

1. After preliminary discussions regarding the advisability of attempting to settle this complex matter, the Parties began earnest, in-depth settlement analyses. These efforts led to further negotiations and resulted in AT&T Kentucky making a good faith offer of settlement to the RLECs during a settlement negotiation meeting the parties held in Louisville on January 23, 2014. Because the Parties sought to quickly narrow the issues and efficiently reach resolution, the meeting was held in-person. Therefore, counsel for AT&T Kentucky traveled to Louisville, Kentucky from North Carolina and Frankfort, Kentucky, and personally met with the RLECs' representatives, their counsel and Georgia-based consultant. The willingness of the Parties to have their representatives travel and personally meet to discuss AT&T Kentucky's offer is indicative of the earnestness of these efforts, and the Parties' mutual desire to resolve this matter through settlement as opposed to litigation before the Commission. It is with that same earnestness, immediacy and desire for settlement that the Parties continue their ongoing negotiations today.

2. During the January 23, 2014 meeting, counsel for AT&T Kentucky made a detailed oral presentation of AT&T Kentucky's offer to resolve this dispute. In addition, AT&T also provided a written offer to resolve certain additional issues between various parties that are not directly at issue in this proceeding. During this meeting, which lasted nearly two hours, the participants engaged in earnest, robust, and good-faith discussions that involved the frank and productive exchange of positions. In addition, representatives of both AT&T Kentucky and the RLECs used the meeting to ask clarifying questions regarding their understanding of the other side's positions, as well as to more fully explain certain factual matters.

3. On February 11, 2104, the RLECs provided a written counterproposal to AT&T Kentucky's offer. In addition to addressing the disputes that were the subject of AT&T Kentucky's offer, the RLECs' written counterproposal also proposed to address and settle three additional disputes involving related entities that are not parties to this specific proceeding.

4. AT&T Kentucky analyzed this counterproposal and on March 19, 2014, provided a written response to the RLECs' written counterproposal.

5. On April 17, 2014, the Parties filed their Joint Status Report in accordance with the Commission's March 18, 2014 Order.

6. Upon receiving AT&T Kentucky's counterproposal, the RLECs, their consultant, and counsel convened internally to coordinate a counterproposal to the latest AT&T Kentucky offer. On May 1, 2014, the RLECs sent a counterproposal to AT&T Kentucky. This counterproposal included a detailed 4-page response to AT&T Kentucky's proposal and a redlined version of a proposed definitive agreement to address the exchange of certain traffic that has historically been subject to some dispute among the parties.

7. AT&T Kentucky is currently analyzing the RLECs' May 1, 2014 proposal. Because of the multi-faceted and detailed nature of this task, that effort is ongoing. It is anticipated that a complete counterproposal containing a detailed traffic exchange agreement will be provided to the RLECs within two weeks of the date of this report.

8. In the interim, between the delivery by the Parties of their written offers and counterproposals, counsel for the Parties on several occasions have conferred by telephone to obtain additional information required for their internal review of the respective offers and counterproposals, as well as to clarify their positions. Those ongoing discussions have been fruitful.

9. In its March 18, 2014 Order, the Commission concluded that "the parties have had substantial time in which to reach settlement."¹ The Parties respectfully observe that this is a complex case involving many carriers that would take a significant amount of time and effort to resolve by either litigation or settlement in its own right. And, in addition to addressing the claims

¹ Order, *In the Matter of: Ballard Rural Telephone Cooperative Corporation, Inc. v. BellSouth Telecommunications, Inc. d/b/a AT&T Kentucky*, Case No. 2011-00199 at 2 (Ky. P.S.C. March 18, 2014).

at issue in this proceeding, the various parties (and now other related carries that are not parties to this particular case) are attempting in good faith to reach global and amicable resolution not only of the various matters currently pending before the Commission, but also of other disputes between AT&T and some of the RLECs which would likely require Commission resolution if not settled between the parties at this juncture. In the time since substantive settlement negotiations began on January 23, 2014, the Parties have worked diligently to exchange *five* proposals. Equally important, other factors have affected the ability of the Parties to move the settlement negotiations at a faster pace:

(a) There are 13 RLECs that are party to this action. Counsel for the RLECs thus is required to consult with each of the 13 RLECs and coordinate their responses to reach a single counterproposal to each of AT&T Kentucky's offers. This consultation and coordination increases the time for any counterproposal made by the RLECs;

(b) Although AT&T Kentucky is a single entity, it is part of a much larger international corporation. As a result, there are multiple levels of review and approval required for any offer made on its behalf. This review and approval process likewise lengthens the time required for any offer made by AT&T Kentucky;

(c) In addition to resolving the matters at issue in this proceeding, the Parties also are working to address prospectively certain aspects of the relationship between AT&T Kentucky and the RLECs. If the Parties are able to reach agreement on these prospective issues, the Parties believe it should lessen the need for Commission involvement in the future with respect to transactions between the parties. These prospective issues require greater analysis and the need for longer periods to review than simply resolving the monetary claims among the Parties;

(d) As part of their settlement negotiations, the Parties also are seeking to resolve other matters currently pending before the Commission. Specifically, the offers and

counterproposals made by the Parties would resolve four other pending proceedings: Case No. 2006-00448,² Case No. 2012-00529,³ Case No. 2013-00168,⁴ and Case No. 2013-00392.⁵

(e) The Parties are also seeking to resolve demands by three CLECs affiliated with certain of the RLECs that are parties to this proceeding. The demands are not yet the subject of any proceedings before the Commission and if resolved would obviate the need for filing and litigating such claims before the Commission.

10. The Parties believe that because of resource limitations, the demands and expenses associated with litigation will limit their ability to reach a settlement if they are required to litigate and simultaneously pursue settlement. The number of separate parties involved and the complexity of certain of the issues being addressed also have prevented the Parties from yet reaching a substantive settlement. Nevertheless, the Parties have made significant progress since the last joint status report, are working in good faith and as expeditiously as practicable to resolve the remaining issues, and remain optimistic that settlement may be reached if adequate time is afforded to do so.

WHEREFORE, the Parties respectfully and jointly request that the Commission accept this Joint Status Report. The Parties also respectfully and jointly request that the Commission allow the Parties additional time to explore the potential settlement of the issues raised in this proceeding by ordering the Parties to file a Joint Status Report in 30 days and, if necessary, a second Joint Status Report 30 days thereafter. If the Parties advise at any time that settlement does not appear likely,

² *In the Matter of: South Central Telcom, LLC v. BellSouth Telecommunications, Inc. d/b/a AT&T Kentucky.*

³ *In the Matter of: Petition of Cumberland Cellular, Inc. d/b/a Duo County Telecom for Arbitration of Certain Terms and Conditions of Proposed Interconnection Agreement with BellSouth Telecommunications, Inc., d/b/a AT&T Kentucky, Pursuant to the Communications Act of 1934, as Amended by the Telecommunications Act of 1996.*

⁴ *In the Matter of: Cumberland Cellular, Inc. d/b/a Duo County Telecom v. Bellsouth Telecommunications, Inc. d/b/a AT&T Kentucky.*

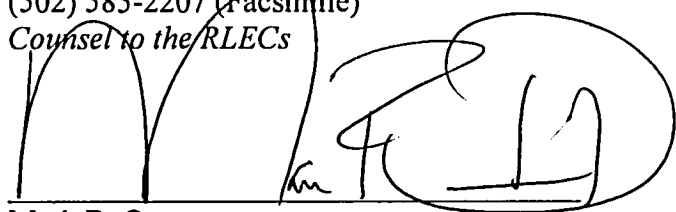
⁵ *In the Matter of: AT&T Corp. v. Mountain Rural Cooperative Corp. and Thacker-Grigsby Telephone Co., Inc.*

the Parties request that the Commission schedule an informal conference prior to establishing a procedural schedule to be followed.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by U.S. mail this __ day of April, 2014, on the following individuals:

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