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January 16, 2007

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PUBLIC SERVICE  
COMMISSION

Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602

Re: Dialog Telecommunications, Inc., Complainant v. BellSouth  
Telecommunications, Inc., Defendant  
KPSC 2005-00095

Dear Ms. O'Donnell:

BellSouth received Dialog's January 10, 2006 (sic), letter wherein Dialog advised the Commission that Dialog and BellSouth have reached agreement on the issues comprising Count I, Tandem Switching, of Dialog's Complaint and that issue should be dismissed as settled. In addition, Dialog said that Count II, Sales Tax on UNEs, and Count III, Late Payment Charges, remain before the Commission and asks the Commission to grant its Motion for Summary Judgment with respect to Count II.

BellSouth wishes to inform the Commission that the issue of Late Payment Charges, Count III, as it relates to the claims in Count I of Dialog's Complaint, is a part of the settlement between the parties, and should also be dismissed as settled.

With respect to Count II, Sales Tax on UNEs, BellSouth reiterates its position set out in its Motion to Dismiss filed December 2, 2005 and its Response to Dialog's Cross Motion for Summary Judgment filed March 1, 2006, and respectfully asks the Commission to dismiss Count II, Sales Tax on UNEs, in Dialog's Complaint.

The original and ten (10) copies of this letter are enclosed for filing in this proceeding.

Sincerely,

  
Mary K. Keyer

cc: Parties of Record