible for negotiation of US LEC's initial interconnection agreement with  
6 BellSouth in 1996, and have supervised the negotiation of subsequent agreements between  
7 US LEC and various other incumbent LECs.

8  
9 **Q. PLEASE DESCRIBE US LEC'S INTERCONNECTION AGREEMENTS WITH BELL SOUTH.**

10 **A.** I was involved in the negotiation of US LEC's initial Interconnection Agreement  
11 with BellSouth, which was dated November 12, 1996, (the "November 1996 Agreement"),  
12 and have supervised the negotiation of subsequent agreements between US LEC and various  
13 other incumbent LECs, as well as subsequent agreements with BellSouth. The November  
14 1996 Agreement was negotiated between BellSouth and US LEC and was filed with the  
15 Commission for approval. The November 1996 Agreement was approved by the  
16 Commission in Order No. PSC-97-0702-FOF-TP, issued on June 12, 1997, in Docket No.  
17 970345-TP.

18 The November 1996 Agreement expired in November 1998. As the end of the term  
19 approached, US LEC tried but was unable to reach agreement with BellSouth on the terms  
20 of a new interconnection agreement. As a result, the parties agreed in June 1998 that, on the  
21 expiration of the November 1996 Agreement, US LEC would, pursuant to 47 U.S.C. §  
22 252(i), (the Telecommunications Act of 1996 or "Act") adopt the separately approved  
23 agreement between ALEC, Inc., and BellSouth (the "ALEC Agreement") for the remainder  
24 of its term ("Second Agreement"). The ALEC Agreement was approved by this Commission

1 in Order No. PSC-97-1329-FOF-TP, issued October 27, 1997, in Docket No. 970890-TP and  
2 is identical to the November 1996 Agreement in all material respects. The Second  
3 Agreement was approved by this Commission in Order No. PSC-98-1331-FOF-TP, issued  
4 October 12, 1998, in Docket No. 980901-TP. The Second Agreement had an expiration date  
5 of June 15, 1999, but under Section III, remained in effect until revised interconnection  
6 arrangements became effective.

7  
8 **Q. WAS US LEC ABLE TO NEGOTIATE A NEW INTERCONNECTION AGREEMENT WITH**  
9 **BELLSOUTH TO BECOME EFFECTIVE AFTER THE EXPIRATION OF THE SECOND**  
10 **AGREEMENT?**

11 A. No. US LEC and BellSouth were not able to come to agreement on several material  
12 terms. In late June 1999, US LEC filed petitions with the state regulatory commissions in the  
13 states where it and BellSouth operate, including Florida (Docket No. 990799-TP), to compel  
14 arbitration of the major disputed terms and conditions. As a result, the terms of the Second  
15 Agreement remained in effect. At that time, in order to avoid a prolonged arbitration, US  
16 LEC decided to adopt an existing interconnection agreement as amended between BellSouth  
17 and Intermedia Communications Inc. ("Intermedia Agreement"). The Intermedia Agreement  
18 was approved by this Commission in Order No. PSC-96-1236-FOF-TP, Docket No. 960769-  
19 TP, issued October 7, 1996. The terms of the Intermedia Agreement, as adopted by US LEC  
20 ("Third Agreement"), specifically including the definition of local traffic, are not materially  
21 different from either the November 1996 Agreement or the Second Agreement.  
22 Accordingly, US LEC withdrew its petition for arbitration in Florida on July 16, 1999.

23 The Third Agreement expired on December 31, 1999, but remains in force pursuant  
24 to the terms of the February 16, 1999, amendment to the Intermedia Agreement, Paragraphs  
25 1.A.-C. US LEC hoped that by the time of the Third Agreement's expiration date, public  
26 utility commissions in the BellSouth region (including Florida) might have approved a

1 negotiated or arbitrated agreement that might be acceptable to US LEC, so that we might  
2 adopt such an agreement and avoid devoting our time and energy and that of this  
3 Commission to an arbitration with BellSouth. However, BellSouth has been intransigent on  
4 key issues, not the least of which is the question of inter-carrier compensation for ISP traffic.  
5 On January 25, 2000, BellSouth filed with this Commission a petition for arbitration of an  
6 interconnection agreement, which is docketed in Docket No. 000084-TP

7 Exhibit GDG-1 contains excerpts from each of the agreements that are pertinent to  
8 this dispute.

9  
10 **Q: IS US LEC INTERCONNECTED WITH BELL SOUTH IN FLORIDA?**

11 A: Yes, US LEC and BellSouth are interconnected in Florida pursuant to their interconnection  
12 agreements.  
13

14 **Q. WHAT IS THE SERVICE THAT US LEC PROVIDES TO BELL SOUTH AND TO BELL SOUTH'S**  
15 **CUSTOMERS?**

16 . BellSouth interconnects with US LEC so that BellSouth's customers can reach US LEC end  
17 users and vice versa. BellSouth passes traffic from a BellSouth end user to US LEC, which  
18 transports and terminates that traffic to a US LEC customer. Thus, a BellSouth end user may  
19 place a local call to US LEC-served customers, including ESPs and ISPs. US LEC's  
20 facilities are used by BellSouth's customers for as long as BellSouth's customers remain  
21 connected to a US LEC customer, including an ESP or ISP served by US LEC. If US LEC  
22 were not providing this service, BellSouth, or someone else, would have to transport and  
23 terminate this local exchange traffic between BellSouth's customers and an ESP or ISP.  
24

25 **Q. PLEASE EXPLAIN THE DISPUTE IN THIS PROCEEDING.**

1 A. US LEC filed a complaint in this proceeding in order to obtain a ruling from the Commission  
2 that, as the Commission has held on several earlier occasions, US LEC is entitled to receive  
3 reciprocal compensation under the terms of the November 1996, Second and Third  
4 Agreements for transporting and terminating on its network all traffic, including traffic that  
5 terminates at ESPs and ISPs, from BellSouth end users. Indeed, this Commission has  
6 already held, in Docket No. 980495-TP, that the Intermedia Agreement that US LEC adopted  
7 as the Third Agreement requires the payment of reciprocal compensation for calls terminated  
8 to ISPs. It has reached similar conclusions in its interpretation of BellSouth's  
9 interconnection agreements with WorldCom Technologies (MFS Intelenet) (Docket No.  
10 971478-TP), Teleport Communications Group (Docket No. 980184-TP), MCI Metro Access  
11 Transmission Services (Docket No. 980499-TP), and e.spire (Docket No. 981008-TP), as  
12 well as GTE Florida's interconnection agreement with Intermedia (Docket No. 980986-TP).

13

14 **Q. WHAT DO YOU MEAN BY THE TERM RECIPROCAL COMPENSATION?**

15 A. A fundamental purpose of the Act is to open the local exchange markets to competition. In  
16 several sections of the Act, Congress set out the responsibilities that incumbent local  
17 exchange carriers - such as BellSouth here - and competitive local exchange carriers - such  
18 as US LEC - have to each other. One such responsibility is the obligation to interconnect  
19 their networks so that customers of BellSouth can call customers of US LEC and vice versa.  
20 Another responsibility is to put in place a system under which interconnected local carriers  
21 - like US LEC and BellSouth - compensate each other for the use of their networks to  
22 transport and terminate calls. The payment of reciprocal compensation between carriers  
23 reflects the fact that the originating carrier is making use of the terminating carrier's  
24 facilities.

25

26 **Q. WHAT IS YOUR UNDERSTANDING OF THE PURPOSE OF RECIPROCAL COMPENSATION?**

1 A. It is a statutory compensation system. It compensates carriers for the use of their networks  
2 to transport and terminate local exchange calls. Just as the access charge regime ensures that  
3 the three carriers involved in interexchange calls (*i.e.*, the originating carrier, the  
4 interexchange carrier and the terminating carrier) are compensated for the use of their  
5 networks, reciprocal compensation ensures that the two carriers involved in local exchange  
6 calls are compensated for the use of their networks.

7  
8 **Q. WHY DID US LEC FILE A COMPLAINT AGAINST BELL SOUTH?**

9 A. As of January 1, 2000, US LEC has, since September 1, 1998, billed BellSouth in the amount  
10 of \$5,213,842.04 for transport and termination of local traffic in Florida. With late charges  
11 and account adjustments, the amount owed US LEC for this period is \$5,452,765.36.  
12 BellSouth has paid but \$377,292.03, leaving a balance outstanding of \$5,075,473.33. At this  
13 time, BellSouth has refused to pay the portion of this amount related to the billings for  
14 services through November 1999 on the basis that it relates to ISP traffic and late payment  
15 charges. Under each of the interconnection agreements, BellSouth is absolutely wrong to  
16 dispute the amounts invoiced by US LEC, and to withhold payment as it has on grounds such  
17 amounts relate to traffic transported and terminated to ISPs on US LEC's network.<sup>1</sup> I show  
18 month-by-month support for these figures in Exhibit GDG-6.<sup>2</sup>

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<sup>1</sup> In addition, in a current proceeding in Georgia (Docket No. 9577-U), where a similar dispute is in issue, BellSouth admitted in discovery that (even though it has withheld payment on approximately 89% of amounts invoiced by US LEC for reciprocal compensation) over 50 per cent of the traffic BellSouth has recorded as originating from its customers and terminated by US LEC has been to end users on US LEC's network other than ISPs. US LEC's 1<sup>st</sup> Interrogatories, November 17, 1999, Items Nos. 10 and 11. Exhibit No. GDG-2.

<sup>2</sup> Copies of the relevant invoices are included in Revised Exhibit D of US LEC's Complaint for the period through April 1999, in Exhibit F of US LEC's Second Amended Complaint for the period May through September 1999, and here in Exhibit GDG-3 for the period October through December 1999.



1 **Q. PLEASE EXPLAIN.**

2 A. I was involved in the discussions and negotiations with BellSouth that led up to the  
3 November 1996 Agreement, and I was intimately involved in all of the discussions and  
4 negotiations that lead up to the Second and Third Agreements. There is nothing in any of  
5 those agreements which could possibly justify BellSouth's position that it may unilaterally  
6 decide not to pay US LEC for traffic simply because that traffic is terminated to an ISP.

7  
8 **Q. WHAT ROLE DID YOU PLAY IN THE NEGOTIATION OF THE NOVEMBER 1996 AGREEMENT  
9 WITH BELL SOUTH?**

10 A. The most significant responsibility I had during the first few months of my employment at  
11 US LEC was participation in the negotiations of the November 1996 Agreement with  
12 BellSouth, and in the negotiations of other interconnection agreements with other carriers.  
13 In fact, I attended one negotiation session on behalf of US LEC in July 1996 before I actually  
14 became employed by US LEC to become more informed of the status of those discussions.  
15 We were a start-up company with only a few individuals actually involved in the day-to-day  
16 operations of the company, so we had to apply our limited resources as efficiently as we  
17 could. After I joined US LEC, the negotiation team included me, Mr. Tan Ganatra and Mr.  
18 Aaron Cowell, who was then one of US LEC's outside lawyers. I was the person most  
19 frequently engaged in direct communications with BellSouth's representatives.

20  
21 **Q. HOW MANY MEETINGS WITH BELL SOUTH REPRESENTATIVES DID YOU ATTEND BEFORE THE  
22 NOVEMBER 1996 AGREEMENT WAS SIGNED?**

23 A. I remember participating in a number of face-to-face meetings with BellSouth prior to the  
24 signing of the November 1996 Agreement. I recall one meeting in Charlotte, North Carolina  
25 in the summer of 1996, in which Mr. Ganatra, Mr. Cowell, and I participated for US LEC  
26 with Mr. Jerry Hendrix for BellSouth. There was a second meeting with BellSouth

1 representatives, Mr. Hendrix and Mr. Rich Dender. I also recall a third meeting, which also  
2 took place in Charlotte, with Mr. Hendrix and Ms. Ida Bourne for BellSouth. This third  
3 meeting took place immediately prior to the signing of the November 1996 Agreement. In  
4 addition to these face-to-face meetings, there were numerous telephone conversations and  
5 correspondence exchanged with BellSouth's negotiators during the negotiation of the  
6 November 1996 Agreement.

7  
8 **Q. WHAT CONSIDERATIONS AFFECTED US LEC'S NEGOTIATIONS WITH BELL SOUTH?**

9 A. As a start-up company, with no operations at the time of the original negotiations, US LEC  
10 did not want to become involved in an expensive and protracted arbitration proceeding with  
11 BellSouth. US LEC simply did not have the financial or personnel resources to become  
12 embroiled in that type of dispute. We also wanted to avoid a prolonged period of uncertainty  
13 about the terms and conditions of our relationship with BellSouth, which was both our  
14 biggest competitor and one of our biggest suppliers. As a result, we concentrated on the  
15 issues of most significance to our business plan and in general we accepted what BellSouth  
16 offered on other, relatively less significant issues in order to obtain a useful negotiated  
17 agreement as quickly as we could.

18  
19 **Q. WHAT DO YOU RECALL ABOUT THE STATUS OF THE NEGOTIATIONS OF THE NOVEMBER  
20 1996 AGREEMENT WHEN YOU FIRST JOINED THE COMPANY?**

21 A. When I joined US LEC, the negotiations between US LEC and BellSouth were underway.  
22 BellSouth had provided US LEC with a draft interconnection agreement which we  
23 understood for the most part was based on the BellSouth/Intermedia Agreement signed in  
24 June 1996. That draft had been revised somewhat as a result of discussions prior to my  
25 participation.

1 **Q. When you first joined the US LEC negotiation team, were there concerns relating to**  
2 **the reciprocal compensation provisions of the proposed agreement?**

3 A. Yes. When I joined US LEC, I learned that the BellSouth rate for terminating a local call  
4 throughout its region was unusually high (1.056 cents per minute of use in Florida, for  
5 example). I regarded this as an unusually high rate. When I raised the question of lowering  
6 the rate, BellSouth advised that the rate was not negotiable. BellSouth's unwillingness to  
7 discuss reductions in the rate increased my concern with another unresolved issue related to  
8 the reciprocal compensation provisions of the proposed agreement.

9

10 **Q. WHAT WAS THAT OTHER UNRESOLVED ISSUE RELATED TO THE RECIPROCAL**  
11 **COMPENSATION PROVISIONS OF THE PROPOSED AGREEMENT?**

12 A. At that time, no agreement had been reached about whether there should be some type  
13 of billing mechanism to reduce or cap the risk to either party of an unbalanced traffic flow.  
14 The draft proposal from BellSouth included the following language as Section IV(C), which  
15 had the effect of capping the risk for either party of an unfavorable traffic imbalance:

16

17 The parties agree that neither party shall be required to  
18 compensate the other for more than 105% of the total billed  
19 local interconnection minutes of use of the party with the  
20 lower total billed local interconnection minutes of use in the  
21 same month on a statewide basis. This cap shall apply to the  
22 total billed local interconnection minutes of use measured by  
23 the local switching element calculated for each party and any  
24 affiliate of the party providing local exchange  
25 telecommunications services under the party's certificate of  
26 necessity issued by the Commission. Each party will report to  
27 the other a Percentage Local Usage ("PLU") and the  
28 application of the PLU will determine the amount of local  
29 minutes to be billed to the other party. For purposes of  
30 developing the PLU, each party shall consider every local call  
31 and every long distance call. Effective on the first of January,  
32 April, July and October of each year, the parties shall update  
33 their PLU.

1           Of course, this language also had the effect of limiting the opportunity for either US  
2 LEC or BellSouth to benefit from a traffic imbalance in its favor. Because the rate proposed  
3 by BellSouth was so high, our assessment of the risk of an unfavorable traffic flow against  
4 the opportunity of a favorable traffic imbalance raised some serious concerns for us. In  
5 earlier communications, US LEC had objected to the cap because it limited our opportunity  
6 to benefit from the application of the high rate to an unbalanced traffic flow in US LEC's  
7 favor. The situation changed, however, shortly after I joined US LEC.

8  
9 **Q. HOW DID THE SITUATION CHANGE?**

10 A. Shortly after I joined US LEC, we concluded that the risk of an unfavorable traffic balance,  
11 in light of the high rate, was too great for us as a start-up company, expecting to market to  
12 commercial customers who were likely to call many BellSouth customers. As a result, we  
13 decided we wanted to retain the cap. As late as August 8, 1996, BellSouth also proposed to  
14 retain the mutual cap. Shortly thereafter, however, Mr. Hendrix told me that there had been  
15 a change in BellSouth's policy in this respect. Mr. Hendrix said that BellSouth had become  
16 concerned that wireless carriers might argue that they are entitled to elect another carrier's  
17 agreement that contained a cap on reciprocal compensation. BellSouth would not agree to  
18 an interconnection agreement with an ALEC that capped reciprocal compensation payments  
19 unless it had been signed before August 8, 1996.<sup>3</sup>

20  
21 **Q. HOW DID US LEC RESPOND TO BELLSOUTH'S DECISION TO REMOVE THE MUTUAL CAP  
22 PROVISION FROM THE NEGOTIATIONS?**

23 A. By letter dated September 10, 1996, Mr. Cowell, on behalf of US LEC, notified BellSouth  
24 that, among other things, US LEC did not desire to remove the 105% mutual cap provision

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<sup>3</sup> We understood that the change in BellSouth's policy was prompted by language in the FCC's First Report and Order, FCC 96-325, released August 8, 1996.

1 from the interconnection agreement as proposed by BellSouth. On the same date, Mr.  
2 Cowell also provided a marked up version of the draft interconnection agreement, which  
3 retained the mutual cap. Later, in a conference call between myself and Mr. Cowell for US  
4 LEC, and Mr. Hendrix and Ms. Bourne for BellSouth, BellSouth rejected our request to  
5 retain the previous language as contrary to its new policy. We also proposed a statewide bill-  
6 and-keep billing, which BellSouth likewise rejected. Finally, because we anticipated that  
7 another ALEC with greater resources might challenge the refusal of BellSouth to agree to  
8 a cap while litigation over the FCC implementation order continued, we discussed whether  
9 US LEC could be allowed to "opt-in" to the billing provisions of any other carrier's  
10 agreement with BellSouth that contained such a cap. At that point, BellSouth agreed that it  
11 would draft new contractual language with an "opt-in" clause that would replace the mutual  
12 cap provision and forward it to Mr. Cowell for review.

13  
14 **Q. WAS A NEW PROPOSAL PROVIDED BY BELL SOUTH?**

15 A. Yes. BellSouth sent us a proposal, which Mr. Cowell marked up and sent back to BellSouth.

16  
17 **Q. AFTER BELL SOUTH PULLED THE MUTUAL CAP LANGUAGE OFF OF THE TABLE, DID**  
18 **BELL SOUTH EVER REQUEST THAT ANY PROVISION BE INCLUDED FOR BELL SOUTH'S**  
19 **PROTECTION AGAINST A TRAFFIC IMBALANCE IN US LEC'S FAVOR?**

20 A. No. BellSouth never asked for any provision to limit or cap the risk of a traffic imbalance  
21 in favor of US LEC. I attributed this to BellSouth's belief that it would terminate more  
22 traffic than it originated for purposes of reciprocal compensation for local calls.

23  
24 **Q. DID THE NOVEMBER 1996 AGREEMENT INCLUDE LANGUAGE ADDRESSING THE RISK TO US**  
25 **LEC OF AN UNBALANCED TRAFFIC FLOW?**

1 A. Yes. Both parties clearly understood that there was a risk of a traffic imbalance in either  
2 direction. However, US LEC and BellSouth agreed to language which provided US LEC  
3 with some limitation on the risk of an unfavorable traffic imbalance by permitting US LEC  
4 to “opt-in” to any provision of another agreement signed by BellSouth after August 8, 1996,  
5 that would cap the reciprocal compensation due in the event of such an imbalance. Because  
6 of BellSouth’s policy decisions to reject US LEC’s bill-and-keep proposal and US LEC’s  
7 request to retain the mutual cap provision, the final agreement contained no corresponding  
8 language capping the risk to BellSouth of an unbalanced traffic flow that favored US LEC.

9

10 **Q. HOW THEN DOES THE NOVEMBER 1996 AGREEMENT DEFINE THE PARTIES’ RECIPROCAL**  
11 **COMPENSATION OBLIGATIONS?**

12 A. Section IV.A. of the Agreement states that the “*delivery of local traffic between the parties*  
13 *shall be reciprocal and compensation will be mutual according to the provisions of this*  
14 *Agreement.*” The Agreement also provides in section IV.B. that “[*e*]ach party will pay the  
15 *other for terminating its local traffic on the other’s network the local interconnection rates*  
16 *as set forth in Attachment B-1, by this reference incorporated herein.*” In Attachment B-1,  
17 the parties agreed to the rate to be paid for terminating local traffic.

18

19 **Q. DURING NEGOTIATIONS LEADING TO THE NOVEMBER 1996 AGREEMENT, DID BELL SOUTH**  
20 **EVER STATE THAT CALLS TO ESPS OR ISPs WOULD NOT BE ELIGIBLE FOR RECIPROCAL**  
21 **COMPENSATION?**

22 A. No, not once. The subject of reciprocal compensation for ESP and ISP traffic was not  
23 discussed at all.

24

1 **Q. DURING NEGOTIATIONS LEADING TO THE NOVEMBER 1996 AGREEMENT, DID BELLSOUTH**  
2 **EVER STATE THAT IT WOULD NOT PAY RECIPROCAL COMPENSATION FOR CALLS TO ESPS**  
3 **OR ISPS?**

4 A. No.

5  
6 **Q. THE PARTIES' RECIPROCAL COMPENSATION OBLIGATIONS RELATE TO "LOCAL TRAFFIC."**  
7 **DOES THE NOVEMBER 1996 AGREEMENT DEFINE "LOCAL TRAFFIC"?**

8 A. Yes. Local Traffic is defined in the November 1996 Agreement as "*any telephone call that*  
9 *originates in one exchange and terminates in either the same exchange, or a corresponding*  
10 *Extended Area Service ("EAS") exchange."* Agreement at Section I.C.

11  
12 **Q. DOES THIS DEFINITION OF "LOCAL TRAFFIC" DISTINGUISH BETWEEN TYPES OF CALLS?**

13 A. No. There is no exception of any kind in Section I.C. for calls which are placed to ESPs or  
14 ISPs, and, plainly, the parties knew how to create exceptions when they wanted to do so.

15  
16 **Q. DURING NEGOTIATIONS LEADING TO THE NOVEMBER 1996 AGREEMENT, DID BELLSOUTH**  
17 **EVER EXPLAIN ITS INTERPRETATION OF THE DEFINITION OF LOCAL TRAFFIC?**

18 A. During negotiations, the definition of local traffic was discussed, but BellSouth never raised  
19 whether traffic terminated to ESPs or ISPs was to be included in the definition of local  
20 traffic.

21  
22 **Q. DURING NEGOTIATIONS LEADING TO THE NOVEMBER 1996 AGREEMENT, DID BELLSOUTH**  
23 **EVER STATE THAT IT DID NOT BELIEVE THAT CALLS TO ESPS OR ISPS FIT WITHIN THE**  
24 **DEFINITION OF LOCAL TRAFFIC?**

25 A. No. Not once.

26

1 **Q. AT THE TIME THE NOVEMBER 1996 AGREEMENT WAS NEGOTIATED AND EXECUTED, DID**  
2 **US LEC HAVE AN UNDERSTANDING AS TO WHETHER CALLS TO ESPs OR ISPs FIT WITHIN**  
3 **THE DEFINITION OF LOCAL TRAFFIC?**

4 A Yes. Based on my years of experience in the industry, it was my understanding, and US  
5 LEC's understanding, that such calls always had been treated as local and, therefore were  
6 within the definition of Local Traffic in the November 1996 Agreement.

7  
8 **Q. THE DEFINITION OF LOCAL TRAFFIC REFERS TO CALLS THAT TERMINATE IN EITHER THE**  
9 **SAME EXCHANGE AS THEY ORIGINATE OR IN A CORRESPONDING EAS EXCHANGE. WHAT**  
10 **IS YOUR UNDERSTANDING OF WHERE A CALL TERMINATES?**

11 A. It is my understanding that, for purposes of reciprocal compensation, a call is considered to  
12 be terminated on the PSTN when it is handed off at the terminating carrier's switch and  
13 delivered to the called party's premises, establishing a connection with the called party, with  
14 answer supervision returned and a call record generated. This is the case whether the call is  
15 to a voice grade phone, a facsimile machine, an answering device or a modem (as in the case  
16 of a call terminated to an ESP or ISP). This view of call termination is generally accepted  
17 in the industry.

18  
19 **Q. BASED ON YOUR UNDERSTANDING, DOES A CALL TO AN ESP OR ISP TERMINATE AT THE**  
20 **ESP OR ISP FOR PURPOSES OF RECIPROCAL COMPENSATION?**

21 A. Yes, certainly. While I understand the FCC believes that calls to ISPs terminate on the  
22 Internet for jurisdictional purposes, that is not the issue here. Instead, the question is whether  
23 calls to ISPs are considered to terminate at the ISP for reciprocal compensation purposes.  
24 Based on the FCC's definition of termination<sup>4</sup> and general industry practice, a call to the ISP

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<sup>4</sup> FCC 96-325, ¶1040.



1 is considered to terminate at the ISP for the purpose of determining BellSouth's and US  
2 LEC's reciprocal compensation obligations.

3  
4 **Q. DOES "CALL TERMINATION" IN THIS CONTEXT MEAN THE CALL ENDS?**

5 A. No, of course not. It merely means that the call has been received by the telephone exchange  
6 service to which the call was addressed (by means of the called telephone number), that a call  
7 record has been generated and answer supervision has been returned. The call ends when one  
8 party to the call disconnects by hanging up.

9  
10 **Q. SO, WHEN DOES A CALL TO AN ESP OR ISP TERMINATE?**

11 A. This situation, a call to an ESP or ISP, is no different than any other call. When the call  
12 reaches the telephone exchange service purchased by the ESP or ISP, and to which the called  
13 telephone number is assigned, the call is considered to be terminated.

14  
15 **Q. SINCE CALLS GENERALLY TERMINATE AS YOU HAVE DESCRIBED, WHAT MAKES A SPECIFIC  
16 CALL A "LOCAL" CALL?**

17 A. Simply, if the *called* telephone number is associated with the local calling area of the *calling*  
18 *telephone number*, it is a local call. The local calling area refers to the geographic area in  
19 which an end user may originate and terminate a call without incurring a toll charge.

20  
21 **Q. DID BELL SOUTH EVER SAY ANYTHING TO YOU DURING NEGOTIATIONS THAT LED YOU TO  
22 BELIEVE THAT BELL SOUTH HAD A DIFFERENT VIEW OF WHERE CALLS TO ESPS OR ISPS  
23 TERMINATE?**

24 A. No, never.

1 **Q. DID BELL SOUTH EVER THEREAFTER ADVISE US LEC THAT IT TOOK A DIFFERENT VIEW**  
2 **OF CALLS TO ISPs?**

3 A. Yes. In August of 1997, approximately nine months after the November 1996 Agreement  
4 had been executed and approved, and after the Intermedia and ALEC Agreements were  
5 signed, BellSouth sent out a memo, the "Ernest Bush" memo, stating that it would not pay  
6 reciprocal compensation for ISP traffic based on its belief that such traffic is not local traffic  
7 as that term is defined in the interconnection agreements it had signed.

8

9 **Q. DID BELL SOUTH OFFER ANY SUPPORT FOR THAT CLAIM?**

10 A. No. BellSouth stated only that it did not interpret the definition of local traffic in its  
11 interconnection agreements, including the November 1996 Agreement with US LEC, to  
12 include traffic to ISPs. Even so, in the Ernest Bush memo, BellSouth notably referred three  
13 times to traffic "terminating" at ISPs.

14

15 **Q. HAS ANY STATE COMMISSION INTERPRETED THE RECIPROCAL COMPENSATION PROVISIONS**  
16 **OF THE NOVEMBER 1996 AGREEMENT?**

17 A. Yes. In October 1997, US LEC brought an action against BellSouth before the North  
18 Carolina Utilities Commission seeking an interpretation of the parties' reciprocal  
19 compensation obligations arising under the November 1996 Agreement, which are the same  
20 under the Second and Third Agreement.

21

22 **Q. WHAT CONCLUSION DID THE NORTH CAROLINA COMMISSION REACH?**

23 A. In February 1998, the North Carolina Commission determined that calls to ISPs should be  
24 treated as local traffic, as that term is defined in the November 1996 Agreement and,  
25 therefore, were eligible for reciprocal compensation under the terms of that agreement.

26

1 **Q. WHAT IS THE STATUS OF THAT CASE?**

2 A. BellSouth appealed that decision to the United States District Court for the Western District  
3 of North Carolina. In May 1999, that Court remanded the case to the Commission to give  
4 the Commission an opportunity for further review in light of the FCC's February 1999  
5 Declaratory Ruling on the subject of compensation for ISP traffic. The North Carolina  
6 Commission appealed the District Court's remand order to the United States Court of  
7 Appeals for the Fourth Circuit, where it is still pending. The District Court denied  
8 BellSouth's motion for a further stay or injunction pending the remand, and the North  
9 Carolina Commission denied BellSouth's subsequent motion for a stay.

10

11 **Q. DID YOU PARTICIPATE IN THE NEGOTIATIONS WHICH LED UP TO US LEC "OPTING-IN" TO**  
12 **THE SECOND OR ALEC AGREEMENT IN JUNE 1998 AND THE THIRD OR INTERMEDIA**  
13 **AGREEMENT IN JULY 1999?**

14 A. Yes, I did.

15

16 **Q. DURING THOSE NEGOTIATIONS, DID YOU DISCUSS WITH BELL SOUTH WHETHER CALLS TO**  
17 **ISPs WOULD CONTINUE TO BE INCLUDED IN YOUR RECIPROCAL COMPENSATION**  
18 **OBLIGATIONS?**

19 A. Yes, we did discuss this matter, but since US LEC already had brought an enforcement action  
20 against BellSouth in North Carolina to enforce the reciprocal compensation terms of the  
21 November 1996 Agreement, I already knew BellSouth's position.

22

23 **Q. IS IT YOUR BELIEF THAT US LEC IS ENTITLED TO BE PAID RECIPROCAL COMPENSATION**  
24 **FOR ISP TRAFFIC UNDER BOTH THE SECOND AND THIRD AGREEMENTS?**

25 A. Yes, certainly. Even though BellSouth had made its position on the issue clear, US LEC was  
26 exercising its statutory rights to "opt-in" to an interconnection agreement BellSouth had

1 negotiated with another competing carrier. It is my understanding of the “opt-in” provisions  
2 of the Act that it is the intent of the original parties to the agreement that is key, not the intent  
3 of the “opting-in” party. If that were not the case, a party “opting-in” to an interconnection  
4 agreement would not receive the same agreement in substance as the carrier that originally  
5 negotiated the agreement. BellSouth has stated in response to US LEC’s discovery requests  
6 in Georgia that it did not discuss the subject of reciprocal compensation for ISP traffic with  
7 either ALEC or Intermedia during the negotiation of those contracts.<sup>5</sup> Indeed, the Intermedia  
8 and ALEC Agreements were signed before the Ernest Bush memorandum was sent, as I have  
9 already testified. Absent such express discussions, I would expect a commission interpreting  
10 those agreements to find, as the North Carolina Commission concluded with respect to the  
11 November 1996 Agreement, and as this Commission concluded with respect to the  
12 Intermedia agreement that is the basis for the Third Agreement, that the reciprocal  
13 compensation obligations specified in those contracts applied to calls to ESPs and ISPs. In  
14 my view, it would be contrary to the Act and unspeakably inequitable if the same agreement  
15 were interpreted to call for reciprocal compensation for some parties for the traffic in issue,  
16 but not others.

17  
18 **Q. SO, IT IS US LEC’S POSITION THAT CALLS TO ESPS OR ISPS SHOULD BE TREATED AS**  
19 **LOCAL UNDER ALL THREE INTERCONNECTION AGREEMENTS AT ISSUE HERE AND SHOULD**  
20 **BE ELIGIBLE FOR RECIPROCAL COMPENSATION UNDER ALL THREE AS WELL?**

21 **A.** That is correct. Under all three agreements, the parties are required to compensate  
22 each other for any “local traffic” terminated on the other’s network. The definition of “local  
23 traffic” is essentially the same in all three agreements. Traffic bound to ESPs or ISPs  
24 associated with the same NXX exchange as the originating caller meet the definition of local  
25 traffic in these agreements.

---

<sup>5</sup> US LEC’s 1<sup>st</sup> Interrogatories, November 17, 1999, Items Nos. 20, 21, 22. Exhibit No.GDG-4.

1           A telecommunications service should be considered or treated as though local if it  
2 is subject to local tariffs and exempt from access charges under the Commission's or the  
3 FCC's rules and policies, the regulatory or jurisdictional classification of the service  
4 notwithstanding. This is consistent with this Commission's interpretation of the Intermedia  
5 agreement. It is the case with the traffic in issue here -- traffic originated by a BellSouth end  
6 user, delivered to US LEC, and terminated to an ISP number on US LEC's network  
7 associated with the same exchange. This entails the transport and termination of  
8 telecommunications service for which the parties reasonably and permissibly could have  
9 agreed to provide reciprocal compensation under section 251(b)(5) of the Act, even if the Act  
10 may not *require* such arrangements.

11           There is no language in any of the agreements that would distinguish ESP or ISP  
12 traffic that for all regulatory purposes had been treated as local traffic as something apart  
13 from local traffic or that evidences an intent of the parties to treat this traffic as something  
14 other than local traffic for purposes of reciprocal compensation. In the absence of such  
15 language, and given the general industry understanding of call termination, it would be  
16 unreasonable to assume that the parties did *not* intend to include calls to ESPs and ISPs  
17 within the definition of local traffic. Since the view of this traffic that BellSouth now  
18 professes to hold was contrary to the commonplace understanding in the industry at the time  
19 these agreements were signed, it would have been expected to have prudently included  
20 exclusionary or risk-limiting language in the agreements, had the matter appeared to have  
21 been of any significance to it then.

22  
23 **Q. ARE CALLS TO ESPs OR ISPs HANDLED OR SWITCHED ANY DIFFERENTLY THAN ANY OTHER**  
24 **TRAFFIC THAT IS ELIGIBLE FOR RECIPROCAL COMPENSATION?**

25 A.           No, clearly not. There is no reason to treat calls to ESPs or ISPs any differently from  
26 any other local call because, under industry custom and usage and as specifically required

1 by the FCC, these calls are treated as local for purposes of service to end users. Indeed, calls  
2 to ESPs and ISPs have all the markings of any other local call. For example, customers  
3 reach their ESP or ISP by dialing a seven or ten digit local number. A call to an ESP or ISP  
4 originates in one exchange and terminates in either the same exchange, or in another  
5 exchange within the local calling area as defined by the originating party (or LEC) for its  
6 own local exchange service end users. The call is routed through the local network based on  
7 the called telephone number and when the call reaches the ESP or ISP, it is “answered” and  
8 answer supervision is returned. This is true regardless of whether the ESP or ISP is served  
9 by BellSouth or by US LEC. By well-established industry practice, the call is considered to  
10 have been terminated at the ESP or ISP.

11 Moreover, this Commission, as well as commissions in Alabama, Georgia, North  
12 Carolina, and Tennessee, has concluded that BellSouth was obligated, under virtually  
13 identical contracts and circumstances, to pay reciprocal compensation for calls to ISPs, and  
14 has recognized that, historically, BellSouth treated, and continues to this day to treat, calls  
15 to ISPs as local in all other respects. Thus, there is no reason that calls to ISPs should be  
16 treated any differently than other local exchange calls.

17  
18 **Q. DOES US LEC TREAT CALLS TO ESPS OR ISPS ANY DIFFERENTLY FROM THE WAY IT**  
19 **TREATS OTHER LOCAL CALLS?**

20 **A.** No, it does not, and this is precisely the reason why calls to ESPs and ISPs should be treated  
21 the same as other local calls for reciprocal compensation purposes. First of all, US LEC  
22 performs the same functions and uses the same transport and switching network to complete  
23 a call to an end user who is an ESP or ISP as it does calls to any other of its end users. The  
24 US LEC network and underlying functionality used to transport and terminate a “traditional”  
25 local call are no different from those used to terminate an ESP or ISP call. In fact, such calls  
26 are transported and terminated using the same interconnection facilities as are all other local

1 calls. The only difference is that the call is terminated to a modem bank operated by the ESP  
2 or ISP provider. In addition, to the extent US LEC is terminating ESP and ISP calls  
3 originated on BellSouth's network, BellSouth is avoiding the cost it would have to incur if  
4 it had to terminate the calls itself.

5  
6 **Q. SO THEN, THE ESP OR ISP CALL IS HANDLED IDENTICALLY TO THE WAY THAT A VOICE**  
7 **CALL IS HANDLED?**

8 A. Yes, that is correct.

9  
10 **Q. SINCE THE ROUTING OF ALL THESE CALLS IS THE SAME, ARE THE COSTS FOR ALL OF THEM**  
11 **THE SAME?**

12 A. Yes. All the calls use the same facilities and follow the same routing. I am not aware of any  
13 cost study which shows that there are any differences in the cost structure. Although  
14 BellSouth contends that calls to ISPs have different cost characteristics because they tend to  
15 be of longer duration than voice calls, BellSouth admits in discovery in Georgia that it has  
16 not conducted any cost study to support that contention,<sup>6</sup> and it has not asserted that a twenty  
17 minute call to an ESP or ISP, for instance, imposes any different costs than a twenty minute  
18 voice call.

19  
20 **Q. WHAT IS BELL SOUTH'S VIEW AS TO HOW TRAFFIC TERMINATED TO ISPS SHOULD BE**  
21 **COMPENSATED?**

22 A. As I have testified, BellSouth now believes that ISP traffic does not fit the definition of "local  
23 traffic" and, therefore, wants to remove it from the scope of the parties' reciprocal  
24 compensation obligations. Under this view, apparently neither carrier would compensate the  
25 other for the costs incurred in carrying and terminating calls to ESPs or ISPs. In effect,

---

<sup>6</sup> US LEC's 1<sup>st</sup> Interrogatories, November 17, 1999, Item No. 17. Exhibit No.GDG-5.

1 BellSouth would have US LEC incur costs to terminate traffic to its ESP and ISP customers  
2 to the benefit of BellSouth without receiving *any* revenue to offset those costs.  
3

4 **Q. WHAT ARE THE CONSEQUENCES OF THE VIEW BELL SOUTH TAKES?**

5 A. BellSouth's view, if credited, would amount to poor public policy. BellSouth ignores the  
6 fact that, while an ISP receives service from a competitive local exchange carrier, such as US  
7 LEC, instead of BellSouth, BellSouth avoids the cost of terminating calls to that ISP.  
8 Further, it ignores the fact that, once an ISP chooses an ALEC instead of BellSouth, that  
9 ALEC must terminate calls dialed by BellSouth's end users and the ALEC will incur costs,  
10 which it is entitled to recover, for the use of its network to terminate those calls. Under  
11 BellSouth's view, US LEC is obligated to transport and terminate traffic bound to ISPs  
12 without compensation. This obviously is not a view that US LEC shares.

13  
14 **Q. YOU HAVE TESTIFIED THAT THE RECIPROCAL COMPENSATION PROVISIONS OF THE**  
15 **AGREEMENTS REACH BOTH ESP AND ISP TRAFFIC. WHY IS THAT SO?**

16 A. While traffic to ISPs has perhaps garnered most of the attention in other proceedings of this  
17 nature, it is important to note that ISPs are merely a category of ESPs, which may or may not  
18 reside on the Internet. For US LEC, traffic bound to ESPs other than ISPs under the  
19 conditions I have described is no less significant than traffic bound to ISPs. For purposes  
20 of reciprocal compensation under the agreements, the terms are synonymous and traffic to  
21 both ISPs and other ESPs should be treated in the same way.

22  
23 **Q. DO THE AGREEMENTS HAVE PROVISIONS FOR DEALING WITH DISPUTES BETWEEN THE**  
24 **PARTIES?**



1    **A.**     Under all the agreements, after good faith negotiations to resolve a dispute, the parties may  
2           petition this Commission for a resolution of the dispute, with recourse to seek judicial review  
3           of any ruling the Commission may make.

4

5    **Q.**     **DOES THIS CONCLUDE YOUR TESTIMONY?**

6    **A.**     Yes, it does.

## AGREEMENT

THIS AGREEMENT is made by and between BellSouth Telecommunications, Inc., ("BellSouth"), a Georgia corporation, and US LEC of North Carolina L.L.C. ("USLEC") a North Carolina limited liability company. This agreement may refer to either BellSouth or US LEC or both as a "party" or "parties."

## WITNESSETH

WHEREAS, BellSouth is a local exchange telecommunications company authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, US LEC is an alternative local exchange telecommunications company ("ALEC" or "OLEC") authorized to provide or is intending to be authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, the parties wish to interconnect their facilities, purchase unbundled elements, and exchange traffic for the purposes of fulfilling their obligations pursuant to sections 251, 252 and 271 of the Telecommunications Act of 1996 and to replace any and all other prior agreements, both written and oral;

NOW THEREFORE, in consideration of the mutual agreements contained herein, BellSouth and US LEC agree as follows:

### I. Definitions

A. **Commission** is defined as the appropriate regulatory agency in each of BellSouth's nine state region, Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

B. **Intermediary function** is defined as the delivery of local traffic (i) from a local exchange carrier other than BellSouth; an ALEC other than US LEC; or (ii) another telecommunications company such as a wireless telecommunications provider through the network of BellSouth or US LEC to an end user of BellSouth or US LEC.

C. **Local Traffic** is defined as any telephone call that originates in one exchange and terminates in either the same exchange, or a corresponding Extended Area Service ("EAS") exchange. The terms Exchange, and EAS exchanges are defined and specified in Section A3, of BellSouth's General Subscriber Service Tariff.

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to replace any and all other prior agreements, both written and oral (but not any contemporaneous written agreements).

B. BellSouth acknowledges and agrees that, at the time this Agreement is executed, US LEC has not filed tariffs, price lists or other similar filings with any Commission or with the Federal Communications Commission. Accordingly, for purposes of this Agreement the parties have referenced BellSouth tariffs for purposes of defining and describing the parties' relative obligations and rights. As and when US LEC files tariffs referenced in this Agreement, then such US LEC tariffs, price lists or other filings shall define and describe the rights and obligations of US LEC to the extent of the inconsistency and parties agree to reach mutual understanding of such inconsistencies prior to US LEC filings becoming effective.

### III. Term of the Agreement

A. The term of this Agreement shall be two years from the date after which US LEC operates as a CLEC or beginning November 1, 1996, whichever date is earlier.

B. The parties agree that by no later than November 1, 1997, they shall ~~commence negotiations with regard to the terms, conditions and prices of local interconnection to be effective beginning on the expiration of the term of this Agreement, as provided in Section III(A).~~

C. If, within 135 days of commencing the negotiation referred to in Section III (B) above, the parties are unable to satisfactorily negotiate new local interconnection terms, conditions and prices, either party may petition the Commissions to establish appropriate local interconnection arrangements pursuant to 47 U.S.C. 252. The parties agree that, in such event, they shall encourage the Commissions to issue its order regarding the appropriate local interconnection arrangements no later than March 1, 1997. The parties further agree that in the event a Commission does not issue its order prior to the expiration of this Agreement or if the parties continue beyond the expiration of this Agreement to negotiate the local interconnection arrangements without Commission intervention, the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to the day after the expiration of this Agreement. Until the revised local interconnection arrangements become effective, the parties shall continue to exchange traffic pursuant to the terms and conditions of this Agreement.

### IV. Local Interconnection

A. The delivery of local traffic between the parties shall be reciprocal and compensation will be mutual according to the provisions of this Agreement. The parties agree that the exchange of traffic on BellSouth's EAS routes shall be considered as

local traffic and compensation for the termination of such traffic shall be pursuant to the terms of this section. EAS routes are those exchanges within an exchange's Basic Local Calling Area, as defined in Section A3 of BellSouth's General Subscriber Services Tariff.

B. Each party will pay the other for terminating its local traffic on the other's network the local interconnection rates as set forth in Attachment B-1, by this reference incorporated herein. The charges for local interconnection are to be billed monthly and payable quarterly after appropriate adjustments pursuant to this Agreement are made. Late payment fees, not to exceed 1% per month after the due date may be assessed, if interconnection charges are not paid within thirty (30) days of the due date.

C. US LEC and BellSouth enter into this Agreement with the understanding that the carriers would be interconnecting with each other for comparable types of calls and that the usage would likely be reasonably balanced, i.e., US LEC would be terminating to BellSouth approximately the same level of usage that BellSouth would be terminating to US LEC. If at any time during the term of this Agreement traffic is imbalanced to the degree that US LEC feels a cap on amounts owing under this Agreement is required, US LEC has the option to adopt the comparable billing provisions contained in any agreement that BellSouth negotiates or has entered into with another ALEC which contains cap provisions, after August 8, 1996 provided that US LEC adopt the billing provisions of such other agreement that are comparable to those contained in this Section IV. Each party will report to the other a Percentage Local Usage ("PLU") and the application of the PLU will determine the amount of local minutes to be billed to the other party. For purposes of developing the PLU, each party shall consider every local call, including non-intermediary calls, and every long distance call. Effective on the first of January, April, July and October of each year, the parties shall update their PLU.

D. The parties agree that there are three appropriate methods of interconnecting facilities: (1) virtual collocation where physical collocation is not practical for technical reasons or because of space limitations; (2) physical collocation; and (3) interconnection via purchase of facilities from either party by the other party. Rates and charges for collocation are set forth in Attachment C-13, incorporated herein by this reference. Facilities may be purchased from BellSouth at rates, terms and conditions set forth in BellSouth's intrastate Switched Access (Section E6) or Special Access (Section E7) services tariff or as contained in Attachment B-1 for local interconnection, incorporated herein by this reference.

E. The parties agree to accept and provide any of the preceding methods of interconnection. Reciprocal connectivity shall be established at each and every BellSouth access tandem within the local calling area US LEC desires to serve for interconnection to those end offices that subtend the access tandem or may elect to interconnect directly at the end offices for interconnection to end users served by that end office. BellSouth will connect at each end office or tandem inside that local calling

area. Such interconnecting facilities shall conform, at a minimum, to the telecommunications industry standard of DS-1 pursuant to BellCore Standard No. TR-NWT-00499. Signal transfer point, Signaling System 7 ("SS7") connectivity is required at each interconnection point. BellSouth will provide out-of-band signaling using Common Channel Signaling Access Capability where technically and economically feasible, in accordance with the technical specifications set forth in the BellSouth Guidelines to Technical Publication, TR-TSV-000905. The parties agree that their facilities shall provide the necessary on-hook, off-hook answer and disconnect supervision and shall hand off calling party number ID when technically feasible. The parties further agree that in the event a party interconnects via the purchase of facilities and/or services from the other party, the appropriate intrastate access tariff, as amended from time to time will apply.

F. Nothing herein shall prevent US LEC from utilizing existing collocation facilities, purchased from the interexchange tariffs, for local interconnection; provided, however, that if US LEC orders new facilities for interconnection or rearranges any facilities presently used for its alternate access business in order to use such facilities for local interconnection hereunder and a BellSouth charge is applicable thereto, BellSouth shall only charge US LEC the lower of the interstate or intrastate tariffed rate or promotional rate.

G. ~~The parties agree to establish trunk groups from the interconnecting facilities of subsection (D) of this section such that each party provides a reciprocal of each trunk group established by the other party. Notwithstanding the foregoing, each party may construct its network, including the interconnecting facilities, to achieve optimum cost effectiveness and network efficiency. The parties agree that either no charges will be assessed or reciprocal charges will be assessed for network to network interfaces where the parties are certified as providers of local exchange services. BellSouth's treatment of US LEC as to said charges shall be consistent with BellSouth treatment of other local exchange carriers for the same charges.~~

H. Whenever BellSouth delivers traffic to US LEC for termination on US LEC's network, if BellSouth cannot determine because of the manner in which US LEC has utilized its NXX codes whether the traffic is local or toll BellSouth will not compensate US LEC pursuant to this section but will, instead, charge US LEC originating intrastate network access service charges as reflected in BellSouth's intrastate Access Service Tariff. Notwithstanding the foregoing, BellSouth will make the appropriate billing adjustments if US LEC can provide sufficient information for BellSouth to make a determination as to whether said traffic was local or toll. If BellSouth deploys an NXX code across its local calling areas in such a manner that US LEC cannot determine whether the traffic it delivers to BellSouth is local or toll, then the preceding sentences of this subsection shall apply, with the parties appropriately reversed.

(H) *[Handwritten signature]*

I. If either party provides intermediary tandem switching and transport services for the other party's connection of its end user to a local end user of: (1) an ALEC other than US LEC; (2) a local exchange telecommunications company other than BellSouth ("ICO"); or (3) another telecommunications company such as a wireless telecommunications service provider, the parties agree that compensation shall be on the basis of mutual traffic exchange. The parties agree that any billing to the ICO or other telecommunications company under this section shall be pursuant to subsection (K) of this section.

J. When the parties provides an access service connection between an interexchange carrier ("IXC") and each other, each party will provide their own access services to the IXC on a multi-bill, multi-tariff meet-point basis. Each party will bill its own access services rates to the IXC with the exception of the interconnection charge. The interconnection charge will be billed by the party providing the intermediary tandem function.

K. The parties agree to adopt MECAB as the terms and conditions for meet point billing for all traffic to which MECAB applies, including traffic terminating to ported numbers, and to employ 30 day billing periods for said arrangements. The recording party agrees to provide to the initial billing company, at no charge, the switched access detailed usage data within a reasonable time after the usage is recorded. The initial billing company will provide the switched access summary usage data to all subsequent billing companies within 10 days of rendering the initial bill to the IXC. The parties agree that there will be technical, administrative, and implementation issues associated with achieving the intent of this subsection. As such, the parties further agree to work as expeditiously as possible to achieve this provision. BellSouth agrees, to the extent BellSouth controls such information, to provide billing information to US LEC at the same level as provided to other parties.

L. The ordering and provision of all services purchased from BellSouth by US LEC shall be as set forth in the OLEC-to-BellSouth Ordering Guidelines (Facilities Based) as those guidelines are amended by BellSouth from time to time during the term of this Agreement.

#### V. IntraLATA and InterLATA Toll Traffic Interconnection

A. The delivery of intrastate toll traffic by a party to the other party shall be reciprocal and compensation will be mutual. For terminating its toll traffic on the other party's network, each party will pay to the other BellSouth's intrastate terminating switched access rate, inclusive of the Interconnection Charge and the Carrier Common Line rate elements of the switched access rate. The parties agree that their terminating switched access rates may change during the term of this Agreement and that the appropriate rate shall be the rate in effect when the traffic is terminated.

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Attachment B-1  
 Local Interconnection Service

Service: Local Interconnection

Description: Provides for the use of BellSouth switching and transport facilities and common subscriber plant for connecting calls between an ALEC's Point of Interface (POI) and a BellSouth end user.

It can also be used to connect calls between an ALEC and an Interexchange Carrier (IC), an Independent Exchange Telephone Company (ICO), or a Mobile Service Service Provider (MSP), or between two ALECs.

It is furnished on a per-minute basis. Trunks are differentiated by traffic type and directionality. There are two major traffic types: (1) Local and (2) Intermediary. Local represents traffic from the ALEC's POI to a BellSouth tandem or end office and intermediary represents traffic originated or terminated by an ALEC which is interconnected with an IC, ICC, MSP or another ALEC.

Rules and charges will be applied as indicated below.

RATE ELEMENTS	Alabama					Florida				
	Per MOU	Applied Per	Monthly Recur	Applied Per	Non-Recur	Per MOU	Applied Per	Monthly Recur	Applied Per	Non-Recur
DS1 Local Channel	-	-	\$133.81 LC	\$468.97 LC - Firm	-	-	-	\$133.81 LC	\$468.97 LC - Firm	-
DS1 Dedicated Transport	-	-	\$23.50 per mile	\$468.83 LC - Adpt	-	-	-	\$23.50 per mile	\$468.83 LC - Adpt	-
DS1 Common Transport	\$0.00004 per mile	-	\$90.00 fac term	\$100.49 fac term	-	\$0.00004 per mile	-	\$18.75 per mile	\$59.75 fac term	\$100.49 fac term
Local Switching LST (FGD)	\$0.00036 fac term	-	-	-	-	\$0.00036 fac term	-	-	-	-
Tandem Switching	\$0.00755 access mov	-	-	-	-	\$0.00478 access mov	-	-	-	-
Information Surcharge	\$0.00074 access mov	-	-	-	-	\$0.00050 access mov	-	-	-	-
Tandem Intermediary Charge**	\$0.00218 100 mov	-	-	-	-	\$0.00050 access mov	-	-	-	-
	\$0.002 access mov	-	-	-	-	\$0.002 access mov	-	-	-	-
Composite Rate-DS1 Dedicated	\$0.00978	-	-	-	-	\$0.01028	-	-	-	-
Composite Rate-DS1 Tandem Sw	\$0.00991	-	-	-	-	\$0.01054	-	-	-	-

RATE ELEMENTS	Georgia					Kentucky				
	Per MOU	Applied Per	Monthly Recur	Applied Per	Non-Recur	Per MOU	Applied Per	Monthly Recur	Applied Per	Non-Recur
DS1 Local Channel	-	-	\$133.81 LC	\$468.97 LC - Firm	-	-	-	\$133.81 LC	\$468.97 LC - Firm	-
DS1 Dedicated Transport	-	-	\$23.50 per mile	\$468.83 LC - Adpt	-	-	-	-	-	-
DS1 Common Transport	\$0.00004 per mile	-	\$90.00 fac term	\$100.49 fac term	-	\$0.00004 per mile	-	\$23.50 per mile	\$90.00 fac term	\$100.49 fac term
Local Switching LST (FGD)	\$0.00036 fac term	-	-	-	-	\$0.00036 fac term	-	-	-	-
Tandem Switching	\$0.00755 access mov	-	-	-	-	\$0.00755 access mov	-	-	-	-
Information Surcharge	\$0.00074 access mov	-	-	-	-	\$0.00074 access mov	-	-	-	-
Tandem Intermediary Charge**	\$0.00218 100 mov	-	-	-	-	\$0.01448 Tandem/100 mov	-	-	-	-
	\$0.002 access mov	-	-	-	-	\$0.002 access mov	-	-	-	-
Composite Rate-DS1 Dedicated	\$0.00978	-	-	-	-	\$0.00978	-	-	-	-
Composite Rate-DS1 Tandem Sw	\$0.00991	-	-	-	-	\$0.00991	-	-	-	-

\*Rates are displayed at the DS1-1 544 Mbps level. For rates and charges applicable to other arrangements levels, refer to Section E8 of BellSouth Telecommunications Inc.'s Interstate Access Tariff.

\*\*The Tandem Intermediary Charge applies only to intermediary traffic.

-DS1 Local Channel: comprises a DS1 dedicated transport facility between the ALEC's serving wire center and the ALEC's POI, also called an Entrance Facility. This element will apply when associated with services ordered by an ALEC which utilize a BellSouth facilities. This element is not required when an ALEC is collocated.

-DS1 Dedicated Transport: provides transmission and facility termination. The facility termination applies for each DS1 interface Channel terminated. Can be used from the ALEC's serving wire center to the end users and office or from the ALEC's serving wire center to the tandem.

-Common Transport: Composed of Common Transport facilities as determined by BellSouth and permits the transmission of calls terminated by BellSouth.

-Access Tandem Switching: provides function of switching traffic from or to the Access Tandem from or to the end office switch(es). The Access Tandem Switching charge is assessed on all terminating minutes of use switched at the access tandem.

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**ATTACHMENT A  
AGREEMENT**

This Agreement, which shall become effective as of the 1st day of November, 1998 upon the expiration of that certain Agreement dated November 12, 1996, as amended (the "Existing Agreement"), between BellSouth Telecommunications, Inc., a Georgia corporation ("BellSouth"), and US LEC of North Carolina L.L.C., a North Carolina limited liability company ("US LEC-NC"), is entered into on June 26, 1998 by and among US LEC-NC, US LEC of Tennessee Inc., a Delaware corporation ("US LEC-TN"), US LEC of South Carolina Inc., a Delaware corporation ("US LEC-SC"), US LEC of Georgia Inc., a Delaware corporation ("US LEC-GA"), US LEC of Florida Inc., a North Carolina corporation ("US LEC-FL") (US LEC-NC, US LEC-TN, US LEC-SC, US LEC-GA and US LEC-FL are referred to herein, collectively as "US LEC") and BellSouth, having an office at 675 W. Peachtree Street, Atlanta, Georgia, 30375, each on behalf of itself and its successors and assigns.

WHEREAS, the Telecommunications Act of 1996 (the "Act") was signed into law on February 8, 1997; and

WHEREAS, section 252(i) of the Act requires BellSouth to make available any interconnection, service, or network element provided under an agreement approved by the appropriate state regulatory body to any other requesting telecommunications carrier upon the same terms and conditions as those provided in the agreement; and

WHEREAS, BellSouth and US LEC have not been able to reach agreement on the terms of the renewal of the Existing Agreement; and

WHEREAS, US LEC has requested that BellSouth make available the interconnection agreement executed between BellSouth and ALEC, Inc. dated June 15, 1997 (the "Interconnection Agreement") for the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.

NOW, THEREFORE, in consideration of the promises and mutual covenants of this Agreement, US LEC and BellSouth hereby agree as follows:

1. US LEC and BellSouth shall adopt the Interconnection Agreement in its entirety, along with any and all amendments to the Interconnection Agreement executed and approved by the appropriate state regulatory commission on or prior to the date of the execution of this Agreement. BellSouth represents that a true and complete copy of the Interconnection Agreement together with any amendments thereto (if any) is attached hereto as Exhibit 1. BellSouth further represents that the Interconnection Agreement in the form attached hereto as Exhibit 1 has been approved by the appropriate state regulatory body in each of the states identified above.

2. For the purposes of determining the expiration date pursuant to section III of the Interconnection Agreement, section III(A) shall remain unchanged; accordingly, the expiration date shall be June 15, 1999. For purposes of clarity, the Existing Agreement shall remain in full force and effect until November 1, 1998 and the adoption of this Interconnection Agreement



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AGREEMENT

**ORIGINAL**

THIS AGREEMENT is made by and between BellSouth Telecommunications, Inc. ("BellSouth"), a Georgia corporation, and ALEC, Inc., a Kentucky corporation and shall be deemed effective as of June 15, 1997. This agreement may refer to either BellSouth or ALEC, Inc. or both as a "party" or "parties."

**WITNESSETH**

WHEREAS, BellSouth is a local exchange telecommunications company authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, ALEC, Inc. is an alternative local exchange telecommunications company ("ALEC") authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, the parties wish to interconnect their facilities, purchase unbundled elements, and exchange traffic specifically for the purposes of fulfilling their obligations pursuant to sections 251, 252 and 271 of the Telecommunications Act of 1996; and

NOW THEREFORE, in consideration of the mutual agreements contained herein, BellSouth and ALEC, Inc. agree as follows:

**I. Definitions**

A. **Affiliate** is defined as a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this paragraph, the term "own" means to own an equity interest (or equivalent thereof) of more than 10 percent.

B. **Commission** is defined as the appropriate regulatory agency in each of BellSouth's nine state region, Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

C. **Intermediary function** is defined as the delivery of local traffic from a local exchange carrier other than BellSouth; an ALEC other than ALEC, Inc.; another telecommunications company such as a wireless telecommunications provider through the network of BellSouth or ALEC, Inc. to an end user of BellSouth or ALEC, Inc..

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shall take effect beginning immediately after the expiration of the Existing Agreement on November 1, 1998 and shall continue until June 15, 1999

3. At least 30 days after execution, BellSouth shall provide and make available to US LEC a copy of all amendments to the Interconnection Agreement which are executed by BellSouth and ALEC, Inc. after the effective date of this Agreement. US LEC-NC shall notify BellSouth of acceptance or rejection of such amendment on behalf of any or all US LEC entities within 30 days of receipt of said amendment. Unless US LEC-NC so notifies BellSouth, any such amendments shall not be binding on any US LEC entity.

4. Notwithstanding the notice provisions of the Interconnection Agreement, all notices required to be given or which may be given under this Agreement or the Interconnection Agreement shall be in writing, and shall be deemed to have been duly given (a) when personally delivered, provided evidence of delivery is obtained, (b) two (2) business days after the day on which the same has been delivered prepaid to a national courier service providing evidence of delivery, or (c) three (3) business days after the deposit in the United States mail, registered or certified, return receipt requested, postage prepaid, and addressed to the party to whom such notice is being given as follows:

BellSouth Telecommunications, Inc.

CLEC Account Team  
19<sup>th</sup> Floor  
600 North 19<sup>th</sup> Street  
Birmingham, Alabama 35203

and

General Attorney - COU  
Suite 4300  
675 W. Peachtree St.  
Atlanta, GA 30375

US LEC (or any US LEC entity)  
Until July 20, 1998:  
212 South Tryon Street, Suite 1540  
Charlotte, North Carolina 28281  
Attn: Executive Vice President --  
Regulatory & Administration

After July 20, 1998:  
US LEC Corp.  
US LEC of North Carolina Inc.  
Transamerica Square  
401 N. Tryon Street, Suite 1000  
Charlotte, NC 28202  
Attn: Executive Vice President --  
Regulatory & Administration

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or at such other address as the intended recipient previously shall have designated by written notice to the other party.

5. BellSouth acknowledges that that US LEC-NC may be reorganized as a corporation by merging with a corporation organized under Delaware or North Carolina law, and hereby agrees that any such merger shall not effect the Interconnection Agreement or this Agreement so long as the surviving entity shall be controlled by US LEC Corp. US LEC-NC shall notify BellSouth promptly following any such merger of the name of the successor entity and its state of incorporation.

6. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

7. This Agreement contains the final, complete and exclusive statement of the agreements between the parties relating to the adoption of the Interconnection Agreement contemplated by this Agreement, and all prior and contemporaneous written or oral agreements relating to the adoption of the Interconnection Agreement are merged herein and superseded.

IN WITNESS WHEREOF, the Parties have executed this Agreement through their authorized representatives as of June 26, 1998.

BellSouth Telecommunications, Inc.

By: *Susan H. Hendrix*  
Name: *Susan Hendrix*  
Title: *Director*

US LEC of North Carolina L.L.C.  
US LEC of Tennessee Inc.  
US LEC of South Carolina Inc.  
US LEC of Georgia Inc.  
US LEC of Florida Inc.

By: *Gary D. Grefrath*  
Name: Gary D. Grefrath  
Title: Executive Vice President -  
Regulatory and Administration

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D. **Local Traffic** is defined as any telephone call that originates in one exchange and terminates in either the same exchange, or a corresponding Extended Area Service ("EAS") exchange. The terms Exchange, and EAS exchanges are defined and specified in Section A3. of BellSouth's General Subscriber Service Tariff.

E. **Local Interconnection** is defined as 1) the delivery of local traffic to be terminated on each party's local network so that end users of either party have the ability to reach end users of the other party without the use of any access code or substantial delay in the processing of the call; 2) the LEC unbundled network features, functions, and capabilities set forth in this Agreement; and 3) Service Provider Number Portability sometimes referred to as temporary telephone number portability to be implemented pursuant to the terms of this Agreement.

F. **Percent of Interstate Usage (PIU)** is defined as a factor to be applied to terminating access services minutes of use to obtain those minutes that should be rated as interstate access services minutes of use. The numerator includes all interstate "nonintermediary" minutes of use, including interstate minutes of use that are forwarded due to service provider number portability less any interstate minutes of use for Terminating Party Pays services, such as 800 Services. The denominator includes all "nonintermediary", local, interstate, intrastate, toll and access minutes of use adjusted for service provider number portability less all minutes attributable to terminating party pays services.

G. **Percent Local Usage (PLU)** is defined as a factor to be applied to intrastate terminating minutes of use. The numerator shall include all "nonintermediary" local minutes of use adjusted for those minutes of use that only apply local due to Service Provider Number Portability. The denominator is the total intrastate minutes of use including local, intrastate toll, and access, adjusted for Service Provider Number Portability less intrastate terminating party pays minutes of use.

H. **Telecommunications Act of 1996 ("Act")** means Public Law 104-104 of the United States Congress effective February 8, 1996. The Act amended the Communications Act of 1934 (47, U.S.C. Section 1 et. seq.).

I. **Multiple Exchange Carrier Access Billing ("MECAB")** means the document prepared by the Billing Committee of the Ordering and Billing Forum ("OBF"), which functions under the auspices of the Carrier Liaison Committee of the Alliance for Telecommunications Industry Solutions ("ATIS") and by BellCore as Special Report SR-BDS-000983, Containing the recommended guidelines for the billing of Exchange Service access provided by two or more LECs and/or ALECs or by one LEC in two or more states within a single LATA.

II. **Purpose**

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The parties agree that the rates, terms and conditions contained within this Agreement, including all Attachments, comply and conform with each parties' obligations under sections 251, 252 and 271 of the Act. The access and interconnection obligations contained herein enable ALEC, Inc. to provide competing telephone exchange service to residential and business subscribers within the territory of BellSouth. The parties agree that ALEC, Inc. will not be considered to have any state within BellSouth's region until such time as it has ordered interconnection facilities for the purposes of providing business and/or residential local exchange service to customers. At that time, this Agreement may be amended to include the other state or states. The term of this Agreement shall remain as set forth in Section III(A) even for any such additional states. To the extent the items in 47 U.S.C. § 271(c)(2)(B) are contained within this Agreement, the parties agree that with the execution of this Agreement, BellSouth has met the requirements of 47 U.S.C. § 271(c)(2)(B).

**III. Term of the Agreement**

A. The term of this Agreement shall be two years, beginning June 15, 1997.

B. The parties agree that by no later than June 15, 1998, they shall commence negotiations with regard to the terms, conditions and prices of local interconnection to be effective beginning June 15, 1999.

C. If, within 135 days of commencing the negotiation referred to in Section II (B) above, the parties are unable to satisfactorily negotiate new local interconnection terms, conditions and prices, either party may petition the Commission to establish appropriate local interconnection arrangements pursuant to 47 U.S.C. 252. The parties agree that, in such event, they shall encourage the Commission to issue its order regarding the appropriate local interconnection arrangements no later than March 15, 1997. The parties further agree that in the event the Commission does not issue its order prior to June 15, 1999 or if the parties continue beyond June 15, 1999 to negotiate the local interconnection arrangements without Commission intervention, the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to June 15, 1999. Until the revised local interconnection arrangements become effective, the parties shall continue to exchange traffic pursuant to the terms and conditions of this Agreement.

**IV. Local Interconnection (47 U.S.C. §251(c)(2), §252(d)(1),(2), §271(c)(2)(B)(i))**

A. The parties intend that the interconnection of their equipment, facilities and networks pursuant to this section complies with the requirements of sections 251, 252 and 271 of the Act.

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B. The delivery of local traffic between the parties shall be reciprocal and compensation will be mutual according to the provisions of this Agreement. The parties agree that the exchange of traffic on BellSouth's EAS routes shall be considered as local traffic and compensation for the termination of such traffic shall be pursuant to the terms of this section. EAS routes are those exchanges within an exchange's Basic Local Calling Area, as defined in Section A3 of BellSouth's General Subscriber Services Tariff.

C. Each party will pay the other for terminating its local traffic on the other's network the local interconnection rates as set forth in Attachment B-1, by this reference incorporated herein. The charges for local interconnection are to be billed monthly and payable quarterly after appropriate adjustments pursuant to this Agreement are made.

D. Each party will report to the other a Percentage Local Usage ("PLU") and the application of the PLU will determine the amount of local minutes to be billed to the other party. Until such time as actual usage data is available or at the expiration of the first year after the execution of this Agreement, the parties agree to utilize a mutually acceptable surrogate for the PLU factor. For purposes of developing the PLU, each party shall consider every local call and every long distance call. ~~Effective on the first of January, April, July and October of each year, the parties shall update their PLU.~~

E. The parties agree that there are three appropriate methods of interconnecting facilities: (1) virtual collocation where physical collocation is not practical for technical reasons or because of space limitations; (2) physical collocation; and (3) interconnection via purchase of facilities from either party by the other party. Rates and charges for collocation are set forth in Attachment C-13, incorporated herein by this reference. Facilities may be purchased at rates, terms and conditions set forth in BellSouth's intrastate Switched Access (Section E6) or Special Access (Section E7) services tariff or as contained in Attachment B-1 for local interconnection, incorporated herein by this reference.

F. The parties agree to accept and provide any of the preceding methods of interconnection. Reciprocal connectivity shall be established at each and every BellSouth access tandem within the local calling area ALEC, Inc. desires to serve for interconnection to those end offices that subtend the access tandem. In addition, ALEC, Inc. may elect to interconnect directly at the end offices for interconnection to end users served by that end office. BellSouth will connect at each end office or tandem inside the local calling area. Such interconnecting facilities shall conform, at a minimum, to the telecommunications industry standard of DS-1 pursuant to BellCore Standard No. TR-NWT-00499. Signal transfer point, Signaling System 7 ("SS7") connectivity is required at each interconnection point. BellSouth will provide out-of-band signaling using Common Channel Signaling Access Capability where technically and economically feasible, in accordance with the technical specifications set forth in the BellSouth Guidelines to Technical Publication, TR-TSV-000905. The parties agree that their facilities shall provide the necessary on-hook, off-hook answer and

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disconnect supervision and shall hand off calling party number ID when technically feasible. The parties further agree that in the event a party interconnects via the purchase of facilities and/or services from the other party, the appropriate intrastate access tariff, as amended from time to time will apply.

G. The parties agree to establish trunk groups from the interconnecting facilities of subsection (E) of this section such that each party provides a reciprocal of each trunk group established by the other party. Notwithstanding the foregoing, each party may construct its network, including the interconnecting facilities, to achieve optimum cost effectiveness and network efficiency.

H. Whenever BellSouth delivers traffic to ALEC, Inc. for termination on ALEC, Inc.'s network, if BellSouth cannot determine, because of the manner in which ALEC, Inc. has utilized its NXX codes, whether the traffic is local or toll BellSouth will not compensate ALEC, Inc. pursuant to this section but will, instead, charge ALEC, Inc. originating intrastate network access service charges as reflected in BellSouth's intrastate Access Service Tariff. Notwithstanding the foregoing, BellSouth will make the appropriate billing adjustments if ALEC, Inc. can provide sufficient information for BellSouth to make a determination as to whether said traffic was local or toll. ~~BellSouth deploys an NXX code across its local calling areas in such a manner that~~ ALEC, Inc. cannot determine whether the traffic it delivers to BellSouth is local or toll, this subsection shall apply to the parties.

I. If either party provides intermediary tandem switching and transport services for the other party's connection of its end user to a local end user of: (1) an ALEC other than ALEC, Inc.; (2) a local exchange telecommunications company other than BellSouth ("ICO"); or (3) another telecommunications company such as a wireless telecommunications service provider, the party performing the intermediary function will bill a \$.002 per minute charge over and above the local interconnection rates set out in this section. The parties agree that any billing to the ICO or other telecommunications company under this section shall be pursuant to subsection (K) of this section.

J. When the parties provides an access service connection between an interexchange carrier ("IXC") and each other, each party will provide their own access services to the IXC on a multi-bill, multi-tariff meet-point basis. Each party will bill its own access services rates to the IXC with the exception of the interconnection charge. The interconnection charge will be billed by the party providing the intermediary tandem function.

K. The parties agree to adopt MECAB as the terms and conditions for meet point billing for all traffic to which MECAB applies, including traffic terminating to ported numbers, and to employ 30 day billing periods for said arrangements. The recording party agrees to provide to the initial billing company, at no charge, the switched access detailed usage data within a reasonable time after the usage is recorded. The initial billing company will provide the switched access summary usage data to all

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subsequent billing companies within 10 days of rendering the initial bill to the IXC. The parties agree that there will be technical, administrative, and implementation issues associated with achieving the intent of this subsection. As such, the parties further agree to work cooperatively toward achieving the intent of this provision within nine months of the effective date of this Agreement.

L. The ordering and provision of all services purchased from BellSouth by ALEC, Inc. shall be as set forth in the OLEC-to-BellSouth Ordering Guidelines (Facilities Based) as those guidelines are amended by BellSouth from time to time during the term of this Agreement.

V. IntraLATA and InterLATA Toll Traffic Interconnection

A. The delivery of intrastate toll traffic by a party to the other party shall be reciprocal and compensation will be mutual. For terminating its toll traffic on the other party's network, each party will pay BellSouth's intrastate terminating switched access rate, inclusive of the Interconnection Charge and the Carrier Common Line rate elements of the switched access rate. The parties agree that their terminating switched access rates may change during the term of this Agreement and that the appropriate rate shall be the rate in effect when the traffic is terminated.

B. For originating and terminating intrastate toll traffic, each party shall pay the other BellSouth's intrastate switched network access service rate elements on a per minute of use basis. Said rate elements shall be as set out in BellSouth's Intrastate Access Services Tariff as that Tariff is amended from time to time during the term of this Agreement. The appropriate charges will be determined by the routing of the call.

If ALEC, Inc. is the BellSouth end user's presubscribed interexchange carrier or if the BellSouth end user uses ALEC, Inc. as an interexchange carrier on a 10XXX basis, BellSouth will charge ALEC, Inc. the appropriate tariff charges for originating network access services. If BellSouth is serving as the ALEC, Inc. end user's presubscribed interexchange carrier or if the ALEC, Inc. end user uses BellSouth as an interexchange carrier on a 10XXX basis, ALEC, Inc. will charge BellSouth the appropriate BellSouth tariff charges for originating network access services.

C. The parties agree that to the extent ALEC, Inc. provides intraLATA toll service to its customers or for connection to Interexchange Carriers, interconnection to BellSouth access tandems that serve end offices outside the local calling area is required.

D. BellSouth agrees to compensate ALEC, Inc., pursuant to ALEC, Inc.'s published originating switched access charges, including the database query charge, for the origination of 800 traffic terminated to BellSouth.



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Attachment B-1  
 Local Interconnection Service

Service: Local Interconnection

Description: Provides for the use of BellSouth Switching and Transport facilities and common subscriber plant for connecting calls between an ALEC's Point of Interface (POI) and a BellSouth end user.

It can also be used to connect calls between an ALEC and an Interexchange Carrier (IC), and Independent Exchange Telephone Company (ICD), or a Mobile Service Service Provider (MSP), or between two ALECs.

It is furnished on a per-minute basis. Trunks are differentiated by traffic type and directionality. There are two major traffic types: (1) Local and (2) Intermediary. Local represents traffic from the ALEC's POI to a BellSouth tandem or end office and intermediary represents traffic originated or terminated by an ALEC which is inter-connected with an IC, ICD, MSP or another ALEC.

Rates and charges will be applied as indicated below.

RATE ELEMENTS	ALEC						Florida					
	Per MCM	Applied Per	Monthly Requir.	Applied Per	Non-Requir.	Applied Per	Per MCM	Applied Per	Monthly Requir.	Applied Per	Non-Requir.	Applied Per
OS1 Local Channel	-	-	\$133.81 LC	-	\$488.97 LC - First	-	-	\$133.81 LC	-	\$488.97 LC - First	-	-
OS1 Dedicated Transport	-	-	\$23.90 per min	-	\$488.93 LC - Add'l	-	-	\$18.75 per min	-	\$488.93 LC - Add'l	-	-
OS1 Common Transport	\$0.00004 per min	-	\$90.00 fac term	-	\$100.49 fac term	-	\$0.00004 per min	-	\$90.00 fac term	-	\$100.49 fac term	-
Local Switching LS2 (FGD)	\$0.00733 access min	-	-	-	-	-	\$0.00878 access min	-	-	-	-	-
Tandem Switching	\$0.00074 access min	-	-	-	-	-	\$0.00080 access min	-	-	-	-	-
Information Surcharge	\$0.03218 100 min	-	-	-	-	-	-	-	-	-	-	-
Tandem Intermediary Charge**	\$0.002 access min	-	-	-	-	-	\$0.002 access min	-	-	-	-	-
Composite Rate-OS1 Dedicated	\$0.00978	-	-	-	-	-	\$0.01028	-	-	-	-	-
Composite Rate-OS1 Tandem Sw	\$0.00991	-	-	-	-	-	\$0.01038	-	-	-	-	-

RATE ELEMENTS	Georgia						Kentucky					
	Per MCM	Applied Per	Monthly Requir.	Applied Per	Non-Requir.	Applied Per	Per MCM	Applied Per	Monthly Requir.	Applied Per	Non-Requir.	Applied Per
OS1 Local Channel	-	-	\$133.81 LC	-	\$488.97 LC - First	-	-	\$133.81 LC	-	\$488.97 LC - First	-	-
OS1 Dedicated Transport	-	-	\$23.90 per min	-	\$488.93 LC - Add'l	-	-	\$18.75 per min	-	\$488.93 LC - Add'l	-	-
OS1 Common Transport	\$0.00004 per min	-	\$90.00 fac term	-	\$100.49 fac term	-	\$0.00004 per min	-	\$90.00 fac term	-	\$100.49 fac term	-
Local Switching LS2 (FGD)	\$0.00737 access min	-	-	-	-	-	\$0.00736 access min	-	-	-	-	-
Tandem Switching	\$0.00074 access min	-	-	-	-	-	\$0.00074 access min	-	-	-	-	-
Information Surcharge	-	-	-	-	-	-	\$0.03218 (Trans) 100 min	-	-	-	-	-
Tandem Intermediary Charge**	\$0.002 access min	-	-	-	-	-	\$0.01448 (Trans) 100 min	-	-	-	-	-
Composite Rate-OS1 Dedicated	\$0.00978	-	-	-	-	-	\$0.00978	-	-	-	-	-
Composite Rate-OS1 Tandem Sw	\$0.00991	-	-	-	-	-	\$0.00991	-	-	-	-	-

\*Rates are delivered at the OS1-1 544 Mbps level. Per rates and charges associated to other arrangements levels, refer to Section 56 of BellSouth Telecommunications, Inc.'s Intra-State Access Tariff.

\*\*The Tandem Intermediary Charge applies only to Intermediary Traffic.

-OS1 Local Channel: provides a OS1 dedicated transport facility between the ALEC's serving wire center and the ALEC's POI, also called an Entrance Facility. This element will apply when associated with services offered by an ALEC which utilizes a BellSouth network. This element is not required when an ALEC is colocated.

-OS1 Dedicated Transport: provides transmission and facility termination. The facility termination applies for each OS1 Interoffice Channel terminated. Can be used from the ALEC's serving wire center to the end user's end office or from the ALEC's serving wire center to the tandem.

-Common Transport: Consists of Common Transport facilities as determined by BellSouth and permits the transmission of calls terminated by BellSouth.

-Access Tandem Switching: provides function of switching traffic from or to the Access Tandem from or to the end office switches. The Access Tandem Switching charge is assessed on all terminating minutes of use switched at the access tandem.

## AGREEMENT

**THIS AGREEMENT** is made by and between BellSouth Telecommunications, Inc., ("BellSouth"), a Georgia corporation, and Intermedia Communications Inc., ("ICI"), a Delaware corporation and shall be deemed effective as of July 1, 1996. This agreement may refer to either BellSouth or ICI or both as a "party" or "parties."

### WITNESSETH

**WHEREAS**, BellSouth is a local exchange telecommunications company authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

**WHEREAS**, ICI is an alternative local exchange telecommunications company ("ALEC" or "OLEC") authorized to provide or is intending to be authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

**WHEREAS**, the parties wish to interconnect their facilities, purchase unbundled elements, and exchange traffic for the purposes of fulfilling their obligations pursuant to sections 251, 252 and 271 of the Telecommunications Act of 1996 and to replace any and all other prior agreements, both written and oral, including, without limitation, that certain Stipulation and Agreement dated December 7, 1995, applicable to the state of Florida;

**NOW THEREFORE**, in consideration of the mutual agreements contained herein, BellSouth and ICI agree as follows:

**I. Definitions**

**A. Affiliate** is defined as a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this paragraph, the term "own" means to own an equity interest (or equivalent thereof) of more than 10 percent.

**B. Commission** is defined as the appropriate regulatory agency in each of BellSouth's nine state region, Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

C. **Intermediary function** is defined as the delivery of local traffic from a local exchange carrier other than BellSouth; an ALEC other than ICI; another telecommunications company such as a wireless telecommunications provider through the network of BellSouth or ICI to an end user of BellSouth or ICI.

D. **Local Traffic** is defined as any telephone call that originates in one exchange and terminates in either the same exchange, or a corresponding Extended Area Service ("EAS") exchange. The terms Exchange, and EAS exchanges are defined and specified in Section A3. of BellSouth's General Subscriber Service Tariff.

E. **Local Interconnection** is defined as 1) the delivery of local traffic to be terminated on each party's local network so that end users of either party have the ability to reach end users of the other party without the use of any access code or substantial delay in the processing of the call; 2) the LEC unbundled network features, functions, and capabilities set forth in this Agreement; and 3) Service Provider Number Portability sometimes referred to as temporary telephone number portability to be implemented pursuant to the terms of this Agreement.

F. **Percent of Interstate Usage (PIU)** is defined as a factor to be applied to terminating access services minutes of use to obtain those minutes that should be rated as interstate access services minutes of use. The numerator includes all interstate ~~"nonintermediary" minutes of use, including interstate minutes of use that are forwarded~~ due to service provider number portability less any interstate minutes of use for Terminating Party Pays services, such as 800 Services. The denominator includes all "nonintermediary", local, interstate, intrastate, toll and access minutes of use adjusted for service provider number portability less all minutes attributable to terminating party pays services.

G. **Percent Local Usage (PLU)** is defined as a factor to be applied to intrastate terminating minutes of use. The numerator shall include all "nonintermediary" local minutes of use adjusted for those minutes of use that only apply local due to Service Provider Number Portability. The denominator is the total intrastate minutes of use including local, intrastate toll, and access, adjusted for Service Provider Number Portability less intrastate terminating party pays minutes of use.

H. **Telecommunications Act of 1996 ("Act")** means Public Law 104-104 of the United States Congress effective February 8, 1996. The Act amended the Communications Act of 1934 (47, U.S.C. Section 1 et. seq.).

I. **Multiple Exchange Carrier Access Billing ("MECAB")** means the document prepared by the Billing Committee of the Ordering and Billing Forum ("OBF"), which functions under the auspices of the Carrier Liaison Committee of the Alliance for Telecommunications Industry Solutions ("ATIS") and by Bellcore as Special Report SR-BDS-000983, Containing the recommended guidelines for the billing of Exchange

Service access provided by two or more LECs and/or ALECs or by one LEC in two or more states within a single LATA.

## **II. Purpose**

The parties desire to enter into this Agreement consistent with all applicable federal, state and local statutes, rules and regulations in effect as of the date of its execution including, without limitation, the Act at Sections 251, 252 and 271 and to replace any and all other prior agreements, both written and oral, including, without limitation, that certain Stipulation and Agreement dated December 7, 1995, applicable to the state of Florida concerning the terms and conditions of interconnection. The access and interconnection obligations contained herein enable ICI to provide competing telephone exchange service and private line service within the nine state region of BellSouth.

## **III. Term of the Agreement**

A. The term of this Agreement shall be two years, beginning July 1, 1996.

B. The parties agree that by no later than July 1, 1997, they shall commence negotiations with regard to the terms, conditions and prices of local interconnection to be effective beginning July 1, 1998.

C. If, within 135 days of commencing the negotiation referred to in Section II (B) above, the parties are unable to satisfactorily negotiate new local interconnection terms, conditions and prices, either party may petition the commissions to establish appropriate local interconnection arrangements pursuant to 47 U.S.C. 252. The parties agree that, in such event, they shall encourage the commissions to issue its order regarding the appropriate local interconnection arrangements no later than March 1 1997. The parties further agree that in the event the Commission does not issue its order prior to July 1, 1998 or if the parties continue beyond July 1, 1998 to negotiate the local interconnection arrangements without Commission intervention, the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to July 1, 1998. Until the revised local interconnection arrangements become effective, the parties shall continue to exchange traffic pursuant to the terms and conditions of this Agreement.

## **IV. Local Interconnection**

A. The delivery of local traffic between the parties shall be reciprocal and compensation will be mutual according to the provisions of this Agreement. The parties agree that the exchange of traffic on BellSouth's EAS routes shall be considered as local traffic and compensation for the termination of such traffic shall be pursuant to the terms of this section. EAS routes are those exchanges within an exchange's Basic

Local Calling Area, as defined in Section A3 of BellSouth's General Subscriber Services Tariff.

B. Each party will pay the other for terminating its local traffic on the other's network the local interconnection rates as set forth in Attachment B-1, by this reference incorporated herein. The charges for local interconnection are to be billed monthly and payable quarterly after appropriate adjustments pursuant to this Agreement are made. Late payment fees, not to exceed 1% per month after the due date may be assessed, if interconnection charges are not paid, within thirty (30) days of the due date of the quarterly bill.

C. The first six month period after the execution of this Agreement is a testing period in which the parties agree to exchange data and render billing. However, no compensation during this period will be exchanged. If, during the second six month period, the monthly net amount to be billed prior to the cap being applied pursuant to subsection (D) of this section is less than \$40,000.00 on a state by state basis, the parties agree that no payment is due. This cap shall be reduced for each of the subsequent six month periods as follows: 2nd period—\$40,000.00; 3rd period—\$30,000.00; and 4th period—\$20,000.00. The cap shall be \$0.00 for any period after the expiration of this Agreement but prior to the execution of a new agreement.

D. ~~The parties agree that neither party shall be required to compensate the~~ other for more than 105% of the total billed local interconnection minutes of use of the party with the lower total billed local interconnection minutes of use in the same month on a statewide basis. This cap shall apply to the total billed local interconnection minutes of use measured by the local switching element calculated for each party and any affiliate of the party providing local exchange telecommunications services under the party's certificate of necessity issued by the Commission. Each party will report to the other a Percentage Local Usage ("PLU") and the application of the PLU will determine the amount of local minutes to be billed to the other party. Until such time as actual usage data is available or at the expiration of the first year after the execution of this Agreement, the parties agree to utilize a mutually acceptable surrogate for the PLU factor. The calculations, including examples of the calculation of the cap between the parties will be pursuant to the procedures set out in Attachment A, incorporated herein by this reference. For purposes of developing the PLU, each party shall consider every local call and every long distance call. Effective on the first of January, April, July and October of each year, the parties shall update their PLU.

E. ~~The parties agree that there are three appropriate methods of~~ interconnecting facilities: (1) virtual collocation where physical collocation is not practical for technical reasons or because of space limitations; (2) physical collocation; and (3) interconnection via purchase of facilities from either party by the other party. Rates and charges for collocation are set forth in Attachment C-13, incorporated herein by this reference. Facilities may be purchased at rates, terms and conditions set forth in BellSouth's intrastate Switched Access (Section E6) or Special Access (Section E7)

services tariff or as contained in Attachment B-1 for local interconnection, incorporated herein by this reference.

F. The parties agree to accept and provide any of the preceding methods of interconnection. Reciprocal connectivity shall be established at each and every BellSouth access tandem within the local calling area ICI desires to serve for interconnection to those end offices that subtend the access tandem or may elect to interconnect directly at the end offices for interconnection to end users served by that end office. BellSouth will connect at each end office or tandem inside that local calling area. Such interconnecting facilities shall conform, at a minimum, to the telecommunications industry standard of DS-1 pursuant to BellCore Standard No. TR-NWT-00499. Signal transfer point, Signaling System 7 ("SS7") connectivity is required at each interconnection point. BellSouth will provide out-of-band signaling using Common Channel Signaling Access Capability where technically and economically feasible, in accordance with the technical specifications set forth in the BellSouth Guidelines to Technical Publication, TR-TSV-000905. The parties agree that their facilities shall provide the necessary on-hook, off-hook answer and disconnect supervision and shall hand off calling party number ID when technically feasible. The parties further agree that in the event a party interconnects via the purchase of facilities and/or services from the other party, the appropriate intrastate access tariff, as amended from time to time will apply.

G. Nothing herein shall prevent ICI from utilizing existing collocation facilities, purchased from the interexchange tariffs, for local interconnection; provided, however, that if ICI orders new facilities for interconnection or rearranges any facilities presently used for its alternate access business in order to use such facilities for local interconnection hereunder and a BellSouth charge is applicable thereto, BellSouth shall only charge ICI the lower of the interstate or intrastate tariffed rate or promotional rate.

H. The parties agree to establish trunk groups from the interconnecting facilities of subsection (E) of this section such that each party provides a reciprocal of each trunk group established by the other party. Notwithstanding the foregoing, each party may construct its network, including the interconnecting facilities, to achieve optimum cost effectiveness and network efficiency. The parties agree that either no charges will be assessed or reciprocal charges will be assessed for network to network interfaces where the parties are certified as providers of local exchange services. BellSouth's treatment of ICI as to said charges shall be consistent with BellSouth treatment of other local exchange carriers for the same charges.

I. Whenever BellSouth delivers traffic to ICI for termination on ICI's network, if BellSouth cannot determine because of the manner in which ICI has utilized its NXX codes whether the traffic is local or toll BellSouth will not compensate ICI pursuant to this section but will, instead, charge ICI originating intrastate network access service charges as reflected in BellSouth's intrastate Access Service Tariff. Notwithstanding the foregoing, BellSouth will make the appropriate billing adjustments if

ICI can provide sufficient information for BellSouth to make a determination as to whether said traffic was local or toll. If BellSouth deploys an NXX code across its local calling areas in such a manner that ICI cannot determine whether the traffic it delivers to BellSouth is local or toll, this subsection shall apply to the parties.

J. If either party provides intermediary tandem switching and transport services for the other party's connection of its end user to a local end user of: (1) an ALEC other than ICI; (2) a local exchange telecommunications company other than BellSouth ("ICO"); or (3) another telecommunications company such as a wireless telecommunications service provider, the parties agree that compensation shall be on the basis of mutual traffic exchange. The parties agree that any billing to the ICO or other telecommunications company under this section shall be pursuant to subsection (L) of this section.

K. When the parties provides an access service connection between an interexchange carrier ("IXC") and each other, each party will provide their own access services to the IXC on a multi-bill, multi-tariff meet-point basis. Each party will bill its own access services rates to the IXC with the exception of the interconnection charge. The interconnection charge will be billed by the party providing the intermediary tandem function.

L. ~~The parties agree to adopt MECAB as the terms and conditions for meet point billing for all traffic to which MECAB applies, including traffic terminating to ported numbers, and to employ 30 day billing periods for said arrangements. The recording party agrees to provide to the initial billing company, at no charge, the switched access detailed usage data within a reasonable time after the usage is recorded. The initial billing company will provide the switched access summary usage data to all subsequent billing companies within 10 days of rendering the initial bill to the IXC. The parties agree that there will be technical, administrative, and implementation issues associated with achieving the intent of this subsection. As such, the parties further agree to work cooperatively toward achieving the intent of this provision within nine months of the effective date of this Agreement.~~

M. The ordering and provision of all services purchased from BellSouth by ICI shall be as set forth in the OLEC-to-BellSouth Ordering Guidelines (Facilities Based) as those guidelines are amended by BellSouth from time to time during the term of this Agreement.

#### V. IntraLATA and InterLATA Toll Traffic Interconnection

A. The delivery of intrastate toll traffic by a party to the other party shall be reciprocal and compensation will be mutual. For terminating its toll traffic on the other party's network, each party will pay BellSouth's intrastate terminating switched access rate, inclusive of the Interconnection Charge and the Carrier Common Line rate

Attachment B-1

Local Interconnection Service

Service: Local Interconnection\*

Description: Provides for the use of BellSouth Switching and transport facilities and common subscriber plant for connecting calls between an ALEC's Point of Interface (POI) and a BellSouth end user.

It can also be used to connect calls between an ALEC and an Interexchange Carrier (IC), and Independent Exchange Telephone Company (ICO), or a Mobile Service Service Provider (MSP), or between two ALECs.

It is furnished on a per-trunk basis. Trunks are differentiated by traffic type and directionality. There are two major traffic types: (1) Local and (2) Intermediary. Local represents traffic from the ALEC's POI to a BellSouth tandem or end office and intermediary represents traffic originated or terminated by an ALEC which is interconnected with an IC, ICO, MSP or another ALEC.

Rates and charges will be applied as indicated below.

State(s):	Alabama						Florida					
RATE ELEMENTS	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per
DS1 Local Channel	-	-	\$133.81	LC	\$486.97	LC - First	-	-	\$133.81	LC	\$486.97	LC - First
DS1 Dedicated Transport	-	-	\$23.50 per mile	-	\$486.83	LC - Add'l	-	-	\$16.75 per mile	-	\$486.83	LC - Add'l
DS1 Common Transport	\$0.00004	per mile	-	-	\$100.49	fac. term.	-	-	\$59.75 per mile	fac. term.	\$100.49	fac. term.
Local Switching LS2 (FGD)	\$0.00036	fac. term.	-	-	-	-	\$0.00004	per mile	-	-	-	-
Tandem Switching	\$0.00755	access mou	-	-	-	-	\$0.00036	fac. term.	-	-	-	-
Information Surcharge	\$0.00074	access mou	-	-	-	-	\$0.00678	access mou	-	-	-	-
Tandem Intermediary Charge**	\$0.002	access mou	-	-	-	-	\$0.00050	access mou	-	-	-	-
Composite Rate-DS1 Dedicated	\$0.00978						\$0.01028					
Composite Rate-DS1 Tandem Sw.	\$0.00991						\$0.01056					

State(s):	Georgia						Kentucky					
RATE ELEMENTS	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per	Per MOU	Applied Per	Monthly Recur.	Applied Per	Non-Recur.	Applied Per
DS1 Local Channel	-	-	\$133.81	LC	\$486.97	LC - First	-	-	\$133.81	LC	\$486.97	LC - First
DS1 Dedicated Transport	-	-	\$23.50 per mile	-	\$486.83	LC - Add'l	-	-	\$23.50 per mile	-	\$486.83	LC - Add'l
DS1 Common Transport	\$0.00004	per mile	-	-	\$100.49	fac. term.	-	-	\$90.00 per mile	fac. term.	\$100.49	fac. term.
Local Switching LS2 (FGD)	\$0.00036	fac. term.	-	-	-	-	\$0.00004	per mile	-	-	-	-
Tandem Switching	\$0.00755	access mou	-	-	-	-	\$0.00036	fac. term.	-	-	-	-
Information Surcharge	\$0.00074	access mou	-	-	-	-	\$0.00755	access mou	-	-	-	-
Tandem Intermediary Charge**	\$0.002	access mou	-	-	-	-	\$0.00074	access mou	-	-	-	-
Composite Rate-DS1 Dedicated	\$0.00978						\$0.00978					
Composite Rate-DS1 Tandem Sw.	\$0.00991						\$0.00991					

\*Rates are displayed at the DS1-1.544 Mbps. level. For rates and charges applicable to other arrangement levels, refer to Section E6 of BellSouth Telecommunication's, Inc.'s Intrastate Access Tariff

\*\*The Tandem Intermediary Charge applies only to Intermediary Traffic.

-DS1 Local Channel: denotes a DS1 dedicated transport facility between the ALEC's serving wire center and the ALEC's POI, also called an Entrance Facility. This element will apply when associated with services ordered by an ALEC which utilizes a BellSouth facilities. This element is not required when an ALEC is collocated.

-DS1 Dedicated Transport: provides transmission and facility termination. The facility termination applies for each DS1 Interoffice Channel terminated. Can be used from the ALEC's serving wire center to the end users and office or from the ALEC's serving wire center to the tandem.

-Common Transport: Composed of Common Transport facilities as determined by BellSouth and permits the transmission of calls terminated by BellSouth.

-Access Tandem Switching: provides function of switching traffic from or to the Access Tandem from or to the end office switch(es). The Access Tandem Switching charge is assessed on all terminating minutes of use switched at the access tandem.

-Compensation Credit (CAP): BellSouth and the ALECs will not be required to compensate each other for more than 105% of the total billed local interconnection minutes of use of the party with the lower total billed local interconnection minutes of use in the same month.



AMENDMENT  
ATTACHMENT A  
TO

INTERCONNECTION AGREEMENT BETWEEN  
INTERMEDIA COMMUNICATIONS, INC. AND  
BELLSOUTH TELECOMMUNICATIONS, INC. DATED JULY 1, 1996

Pursuant to this Agreement (the "Amendment"), Intermedia Communications, Inc., ("ICI") and BellSouth Telecommunications, Inc. ("BellSouth") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Interconnection Agreement between the Parties dated July 1, 1996 ("Interconnection Agreement").

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, ICI and BellSouth hereby covenant and agree as follows:

Eliminations and Insertions

1. The Parties agree to eliminate and strike out of the Interconnection Agreement all of paragraphs IV(C) and IV(D) on page 4, and inserting in place thereof the following paragraphs:

C. Left Blank Intentionally

D. Each party will report to the other a Percentage Local Usage ("PLU") and the application of the PLU will determine the amount of local minutes to be billed to the other party. Until such time as the actual usage data is available or at the expiration of the first year after the execution of this Agreement, the parties agree to utilize a mutually acceptable surrogate for the PLU factor. For purposes of developing the PLU, each party shall consider every local call and every long distance call. Effective on the first of January, April, July and October of each year, the parties shall update their PLU.

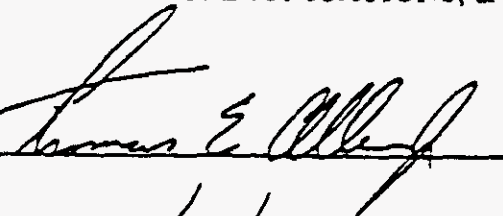
2. The Parties further agree to eliminate and strike out of the Interconnection Agreement all of the language of Attachment A, leaving Attachment A blank intentionally.

3. The Parties agree that all of the other provisions of the Interconnection Agreement, dated July 1, 1996, shall remain in full force and effect.

4. The Parties further agree that either or both of the Parties is authorized to submit this Amendment to the appropriate state public service commission or other regulatory body having jurisdiction over the subject matter of this Amendment, for approval subject to Section 252(e) of the federal Telecommunications Act of 1996.

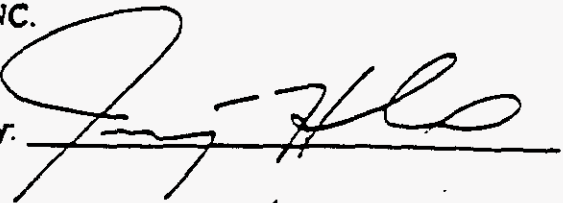
IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

INTERMEDIA COMMUNICATIONS, INC.

By: 

DATE: 2/24/97

BELLSOUTH TELECOMMUNICATIONS, INC.

By: 

DATE: 2/24/97

BEFORE THE  
GEORGIA PUBLIC SERVICE COMMISSION

In Re: )  
 )  
Complaint of US LEC of Georgia, Inc. ) Docket No. 9577-U  
Against BellSouth Telecommunications, )  
Inc., and Request for Immediate Relief )

**BELLSOUTH TELECOMMUNICATIONS, INC.'S RESPONSE TO  
US LEC'S FIRST INTERROGATORIES AND FIRST  
REQUEST FOR PRODUCTION OF DOCUMENTS**

**GENERAL OBJECTIONS**

1. BellSouth objects to these discovery requests to the extent that same seek the production of documents that BellSouth deems to be proprietary. These documents will be produced only upon the execution of an appropriate protective agreement.
2. BellSouth also objects to these discovery requests to the extent that same seek the production of documents that are protected by the attorney/client privilege.
3. BellSouth further objects to this discovery to the extent that it seeks the production of documents that are protected by the work product doctrine.
4. BellSouth objects to the Instructions to Interrogatories (g) to the extent that they seek the name of a witness who will be testifying and on what subject matter. BellSouth does not agree that any BellSouth representative will testify about the information contained in these responses.
5. BellSouth also objects to Instruction for Request for Production (f) on the grounds that BellSouth is only obligated to produce information within its possession, custody and control at the time that the request is made.
6. BellSouth's investigation into the subject matter involved in this discovery is ongoing. To the extent that additional information responsive to these requests is identified, BellSouth reserves the right to modify or supplement its responses at a later date.

BellSouth Telecommunications, Inc.  
Georgia Public Service Commission  
Docket No. 9577-U  
US LEC's 1<sup>st</sup> Interrogatories  
November 17, 1999  
Item No. 10  
Page 1 of 1

**REQUEST:** State the number of minutes of use, as recorded by BellSouth, for which US LEC has terminated traffic from BellSouth customers in Georgia to ESPs served by US LEC in Georgia pursuant to all Interconnection Agreements between BellSouth and US LEC from the date of the first such agreement to the present.

**RESPONSE:** BellSouth has recorded 274,543,356 minutes of use for Internet Service Providers (ISP) from May 1998 through October 1999. Prior to May of 1998, BellSouth did not have an established method for recording minutes of use to ISP providers.

BellSouth Telecommunications, Inc.  
Georgia Public Service Commission  
Docket No. 9577-U  
US LEC's 1<sup>st</sup> Interrogatories  
November 17, 1999  
Item No. 11  
Page 1 of 1

**REQUEST:** State the number of minutes of use, as recorded by BellSouth, for which US LEC has terminated traffic from BellSouth customers in Georgia to US LEC customers other than ESPs in Georgia pursuant to all Interconnection Agreements between BellSouth and US LEC, from the date of the first such agreement to the present.

**RESPONSE:** BellSouth has recorded 289,056,670 minutes of use for customers other than Internet Service Providers (ISP) from May 1998 through October 1999.

**Local Exchange Access Service**

Internal Bill ID: 9705

Bill Account No: 8692000377FGD  
 Invoice No: 8692037710319  
 Company Code: 8692  
 Cutoff Date: 31-OCT-99  
 Prepared Date: 04-NOV-99  
 Due Date: 31-DEC-99  
 Page: 1 of 2

**Remit Payment To:**

US LEC of Florida Inc.  
 US LEC Corp - CABS  
 PO Box 601513  
 Charlotte, NC 282601513

BellSouth Telecommunication, Inc.  
 Interconnection Purchasing Center  
 600 North 19th Street, 7th Floor  
 Birmingham, AL 35203

Billing Inquiries Contact: Charlene Law  
 (704)319-1047  
 e-mail: billing@uslec.com

**Balance Forward Information**

Total Amount Of Last Bill	\$ 3,171,420.51
Payments Applied	<\$ 108,444.81>
Adjustments Applied	\$ 0.00
Delinquent Charges	\$ 45,944.64
<b>Total Balance Forward</b>	<b>\$ 3,108,920.34</b>

**Summary Of Current Charges**

Usage Charges	\$ 693,311.15
Non-Usage Charges	
Recurring	\$ 0.00
Non-Recurring	\$ 0.00
Other Charges and Credits	\$ 0.00
<b>Total Current Charges</b>	<b>\$ 693,311.15</b>

<b>TOTAL AMOUNT PAST DUE</b>	<b>\$ 3,108,920.34</b>
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<b>TOTAL AMOUNT FOR QUARTER ENDING 31-DEC-1999</b>	<b>\$ 693,311.15</b>
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**Local Exchange Access Service**

Bill Account No: 8692000377FGD  
 Invoice No: 8692037710319  
 Company Code: 8692  
 Cutoff Date: 31-OCT-99  
 Prepared Date: 04-NOV-99  
 Due Date: 31-DEC-99  
 Page: 2 of 2

**Detail Of Usage Charges**  
**Current Usage**  
**01-OCT-1999 - 31-OCT-1999**

	Minutes	Rate	Amount
<b>JCVLFLUFDS0</b>			
Intra Local Switch	377,898	0.00876000	\$ 3,310.39
Intra LATA CCL	377,898	0.01767000	\$ 6,677.46
Composite - DS1 Tandem Switching	23,240,678	0.01056000	\$ 245,421.56
<b>Total for: JCVLFLUFDS0</b>	<b>23,618,576</b>		<b>\$ 255,409.41</b>
<b>MIAPFLYODS0</b>			
Intra Local Switch	454,685	0.00876000	\$ 3,983.04
Intra LATA CCL	454,685	0.01767000	\$ 8,034.28
Composite - DS1 Tandem Switching	27,963,124	0.01056000	\$ 295,290.59
<b>Total for: MIAPFLYODS0</b>	<b>28,417,809</b>		<b>\$ 307,307.91</b>
<b>MTLDFLBRDS0</b>			
Intra Local Switch	193,224	0.00876000	\$ 1,692.64
Intra LATA CCL	193,224	0.01767000	\$ 3,414.27
Composite - DS1 Tandem Switching	11,883,231	0.01056000	\$ 125,486.92
<b>Total for: MTLDFLBRDS0</b>	<b>12,076,455</b>		<b>\$ 130,593.83</b>
<b>Total Usage for</b>	<b>01-OCT-1999 - 31-OCT-1999</b>	<b>64,112,840</b>	<b>\$ 693,311.15</b>



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BellSouth Telecommunications, Inc.

November 4, 1999

US Lec Corp- CABS  
ATTN: Sean Walsh  
PO Box 601513  
Charlotte, NC 28260-1513

Dear Sir:

A wire transfer in the amount of \$282,102.98 has been processed for the attached list of invoices. Please apply the payments as noted on the attachments. BellSouth is paying the invoices prior to complete bill verification. BellSouth reserves the right to dispute the charges at a later date.

Your assistance is needed to ensure timely receipt of the invoices/bills to BellSouth, please verify that all accounts reflect the following address:

**BellSouth Telecommunications Inc.**  
**ATTN: Interconnection Purchasing Center**  
**600 N. 19<sup>th</sup> Street**  
**7<sup>th</sup> Floor**  
**Birmingham, Al 35203**

If your records reflect another address, please make the necessary changes.

Please contact Ann Tabor at 205-714-0208 if you have questions or require any additional information.

Sincerely,

*Ann Tabor*

Service Representative

Enclosures







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BellSouth Telecommunications, Inc.

November 8, 1999

Sean Walsh  
US LEC  
PO Box 601513  
Charlotte, NC 28260-1513

RE: Payment and Disputed billing on *Invoice Account (8692000377FGD), Invoice Number (8692037709309)*

Dear Sean:

Bell South is withholding payment in the amount of **\$580,316.30** for the (usage quantity, Internet Service Provider (ISP), minutes of use (MOU) and rates. We are paying usage based on Bell South's recordings, deducting ISP factor 65.0%, then applying the appropriate PLU 98.5% and rate to determine the amount of Local and IntraLATA usage to pay.

The Late Payment Charge of **\$22,145.43** on this invoice is also withheld pending resolution.

Enclosed are payments for the attached list of invoices. Please apply payment as noted on the attachment.

Please contact Ann Tabor at 205-714-0208, if you have any questions or require any additional information.

Sincerely,

*Ann Tabor*

Service Representative

Attachments

**Local Exchange Access Service**

Internal Bill ID: 10421

Bill Account No: 8692000377FGD  
 Invoice No: 8692037711309  
 Company Code: 8692  
 Cutoff Date: 30-NOV-99  
 Prepared Date: 07-DEC-99  
 Due Date: 31-DEC-99  
 Page: 1 of 4

**Remit Payment To:**

US LEC of Florida Inc.  
 US LEC Corp - CABS  
 PO Box 601513  
 Charlotte, NC 282601513

BellSouth Telecommunication, Inc.  
 Interconnection Purchasing Center  
 600 North 19th Street, 7th Floor  
 Birmingham, AL 35203

Billing Inquiries Contact: Charlene Law  
 (704)319-1047  
 e-mail: billing@uslec.com

**Balance Forward Information**

Total Amount Of Last Bill	\$ 3,802,231.49
Payments Applied	<\$ 45,751.55>
Adjustments Applied	\$ 0.00
Delinquent Charges	\$ 45,258.36
<b>Total Balance Forward</b>	<b>\$ 3,801,738.30</b>

**Summary Of Current Charges**

Usage Charges	\$ 639,574.51
Non-Usage Charges	
Recurring	\$ 0.00
Non-Recurring	\$ 0.00
Other Charges and Credits	\$ 0.00
<b>Total Current Charges</b>	<b>\$ 639,574.51</b>

<b>TOTAL AMOUNT PAST DUE</b>	<b>\$ 3,801,738.30</b>
<b>TOTAL AMOUNT FOR QUARTER ENDING 31-DEC-1999</b>	<b>\$ 639,574.51</b>

**Local Exchange Access Service**

Bill Account No: 8692000377FGD  
 Invoice No: 8692037711309  
 Company Code: 8692  
 Cutoff Date: 30-NOV-99  
 Prepared Date: 07-DEC-99  
 Due Date: 31-DEC-99  
 Page: 2 of 4

**Detail Of Usage Charges**  
**Current Usage**  
**01-NOV-1999 - 30-NOV-1999**

	Minutes	Rate	Amount
<b>JCVLFLUFDS0</b>			
Intra Local Switch	213,146	0.00876000	\$ 1,867.16
Intra LATA CCL	213,146	0.01767000	\$ 3,766.29
Composite - DS1 Tandem Switching	13,108,463	0.01056000	\$ 138,425.37
<b>Total for: JCVLFLUFDS0</b>	<b>13,321,609</b>		<b>\$ 144,058.82</b>
<b>MIAPFLYODS0</b>			
Intra Local Switch	563,395	0.00876000	\$ 4,935.34
Intra LATA CCL	563,395	0.01767000	\$ 9,955.18
Composite - DS1 Tandem Switching	34,648,758	0.01056000	\$ 365,890.88
<b>Total for: MIAPFLYODS0</b>	<b>35,212,153</b>		<b>\$ 380,781.40</b>
<b>MTLDFLBRDS0</b>			
Intra Local Switch	169,759	0.00876000	\$ 1,487.09
Intra LATA CCL	169,759	0.01767000	\$ 2,999.64
Composite - DS1 Tandem Switching	10,440,086	0.01056000	\$ 110,247.31
<b>Total for: MTLDFLBRDS0</b>	<b>10,609,845</b>		<b>\$ 114,734.04</b>
<b>Total Usage for</b>	<b>01-NOV-1999 - 30-NOV-1999</b>	<b>59,143,607</b>	<b>\$ 639,574.26</b>

**Local Exchange Access Service**

Bill Account No: 8692000377FGD  
 Invoice No: 8692037711309  
 Company Code: 8692  
 Cutoff Date: 30-NOV-99  
 Prepared Date: 07-DEC-99  
 Due Date: 31-DEC-99  
 Page: 3 of 4

**Detail Of Usage Charges****Delayed Usage****01-JUL-1999 - 31-JUL-1999**

	Minutes	Rate	Amount
<b>JCVLFLUFDS0</b>			
Intra Local Switch	1	0.00876000	\$ 0.01
Intra LATA CCL	1	0.01757000	\$ 0.02
Composite - DS1 Tandem Switching	3	0.01056000	\$ 0.03
<b>Total for: JCVLFLUFDS0</b>	<b>4</b>		<b>\$ 0.06</b>

<b>Total Usage for</b>	<b>01-JUL-1999 - 31-JUL-1999</b>	<b>4</b>	<b>\$ 0.06</b>
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## Local Exchange Access Service

Bill Account No: 8692000377FGD  
 Invoice No: 8692037711309  
 Company Code: 8692  
 Cutoff Date: 30-NOV-99  
 Prepared Date: 07-DEC-99  
 Due Date: 31-DEC-99  
 Page: 4 of 4

## Detail Of Usage Charges

## Delayed Usage

01-JUN-1999 - 30-JUN-1999

	Minutes	Rate	Amount
<b>JCVLFLUFDS0</b>			
Transport Mileage	1	0.00023100	\$ 0.00
Information Surcharge	1	0.00017300	\$ 0.00
Transport Termination	1	0.00114100	\$ 0.00
Intra Local Switch	1	0.00876000	\$ 0.01
Common Carrier Line	1	0.01160000	\$ 0.01
Transport Interconnection Charge	1	0.01256200	\$ 0.01
Intra LATA CCL	1	0.01767000	\$ 0.02
Local Switching	1	0.02616500	\$ 0.03
Composite - DS1 Tandem Switching	10	0.01056000	\$ 0.11
<b>Total for: JCVLFLUFDS0</b>	<b>11</b>		<b>\$ 0.19</b>

<b>Total Usage for</b>	<b>01-JUN-1999 - 30-JUN-1999</b>	<b>11</b>	<b>\$ 0.19</b>
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BellSouth Telecommunications, Inc.

December 19, 1999

**US LEC**  
**ATTN: Sean Walsh**  
**PO Box 601513**  
**Charlotte, NC 28260-1513**

Dear Sean:

An ACH payment in the amount of \$158,404.29 has been processed for the attached list of invoices. Please apply the payments as noted on the attachments. BellSouth is paying the invoices prior to complete bill verification. BellSouth reserves the right to dispute the charges at a later date.

Your assistance is needed to ensure timely receipt of the invoices/bills to BellSouth, please verify that all accounts reflect the following address:

**BellSouth Telecommunications Inc.**  
**ATTN: Interconnection Purchasing Center**  
**7<sup>th</sup> Floor**  
**600 N. 19<sup>th</sup> Street**  
**Birmingham, AL 35203**

If your records reflect another address, please make the necessary changes.

Please contact Ann Tabor at 205-714-0208 if you have questions or require any additional information.

Sincerely,

*Ann Tabor*

Service Representative

Enclosures

12/17

PLEASE APPLY BELLSOUTH'S PAYMENT AS FOLLOWS										
PROVIDER'S NAME: US LEC		12/19/99								
CHECK#	STATE	CLEC'S ACCT #	BST'S QUEST ACCT #	CLEC'S INV#	BST'S QUEST INV DATE	AMOUNT INVOICED	AMOUNT PAID	AMOUNT DISPUTED	EXPLANATION OF DISPUTES NOTED ABOVE	
ACH	FL	8692000377- FGD	FL-USG- 86920377- FGD	8692037710- 319	Nov-99	\$739,255.79	\$56,785.68	\$682,470.11	ISP 60% PLU 98.4% intralata rate \$0.02643 Local rate \$0.002 / \$45,944.64 disputed Invoiced late charges	
ACH	AL	4839000377- FGD	AL-USG- 48390377- FGD	4839037710- 319	Nov-99	\$1,346.81	\$230.86	\$1,116.05	ISP 45% PLU 84.9% intralata rate \$0.011672 Local rate \$0.0017 / \$14.50 disputed Invoiced late charges	
ACH	GA	8355000377- FGD	GA-USG- 83550377- FGD	8355037710- 319	Nov-99	\$625,476.22	\$83,735.85	\$541,740.37	ISP 10% PLU 98.4% intralata rate \$0.011301 Local rate \$0.001633 / \$61,258.66 disputed Invoiced late charges	
ACH	TN	8356000377- FGD	TN-USG- 83560377- FGD	8356037710- 319	Nov-99	\$4,643,809.33	\$17,651.90	\$4,625,957.43	ISP 95% PLU 99.3% intralata rate \$0.015910 Local rate \$0.001800 / \$436,572.01 disputed Invoiced late charges	
						\$6,069,688.25	\$155,404.29	\$5,851,283.96		
<b>TOTALS</b>										





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BellSouth Telecommunications, Inc.

December 19, 1999

US LEC  
ATTN: Sean Walsh  
PO Box 601513  
Charlotte, NC 28260-1513

RE: Disputed billing on Invoice Account 8692000377FGD, Invoice Number  
8692037710319 dated November 4, 1999.

Dear Sean:

Bell South is withholding payment in the amount of \$636,525.47 for the usage quantity, Internet Service Provider (ISP), minutes of use (MOU) and rates. We are paying usage based on Bell South's recordings, deducting ISP usage, then applying the appropriate PLU and rate to determine the amount of Local and IntraLATA usage to pay. Bell South is withholding payment in the amount of \$45,944.64 in invoice late payment charges.

Any and all Late Payment Charge (LPC) related to these issues will be held pending resolution.

Please contact Ann Tabor at 205-714-0208, if you have any questions or require any additional information.

Sincerely,

*Ann Tabor*

Service Representative



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Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, Alabama 35203

December 30, 1999

**US LEC**  
**ATTN: Sean Walsh**  
**PO Box 601513**  
**Charlotte, NC 28260-1513**

Dear Sean:

An ACH payment in the amount of \$884,251.04 has been processed for the attached list of invoices. Please apply the payments as noted on the attachments. BellSouth is paying the invoices prior to complete bill verification. BellSouth reserves the right to dispute the charges at a later date.

Your assistance is needed to ensure timely receipt of the invoices/bills to BellSouth, please verify that all accounts reflect the following address:

**BellSouth Telecommunications Inc.**  
**ATTN: Interconnection Purchasing Center**  
**7<sup>th</sup> Floor**  
**600 N. 19<sup>th</sup> Street**  
**Birmingham, Al 35203**

If your records reflect another address, please make the necessary changes.

Please contact Ann Tabor at 205-714-0208 if you have questions or require any additional information.

Sincerely,

*Ann Tabor*

Service Representative

Enclosures

PLEASE APPLY BELLSOUTH'S PAYMENT AS FOLLOWS

PROVIDER'S NAME: US LEC

12/30/99

CHECK#	STATE	CLEC'S ACCT #	BST'S QUEST ACCT #	CLEC'S INV#	BST'S QUEST INV DATE	AMOUNT INVOICED	AMOUNT PAID	AMOUNT DISPUTED	EXPLANATION OF DISPUTES NOTED ABOVE
ACH	AL	4839000377-FGD	AL-USG-48390377-FGD	483903771-1309	Dec-99	\$1,474.75	\$253.30	\$1,221.45	\$12.85 late payment charges. \$1208.80 in usage/ ISP 45% PLU 84.9% Local rate \$.0017
ACH	GA	8355000377-FGD	GA-USG-83550377-FGD	835503771-1309	Dec-99	\$811,798.88	\$81,916.20	\$529,883.68	\$79,918.15 late payment charges. \$449,865.53 in usage/ Usage quantity/ ISP 10% PLU 98.4% Local rate \$.001633
ACH	FL	8692000377-FGD	FL-USG-86920377-FGD	869203771-1309	Dec-99	\$684,832.87	\$55,401.44	\$629,431.43	\$45,268.38 late payment charges. \$684,172.82 in usage/ Usage quantity / ISP 60% PLU 98.4% Local rate \$.002 / \$0.25 late usage invoiced
ACH	NC	7674000377-FGD	NC-USG-0497	767403771-1309	Dec-99	\$10,339,583.83	\$128,268.33	\$10,211,315.50	\$1,481,043.52 late payment charges. \$8,730,271.98 in usage/ Usage quantity/ ISP 95% PLU 99.9% Local rate \$.004
ACH	TN	835803771-1309	TN-USG-83580377-FGD	835803771-1309	Dec-99	\$4,820,892.18	\$18,078.43	\$4,802,813.75	\$436,337.96 late payment charges. \$4,320,480.01 in usage/ Usage quantity / ISP 95% PLU 99.3% Local rate \$.0019 / \$45,985.78 late usage invoiced
<b>TOTALS</b>						<b>\$16,458,583.81</b>	<b>\$283,917.70</b>	<b>\$16,174,665.81</b>	

DOCKET NO. 990874-TP  
 Exh. GDG No. 3  
 Page 14 of 18



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Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, Alabama 35203

December 30, 1999

US LEC  
ATTN: Sean Walsh  
PO Box 601513  
Charlotte, NC 28260-1513

RE: Disputed billing on Invoice Account 8692000377FGD, Invoice Number  
8692037711309 dated December 7, 1999.

Dear Sean:

Bell South is withholding payment in the amount of \$584,172.82 due to usage quantity, ISP usage, PLU, and incorrect local rate invoiced; local rate should be \$.002. BellSouth is deducting ISP usage, then applying the appropriate PLU and rate to determine the amount of IntraLata and local usage to pay. BellSouth is withholding payment in the amount of \$45,258.36 in invoiced late payment charges. BellSouth is withholding payment in the amount of \$0.25 in late usage invoiced due to previous invoiced usage quantity.

Any and all Late Payment Charge (LPC) related to these issues will be held pending resolution.

Please contact Ann Tabor at 205-714-0208, if you have any questions or require any additional information.

Sincerely,

*Ann Tabor*

Service Representative

**Local Exchange Access Service**

Internal Bill ID: 10965

Bill Account No: 8692000377FGD  
 Invoice No: 8692037712319  
 Company Code: 8692  
 Cutoff Date: 31-DEC-99  
 Prepared Date: 07-JAN-00  
 Due Date: 31-MAR-00  
 Page: 1 of 3

**Remit Payment To:**

US LEC of Florida Inc.  
 US LEC Corp - CABS  
 PO Box 601513  
 Charlotte, NC 282601513

BellSouth Telecommunication, Inc.  
 Interconnection Purchasing Center  
 600 North 19th Street, 7th Floor  
 Birmingham, AL 35203

Billing Inquiries Contact: Charlene Law  
 (704)319-1047  
 e-mail: billing@uslec.com

**Balance Forward Information**

Total Amount Of Last Bill	\$ 4,441,312.81
Payments Applied	<\$ 112,187.12>
Adjustments Applied	\$ 0.00
Delinquent Charges	\$ 45,258.36
<b>Total Balance Forward</b>	<b>\$ 4,374,384.05</b>

**Summary Of Current Charges**

Usage Charges	\$ 701,089.28
Non-Usage Charges	
Recurring	\$ 0.00
Non-Recurring	\$ 0.00
Other Charges and Credits	\$ 0.00
<b>Total Current Charges</b>	<b>\$ 701,089.28</b>

<b>TOTAL AMOUNT PAST DUE</b>	<b>\$ 4,374,384.05</b>
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<b>TOTAL AMOUNT FOR QUARTER ENDING 31-DEC-1999</b>	<b>\$ 701,089.28</b>
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**Local Exchange Access Service**

Bill Account No: 8692000377FGD  
 Invoice No: 8692037712319  
 Company Code: 8692  
 Cutoff Date: 31-DEC-99  
 Prepared Date: 07-JAN-00  
 Due Date: 31-MAR-00  
 Page: 2 of 3

**Detail Of Usage Charges**  
**Current Usage**  
**01-DEC-1999 - 31-DEC-1999**

	Minutes	Rate	Amount
<b>JCVLFLUFDS0</b>			
Intra Local Switch	252,005	0.00876000	\$ 2,207.56
Intra LATA CCL	252,005	0.01767000	\$ 4,452.93
Composite - DS1 Tandem Switching	15,498,260	0.01056000	\$ 163,661.63
<b>Total for: JCVLFLUFDS0</b>	<b>15,750,265</b>		<b>\$ 170,322.12</b>
<b>MIAPFLYODS0</b>			
Intra Local Switch	592,248	0.00876000	\$ 5,188.09
Intra LATA CCL	592,248	0.01767000	\$ 10,465.02
Composite - DS1 Tandem Switching	36,423,246	0.01056000	\$ 384,629.48
<b>Total for: MIAPFLYODS0</b>	<b>37,015,494</b>		<b>\$ 400,282.59</b>
<b>MTLDFLBRDS0</b>			
Intra Local Switch	192,675	0.00876000	\$ 1,687.83
Intra LATA CCL	192,675	0.01767000	\$ 3,404.57
Composite - DS1 Tandem Switching	11,849,493	0.01056000	\$ 125,130.65
<b>Total for: MTLDFLBRDS0</b>	<b>12,042,168</b>		<b>\$ 130,223.05</b>
<b>Total Usage for</b>	<b>01-DEC-1999 - 31-DEC-1999</b>	<b>64,807,927</b>	<b>\$ 700,827.76</b>

**Local Exchange Access Service**

Bill Account No: 8692000377FGD  
 Invoice No: 8692037712319  
 Company Code: 8692  
 Cutoff Date: 31-DEC-99  
 Prepared Date: 07-JAN-00  
 Due Date: 31-MAR-00  
 Page: 3 of 3

**Detail Of Usage Charges**  
**Delayed Usage**  
**01-NOV-1999 - 30-NOV-1999**

	Minutes	Rate	Amount
<b>MIAPFLYODSO</b>			
Intra Local Switch	364	0.00876000	\$ 3.19
Intra LATA CCL	364	0.01767000	\$ 6.43
Composite - DS1 Tandem Switching	22,345	0.01056000	\$ 235.96
<b>Total for: MIAPFLYODSO</b>	<b>22,709</b>		<b>\$ 245.58</b>
<b>MTLDFLBRDSO</b>			
Intra Local Switch	24	0.00876000	\$ 0.21
Intra LATA CCL	24	0.01767000	\$ 0.42
Composite - DS1 Tandem Switching	1,450	0.01056000	\$ 15.31
<b>Total for: MTLDFLBRDSO</b>	<b>1,474</b>		<b>\$ 15.94</b>

<b>Total Usage for</b>	<b>01-NOV-1999 - 30-NOV-1999</b>	<b>24,183</b>	<b>\$ 261.52</b>
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BEFORE THE  
GEORGIA PUBLIC SERVICE COMMISSION

In Re: )  
)  
Complaint of US LEC of Georgia, Inc. ) Docket No. 9577-U  
Against BellSouth Telecommunications, )  
Inc., and Request for Immediate Relief )

**BELLSOUTH TELECOMMUNICATIONS, INC.'S RESPONSE TO  
US LEC'S FIRST INTERROGATORIES AND FIRST  
REQUEST FOR PRODUCTION OF DOCUMENTS**

**GENERAL OBJECTIONS**

1. BellSouth objects to these discovery requests to the extent that same seek the production of documents that BellSouth deems to be proprietary. These documents will be produced only upon the execution of an appropriate protective agreement.
2. ~~BellSouth also objects to these discovery requests to the extent that same seek the production of documents that are protected by the attorney/client privilege.~~
3. BellSouth further objects to this discovery to the extent that it seeks the production of documents that are protected by the work product doctrine.
4. BellSouth objects to the Instructions to Interrogatories (g) to the extent that they seek the name of a witness who will be testifying and on what subject matter. BellSouth does not agree that any BellSouth representative will testify about the information contained in these responses.
5. BellSouth also objects to Instruction for Request for Production (f) on the grounds that BellSouth is only obligated to produce information within its possession, custody and control at the time that the request is made.
6. BellSouth's investigation into the subject matter involved in this discovery is ongoing. To the extent that additional information responsive to these requests is identified, BellSouth reserves the right to modify or supplement its responses at a later date.



BellSouth Telecommunications, Inc.  
Georgia Public Service Commission  
Docket No. 9577-U  
US LEC's 1<sup>st</sup> Interrogatories  
November 17, 1999  
Item No. 20  
Page 1 of 1

**REQUEST:** At any time during the negotiations leading to the November 12, 1996, Interconnection Agreement between BellSouth and US LEC, did BellSouth state an intention to exclude ESP traffic from the parties' reciprocal compensation obligations? If you contend that you stated such an intention, identify the circumstances under which you advised US LEC of your intention including, the person(s) who made the statement(s), the person(s) the statements were made to, the date(s) the statement(s) was(were) made, the substance of the statement(s) and all documents which reflect, refer or related to such statement(s).

**RESPONSE:** BellSouth did not state such an intention nor should it have had to specifically exclude ESP-bound traffic from the reciprocal compensation arrangements. Reciprocal compensation only applies to local traffic, and ESP-bound traffic is clearly interstate access traffic. Therefore, BellSouth saw no need to specifically exclude traffic that was by nature excluded from the definition of traffic subject to reciprocal compensation.

BellSouth Telecommunications, Inc.  
Georgia Public Service Commission  
Docket No. 9577-U  
US LEC's 1<sup>st</sup> Interrogatories  
November 17, 1999  
Item No. 21  
Page 1 of 1

REQUEST: At any time during the negotiations leading to the ALEC and BellSouth Interconnection Agreement approved by the Commission on July 23, 1997 (the "ALEC Agreement"), did BellSouth state an intention to exclude ESP traffic from treatment as local traffic for reciprocal compensation purposes? If you contend that you stated such an intention, identify the circumstances under which you advised ALEC of your intentions including, the person(s) who made the statement(s) the person(s) the statements were made to, the date(s) the statement(s) was(were) made, the substance of the statement(s) and all documents which reflect, refer or related to such statement(s).

RESPONSE: No.

BellSouth Telecommunications, Inc.  
Georgia Public Service Commission  
Docket No. 9577-U  
US LEC's 1<sup>st</sup> Interrogatories  
November 17, 1999  
Item No. 22  
Page 1 of 1

**REQUEST:** At any time during the negotiations leading to the Interconnection Agreement between Intermedia Communications, Inc. ("Intermedia") and BellSouth, approved by the Commission on September 23, 1996 (the "Intermedia Agreement"), did BellSouth state that it did not consider ESP traffic to be eligible for reciprocal compensation payments under the agreement? If you contend that you made such statements, identify the circumstances under which you made the statements to Intermedia including, the person(s) who made the statement(s), the person(s) the statements were made to, the date(s) the statement(s) was (were) made, the substance of the statement(s) and all documents which reflect, refer or relate to such statement(s).

**RESPONSE:** No, the issue of ESP traffic being eligible for reciprocal compensation payments under the agreement was not raised by Intermedia, nor discussed by BellSouth. However, the agreement's compensation plan for local traffic reflects a plan similar to "bill and keep", which is not a type of plan a carrier expecting reciprocal compensation would agree to.

BEFORE THE  
GEORGIA PUBLIC SERVICE COMMISSION

In Re: )  
)  
Complaint of US LEC of Georgia, Inc. ) Docket No. 9577-U  
Against BellSouth Telecommunications, )  
Inc., and Request for Immediate Relief )

**BELLSOUTH TELECOMMUNICATIONS, INC.'S RESPONSE TO  
US LEC'S FIRST INTERROGATORIES AND FIRST  
REQUEST FOR PRODUCTION OF DOCUMENTS**

**GENERAL OBJECTIONS**

1. BellSouth objects to these discovery requests to the extent that same seek the production of documents that BellSouth deems to be proprietary. These documents will be produced only upon the execution of an appropriate protective agreement.
2. ~~BellSouth also objects to these discovery requests to the extent that same seek the production of documents that are protected by the attorney/client privilege.~~
3. BellSouth further objects to this discovery to the extent that it seeks the production of documents that are protected by the work product doctrine.
4. BellSouth objects to the Instructions to Interrogatories (g) to the extent that they seek the name of a witness who will be testifying and on what subject matter. BellSouth does not agree that any BellSouth representative will testify about the information contained in these responses.
5. BellSouth also objects to Instruction for Request for Production (f) on the grounds that BellSouth is only obligated to produce information within its possession, custody and control at the time that the request is made.
6. BellSouth's investigation into the subject matter involved in this discovery is ongoing. To the extent that additional information responsive to these requests is identified, BellSouth reserves the right to modify or supplement its responses at a later date.

BellSouth Telecommunications, Inc.  
Georgia Public Service Commission  
Docket No. 9577-U  
US LEC's 1<sup>st</sup> Interrogatories  
November 17, 1999  
Item No. 17  
Page 1 of 1

**REQUEST:** State whether any cost studies have been prepared by or on behalf of BellSouth demonstrating the cost differences, if any, between transporting and terminating ESP-bound traffic and other types of local traffic.

**RESPONSE:** Cost studies have not been prepared.

Month-by-Month Summary of US LEC Billings and BellSouth Payments and Withheld Payments

Date	Amount	Charges	Adjustments	Invoiced	Received	Bill Amt	Late Charges	Forward	Disputed
09/01/98	\$ 23.09			\$ 23.09	10/15/98	\$ 11.21		\$ 11.88	\$ 11.88
10/01/98	\$ 708.38			\$ 708.38	11/17/98	\$ 344.68		\$ 363.70	\$ 363.70
11/01/98	\$ 1,809.58	\$ 7.20		\$ 1,816.78	02/11/99	\$ 881.67		\$ 935.11	\$ 927.91
12/01/98	\$ 5,821.42	\$ 3.83		\$ 5,825.25	01/11/99	\$ 2,836.38		\$ 2,988.87	\$ 2,985.04
01/01/99	\$ 12,193.56	\$ 3.87		\$ 12,197.43	02/24/99	\$ 1,188.28		\$ 11,009.15	\$ 11,005.28
02/01/99	\$ 33,999.71	\$ 173.79	\$ (558.15)	\$ 33,615.35	03/08/99	\$ 12,356.98		\$ 21,258.37	\$ 21,816.52
03/01/99	\$ 79,101.43	\$ 154.82		\$ 79,256.25	05/11/99	\$ 7,704.26	\$ 8.82	\$ 71,543.17	\$ 71,543.17
04/01/99	\$ 341,746.64	\$ 156.37		\$ 341,903.01	07/27/99	\$ 26,596.28		\$ 315,306.73	\$ 315,306.73
05/01/99	\$ 302,131.93	\$ 4,577.26		\$ 306,709.19	07/27/99	\$ 28,197.93		\$ 278,511.26	\$ 278,511.26
06/01/99	\$ 329,820.30	\$ 4,545.91		\$ 334,366.21	07/27/99	\$ 30,782.06		\$ 303,584.15	\$ 303,584.15
07/01/99	\$ 399,598.27	\$ 4,591.36	\$ 23,346.38	\$ 427,536.01	10/22/99	\$ 28,147.25		\$ 399,388.76	\$ 376,042.38
08/01/99	\$ 450,903.60	\$ 21,495.73		\$ 472,399.33	10/22/99	\$ 34,586.26		\$ 437,813.07	\$ 437,813.07
09/01/99	\$ 595,941.34	\$ 21,818.16		\$ 617,759.50	10/22/99	\$ 45,711.30		\$ 572,048.20	\$ 572,048.20
10/01/99	\$ 626,067.85	\$ 22,145.43		\$ 648,213.28	11/10/99	\$ 45,751.55		\$ 602,461.73	\$ 602,461.73
11/01/99	\$ 693,311.15	\$ 45,944.64		\$ 739,255.79	12/17/99	\$ 56,785.68		\$ 682,470.11	\$ 682,470.11
12/01/99	\$ 639,574.51	\$ 45,258.36		\$ 684,832.87	12/31/99	\$ 55,401.44		\$ 629,431.43	\$ 629,431.43
01/01/00	\$ 701,089.28	\$ 45,258.36		\$ 746,347.64				\$ 746,347.64	
	\$ 5,213,842.04	\$ 216,135.09	\$ 22,788.23	\$ 5,452,765.36		\$ 377,283.21	\$ 8.82	\$ 5,075,473.33	\$ 4,306,322.56

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing has been furnished by

Hand Delivery this 31st day of January, 2000, to the following:

Mary Rose Siriani  
Michael Goggin  
BellSouth Telecommunications, Inc.  
150 South Monroe Street  
Room 400  
Tallahassee, Florida 32301

  
CHARLES J. PELLEGRINI