

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint of BellSouth)
Telecommunications, Inc., Against)
IDS Telecom, LLC to Enforce)
Interconnection Agreement Deposit)
Requirements)

Docket No. 040488-TP

Filed: June 28, 2004

BELLSOUTH'S BRIEF IN SUPPORT

BELLSOUTH TELECOMMUNICATIONS, INC. ("BellSouth"), through its undersigned counsel, hereby files this Brief in Support of its Complaint against IDS Telecom, LLC ("IDS"). For the reasons set forth herein, the Florida Public Service Commission ("Commission") should order IDS to post a deposit in the amount of \$4.6 million pursuant to the terms of the parties' current Interconnection Agreement.

INTRODUCTION

This case involves a simple contract analysis. The parties' Interconnection Agreement grants BellSouth the unilateral discretion to seek and obtain a deposit from IDS. BellSouth must apply its credit standards on a nondiscriminatory basis, which it has, and the parties are required to negotiate a reasonable deposit amount. BellSouth has complied with all of the conditions precedent necessary to obtain a deposit. In contrast, IDS has done everything in its power to delay BellSouth's right to obtain a deposit, including: (1) refusing to provide financial documents for eight months, despite repeatedly promising the documents to BellSouth; (2) challenging BellSouth's right to request a deposit, notwithstanding the unambiguous contract language; (3) feigning interest in negotiating a reasonable deposit amount to delay resolution of the issue; and (4) attempting to "adopt-away" its deposit obligations in violation of Section 251 of the

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Telecommunications Act ("Act") by seeking to adopt the "deposit provisions" of an agreement that is devoid of any deposit language. As established below, IDS has violated its deposit obligations under the Interconnection Agreement and should be required to post a deposit in the amount of \$4.6 million.

FACTS

A. The Interconnection Agreement Obligates IDS to Post a Deposit.

BellSouth and IDS are parties to an Interconnection Agreement that was approved by the Commission on or about May 14, 2003. This agreement has an effective date of February 5, 2003 and is regional in scope and nature. Pursuant to Attachment 7, Section 1.8 of the Interconnection Agreement, IDS has an obligation to "provide information regarding credit worthiness" and BellSouth, in its discretion, has the right to request and secure a deposit from IDS. See Exhibit A, Attachment 7 at Section 1.8 ("Based on the results of the credit analysis, BellSouth reserves the right to secure the account with a suitable form of security deposit.").

Further, if in BellSouth's "sole opinion" IDS experiences an adverse change in its creditworthiness, BellSouth can obtain additional security from IDS. Specifically, Attachment 7, Section 1.8 provides:

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

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

Id. Any security deposit requested cannot exceed two months' estimated billings. Id.

Additionally, BellSouth is obligated to provide IDS a written explanation as to why a deposit has been requested and to apply all credit standards on a non-discriminatory basis. Id. Moreover, the parties are obligated to work together to determine the amount of a reasonable deposit, and if they are unable to agree, either party may petition the Commission for resolution of the dispute. Id. If the "dispute is not resolved within 60 days after petitioning the Commission, and IDS fails to remit to BellSouth any deposit requested pursuant to this Section, service to IDS may be terminated in accordance with the terms of Section 1.7 of Attachment 7, and any security deposits will be applied to IDS's accounts." Id.

The deposit provisions are unambiguous. There can be no dispute that (1) BellSouth has the right to conduct a credit review of IDS; (2) IDS is obligated to provide information to allow BellSouth to conduct such a review; (3) BellSouth has the right to request and obtain a deposit from IDS; and (4) the parties have an obligation to negotiate the amount of the deposit. Accordingly, the only issue for this Commission to resolve is the amount of the deposit, not whether BellSouth is entitled to a deposit.

B. BellSouth Applies its Deposit Policies in a Non-Discriminatory Manner Based on Objective Financial Data.

Although BellSouth's deposit policies are not at issue in this proceeding, a brief description of BellSouth's policies is helpful to put IDS's arguments into context. BellSouth's Business Credit Management Department conducts a credit review on all

new wholesale customers and monitors the financial status of BellSouth's existing customers. See Affidavit of Eric Reinhold at ¶ 3, attached hereto as Exhibit B. In this regard, BellSouth conducts periodic credit reviews of all of its wholesale customers. Id. at ¶ 4. In evaluating a customer's credit worthiness, BellSouth reviews standard credit, operational, and financial indicators, including: payment manner with BellSouth; RAM (Risk Assessment Manager) Credit Score; D&B Credit Rating; D&B PAYDEX; financial condition including standard performance, liquidity and leverage ratios; the Altman Z-Score; the Moody's RiskCalc Score; background of the company's management; years in business; public filings (including suits, liens, judgments, UCC's); debt ratings; recent news articles regarding the company; and stock performance (if company is publicly traded). Id.

Procedurally, BellSouth utilizes D&B's credit analysis tool, RAM credit scores, Moody's RiskCalc scores, and other financial analysis tools to apply fair and consistent credit management practices. Id. at ¶ 5. These credit tools provide scores that indicate the severity of credit risk. For instance, the RAM credit score is based on a risk scale of 0 – 10, with 0 indicating the highest credit risk and 10 the lowest. Likewise, the Moody's RiskCalc Score, which is based on publicly available or company provided financial statements, is based on a risk scale of 0 – 10, with 0 indicating the lowest credit risk and 10 the highest. Use of these objective credit tools ensures that BellSouth's credit analysis is based on objective, industry-standard data.

Deposits are necessary to protect BellSouth from a CLEC defaulting on its payment obligations. Id. at ¶ 7. While not completely protecting BellSouth, a two month deposit is standard in the industry and is commercially reasonable as it will partially limit

BellSouth's exposure for unpaid debts.¹ For instance, for services billed in advance, 74 days would elapse from the time BellSouth rendered the service to the date BellSouth could disconnect service. Likewise, for services billed in arrears, 104 days would elapse from the date the bill is rendered to the date BellSouth could disconnect service. Accordingly, even with a two month deposit, BellSouth is at risk of being unpaid for a minimum of 14 days and up to 44 days. Id. at ¶ 9. Without a deposit, BellSouth would be unable to recover almost three months worth of billings. Importantly, BellSouth will not utilize any deposits to pay off disputed amounts. Rather, BellSouth will only apply a deposit to unpaid amounts in the event a customer's service is terminated. Id. at ¶ 10.

C. In Violation of the Interconnection Agreement, IDS Failed to Provide BellSouth with Information Requested to Perform its Credit Review.

On May 7, 2003, pursuant to its policy to conduct periodic credit reviews, BellSouth informed IDS that it was conducting a credit review and asked IDS for a copy of IDS's "latest audited fiscal year-end financial statements (Balance Sheet, Income Statement, and Cash Flow Statement), most current interim financial statements, and any other pertinent information that would accurately portray [IDS's] credit standing." See May 7, 2003 Letter from Eric Reinhold to Bob Hacker, attached hereto as Exhibit C.² In response, IDS stated that it disagreed with BellSouth's "interpretation of the Interconnection Agreement" in regards to BellSouth's right to request a deposit but offered to provide BellSouth with audited and unaudited financial statements for its credit review. See Letter from Bob Hacker to Eric Reinhold, attached hereto as Exhibit D. On May 15, 2003, IDS provided unaudited financial statements to BellSouth. See

¹ IDS also requires a two month deposit from its customers. See Section 2.9.1 of IDS's Florida Tariff.

² Prior to this time, BellSouth did not seek a deposit from IDS. Initially, no deposit was needed because IDS's credit history was satisfactory. As time progressed, requests for deposits or security were subsumed in litigation settlements or payment arrangements between the parties.

collection of e-mails between Eric Reinhold and Bob Hacker, collectively attached hereto as Exhibit E. IDS also advised that it would provide audited statements by June 30, 2003. See Exhibit D.

On July 9, 2003, Eric Reinhold of BellSouth contacted Bob Hacker of IDS to inquire into the status of the audited statements. At that time, IDS advised BellSouth that the statements would be ready within 30 days. See Exhibit E. Near the expiration of 30 days, BellSouth again contacted IDS to determine the status of the audited financial statements. Consistent with its delay tactics, IDS initially responded "very soon" to this inquiry and then, on August 6, 2003, stated that the audited statements would be ready in "10 days max." Id. Once again, this deadline passed and IDS still did not provide BellSouth with the information requested for BellSouth's credit analysis.

Due to IDS's refusal to provide the information as promised, on September 12, 2003, BellSouth proceeded with enforcing its security rights established in the Settlement Amendment. See Settlement Amendment, attached hereto as Exhibit F. Under this agreement, BellSouth would file and IDS would execute a UCC1 as to IDS's assets to secure the Total Amount Due set forth in the Settlement Amendment. In response, IDS stated on October 7, 2003 that BellSouth's right to file a UCC1 expired because IDS had paid off the Total Amount Due for the "Alabama Settlement Account." See Collection of e-mails attached hereto as Exhibit G.

Soon thereafter, BellSouth once again asked IDS about the status of the audited financial statements. Id. On October 14, 2003, IDS promised the statements by October 24, 2003. Id. After IDS failed to provide the statements by this date, BellSouth asked IDS for the documents at least three additional times. Id. Finally, on November

25, 2003, IDS admitted that it never provided BellSouth with the requested information and essentially stated that such information was not necessary to conduct a credit review. See e-mail of Robert Hacker to Eric Reinhold, attached hereto as Exhibit H.

Consequently, to date, IDS has never provided the audited statements – information that it agreed to produce on or about June 30, 2003 and which BellSouth sought to obtain on at least nine different occasions during a six month period. Instead of producing the information, IDS simply provided unfulfilled promises meant to frustrate and delay BellSouth’s rights under the Interconnection Agreement.

D. BellSouth Completed Its Credit Review and Requested a Two Month Deposit from IDS.

On December 9, 2003, BellSouth completed its credit review of IDS and determined that, pursuant to the terms of the Interconnection Agreement and based on information provided by IDS, IDS should be required to post a deposit in the amount of \$4.6 million or two months of estimated billings. See December 9, 2003 Letter from Eric Reinhold to Angel Leiro, attached hereto as Exhibit I. BellSouth made this determination based on objective, financial data relating to IDS. And, BellSouth treated IDS in a nondiscriminatory manner regarding this deposit request. See Exhibit B at ¶ 11.

Specifically, BellSouth’s review of IDS’s financial data established that IDS’s payment history with BellSouth was [REDACTED] See January 5, 2004 Letter from Eric Reinhold to Angel Leiro, attached hereto as Exhibit J. Thus, on average, IDS paid BellSouth 60 days after a bill was due and primarily [REDACTED] before the unpaid accounts would be subject to disconnection of service for nonpayment. See Exhibit B at ¶ 12. Importantly, this [REDACTED]

payment history does not take into account nonpayment of disputed amounts. Id. Moreover, consistent with this undisputed payment history, an IDS employee advised BellSouth that it is IDS's practice to not pay invoices until IDS receives the late notice from BellSouth. Id. at ¶ 13. Further buttressing this admission is the fact that IDS was consistently late on its payment obligations under the Settlement Agreement and Settlement Amendment. Id.

In addition, IDS's own unaudited financial statements negatively reflected on IDS's financial status. For instance, as of December 31, 2002, the unaudited financial statements established that IDS's Working Capital was a [REDACTED] Retained Earnings was a [REDACTED] Tangible Net Worth was a [REDACTED] [REDACTED] and that it had a Debt/Tangible Net Worth Ratio of [REDACTED]. These figures led to an Altman Z-score of [REDACTED] and a Moody's RiskCalc score of [REDACTED]. See Exhibit J. The Altman Z-score is used to predict the likelihood of a company filing for bankruptcy, with a score of 3 or greater meaning that the company is not likely to file for bankruptcy. In addition, the Moody's RiskCalc is derived from Moody's Financial Analysis, which is a financial information collection and analysis tool. See Exhibit B at ¶ 16. A score of 0.0 to 5.0 indicates LOW to MEDIUM financial risk while a Score of 5.1 to 10.00 indicates a MEDIUM to HIGH financial risk. Id.

Furthermore, IDS had a RAM Score of [REDACTED]. This tool incorporates rule-based credit scorecards that combine D&B data and internal customer information to evaluate the credit risk of an entity. A score of 0 to 3.9 indicates a HIGH credit risk. Id. at ¶ 17. Likewise, the D&B PAYDEX is a unique, dollar weighted indicator of a company's payment performance based on the total number of payment experiences in D&B's file.

IDS's D&B Paydex ranged from [REDACTED] from May 2000 to December 2003. Id. at ¶ 18. A D&B Paydex of [REDACTED] indicates that payments to suppliers average [REDACTED] days beyond terms, and a Paydex of [REDACTED] indicates that payments average [REDACTED] days beyond terms. Id. Based on these objective, industry standard credit analysis tools and IDS's own financial data, there can be no question that IDS constitutes a substantial credit risk. Id. at ¶ 21.

E. IDS Violated the Agreement by Refusing to Negotiate the Amount of the Deposit in Good Faith.

After receiving BellSouth's December 9, 2003 letter requesting a deposit, IDS responded by asking several questions and requesting certain documents. See December 22, 2003 Letter from Angel Leiro to Eric Reinhold, attached hereto as Exhibit K. On January 5, 2004, BellSouth responded to IDS's request and also answered several questions IDS had regarding the deposit request. See Exhibit J. Specifically, in this letter, BellSouth advised IDS that BellSouth's request for a deposit was based on IDS' year-end 2002 financial statements, IDS's delinquent payment history, a [REDACTED] Altman-Z Score, and an unacceptable Moody's Riskcalc score. BellSouth also explained that the \$4,600,000 deposit request was based on a six month average of IDS's most recent monthly billings for a two month period. See Exhibit B at ¶ 25.

The parties subsequently exchanged several additional communications regarding this issue until it became clear that a negotiated resolution was not achievable. See January 12, 2004 Letter from Angel Leiro to Eric Reinhold, attached hereto as Exhibit L; February 3, 2004 Letter from Eric Reinhold to Angel Leiro, attached hereto as Exhibit M. In fact, notwithstanding BellSouth's invitation to negotiate the deposit amount and alternative means of security, IDS has failed to substantively

negotiate and has instead challenged BellSouth's right to even request a deposit. See e.g., Collection of emails exchanged between Eric Reinhold and Angel Leiro, attached hereto as Exhibit N.

ARGUMENT

A. BellSouth Complied with All Requirements Under the Interconnection Agreement to Obtain a Deposit.

The parties' respective obligations regarding a deposit under Attachment 7, Section 1.8 is as follows: (1) IDS must complete a credit profile and provide information regarding credit worthiness; (2) BellSouth has the right to conduct a credit analysis; (3) based on the results of a credit analysis, BellSouth has the "right to secure the account with a suitable form of security deposit"; (4) if in the sole opinion of BellSouth, IDS "experiences an adverse change in its credit worthiness in comparison to the level initially used," BellSouth has the right to request additional security; (5) when requesting a deposit, BellSouth must be willing to provide a written explanation as to why a deposit has been requested; (6) BellSouth must apply all credit standards on a nondiscriminatory basis; and (7) the parties must work together to determine the reasonable amount of any such deposit, but in no event, can the deposit exceed two months' estimated billings. See Exhibit A at Att. 7, Section 1.8. BellSouth has complied with all conditions precedent necessary to seek and obtain a deposit from IDS.

First, BellSouth provided numerous written explanations to IDS as to why BellSouth requested a deposit. As stated by Eric Reinhold in his January 5, 2004 Letter to Angel Leiro of IDS (Exhibit I), IDS's payment history with BellSouth was [REDACTED] [REDACTED] for undisputed amounts. Exhibit B at ¶ 12. In addition, based on IDS's own unaudited financial statements for 2002, which is the latest and only statements

IDS provided, IDS's Working Capital was a [REDACTED] Retained Earnings was a [REDACTED] Tangible Net Worth was a [REDACTED] and it had a Debt/Tangible Net Worth Ratio of [REDACTED] Id. at ¶ 14. In addition, BellSouth's credit review revealed that IDS had an Altman Z-score of [REDACTED], a Moody's RiskCalc score of [REDACTED] and a RAM Score of [REDACTED] Id. at ¶¶ 15, 16, and 17. All of these independent, objective credit analysis tools established that IDS was a HIGH credit risk and was likely to file for bankruptcy. Id. at ¶ 23.³

BellSouth provided further information and responded to additional questions on February 3, 2004 (Exhibit M), February 24, 2004 (Exhibit N), and on March 2, 2004 (Exhibit N). The simple fact of the matter is that the objective, financial tools that BellSouth uses to evaluate the credit risk of all CLECs established that IDS was a high credit risk and was likely to seek bankruptcy protection, thereby requiring BellSouth to seek a deposit to protect its interest.

Second, BellSouth applied its credit standards on a nondiscriminatory basis and treated IDS fairly and no differently than any other CLEC. Id. at ¶ 11. Without identifying the specific CLECs, BellSouth has sought deposits from other CLECs who have a similar payment history (or nonpayment) with BellSouth and similar financial scores and ratings using the credit analysis tools employed by BellSouth. In fact, by using these tools, BellSouth ensures that its credit analysis and requests for deposits are applied on a consistent, nondiscriminatory basis. Id. at ¶ 22. Simply put, BellSouth would and has sought a deposit from any CLEC whose own data established that they

³ It should be noted that IDS has refused to provide BellSouth with any other financial information other than the 2002 unaudited financial statements, despite repeated requests by BellSouth. Accordingly, IDS has no argument that BellSouth's analysis is flawed, outdated, or based on incorrect information.

were operating with a major deficit and who constituted a **HIGH** credit risk and likely bankruptcy candidate based on objective financial analysis tools. Id. at ¶ 23.

IDS may argue that BellSouth disregarded its D&B rating and PAYDEX scores in performing its analysis, which, according to IDS establish a 12 month PAYDEX score of [REDACTED]. After further review of this data, BellSouth determined that IDS's PAYDEX Score was inflated due to a single large payment of \$4 million in December 2002. Id. at ¶ 19. Because the PAYDEX is a dollar-weighted average score, the \$4 million payment, which dwarfs other trade references, significantly weighted the score and was not a true reflection of IDS's overall payment manner. Id. In any event, BellSouth does not rely on any particular tool to determine credit worthiness and IDS's other scores, including the [REDACTED] Altman-Z, RAM, and Moody's RiskCalc, and IDS's own financial data all convincingly established that IDS is a [REDACTED] credit risk.

Further, any argument that BellSouth based its deposit request solely on the fact that IDS filed an informal or formal complaint against BellSouth is without merit. As stated above, BellSouth started its credit review of IDS in May of 2003 as part of its annual credit review of its CLEC customers. Based on continual, unfulfilled promises from IDS that it would provide BellSouth with audited financial statements for 2002, BellSouth waited to complete its review until after receipt of those promised documents. It was not until IDS finally refused to provide the audited statements on November 25, 2003 did BellSouth finalize its review on or about December 9, 2003 based on available information. Thus, the fact that BellSouth requested the deposit after IDS filed an informal complaint against BellSouth is mere coincidence that resulted from IDS's delay and ultimate refusal to provide financial information. And, BellSouth can affirmatively

state that it did not seek the deposit from IDS as a result of IDS filing either an informal or formal complaint against BellSouth. See Exhibit B at ¶ 24.

Third, BellSouth attempted to negotiate a reasonable deposit amount with IDS on numerous occasions. For instance, in its February 3, 2004 letter (Exhibit M), BellSouth advised IDS that "BellSouth is willing, ready and able to negotiate." Again, on February 16, 2004 (Exhibit N), BellSouth advised IDS that it would engage in negotiations over the deposit and the form of the deposit. In response, IDS asked for more information, failed to engage in substantive negotiations over the deposit, feigned interest in negotiating, and ultimately never responded back to BellSouth. See Exhibit N at February 23, 2004 e-mail; February 24, 2004 email; February 26, 2004 e-mail, and March 2, 2004 e-mails.

Based on the above, there can be no question that BellSouth complied with all conditions precedent under the Interconnection Agreement to seek and obtain a deposit from IDS. IDS has done everything in its power to prevent BellSouth from enforcing its contractual rights and has refused to honor its obligations under the Interconnection Agreement.

B. BellSouth Based the Deposit Amount on Two Months' Estimated Billings.

BellSouth based the requested deposit amount of \$4.6 million on a six-month average of IDS's most recent monthly billings at the time of the request for a two-month period. See Exhibit B at ¶ 25. These billings consisted of \$361,179 for Access; \$144,842 for Local; \$1,814,337 for UNE billings for a total of \$2,320,358 per month. Id. at ¶ 26. Further, because this is a regional agreement, the deposit provisions of the Interconnection Agreement apply to IDS's billings throughout BellSouth's region.

Indeed, the Interconnection Agreement does not require BellSouth to make nine different deposit requests, receive nine different deposits, or require that the parties seek resolution of a deposit dispute with nine different commissions. Accordingly, BellSouth's request for a single, \$4.6 million deposit is entirely appropriate under the Interconnection Agreement.⁴

C. IDS's ATTEMPT TO ADOPT AWAY ITS DEPOSIT OBLIGATIONS IS IMPROPER.

When faced with the reality that BellSouth had properly exercised its right to request a deposit pursuant to the terms of the interconnection agreement, IDS made a desperate, last ditch effort to avoid having to comply with the contract provision that IDS specifically negotiated. IDS has attempted to avoid its own negotiated contract language by asserting that it is entitled, pursuant to 47 U.S.C. § 252(i), to substitute the deposit language it negotiated with BellSouth for the language of another agreement.⁵ BellSouth has no obligation to offer such language to IDS and IDS should be required to abide by the language it specifically negotiated with BellSouth.

47 U.S.C. § 252(i) requires the Incumbent Local Exchange Carrier to "make available any **interconnection, service, or network element** provided under an agreement approved under this section to which it is a party to any other requesting

⁴ Even if the amount of the deposit was limited to IDS's billings in Florida, which it is not, a two months deposit would amount to \$3,470,000.

⁵ On June 25, 2004, IDS filed with the Commission an "amendment" to the parties' Agreement and represented to the Commission that IDS was signing the "amendment" on behalf of BellSouth. IDS' representations are pure fabrication designed solely to mislead the Commission into believing that the parties had reached an accord regarding the deposit issue. Indeed, the BellSouth person on whose behalf IDS was allegedly signing is not currently authorized to sign interconnection agreements on behalf of BellSouth. Further, IDS is attempting to take the BellSouth/Supra Interconnection Agreement, which does not have deposit language, and adopt, pursuant to the Act, the "absence" of language in substitution for the existing language in the BellSouth/IDS Agreement. Aside from being a patently ridiculous application of the opt-in provisions of §252(i) of the Act, IDS' conduct is so reprehensible as to warrant sanctions from this Commission.

telecommunications carrier upon the same terms and conditions as those provide in the agreement.” [emphasis added] Network elements are defined in 47 U.S.C. § 3 to mean a “facility or equipment used in the provision of a telecommunications service.” Although the term “service” is not specifically defined in the Telecommunications Act, various terms have “service” included within other terms. Each of these terms, such as “telecommunications service” and “telephone exchange service” refer to offering telecommunications directly to the public, via some sort of telecommunications equipment. The term “service” would also include resale of telecommunications services, collocation, number portability, access to rights of way and other such obligations set forth in 47 U.S.C § 251, as well as other services BellSouth makes available under the interconnection agreement (e.g. the DUF services; provisioning and repair). While the Act does require BellSouth to offer to other requesting carriers the deals it makes with requesting carriers, the obligation is limited to the words of the statute: “interconnection, service, or network element.”

IDS will argue that the FCC has provided direction to the parties through its Order In The Matter of Qwest Communications International Inc. Petition for Declaratory Ruling on the Scope of the Duty to File and Obtain Prior Approval of Negotiated Contractual Arrangements under Section 252(a)(1), FCC Order No. 02-276 (WC Docket No. 02-89). IDS’ reliance on this Order is misguided as the FCC addressed the responsibilities of an ILEC in regards to when the content of a contract between an ILEC and a requesting carrier requires that contract to be filed with the state commission for approval. The FCC stated that “an agreement that creates an ongoing obligation pertaining to resale, number portability, dialing parity, access to rights of way,

reciprocal compensation, interconnection, unbundled network elements, or collocations is an interconnection agreement that must be filed pursuant to 252(a)(1).” The Qwest order did not address the requirements of an adoption pursuant to 47 U.S.C. §252(i).

CONCLUSION

For the foregoing reasons, BellSouth requests that the Commission order IDS to post a deposit in the amount of \$4.6 million.

Respectfully submitted this 28th day of June, 2004.

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