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ORIGINAL

June 9, 2000

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RECORDS AND REPORTING

Blanca S. Bayo
Director, Division of Records and Recording
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket #991946-TP; Request for Arbitration by ITC^DeltaCom Communications, Inc. Against BellSouth Telecommunications, Inc. for Breach of Interconnection Terms

Dear Ms. Bayo:

Enclosed for filing in the referenced case are originals and 15 copies of Petitioner ITC^DeltaCom Communications, Inc.'s Direct Testimony for witnesses Christopher J. Rozycki and James C. Wilkerson. Please file stamp the extra enclosed copies and return them to our runner.

Thank you for your assistance.

Sincerely,

HUEY, GUILDAY & TUCKER, P.A.

J. Andrew Bertron, Jr.

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ITC^DELTA COM COMMUNICATIONS, INC.

DIRECT TESTIMONY OF CHRISTOPHER J. ROZYCKI

Before the Florida Public Service Commission
Docket No. 991946-TP
Complaint of ITC^DeltaCom Communications, Inc. Against
BellSouth Telecommunications, Inc., for Breach of
Interconnection Terms, and Request For Immediate Relief
June 9, 2000

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

1 **Q: PLEASE STATE YOUR NAME, POSITION AND BUSINESS**
2 **ADDRESS?**

3 A: My name is Christopher J. Rozycki. I am Director of Regulatory
4 Affairs for ITC^DeltaCom Communications Inc., ("ITC^DeltaCom"). My
5 business address is 4092 S. Memorial Parkway, Huntsville, Alabama 35802.

6 **Q: PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE AND**
7 **BACKGROUND.**

8 A: I have over 25 years of experience in telecommunications and other
9 regulated industries. Before joining ITC^DeltaCom in March 1998, I was
10 employed by Hyperion Telecommunications, Inc. as Director of Regulatory
11 Affairs. I directed all aspects of Hyperion's regulatory activity in twelve
12 states and before the Federal Communications Commission ("FCC"). This
13 included filing for a certificate to be a competitive local exchange carrier
14 ("ALEC") in these states, and creating and/or amending over 40 state and
15 federal tariffs for local, access, long distance, and dedicated services. I
16 coordinated filings before the FCC and state commissions, including
17 Virginia, Pennsylvania, New York, New Jersey, Vermont, Tennessee,
18 Louisiana, and South Carolina.

19 Between 1983 and 1997, I was employed by AT&T. During my
20 tenure there I held positions in Treasury/Finance (regulatory), Law &
21 Government Affairs (docket management), Access Management (access-
22 price negotiations), and Network Services Division (cost analysis of local
23 infrastructure). While in Access Management, I testified before the

1 Pennsylvania Public Utility Commission and the Delaware Public Service
2 Commission on subjects like LEC-access pricing and regulation.

3 Before joining AT&T, I was a consumer advocate in Fairfax County,
4 Virginia. Between 1982 and 1983, I represented county ratepayers in
5 electric, gas, and telephone rate cases. I testified before the Virginia State
6 Corporation Commission on several occasions, generally on the subject of
7 rate of return.

8 As a partner in an energy and regulatory consulting firm from 1979
9 to 1982, my responsibilities included all of the firm's regulatory work for the
10 Department of Energy.

11 Early in my career I was employed as an economist for two public-
12 utility consulting firms that specialized in utility rate-case work on behalf of
13 consumer advocates and state commissions and as an economist for the U.S.
14 Department of Energy, where I evaluated the impact of energy-conservation
15 regulations.

16 I hold a master's degree in Economics from George Mason University
17 in Fairfax, Virginia and a bachelor's degree in Economics from Georgetown
18 University in Washington, DC.

19 **Q. WHAT ARE YOUR RESPONSIBILITIES AT ITC^DELTACOM?**

20 A. As Director of Regulatory Affairs, I am responsible for all regulatory
21 activities of ITC^DeltaCom related to its local, long distance, and wholesale
22 telecommunications services. These activities include ALEC certification,
23 monitoring of dockets, the filing and maintenance of tariffs, customer
24 complaints, interconnection and traffic exchange agreements.

1 **Q. HAVE YOU PROVIDED TESTIMONY IN OTHER REGULATORY**
2 **PROCEEDINGS?**

3 A. Yes. I have provided testimony on a variety of issues in Alabama,
4 Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina,
5 Tennessee, Virginia, Pennsylvania, Delaware, New York, and Vermont.

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
7 **PROCEEDING?**

8 A. My testimony will cover issues related to the delivery of ISP-bound
9 traffic by the industry, and BellSouth's failure to pay reciprocal
10 compensation for the use of ITC^DeltaCom's network as required by the
11 Parties' interconnection agreement. I will address the following issues: (1)
12 key policy decisions regarding inter-carrier compensation for delivery of ISP-
13 bound traffic; (2) the intent of the parties – as reflected in the interconnection
14 agreement between BellSouth and ITC^DeltaCom dated March 12, 1997, as
15 amended, ("Interconnection Agreement") and as reflected by the parties'
16 actions in the marketplace; (3) cost causation and responsibility – BellSouth
17 customer calling patterns are causing ITC^DeltaCom to incur costs to deliver
18 their calls; and (4) the solution – require BellSouth to honor its agreement.

19 **BACKGROUND TO ITC^DELTACOM'S COMPLAINT**

20 **Q. PLEASE EXPLAIN WHY ITC^DELTACOM FILED THIS**
21 **COMPLAINT.**

22 A. ITC^DeltaCom filed this complaint because BellSouth refused to pay
23 ITC^DeltaCom reciprocal compensation for traffic delivered to local
24 customers of ITC^DeltaCom over ITC^DeltaCom's network. ITC^DeltaCom

1 began billing BellSouth in 1999 for ISP traffic delivered in Florida. Initially,
2 we attempted to resolve the unpaid reciprocal compensation issue with
3 BellSouth informally, but when it became apparent that our issues must be
4 resolved, ITC^DeltaCom filed a complaint with the Alabama Public Service
5 Commission and later with the South Carolina, North Carolina and Florida
6 Public Service Commissions.

7 BellSouth is contractually obligated to pay reciprocal compensation
8 to ITC^DeltaCom when ITC^DeltaCom delivers BellSouth's traffic to
9 ITC^DeltaCom's ISP customers. The Fourth Amendment to the
10 Interconnection Agreement which was approved by this Commission¹ states
11 that each party will pay the other party to terminate (deliver) local traffic on
12 the other party's network. In addition, the Interconnection Agreement states
13 that local traffic:

14 means any telephone call that originates in one
15 exchange or LATA and terminates in either the same
16 exchange or LATA, or a corresponding Extended
17 Area Service ("EAS") exchange. The terms
18 Exchange, and EAS exchanges are defined and
19 specified in Section A3. of BellSouth's General
20 Subscriber Service Tariff.²
21

¹ See Fourth Amendment to the Interconnection Agreement between BellSouth Telecommunications, Inc., ("BellSouth") and DeltaCom, Inc. pursuant to § 251 and § 252 of the Telecommunications Act of 1996, Section VI (B), Docket No. 97-112-C (January 20, 1998).

² See Interconnection Agreement between BellSouth and DeltaCom, Inc., Attachment B(49).

1 Furthermore, the Telecommunications Act of 1996 (the “ Telecom Act”)
2 requires that all local exchange carriers establish reciprocal compensation
3 arrangements for the transport and termination of telecommunications.³

4 **Q. AFTER BELLSOUTH FAILED TO PAY, DID ITC^DELTACOM**
5 **SEND LATE NOTICES TO BELLSOUTH?**

6 A. Yes. Due to BellSouth’s failure to pay ITC^DeltaCom’s bills for any
7 local traffic, the Chairman of ITC^DeltaCom, Campbell B. Lanier, III, sent
8 a letter⁴ to Jere Drummond, President and CEO of BellSouth
9 Communications Group. In that letter and its attachment, dated June 30,
10 1998, Mr. Lanier indicated that ITC^DeltaCom was owed \$1,863,874.89 for
11 delivering traffic in three states: Alabama, North Carolina, and South
12 Carolina. ITC^DeltaCom has billed BellSouth approximately \$418, 299.15
13 for delivering traffic in Florida as of June 30, 1999.

14 **Q: WHEN DID BELLSOUTH DISPUTE ITC^DELTACOM’S BILLING?**

15 A: BellSouth ignored ITC^DeltaCom until our chairman sent his letter
16 of June 30, 1998. Thereafter, BellSouth’s response came on July 15, 1998,
17 in a letter⁵ from Jere Drummond where he announced that BellSouth would
18 not pay reciprocal compensation for calls made by its customers to internet
19 service providers (“ISP”) for access to the internet, because these calls are
20 jurisdictionally interstate.

³ 47 U.S.C. § 251(b).

⁴ Letter from Campbell Lanier, III to Jere Drummond, dated June 30, 1998, attached hereto as Exhibit CJR-1.

⁵ Letter from Jere Drummond to Campbell Lanier, III, dated July 7, 1998, attached hereto as Exhibit CJR-2.

1 Q. DID MR. DRUMMOND PROVIDE AN EXPLANATION FOR
2 BELLSOUTH'S ACTION?

3 A. ITC^DeltaCom was provided this statement: "the traffic to and from
4 internet services providers (ISPs) is jurisdictionally interstate, and BellSouth
5 will neither pay, nor bill local interconnection charges for traffic terminated
6 to an ISP."⁶

7 Q. WHAT IS THE SIGNIFICANCE OF THE WORDS "TRAFFIC
8 TERMINATED?"

9 A. The significance of these words are simple and straight forward. Even in July
10 1998, more than a year after the execution of the Interconnection Agreement
11 and many months after the execution of the Fourth Amendment, BellSouth
12 continues to admit that ISP traffic terminates at the ISP.

13 **KEY POLICY DECISIONS REGARDING INTER-CARRIER**
14 **COMPENSATION FOR DELIVERY OF ISP-BOUND TRAFFIC**
15

16 Q. HAS THE FCC TREATED THIS TRAFFIC AS LOCAL?

17 A. Yes. The FCC has a long-standing policy of treating ISP-bound traffic as
18 local. The FCC explained in January 1998 as follows: "Since the access
19 charge system was established in 1983, enhanced service providers"
20 including ISPs "have been classified as 'end users' rather than 'carriers' for
21 purposes of the access charge rules, and therefore they do not pay the per-

⁶ *Id.* (emphasis added).

1 minute access charges that long distance companies pay to local telephone
2 companies.”⁷

3 **Q. HAS THE FCC ISSUED ANY DECISIONS THAT ADDRESS ISP**
4 **TRAFFIC SINCE THE EXECUTION OF THE INTERCONNECTION**
5 **AGREEMENT?**

6 A. Yes. The FCC made its position clear in its Declaratory Ruling in CC
7 Docket No. 96-98 and Notice of Proposed Rulemaking in CC Docket No. 99-
8 68 (hereafter “Declaratory Ruling”) released on February 26, 1999. In the
9 Declaratory Ruling the FCC stated, “Currently, the Commission has no rule
10 governing inter-carrier compensation for ISP-bound traffic.”⁸ The FCC also
11 stated: “We find no reason to interfere with state commission findings as to
12 whether reciprocal compensation provisions of interconnection agreements
13 apply to ISP-bound traffic, pending adoption of a rule establishing an
14 appropriate interstate compensation mechanism.”⁹ Further, the FCC stated:
15 “our policy of treating ISP-bound traffic as local for purposes of interstate
16 access charges would, if applied in the separate context of reciprocal
17 compensation, suggest that such compensation is due for that traffic.”¹⁰

⁷ See “The FCC, Internet Service Providers, and Access Charges,” located on the FCC web page- www.fcc.gov dated January 7, 1998, and attached hereto as Exhibit CJR-3.

⁸ *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Inter-Carrier Compensation for ISP-Bound Traffic*, Declaratory Ruling and Notice of Proposed Rulemaking, ¶ 22 CC Dockets 96-98 and 99-68 (February 26, 1999).

⁹ *Id* at ¶ 21.

¹⁰ *Id.* at ¶ 25.

1 Q. HAS ANY REGULATORY AUTHORITY IN THIS COUNTRY
2 FOUND THAT LOCAL CALLS MADE TO ISPS ARE SUBJECT TO
3 RECIPROCAL COMPENSATION IN LIGHT OF THE RECENT FCC
4 ORDER?

5 A. Yes. Approximately fourteen state commissions have ruled since the
6 FCC order that reciprocal compensation does apply to ISP bound traffic. Five
7 state commissions within BellSouth's territory have ruled that reciprocal
8 compensation applies to ISP traffic, under virtually identical factual
9 circumstances as exist in this case.

10 For example, the Florida Public Service Commission recently
11 determined that BellSouth intended for ISP traffic to be local and subject to
12 reciprocal compensation in a case involving an interconnection agreement
13 between BellSouth and e.spire Communications.¹¹ Moreover, the Georgia
14 Public Service Commission ruled that BellSouth has treated this traffic as
15 local and that reciprocal compensation must be paid for ISP traffic.¹²
16 Likewise, the Tennessee Regulatory Authority has also determined that
17 traffic to ISPs should continue to be treated as local for reciprocal

¹¹ *In re: Request for arbitration concerning complaint of ACSI d/b/a e.spire against BellSouth Telecommunications, Inc. regarding reciprocal compensation for traffic terminated to internet service providers*, Florida Public Service Commission, Docket No 981008-TP, page 11 (April 6, 1999).

¹² *In re: Complaint of e.spire Communications, Inc. against BellSouth Telecommunications, Inc.*, Georgia Public Service Commission, Docket No. 9281-U, page 8 (Feb. 16, 1999). *See also, In re: Complaint of MFS Intelnet of Georgia, Inc. against BellSouth Telecommunications, Inc.*, Georgia Public Service Commission, Docket No. 8196-U (December 28, 1998).

1 compensation purposes.¹³ For a final example, the North Carolina Utilities
2 Commission has ruled in three separate cases that reciprocal compensation
3 applies to ISP traffic.¹⁴

4 **Q: HAS ANY STATE FOUND THAT RECIPROCAL COMPENSATION**
5 **IS DUE UNDER ITC^DELTACOM'S INTERCONNECTION**
6 **AGREEMENT WITH BELLSOUTH?**

7 A: Yes. The Alabama Public Service Commission concluded that
8 reciprocal compensation is required under the Interconnection Agreement
9 between BellSouth and ITC^DeltaCom.

10 Specifically, the Alabama Public Service Commission determined
11 that the parties intended to treat ISP traffic as local traffic for purposes of
12 reciprocal compensation. It stated:

13 In particular, we note that at the time the
14 interconnection agreements in question were entered,
15 ISP traffic was treated as local in virtually every
16 respect by all industry participants including the
17 F.C.C. Like the ALEC Petitioners/Intervenors,
18 BellSouth was fully aware of the industry's
19 prevailingly local treatment of ISP traffic at the time
20 that it entered the interconnection agreements in
21 question. In fact, BellSouth itself afforded ISP traffic
22 prevailingly local treatment in the same respects that
23 the ALECs did at that time.
24

¹³ *In re: Petition of NextLink Tennessee, L.L.C. For Arbitration of Interconnection with BellSouth Telecommunications, Inc.*, Tennessee Regulatory Authority, Docket No. 98-00123, page 15; Issue 5 (May 18, 1999).

¹⁴ *In the Matter of Enforcement of Interconnection Agreement Between Intermedia Communications, Inc. and BellSouth Telecommunications, Inc.*, North Carolina Utilities Commission, Order Denying Motion for Stay Docket No. P-55, Sub 1096 (June 22, 1999). See Docket No. P-55, Sub 1027 (February 26, 1999) and Docket No. P-55, Sub 1094 (February 10, 1999).

1 Even today, both BellSouth and the ALEC
2 Petitioners/Intervenors charge their ISP customers
3 local business line rates for local telephone exchange
4 service that enables the ISPs' customers to access
5 their service via a local call. The service provided to
6 ISP customers by BellSouth and the ALEC
7 Petitioners/Intervenors falls under their local
8 exchange tariffs and calls to ISPs are rated and billed
9 just as any other local call placed via a seven digit
10 local telephone number. Neither BellSouth nor the
11 ALEC Petitioners/Intervenors assess toll charges for
12 those calls. BellSouth specifically advises consumers
13 subscribing to its Internet service provider that access
14 to the BellSouth ISP is achieved via a local call.¹⁵
15

16 **Q: DID THE ALABAMA PUBLIC SERVICE COMMISSION ADDRESS**
17 **WHETHER THE PARTIES TREATED THIS TRAFFIC AS LOCAL?**

18 A: Yes, the Alabama Public Service Commission considered this issue and found
19 that:

20 As further indication of the prevailingly local
21 treatment afforded to ISP traffic, BellSouth records
22 the minutes of use associated with such calls as local
23 for ARMIS reporting requirements with the FCC.
24 Further, BellSouth characterizes expenses and
25 revenues associated with ISP-bound traffic as
26 intrastate for jurisdictional separations purposes.¹⁶
27

28 **Q: DID BELL SOUTH KNOW THAT THE INDUSTRY, INCLUDING**
29 **ALECS, WERE TREATING THIS TRAFFIC AS LOCAL?**

30 A: Yes. In fact the Alabama Public Service Commission found that:

31 Also persuasive is the evidence of record
32 demonstrating BellSouth's awareness of the 1989
33 decision of the Florida Public Service Commission
34 wherein the Florida Commission held that calls to
35

¹⁵ *In re Emergency Petitions of ICG Telecom Group Inc. And ITC^DeltaCom Communications, Inc. for a Declaratory Ruling*, Alabama Public Service Commission Docket 26619 at 24 (March 4, 1999) (footnotes omitted).

¹⁶ *Id.*

1 ISPs should be viewed as jurisdictionally intrastate
2 local exchange calls. BellSouth's knowledge of the
3 *Florida Information Services Order* is particularly
4 enlightening given the fact that BellSouth generally
5 negotiates interconnection agreements on a region-
6 wide basis. The existence of that decision strongly
7 suggests that BellSouth was fully aware of the
8 prevailing local treatment afforded ISP traffic by
9 industry usage and custom long before the
10 interconnection agreements under review were
11 negotiated and executed. If there was indeed no
12 intention to encompass ISP traffic within the meaning
13 of local traffic as BellSouth claims, it is reasonable to
14 assume that BellSouth would have taken steps to
15 specifically excluded [sic] ISP traffic from the
16 definition of local traffic in light of the *Florida*
17 *Information Services Order*.¹⁷
18

19 Thus, like the decisions of the Florida, Georgia, North Carolina, and
20 Tennessee commissions referenced above, the Alabama Public
21 Service Commission found that ISP-bound traffic constitutes local
22 traffic for purposes of reciprocal compensation provisions in the BST
23 interconnection agreements.

24 **THE INTENT OF THE PARTIES AS REFLECTED IN THE**
25 **INTERCONNECTION AGREEMENT AND AS REFLECTED**
26 **BY THE PARTIES' ACTIONS IN THE MARKETPLACE**
27

28 **Q: IS THE INTERCONNECTION AGREEMENT BETWEEN**
29 **BELLSOUTH AND ITC^DELTACOM A REGIONAL**
30 **CONTRACT?**

31 **A: Yes. The Parties do not have separate network or traffic**
32 arrangements for each state. There is simply one regional agreement
33 that was filed with each state Commission.

¹⁷ *Id.* at 25 (footnotes omitted).

1 **Q: SO THE PARTIES HAVE NOT TREATED ISP-BOUND**
2 **TRAFFIC DIFFERENTLY IN FLORIDA AS OPPOSED TO**
3 **ALABAMA?**

4 A: Correct.

5 **Q: AT THE TIME THE PARTIES ENTERED INTO THE**
6 **INTERCONNECTION AGREEMENT INCLUDING THE**
7 **FOURTH AMENDMENT, DID THE PARTIES INTEND TO**
8 **TREAT ISP-BOUND TRAFFIC AS LOCAL AND**
9 **THEREFORE SUBJECT TO RECIPROCAL**
10 **COMPENSATION?**

11 A: Yes. Mr. Wilkerson, the negotiator for ITC^DeltaCom will discuss
12 this in more detail. However, there is no other compensation mechanism in
13 place to pay the cost of delivering this ISP-bound traffic. The agreement
14 encompasses 800 traffic, operator services/directory assistance traffic, local
15 and access traffic. No separate category of ISP or "free" traffic is ever
16 mentioned. If the Parties had intended to exclude ISP traffic from local, then
17 provisions would have been required to separate this traffic.

18 **Q. GIVEN THESE FACTS, HAVE THE PARTIES TREATED ISP-**
19 **BOUND TRAFFIC AS LOCAL?**

20 A. Yes. The Parties have treated ISP- bound traffic as local. As stated
21 above, the intent of the Parties at the time the agreement was negotiated was
22 to treat ISP-bound traffic as local and therefore subject to reciprocal
23 compensation. In addition, BellSouth consistently has charged all such calls
24 under its local tariffs, treated such calls as local in separations reports and

1 state rate cases, and routed such calls to ITC^DeltaCom over interconnection
2 trunks reserved for local calling. Further ISPs, including BellSouth.net, treat
3 such traffic as local.

4 **Q: PLEASE EXPLAIN WHY ISPs TREAT SUCH TRAFFIC AS LOCAL?**

5 **A:** When a business or residential consumer selects an ISP, they look for
6 one that is within their local calling area. Consumers do not want to make a
7 long distance call to an ISP. When the consumer, or more accurately, the
8 consumer's computer dials the ISP, it does so using a local seven-digit phone
9 number.¹⁸ Generally speaking, the telephone network has been designed so
10 that consumers cannot make long-distance calls or interstate calls by dialing
11 only seven digits. Interstate calls require a "1" and ten digits – 1-NPA-NXX-
12 XXXX. Furthermore, rational consumers do not subscribe to ISPs that
13 require them to make a long-distance call.

14 To attract customers, ISPs purchase local service/lines and provide a
15 local number within the local calling area of the customers to whom they
16 want to offer service. As an example, BellSouth, offering internet service
17 under the name BellSouth.net, indicates to its prospective customers where
18 their internet service can be reached with just a local call. This has become
19 the industry standard practice for internet companies. BellSouth.net
20 provides the following description, which we think speaks volumes:

21 When you dial in your local BellSouth.net number and use
22 the BellSouth.net service, your computer accesses Web sites
23 through the Internet. It does not cost you any more to access

¹⁸ Traditionally, dialing a seven-digit number limits the call to the local calling area, although there may be occasional exceptions to this rule.

1 a Web site in, for example, Dallas, Texas, than it does to
2 access a Web site in your city. This is electronic
3 communications over the Internet through your local dial-in
4 number, this is not the same as you placing a long-distance
5 telephone call to Dallas, Texas. The Internet is expansive.
6 You might be contacting a Web site in your city, in another
7 part in your state, in another state, or even in another country.
8 You can contact Web sites no matter what their geographic
9 location.¹⁹

10 Here BellSouth tells consumers that “this is not the same as you placing a
11 long-distance telephone call.” Apparently, BellSouth feels that this statement
12 is necessary in order to attract customers to subscribe to their Internet service.
13 BellSouth assures their prospective customers that this is all done for the cost
14 of a local phone call. So BellSouth’s own Internet sales force is correctly
15 telling prospective customers that their Internet service is accessed with a
16 local call.

17 As you can see, ISPs also consider the calls placed to them as local
18 calls. As stated above, each ISP pays special attention to local calling areas
19 and the placement of equipment in those local service areas.

20 **Q. WHAT OTHER EVIDENCE IS THERE THAT THE PARTIES TREAT**
21 **THIS TRAFFIC AS LOCAL AND THEREFORE SUBJECT TO**
22 **RECIPROCAL COMPENSATION?**

23 A. Local customers of BellSouth in Florida purchase service out of
24 BellSouth’s General Subscriber Services Tariff. The Tariff defines local
25 service as follows:

¹⁹ Contacting Distant Web Sites,
<http://www.bellsouth.net/homes/AT/member/help/h017.htm>, attached
hereto as Exhibit CJR-4.

1 A type of localized calling whereby a subscriber can complete
2 calls from his station to other stations within a specified area
3 without the payment of long distance charges.²⁰

4 This is exactly how customers of BellSouth make calls to ISPs and it is how
5 BellSouth.net describes the way its customers would contact BellSouth.net.

6 If you are in the local calling area for one of these cities, then
7 it won't cost you anything to dial up and connect to
8 BellSouth.net. For example, if you live in the metropolitan
9 Nashville area, and you dial into BellSouth.net's Nashville
10 location, you will be dialing a local number to access
11 BellSouth.net.²¹

12 Additionally, the FCC has indicated that ISPs are end-users and that they are
13 **“not treated as carriers for purposes of interstate access charges.”**²² The
14 FCC also states the following:

15 ISPs purchase local phone lines so that customers can call
16 them. Under FCC rules, enhanced service providers ISPs are
17 considered “end users” when they purchase services from
18 local telephone companies. Thus, ISPs pay the same rates as
19 any other business customer, and these rates are set separately
20 in each state.²³

21 **Q. IF A BELLSOUTH CUSTOMER WERE TO CALL AN ISP**
22 **CUSTOMER OF ITC^DELTACOM, WOULD THE CALL STILL BE**
23 **TREATED AS LOCAL?**

²⁰ BellSouth, General Subscriber Services Tariff, Section A1. Definition of Terms

²¹ See Exhibit CJR-4.

²² FCC “Report to Congress,” CC Docket No. 96-45, ¶106 (April 10, 1998).

²³ See Exhibit CJR-3.

1 A. Absolutely! ITC^DeltaCom's ISP customers purchase local service
2 from ITC^DeltaCom's local services tariff.²⁴ When a BellSouth customer
3 makes a call to an ISP customer of ITC^DeltaCom within the local calling
4 area, then the call is treated as local. In essence, the calling party
5 (BellSouth's customer), the called party (ITC^DeltaCom's customer), and
6 ITC^DeltaCom would all consider the call local.

7 **Q. DOES BELLSOUTH NOW CONSIDER THE CALL TO BE LOCAL?**

8 A. No. In an effort to game the system and deny revenue to
9 ITC^DeltaCom while enriching itself, BellSouth has decided unilaterally that
10 it will treat this ISP-bound traffic as exempt from reciprocal compensation.
11 It takes this action in clear breach of its agreement with ITC^DeltaCom.

12 **Q. WOULD YOU PLEASE PROVIDE A DIAGRAM OF THE CALL**
13 **FROM THE BELLSOUTH CUSTOMER TO THE ISP?**

14 A. Yes. Exhibit CJR-5 is an illustration of an ISP-bound call originated
15 by a customer of BellSouth and terminated to an ISP customer of
16 ITC^DeltaCom. This call is virtually identical to all other local calls
17 transmitted from BellSouth customers to customers of ITC^DeltaCom.
18 Exhibit CJR-6 is an illustration of an ISP-bound call originated by a customer
19 of ITC^DeltaCom and terminated to an ISP customer of BellSouth. This
20 second illustration shows that these calls are functionally identical and they
21 are treated as local calls. ISP-bound traffic to ITC^DeltaCom's customers

²⁴ ITC^DeltaCom's South Carolina Tariff P.S.C. No. 1 - Local.

1 are delivered within the local calling area. These calls should be
2 compensated, just as any other local call.

3 **Q: IF ISP TRAFFIC IS EXCLUDED, HOW DO THE PARTIES**
4 **SEPARATE THIS TRAFFIC FROM OTHER LOCAL CALLS**
5 **BELLSOUTH DELIVERS TO ITC^DELTACOM OVER LOCAL**
6 **TRUNKS?**

7 A: There is no mechanism in our agreement to separate out this traffic
8 from other local traffic. In fact, the Alabama Public Service Commission
9 found that:

10 Perhaps the most persuasive evidence that BellSouth
11 did not intend to exclude calls to ISPs from the
12 definition of local traffic when it entered the
13 agreements under review is gleaned from the
14 conspicuous absence of a mechanism to track,
15 separate and exclude ISP traffic from the local billing
16 records of the ALEC Petitioners/Intervenors.
17 BellSouth was certainly in a position to know that
18 such a mechanism would be necessary to segregate
19 ISP traffic from local calls, yet no attempt was ever
20 made to develop and incorporate such a mechanism

21
22 Given the comprehensive nature of the
23 interconnection agreements under review and the
24 specificity with which they address virtually all
25 interconnection issues, we find it difficult to fathom
26 that BellSouth would not insist on a specific, itemized
27 exception excluding ISP traffic from the definition of
28 local traffic had that been its intention. The
29 prevailing local treatment afforded to ISP traffic by
30 industry participants at the time the agreements under
31 review were entered, and BellSouth's knowledge of
32 that industry custom and usage, made it imperative
33 that BellSouth specifically exclude calls to ISPs from
34 the definition of local traffic subject to the payment of
35 reciprocal compensation. Given the circumstances
36 then existing, we find the absence of such a specific
37 exclusion or exception to be persuasive of the fact that
38 BellSouth did not intend to exclude ISP traffic from

1 the definition of local traffic when it entered the
2 agreement in question.²⁵
3

4 **COST CAUSATION AND RESPONSIBILITY: BELLSOUTH**
5 **CUSTOMER CALLING PATTERNS ARE CAUSING**
6 **ITC^DELTA COM TO INCUR COSTS TO DELIVER THEIR CALLS**
7

8 **Q. DOES THE CALLING PARTY PAY BELLSOUTH TO COMPLETE**
9 **ISP-BOUND TRAFFIC?**

10 A. Yes. Local customers of BellSouth pay for the local calls they make through
11 the local service they purchase from BellSouth's local tariff. BellSouth is
12 obligated by its tariff to complete these calls as local. They are also obligated
13 by the Interconnection Agreement to pay reciprocal compensation to
14 ITC^DeltaCom when those calls are routed over ITC^DeltaCom's local
15 trunks to an ISP end use customer of ITC^DeltaCom.

16 **Q. SHOULD BELLSOUTH BE PERMITTED TO USE**
17 **ITC^DELTA COM'S NETWORK FOR FREE?**

18 A: Absolutely not! It is extremely important to understand that the caller
19 initiating the call to ITC^DeltaCom's customer causes ITC^DeltaCom to
20 incur costs. So the initiating caller is **the cost causer**. It is BellSouth's
21 obligation and responsibility to pay for its customer's use of
22 ITC^DeltaCom's network. This is the purpose of reciprocal compensation,
23 to require companies that cause network cost (through traffic generated by
24 their customers) to compensate those that incur costs, for delivery of the calls.
25 The bottom line is ITC^DeltaCom is providing BellSouth a service, which

²⁵ *In re Emergency Petitions of ICG Telecom Group Inc. And ITC^DeltaCom Communications, Inc. for a Declaratory Ruling*, Alabama Public Service Commission Docket 26619 at 25-26 (March 4, 1999) (footnotes omitted).

1 BellSouth is using and currently enjoying for free. This is exactly the same
2 as someone coming into your restaurant, eating dinner, and then leaving
3 without paying the bill. BellSouth is unjustly enriched because it is using
4 ITC^DeltaCom's network and not paying for it.

5 **Q. WHEN A CUSTOMER OF BELLSOUTH MAKES A CALL TO AN ISP**
6 **CUSTOMER OF ITC^DELTACOM, DOES ITC^DELTACOM**
7 **PROVIDE TELECOMMUNICATIONS SERVICE TO BELLSOUTH**
8 **AND ITS CUSTOMER ORIGINATING THE CALL?**

9 A. Yes. The call is carried on ITC^DeltaCom's network.
10 ITC^DeltaCom completes the call for BellSouth's customer to an
11 ITC^DeltaCom ISP customer. The reciprocal compensation language of the
12 Telecommunications Act of 1996 and the Interconnection Agreement
13 between ITC^DeltaCom and BellSouth requires that ITC^DeltaCom be
14 compensated. Again, at the time of the execution of this agreement and for
15 sometime thereafter, BellSouth described ISP traffic as terminating to ISP
16 end users, and the intent of the Parties was to treat this traffic as local for all
17 purposes including reciprocal compensation.

18 **SUMMARY**

19 **Q. PLEASE SUMMARIZE WHY CALLS TO ISP SHOULD BE TREATED**
20 **AS LOCAL TRAFFIC BY THIS COMMISSION AND SUBJECT TO**
21 **RECIPROCAL COMPENSATION.**

22 A. The intent of the Parties at the time of the execution of the Interconnection
23 Agreement was to apply reciprocal compensation to all calls appropriately
24 routed over local trunks. The industry has treated this traffic as local. The

1 FCC has treated this traffic as local. This Commission through its authority
2 to review and approve or deny tariff filings has treated this traffic as local.
3 BellSouth treats this traffic as local in all respects but one – they refuse to pay
4 ALECs for the use of the ALEC’s network. **BellSouth wants this service**
5 **at no cost – for free.**

6 **THE SOLUTION: REQUIRE BELLSOUTH TO HONOR ITS**
7 **AGREEMENT**

8 **Q. WHAT ACTIONS DO YOU RECOMMEND THE COMMISSION**
9 **TAKE TO RESOLVE THIS DISPUTE?**

10 A. The Commission should enforce the provisions of the Interconnection
11 Agreement as intended by the Parties and require BellSouth to pay reciprocal
12 compensation for ISP traffic. The Commission should, as public interest
13 dictates, rule that local calls to an ISP are local for the purpose of reciprocal
14 compensation. In addition, as provided under the existing Interconnection
15 Agreement, ITC^DeltaCom also requests that all attorney’s fees and expenses
16 incurred by it in prosecuting this action should be reimbursed by BellSouth
17 and that any other relief this Commission deems appropriate should be
18 granted.

19 **Q: DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

20 A: Yes.

06/08/00 18:50

803 256 8062

803 256 8062

W&H. ATTORNEYS

002/040

Exhibit
(CJR-1)

June 30, 1998

**VIA FACSIMILE AND FEDERAL
EXPRESS OVERNIGHT MAIL**

Mr. Jere Drummond
President and Chief Executive Officer
BellSouth Communications Group
1155 Peachtree Street, NE
Suite 2010
Atlanta, Georgia 30309-3610

Re: Interconnection Agreement

Dear Jere:

BellSouth and ITC^DeltaCom, as you may know, entered an Interconnection and Resale Agreement last year which governs the relationship between our two companies in regard to procedures for the interconnection of our facilities and the exchange of traffic between our companies. The Agreement has been filed in and approved by appropriate regulatory authorities in all BellSouth states and provides, of course, for compensation between our companies for the exchange of local traffic.

Pursuant to that Agreement, we have mutually provided invoices to each other for several months now. Our invoices to BellSouth are dated from March 20, 1998 and are more specifically itemized on the enclosure attached that identifies outstanding invoices totaling \$1,863,874. It is my understanding that we have paid BellSouth, on a timely basis, for all local traffic invoices submitted to ITC but have received no reciprocal payments from BellSouth and have received no explanation for the tardiness in paying these invoices.

We're informed that, in an informal workshop held at the Alabama Public Service Commission last Thursday, Mr. Bill Stacy advised the Commission staff that BellSouth had recently remitted payments to competitive local exchange carriers representing reciprocal compensation for local exchange traffic. That report was denied by attending CLEC's. This meeting appears, nonetheless, to have prompted a phone call last Friday from Kate Reynolds, suggesting that BellSouth was going to be paying 10% of the amount of our outstanding invoices, "based on our Agreement".

EXHIBIT CJR-1

p. 1

06/08/00 16:50

803 256 8062
803 256 8082

W&H, ATTORNEYS

003/040

Mr. Jere Drummond
June 30, 1998
Page Two

We have always considered our relationship with BellSouth to be a good relationship and have always appreciated the ability to discuss our differences with an attitude of mutual respect. We recognize that there will be many issues that could cause disagreement between our companies as we compete in the same markets and, perhaps, this is one of those issues. It has been our desire, nonetheless, that we might continue to discuss troublesome differences in an open and informal manner. That has not been the case with this issue, however, and this letter is submitted with the hope that we may, in the future, have a forum for mutual dialogue while understanding that we may not always be able to resolve these differences on a mutual basis. Frankly, we do understand that there can be many reasons why we haven't been paid and could easily speculate what those reasons might be. We do not understand, however, why BellSouth has not come forward and openly and clearly expressed either what those reasons are or why you now intend to pay us only 10% of the amount of our invoices.

We look forward to your response and to a prompt resolution of this matter. We would also be grateful for any dialogue you might wish to promote. However, unless this matter is fully resolved in a few days, we will find it necessary to seek regulatory assistance in enforcing the terms of our contract.

Sincerely,

Campbell B. Lanier, III
Chairman

EXHIBIT CJR-1

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08/08/00 18:51

803 256 8062

803 256 8062

W&H. ATTORNEYS

004/040

ATTACHMENT 1

INVOICES TO BELLSOUTH FOR LOCAL EXCHANGE TRAFFIC

Invoice Date	State	Invoice Amount
3/20/98	S. Carolina	\$ 106,082.29
3/20/98	Alabama	\$ 195,276.96
4/09/98	N. Carolina	\$ 3.07
4/09/98	S. Carolina	\$ 154,219.04
4/09/98	Alabama	\$ 334,170.58
5/08/98	N. Carolina	\$ 2,914.55
5/08/98	S. Carolina	\$ 156,992.19
5/08/98	Alabama	\$ 344,087.68
6/08/98	N. Carolina	\$ 12,082.48
6/08/98	S. Carolina	\$ 169,178.53
6/08/98	Alabama	\$ 388,867.52
TOTAL		\$1,863,874.89

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p. 3

JUL 15 1998

BellSouth Communications Group
Suite 2010
1155 Peachtree Street, N.E.
Atlanta, Georgia 30309-3610

Jere A. Drummond
President and
Chief Executive Officer

404 249-2250

July 7, 1998

*Dear Wally
Tom S. Sullivan*

Mr. Campbell B. Lanier III
Chairman
ITC DeltaCom
P. O. Box 510
West Point, GA 31933

RE: Your letter of June 30, 1998 regarding the Interconnection Agreement

Dear Cam:

The Interconnection and Resale Agreement (the "Agreement") between our companies provides for the payment of reciprocal compensation for local traffic. As we notified you on August 12, 1997 (copy attached), the traffic to and from internet services providers (ISPs) is jurisdictionally interstate, and BellSouth will neither pay, nor bill, local interconnection charges for traffic terminated to an ISP. It is clear that there is a disagreement between our two companies regarding the definition of local traffic and the amount of compensation placed in dispute by BellSouth.

BellSouth has endeavored to identify and remove ISP traffic from its billing to ITC DeltaCom. As to the charges assessed by ITC DeltaCom, BellSouth has estimated the amount of ISP traffic terminated by ITC DeltaCom to be 90% of the total traffic terminated and has placed this amount in dispute. BellSouth has been required to rely upon this estimate in lieu of specific data from ITC DeltaCom. Thus, as of June 9, 1998, BellSouth has processed payments to ITC DeltaCom for \$192,238.27 and has placed the remaining billing (\$1,671,636.63) in dispute. Since these disputed amounts reflect, to the best of our knowledge, traffic sent to ISPs, it is properly excluded from payment under the terms of our Agreement.

I am sorry that the methods for estimating the ISP terminated traffic were not communicated clearly to you. The Interconnection Processing Center (IPC) in Birmingham will be glad to work with you to identify the ISP traffic and adjust the disputed amounts if appropriate. Please contact Jon Rey Sullivan, Operations Assistant Vice President, on 205-714-0200, or Richard McIntire, Operations Director of the IPC, on 205-714-0246, if you have further questions about this process.

Sincerely,

JAD
Jere A. Drummond

Attachment

EXHIBIT CJR-2

THE FCC, INTERNET SERVICE PROVIDERS, AND ACCESS CHARGES

This fact sheet offers informal guidance on an issue that has generated a great deal of public interest. For more specific details about the proceedings currently before the Commission, please visit our web site (<http://www.fcc.gov>).

In December 1996, the Federal Communications Commission (FCC) requested public comment on issues relating to the charges that Internet Service Providers (ISPs) and similar companies pay to local telephone companies. On May 7, 1997, the FCC decided to leave the existing rate structure in place. In other words, the FCC decided **not** to allow local telephone companies to impose per-minute access charged on ISPs.

Please Note: There is no open comment period in this proceeding. If you have recently seen a message on the Internet stating that in response to a request from local telephone companies, the FCC is requesting comments to <isp@fcc.gov> by February 1998, be aware that this information is inaccurate.

The FCC issued an unrelated public notice, DA 98-2, on January 5, 1998 in connection with a report to Congress on universal service. Pursuant to the FCC's 1998 appropriations legislation, the Commission must submit a report by April 10, 1998 on several issues including the legal status of Internet services under the Telecommunications Act of 1996. Comments in response to the public notice are due January 20, 1998, and reply comments are due February 2, 1998. Informal comments may be sent by email to <usreport@fcc.gov>.

Background Information

Each long distance telephone call you make includes per-minute fees that your long distance carrier pays to the originating and terminating local telephone companies over whose facilities that call also travelled. Those fees, which are designed to recover the costs to local telephone companies for use of their facilities, are referred to as "access charges."

As part of its Access Reform proceeding, CC Docket 96-262, the FCC in December 1996 sought comment on the treatment of ISPs and other "enhanced service providers" that also use local telephone companies' facilities. Since the access charge system was established in 1983, enhanced service providers have been classified as "end users" rather than "carriers" for purposes of the access charge rules, and therefore they do not pay the per-minute access charges that long-distance companies pay to local telephone companies.

In the Access Reform Order, FCC 97-158, adopted on May 7, 1997, the FCC concluded that the existing rate structure for ISPs should remain in place. In other words, the Commission

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reaffirmed that ISPs are not required to pay interstate access charges.

When it began the Access Reform proceeding, the Commission also issued a Notice of Inquiry, CC Docket 96-263, seeking comment more broadly on usage of the public switched telephone network by Internet and interstate information service providers. A Notice of Inquiry is a request for information that does not involve any specific proposed action. The Commission stated in the Access Reform order that it intended to use the Notice of Inquiry record to develop a Notice of Proposed Rulemaking (NPRM) proposing actions to facilitate the efficient deployment of data networks.

Frequently Asked Questions on Internet Services and Access Charges

Q: Does the FCC regulate the rates charged by Internet Service Providers (ISPs)?

A: No. ISPs are considered "enhanced service providers" under FCC rules. The FCC does not regulate the rates that enhanced service providers charge to their subscribers.

Q: How does the FCC regulate the rates that local telephone companies charge to ISPs?

A: ISPs purchase local phone lines so that customers can call them. Under FCC rules, enhanced service providers ISPs are considered "end users" when they purchase services from local telephone companies. Thus, ISPs pay the same rates as any other business customer, and these rates are set separately in each state. By contrast, long-distance companies are considered "carriers," and they pay interstate access charges regulated by the FCC.

Q: How are access charges different from the rates ISPs pay now?

A: Today, ISPs typically purchase "business lines" from local phone companies. Business lines usually include a flat monthly charge, and a per-minute charge for making outgoing calls. Because ISPs receive calls from their subscribers rather than making outgoing calls, ISPs

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generally do not pay any per-minute charges for their lines, which is one reason many ISPs do not charge per-minute rates for Internet access. Access charges, by contrast, include per-minute fees for both outgoing and incoming calls. The rate levels of interstate access charges are also in many cases higher than the flat business line rates ISPs pay today.

Q: Have local phone companies requested authority from the FCC to charge per-minute rates to ISPs?

A: Since 1983, there has been an ongoing debate about whether enhanced service providers should be required to pay access charges, based on the contention that these companies use local networks in the same manner as long-distance carriers. In June 1996, four local telephone companies (Pacific Bell, Bell Atlantic, US West, and NYNEX) submitted studies to the FCC concerning the effects of Internet usage on these carriers' networks. The companies argued that the existing rate structure did not reflect the costs imposed on local telephone companies to support Internet access, and that Internet usage was causing congestion in part of the local network. In connection with these studies and other pleadings, several local phone companies have asked the FCC for authority to charge interstate access charges to ISPs, although they have not filed a formal petition for rulemaking.

Q: Is the FCC considering allowing local phone companies to impose access charges on ISPs?

A: The FCC requested public comment in December 1996 on whether ISPs should pay current access charges, and more generally on how Internet and interstate information services that use local telephone networks should be treated. The Commission concluded on May 7, 1997 that ISPs should not be subject to interstate access charges. There is currently no open comment period on this issue.

Q: Does the FCC currently have an ongoing proceeding on Internet and interstate information services?

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A: The FCC issued a Notice of Inquiry (NOI) in December 1996, at the same time as it asked for comment on whether ISPs should be subject to access charges. The NOI asked generally about how to create incentives for companies to make the most efficient use of the telephone network for Internet and other information services. The comment period for the NOI is closed, but the FCC has stated that it plans to issue a Notice of Proposed Rulemaking (NPRM) asking for comment on more specific proposals based on the responses to the NOI. The NPRM will consider actions other than imposition of per-minute access charges on ISPs.

Q: What is the difference between a Notice of Inquiry (NOI) and a Notice of Proposed Rulemaking (NPRM)?

A: A NOI is the earliest step in the FCC's process and typically asks questions in an effort to gather enough information to make informed proposals on a given topic. A NPRM is a request for comment on specific proposals made by the Commission. After the FCC reviews the comments filed in response to an NPRM, the FCC can issue a Report and Order adopting new rules.

Q: Are comments filed by other parties be available for review?

A: Yes. All formal comments are available for review in the FCC Reference Center in Washington DC, and copies may be purchased through International Transcription Services, which can be reached at 202-857-3800. In addition, copies of comments that were submitted on diskette are available for review at <http://www.fcc.gov/ccb/comments.html>.

Q: Is the FCC considering taxes for use of the Internet or online services?

A: No. The debate involves charges levied by local phone companies, not government taxes.

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Q: Is this the "FCC modem tax" that has been floating around the Internet in various forms for several years?

A: The "modem tax" referred to a proposal in 1987 to require enhanced service providers to pay interstate access charges, which at that time were significantly higher than they are today. The 1987 proposal was abandoned in 1988. The current Access Reform proceeding is entirely separate.

For more specific questions, see the Access Reform page on the on the FCC Web site at <http://www.fcc.gov/isp.html>.

Last Updated January 7, 1998

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Long-distance Charges

BellSouth.net provides service in many cities within the nine-state region that BellSouth serves, which includes: Alabama, Georgia, Florida, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

If you are in the local calling area for one of these cities, then it won't cost you anything to dial up and connect to BellSouth.net. For example, if you live in the metropolitan Nashville area, and you dial into BellSouth.net's Nashville location, you will be dialing a local number to access BellSouth.net services.

Some members live outside a local calling area and, therefore, have toll charges (long-distance charges) for dialing in to BellSouth.net. If, for some reason, you dial a long-distance number to access BellSouth.net services, then you will have long-distance charges.

Toll-free Access

BellSouth.net is committed to providing high-quality reasonably-priced Internet service throughout the Southeast. BellSouth.net does not offer toll-free access, such as through an 800 number at this time. However, we are working on plans to allow more subscribers in outlying areas to access our service. We cannot tell you exactly when our service will be available or in which areas. Please continue to monitor the BellSouth.net home page for further announcements concerning the availability of more local connections.

If you are not located in one of the local calling areas in the nine states in which we provide service, it may not be cost-effective for you to use our service at this time because you would be responsible for any long-distance charges you would incur.

Contacting Distant Web Sites

When you dial in to your local BellSouth.net number and use the BellSouth.net service, your computer accesses Web sites through the Internet. It does not cost you any more to access a Web site in, for example, Dallas, Texas, than it does to access a Web site in your city. This is electronic communications over the Internet through your local dial-in number; this is not the same as you placing a long-distance telephone call to Dallas, Texas. The Internet is expansive. You might be contacting a Web site in your city, in another part of your state, in another state, or even in another country. You can contact Web sites no matter what their geographic location.

Help Feedback Legal

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Help/Technical Support: call 1-800-4DOTNET (1-800-435-6635)

Nobody knows a neighbor like a neighbor.

EXHIBIT CSR-4

P.1

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BellSouth Products | Become A Member!

Become a Member! | Preview Site | About The Service | About Us | Special Promos | Shopping | Home

Home | Features | Pricing | What's New | City Availability

BELLSOUTH.net

PRICING

We've made accessing the internet fast and easy. Now we've done the same with pricing. Choose the pricing option below that best matches your access needs:

The image shows four pricing options in a grid-like layout. Each option is presented in a dark, rounded rectangular box with white text.
 1. **Unlimited Access**: A box with the text 'Unlimited Access' and a price of '\$19.95' above it.
 2. **Term Pricing**: A box with the text 'Term Pricing' and 'Same Term' written vertically to its right.
 3. **128k ISDN Plan**: A box with the text '128k ISDN Plan' and a price of '\$17.95' above it.
 4. **Fast Access ADSL Service**: A box with the text 'Fast Access ADSL Service' and a price of '\$49.95' above it.
 The boxes are arranged in two rows of two.

Paying Made Easier.

Our service can be conveniently billed on your monthly BellSouth phone bill or applied to a major credit card.

Set-up Fee: \$10.

A regular \$10 set-up fee exists for the startup of each new account. However, the fee is waived if you:

- Download the software from the internet (using either the BellSouth.net customized browser or your own).
- Choose the \$215.40 term pricing option. (Pay for one year and internet access costs you only \$17.95 per month.)

Guarantee.

Our 30-day money-back guarantee* assures you that BellSouth.net service provides you the fast, reliable, quality service you expect.

Unlimited Access: \$19.95 Per Month.

For regular analog connections the cost is \$19.95 per month for unlimited access to BellSouth.net service. This includes K56flex* and 64K ISDN connections, which are available in most areas. If you pay in advance for a year's worth of service, the price is only \$17.95 (See "Term Pricing" option below.)

Users subscribing to the "unlimited access" plan may make reasonable use of the service without paying more based on hourly usage, but this is not intended to be a full-time connection. A one-time \$10 set-up fee applies to all

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p. 2

monthly bill plans. This fee is waived for customers who download the software. register online with an existing browser, or choose the term pricing option.

Unlimited Access: \$215.40 Per Year (Term Pricing)

If you choose to pay in advance for a year's worth of service, monthly price is discounted ten percent to \$17.95. The yearly total of \$215.40 can be made whether you have a regular analog connection, a K56flex* or a 64K ISDN.

Users subscribing to the "unlimited access" plan may make reasonable use of the service without paying more based on hourly usage, but this is not intended to be a full-time connection. A one-time \$10 set-up fee applies to all monthly bill plans. This fee is waived for customers who download the software, register online with an existing browser, or choose the term pricing option.

Ten Hours Each Month

For \$9.95 you can access BellSouth.net Internet Service for ten hours per month. For every hour after the ten you will be charged \$1.00. This rate applies whether you have a regular analog connection, a K56flex* or a 64K ISDN connection.

128K ISDN Plan

128K ISDN is a dual-channel plan which allows you to access the Internet and talk on the phone at the same time. The cost is \$39.95 per month for 50 hours of ISDN service, plus \$2 for each additional 128K ISDN hour. It also includes the 128K ISDN interface (up to 128 Kbps), unlimited 64K ISDN (single B-channel) service, and one e-mail account with an alias. This is available in select cities.

30-Day Money-Back Guarantee Program

If you are not completely satisfied with your BellSouth.net service within the first 30 days, we will gladly credit your telephone bill or credit card for the basic monthly and set-up fees for your chosen payment plan. The Money-Back Guarantee is available only if:

- within 30 days after establishing your BellSouth.net account, you call 1 (800) 4DOTNET to request the credit and cancel your account;
- you have not violated the Service Agreement or Acceptable Use Policy; and
- you or someone else in your household has not previously received a credit from this Money-Back Guarantee offer or cancelled a BellSouth.net account during any previous free trial or other promotional service period.

This Money-Back Guarantee applies only to the standard monthly fees for basic Internet access service for the payment plan chosen, and does not apply to any additional-cost features or services ordered from BellSouth or any other party, or (for limited access plan users) to additional hours of usage beyond the 10 hours included in the standard rate for such plan. You will remain liable for any such additional charges incurred through your use of the service.

*Includes price of Global Service Provider ("GSP"). Subscribers to "unlimited access" plans for dial users may use the Service without paying more based on hourly usage. These plans are not intended to provide full-time connections, however, and some restrictions do apply - see our [FAQ](#) for more details.

**See our [FAQ](#) for more details about the Money-Back Guarantee program.

BellSouth Telecommunications, Inc. All Rights Reserved. - Questions and Comments:
feedback@bellsouth.net - Help/Technical Support: call 1-800-4DOTNET (1-800-436-6636).
[Legal info.](#)



EXHIBIT CJR-4

P.4

Available Locations

Right now, the BellSouth.net service is available in these cities:

- | | | |
|--------------------|------------------|--------------------|
| Athany, GA | Georgetown, KY | Nashville, TN |
| Arden, NC | Greensboro, NC | New Orleans, LA |
| Athens, GA | Greenville, SC | Orlando, FL |
| Atlanta, GA | Huntsville, AL | Owensboro, KY |
| Augusta, GA | Jackson, MS | Panama City, FL |
| Biloxi, MS | Jacksonville, FL | Pensacola, FL |
| Birmingham, AL | Knoxville, TN | Port St. Lucie, FL |
| Charleston, SC | Lafayette, LA | Raleigh, NC |
| Charlotte, NC | Lexington, KY* | Savannah, GA |
| Chattanooga, TN | Louisville, KY | Shreveport, LA |
| Cocoa, FL | Macon, GA | Slidell, LA |
| Columbia, SC | Memphis, TN | Spartanburg, SC |
| Daytona Beach, FL | Miami, FL | W. Palm Beach, FL |
| Florence, SC | Mobile, AL | Wilmington, NC |
| Ft. Lauderdale, FL | Montgomery, AL | Winston-Salem, NC |
| Gainesville, FL | | |

We expect to add more cities during the coming months. However, we cannot provide a specific schedule for expansion at this time. Announcements related to additional cities will be made on the BellSouth.net home page as they become available. Each listed city has K66flex and B4K ISDN service available.

*BellSouth.net does not provide single channel ISDN service to these cities.

Help Feedback Legal

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Help/Technical Support, call 1-800-4DOTNET (1-800-436-8636)

Who'da knows a neighbor like a neighbor

EXHIBIT CJR-4

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Diagram of ISP Bound Call

Exhibit
(CJR-5)

BellSouth to ITC^DeltaCom

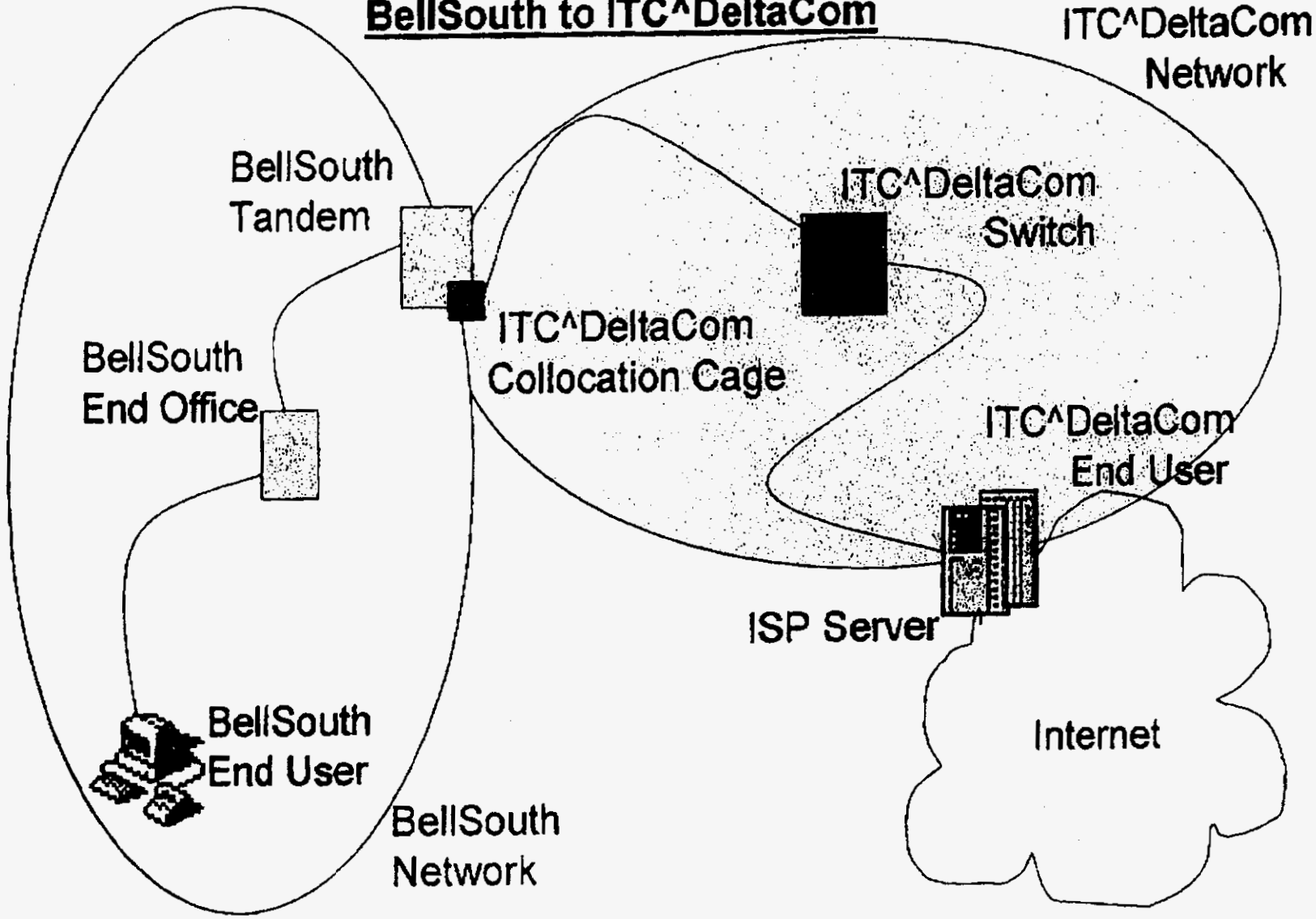


EXHIBIT CJR-5

Diagram of ISP Bound Call

ITC^DeltaCom to BellSouth

Exhibit (CJR-6)

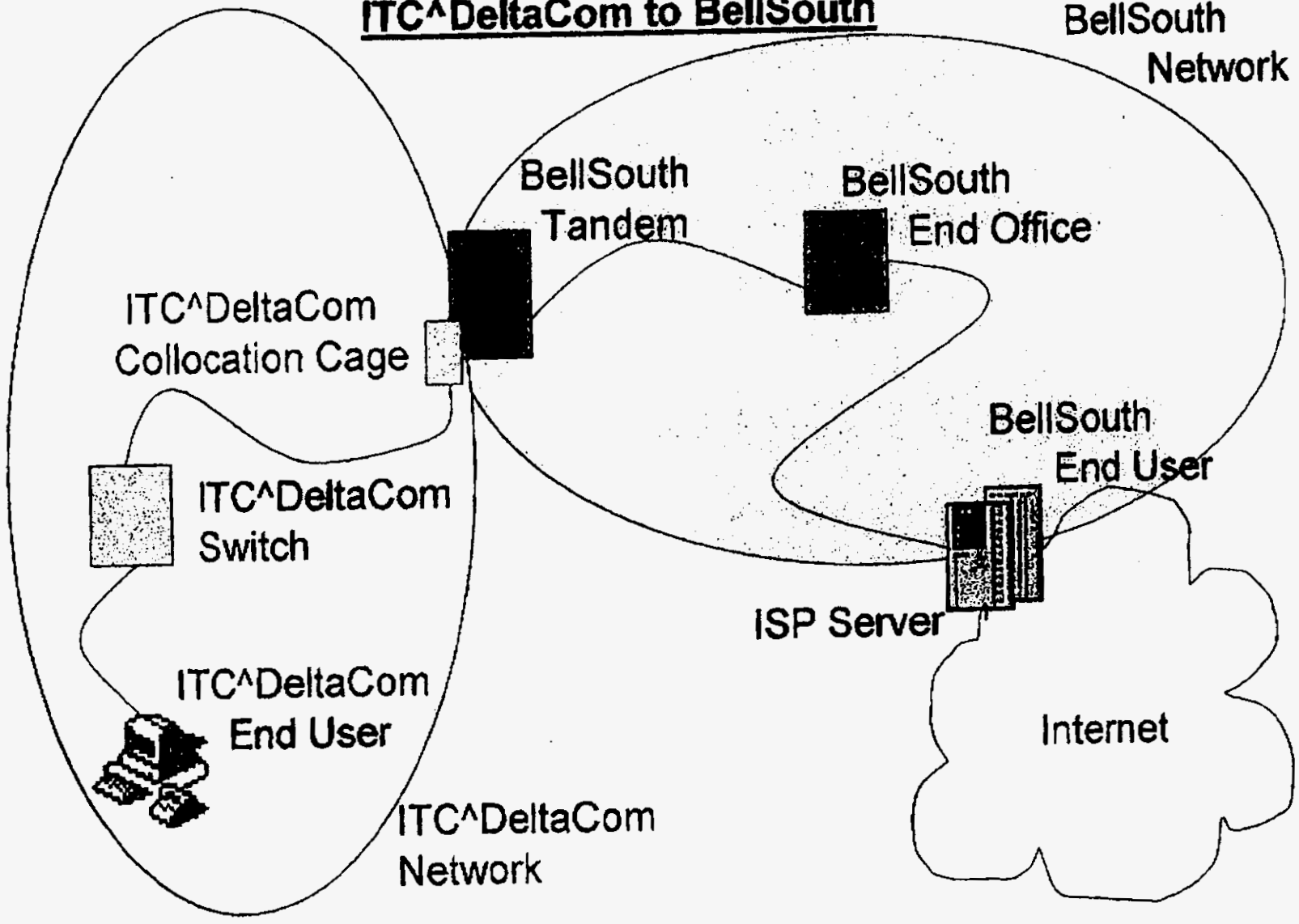


EXHIBIT CJR-6

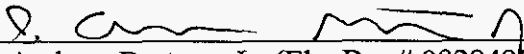
CERTIFICATE OF SERVICE
DOCKET NO. 991946-TP

I hereby certify that a true and correct copy of the foregoing has been furnished to the following this 4th day of June , 2000:

Nancy B. White
c/o Nancy H. Sims
BellSouth Telecommunications, Inc.,
150 South Monroe Street
Suite 400
Tallahassee, Florida 32301-1556
By Hand Delivery

R. Douglas Lackey
E. Earl Edenfield, Jr.
675 West Peachtree St., NE
Suite 4300
Atlanta, Georgia 30375
By U.S. Mail

Diana Caldwell, Esq., Staff Counsel
Florida Public Service Commission
Division of Legal Services
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
By Hand Delivery


J. Andrew Bertron, Jr. (Fla. Bar # 982849)
Huey, Guilday & Tucker, P.A.
106 E. College Ave., Suite 900 (32301)
Post Office Box 1794
Tallahassee, Florida 32302
(850) 224-7091
(850) 222-2593 (facsimile)