

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPROVAL OF THE RESALE)
AGREEMENT NEGOTIATED BY)
BELLSOUTH TELECOMMUNICATIONS,)
INC., AND LCI INTERNATIONAL) CASE NO. 97-089
TELECOM CORP. PURSUANT TO)
SECTIONS 251 AND 252 OF THE)
TELECOMMUNICATIONS ACT OF 1996)

O R D E R

On February 25, 1997, BellSouth Telecommunications, Inc. ("BellSouth") and LCI International Telecom Corp. ("LCI") submitted to the Commission their negotiated agreement for the purchase of BellSouth services for resale by LCI. The agreement was negotiated pursuant to the Telecommunications Act of 1996 ("1996 Act"), 47 U.S.C. Sections 251 and 252. Section 252(e) of the 1996 Act requires the parties to an interconnection agreement adopted by negotiation to submit the agreement for approval to the Commission.

The Commission has extensively reviewed the agreement and finds that no portion of the agreement discriminates against a telecommunications carrier not a party to the agreement. The Commission also finds that the implementation of this agreement is consistent with the public interest, convenience and necessity.

LCI must comply with all relevant Commission mandates for serving in this Commonwealth.

The Commission, having been otherwise sufficiently advised, HEREBY ORDERS that:

1. The negotiated agreement between BellSouth and LCI, which is attached hereto and incorporated herein, is approved.

2. LCI shall file a tariff for local service prior to providing local service giving 30 days notice to the Commission and shall comply with all Commission regulations and orders as directed.

Done at Frankfort, Kentucky, this 8th day of April, 1997.

PUBLIC SERVICE COMMISSION

Linda K Breathitt
Chairman

Er J. Helton
Vice Chairman

B. J. Helton
Commissioner

ATTEST:

Don Mills
Executive Director

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Legal

FEB 27 1997

BellSouth Telecommunications, Inc. Fax 502 582-1573
P.O. Box 32410 502 582-8219
Louisville, Kentucky 40232

GENERAL COUNSEL Creighton E. Mershon, Sr.
General Counsel

February 24, 1997

Mr. Don Mills
Executive Director
Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, KY 40602

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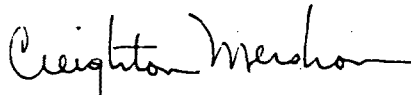
Re: Approval of the Resale Agreement Negotiated by BellSouth Telecommunications, Inc., ("BellSouth") and LCI International Telecom Corp. ("LCI") pursuant to Sections 251 and 252 of the Telecommunications Act of 1996

Dear Mr. Mills:

Pursuant to section 252(e) of the Telecommunications Act of 1996, BellSouth and LCI are submitting to the Kentucky Public Service Commission their negotiated agreement for the purchase of BellSouth's telecommunications services for the purpose of resale to end users by LCI.

Pursuant to section 252(e) of the Act, the Commission is charged with approving or rejecting the negotiated agreement between BellSouth and LCI within 90 days of its submission. The Act provides that the Commission may only reject such an agreement if it finds that the agreement or any portion of the agreement discriminates against a telecommunications carrier not a party to the agreement or the implementation of the agreement or any portion of the agreement is not consistent with the public interest, convenience and necessity. Both parties aver that neither of these reasons exist as to the agreement they have negotiated and, therefore, jointly recommend that the Commission approve their agreement.

Sincerely,



Creighton E. Mershon, Sr.

Enclosures

**Agreement Between BellSouth Telecommunications, Inc. and LCI International Telecom Corp.
Regarding The Sale of BST's Telecommunications Services to LCI For The Purposes of Resale**

THIS AGREEMENT is by and between **BellSouth Telecommunications, Inc.**, ("BellSouth or Company"), a Georgia corporation, and **LCI International Telecom Corp.** ("LCI"), a Delaware corporation, and shall be deemed effective as of February 06, 1997.

WITNESSETH

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

WHEREAS, LCI is certified to provide local exchange services in the states of Alabama, Florida, Georgia, Mississippi, South Carolina, and Tennessee; and

WHEREAS, LCI's certification is pending in the states of Louisiana and North Carolina and LCI intends on becoming certified in Kentucky; and

WHEREAS, LCI desires to resell BellSouth's local telecommunications services ("Services");
and

WHEREAS, LCI intends on negotiating a more comprehensive interconnection agreement containing local resale with BellSouth in the near future; and

WHEREAS, BellSouth has agreed to provide such Services to LCI for resale purposes and pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the mutual premises and promises contained herein, BellSouth and LCI do hereby agree as follows:

I. Term of the Agreement

A. The term of this Agreement shall be six (6) months beginning February 06, 1997 and shall apply to all of BellSouth's serving territory as of January 1, 1997, in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

B. This Agreement shall be automatically renewed for seven (7) additional six (6) month periods unless either party indicates its intent not to renew the Agreement. Notice of such intent must be provided, in writing, to the other party no later than forty-five (45) days prior to the end of the then-existing contract period. The terms of this Agreement shall remain in effect after the term of the existing agreement has expired or terminated (except for termination by BellSouth of LCI for material breach) and while a new agreement is being negotiated.

C. Company and LCI will cooperate in good faith to effect an orderly transition of service under this Agreement. Company agrees to exercise reasonable efforts to avoid or minimize service disruptions or degradation in services during the transition.

D. The rates pursuant by which LCI is to purchase Resale Services from BellSouth for resale shall be at a discount rate off of the retail rate for the telecommunications service. The discount rates shall be as set forth in Exhibit A, attached hereto and incorporated herein by this reference. Such discounts are intended to reflect the costs avoided by BellSouth when selling a retail service for wholesale purposes.

II. Definition of Terms

A. ACT means the Communications Act of 1934 (47 U.S.C. Section 151 et seq.), as amended by the Telecommunications Act of 1996, and as from time to time interpreted in the duly authorized rules and regulations of the FCC or a commission having authority to interpret the ACT within its state of jurisdiction.

B. CUSTOMER OF RECORD means the entity responsible for placing application for service; requesting additions, rearrangements, maintenance or discontinuance of service; payment in full of charges incurred such as toll, directory assistance, etc.

C. DEPOSIT means assurance provided by a customer in the form of cash, surety bond, or bank letter of credit to be held by the Company.

D. END USER means the ultimate user of the telecommunications services.

E. END USER CUSTOMER LOCATION means the physical location of the premises where an End User makes use of the telecommunications services.

F. NEW SERVICES means functions, features or capabilities that are not currently offered by BellSouth. This includes packaging of existing services or combining a new function, feature or capability with an existing service.

G. OTHER LOCAL EXCHANGE COMPANY (OLEC) means a telephone company certificated by the public service commissions of the Company's franchised area to provide local exchange service within the Company's franchised area.

H. RESALE means an activity wherein a certificated OLEC, such as LCI subscribes to the tariffed telecommunications services of the Company provided at a discount rate off of the retail rate as specified in Exhibit A and then reoffers those telecommunications services to the public (with or without "adding value").

I. RESALE SERVICE AREA means the area, as defined in a public service commission approved certificate of operation, within which an OLEC, such as LCI, may offer resold local exchange telecommunications service.

J. OPERATIONAL SUPPORT SYSTEM means any system utilized by BellSouth for the provisioning, pre-ordering, maintenance, billing and management of BellSouth's network services.

III. General Provisions

A. LCI may resell the tariffed local exchange and toll telecommunications services of BellSouth subject to the terms and conditions specifically set forth herein. In Florida, Georgia, Kentucky, Louisiana, North Carolina, and Tennessee, BellSouth shall make available those services BellSouth is required to make available as a result of any order (from a generic docket or as the result of an arbitration award) of a state commission relating to resale and shall make available any other service BellSouth is making available to another reseller. In Alabama, Mississippi, and South Carolina, BellSouth shall make available all other tariffed local exchange and toll telecommunications services except the following are not available for resale: Grandfathered services; promotional and trial retail service offerings; lifeline and linkup services, contract service arrangements; installment billing options; 911 and E911 services; interconnection services for mobile service providers; legislatively or administratively mandate specialized discounts (e.g., education institution discount) and discounted services to meet competitive situations; provided, however, that in the event the FCC or applicable state commission enters an order (from a generic docket or as the result of an arbitration award) requiring BellSouth to provide any of the foregoing services or in the event BellSouth makes any of such services available to a reseller, such services shall be made available to LCI upon request by LCI. In all states in the BellSouth region, BellSouth shall make available to LCI to sell to its End Users, without the wholesale discount, voice messaging service and inside wire maintenance plan.

B. The provision of services by the Company to LCI does not constitute a joint undertaking for the furnishing of any service.

C. LCI will be the Customer of Record for all Resale Services purchased from BellSouth. Except as specified herein, the Company will take orders from, bill and expect payment from LCI for all services.

D. LCI will be the Company's single point of contact for all services purchased pursuant to this Agreement. The Company shall have no contact with the End User except to the extent provided for herein.

E. The Company will continue to bill the End User for any services that the End User specifies it wishes to receive directly from the Company.

F. The Company maintains the right to serve directly any End User within the service area of LCI. The Company will continue to directly market its own telecommunications products and services and in doing so may establish independent relationships with End Users of LCI; provided, however, Company shall not market Company retail products or services during contact with LCI's End Users in performing the Company's obligations under the Agreement.

G. In those instances where LCI requires BellSouth personnel to interface directly with LCI customers, either orally in person or by telephone, or in writing, such personnel shall identify themselves as BellSouth's employees representing LCI.

H. BellSouth shall provide training for all its employees who may communicate, either by telephone or face-to-face, with LCI End User to ensure that the requirements of this Agreement are met.

I. LCI shall authorize all customer contacts initiated by BellSouth on behalf of LCI.

J. LCI shall not interfere with the right of any person or entity to obtain service directly from the Company.

K. [LEFT BLANK INTENTIONALLY]

L. Telephone numbers are assigned the service furnished. LCI has no property right to the telephone number or any other call designation associated with service furnished by the Company and has no right to the continuance of service through a particular central office. Subject to applicable federal and state law, rule or regulation or state commission order, the Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, whenever the Company deems it necessary to do so in the conduct of its business. Notwithstanding the foregoing, LCI does not waive its right to local number portability, for local resale in accordance with the requirements of the Act .

M. The Company may provide any service or facility for which a charge is not established herein, as long as it is offered on the same terms to LCI.

N. Service is furnished subject to the condition that it will not be used for any unlawful purpose.

O. Service will be discontinued if any law enforcement agency advises that the service being used is in violation of the law.

P. The Company accepts no responsibility to any person for any unlawful act committed by LCI or its End Users as part of providing service to LCI for purposes of resale or otherwise.

Q. The Company will cooperate fully with law enforcement agencies with subpoenas and court orders for assistance with the Company's customers. Law enforcement agency subpoenas and court orders regarding End Users of LCI will be directed to LCI. The Company will bill LCI for implementing any requests by law enforcement agencies regarding LCI End Users.

R. The characteristics and methods of operation of any circuits, facilities or equipment provided by other than the Company shall not:

1. Interfere with or impair service over any facilities of the Company, its affiliates, or its connecting and concurring carriers involved in its service;

2. Cause damage to their facilities and equipment;
3. Impair the privacy of any communications; or
4. Create hazards to any employees or the public.

S. LCI assumes the responsibility of notifying the Company regarding LCI's use of a resold service in a manner that is below industry standards.

T. Facilities and/or equipment utilized by BellSouth to provide service to LCI remain the property of BellSouth.

U. White page directory listings will be provided in accordance with regulations set forth in Section A6 of the General Subscriber Service Tariff and will be available for resale.

IV. BellSouth's Provision of Services to LCI

A. LCI agrees that its resale of BellSouth services shall be as follows:

1. The resale of telecommunications services shall be limited to users and uses conforming to the class of service restrictions.

2. To the extent LCI is a telecommunications carrier that serves greater than 5 percent of the Nation's presubscribed access lines, LCI shall not jointly market its interLATA services with the telecommunications services purchased from BellSouth pursuant to this Agreement in any of the states covered under this Agreement. For the purposes of this subsection, to jointly market means any advertisement marketing effort or billing in which the telecommunications services purchased from BellSouth for purposes of resale to customers and interLATA services offered by LCI are packaged, tied, bundled, discounted or offered together in any way to the end user. Such efforts include, but are not limited to, sales referrals, resale arrangements, sales agencies or billing agreements. This subsection shall be void and of no effect for a particular state covered under this Agreement as of February 8, 1999 or on the date BellSouth is authorized to offer interLATA services in that state, whichever is earlier.

3. Hotel and Hospital PBX service are the only telecommunications services available for resale to Hotel/Motel and Hospital End Users, respectively. Similarly, Access Line Service for Customer Provided Coin Telephones is the only local service available for resale to COCOTS customers. Shared Tenant Service customers can only be sold those telecommunications services available in the Company's A23 Shared Tenant Service Tariff.

4. LCI is prohibited from furnishing both flat and measured rate service on the same business premises to the same subscribers (End Users) as stated in A2 of the Company's Tariff except for backup service as indicated in the applicable state tariff Section A3.

5. If telephone service is established and it is subsequently determined that the class of service restriction has been violated, LCI will be notified and billing for that service will

be immediately changed to the appropriate class of service. Services charges for changes between class of service, backbilling, and interest shall apply at the Company's sole discretion.

6. The Company reserves the right to periodically audit services purchased by LCI to establish authenticity of use. Such audit shall not occur more than once in a calendar year. LCI shall make any and all records and data available to the Company or the Company's auditor's on a reasonable basis during normal business hours. The Company shall bear the cost of said audit.

B. Resold services can only be used in the same manner as specified in the Company's Tariff. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual End User of the Company in the appropriate section of the Company's Tariffs. Specific tariff features, e.g. a usage allowance per month, shall not be aggregated across multiple resold services. Resold services cannot be used to aggregate traffic from more than one End User customer except as specified in Section A23. of the Company's Tariff referring to Shared Tenant Service.

C. LCI may resell services only within the specific resale service area as defined in its certificate(s).

D. Telephone numbers transmitted via any resold service feature are intended solely for the use of the End User of the feature. LCI will not resell this information.

E. No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement. LCI is strictly prohibited from any use, including but not limited to sales, marketing or advertising, of any BellSouth name or trademark.

F. Any Service made available for resale by Company to LCI shall be equal in quality to the identical service provided by Company to itself or to any subsidiary, affiliate or any other person to which Company directly provides the Resale Service, including BellSouth's retail End Users.

G. Company shall provide LCI prior written or electronic notice, or notice in such other manner as the parties may mutually agree, of any changes in the terms and conditions under which Company offers Resale Services. The parties will provide in writing the designated persons to receive notice.

H. To the extent it is otherwise made available to a reseller or ordered by any state commission, Company shall rebrand on a state-by-state basis in the same manner at same time Operator Services and Directory Assistance Services upon LCI's request. To the extent it is made available to a reseller or ordered by a state commission, Company shall make available to LCI, upon LCI's request, the ability to route on state-by-state basis in the same manner at the same time Local Directory Assistance, Local Operator Services, and 611 calls, where available, to LCI-designated platform(s).

I. Upon LCI's request, to the extent it is made available to any reseller or ordered by any state commission, Company will provide to LCI on a state-by-state basis in the same manner performance benchmarks for the pre-ordering, ordering, provisioning, maintaining, repairing and billing of Resale Services.

V. Maintenance of Services

A. Services resold under the Company's Tariffs and facilities and equipment provided by the Company shall be maintained by the Company. Company will accept either verbal or electronic trouble reports from LCI associated with Resale Services. In addition, Company will provide LCI an electronic interface for trouble reporting and trouble disposition through the same electronic interface BellSouth provides to any other reseller. Such electronic interface will be consistent with industry standards.

B. Company shall repair and maintain Resale Services equal in quality and with the same timeliness that such repair and maintenance is provided to Company's subsidiaries, affiliates, other reseller, or other person to whom Company directly provides the Resale Service, including Company's retail End Users.

C. LCI or its End Users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.

E. LCI accepts responsibility to notify the Company of situations that arise that may result in a service problem.

F. LCI will be the Company's single point of contact for all repair calls on behalf of LCI's End Users.

G. LCI will contact the appropriate repair centers in accordance with reasonable procedures established by the Company. The Company shall provide LCI with adequate reference materials and training for contacting and interacting with repair centers.

H. For all repair requests, LCI accepts responsibility for adhering to the Company's prescreening guidelines prior to referring the trouble to the Company. The Company will provide LCI with reference materials and training for prescreening end-user troubles.

I. The Company will bill LCI for handling troubles that are found not to be in the Company's network under the same terms and conditions that the Company would bill its own End Users or any other reseller.

J. After LCI authorizes a repair contact, the Company reserves the right to contact LCI's customer, if deemed necessary, for maintenance purposes.

K. Non-branded "No Access" cards will be furnished during service calls by BellSouth to LCI End Users.

VI. Establishment of Service

A. After receiving certification as a local exchange company from the appropriate regulatory agency, LCI will provide the appropriate Company service center the necessary documentation to enable the Company to establish a master account for LCI. Such documentation shall include the Application for Master Account, proof of authority to provide telecommunications services, an Operating Company Number ("OCN") assigned by the National Exchange Carriers Association ("NECA") and a tax exemption certificate, if applicable. When necessary deposit requirements are met the Company will promptly begin taking orders for the resale of service.

B. Until such time as an electronic interface is available, pre-ordering and provisioning provided by Company to LCI under this Agreement shall be equal in quality and with the same timeliness to that provided by Company to any other reseller. When such electronic interface is available, such interface shall be provided to LCI at the same time or the same terms and conditions as provided any other reseller. Notwithstanding the foregoing, LCI does not waive its right to pre-ordering and provisioning under this Agreement equal in quality to that provided by Company to itself, to a any subsidiary or affiliate, or to any other person to whom Company directly provides the Resale Services, including Company's retail End Users. The interface will be consistent with industry standards.

C. Company shall provision Resale Services in a manner that is equal in quality and with the same timeliness as such Resale Services are provisioned to Company's subsidiaries, affiliates or other person to whom Company directly provides the Resale Service, including Company's retail End Users.

D. The Company will not require End User confirmation prior to establishing service for LCI's End User customer. LCI must, however, be able to demonstrate End User authorization upon request.

E. LCI will be the single point of contact with the Company for all subsequent ordering activity resulting in additions or changes to resold services except that the Company will accept a request directly from the End User for conversion of the End User's service from LCI to the Company or will accept a request from another OLEC for conversion of the End User's service from LCI to the other LEC. The Company will notify LCI that such a request has been processed.

F. If the Company determines that an unauthorized change in local service to LCI has occurred, the Company will reestablish service with the appropriate local service provider and will assess LCI as the OLEC initiating the unauthorized change, an unauthorized change charge similar to that described in F.C.C. Tariff No. 1, Section 13.3.3. Appropriate non-recurring charges, as set forth in Section A4. of the General Subscriber Service Tariff, will also be assessed to LCI.

These charges can be adjusted if LCI provides satisfactory proof of authorization.

	Nonrecurring Charge
(a) each Residence or Business line	\$19.41
(b)each Semi-Public line	\$34.19

If LCI determines that an unauthorized change in local service to Company has occurred, the Company shall reestablish service with LCI and will be assessed by LCI an authorized change charge similar to that described in Section A4 of the General Subscriber Service Tariff.

G. The Company may, in order to safeguard its interest, require LCI to make a deposit to be held by the Company as a guarantee of the payment of rates and charges, unless satisfactory credit has already been established. Any such deposit may be held during the continuance of the service as security for the payment of any and all amounts accruing for the service.

H. Such deposit may not exceed two months' estimated billing.

I. The fact that a deposit has been made in no way relieves LCI from complying with the Company's regulations as to advance payments and the prompt payment of bills on presentation nor does it constitute a waiver or modification of the regular practices of the Company providing for the discontinuance of service for non-payment of any sums due the Company.

J. The Company reserves the right to increase the deposit requirements when, in its sole judgment, the conditions justify such action.

K. In the event that LCI defaults on its account, any deposits held will be applied to its account.

L. In the case of a cash deposit, interest at the rate of six percent per annum shall be paid to LCI during the continuance of the deposit. Interest on a deposit shall accrue annually and, if requested, shall be annually credited to LCI by the accrual date.

VII. Billing Information

A. The provision of and access to billing information by Company to LCI under this Agreement shall provide LCI with the same billing capability and with same ability to timely bill LCI End Users as the Company, any of its subsidiaries or affiliates or any other reseller has to bill their end users.

B. Company shall provide to LCI Daily Usage Files ("DUF") for Resale Services pursuant to a separate agreement which will be executed simultaneously herewith.

C. Promptly, but no later than twenty-four (24) hours, after completion of a repair or service order authorized by LCI, Company shall notify a designated LCI representative of the time and materials charges associated with the repair or service order, until such time as a mechanized or electronic interface is implemented by Company. Notwithstanding the implementation of a mechanized system or interface, Company shall make available to LCI such notification of time and material charges in the same manner and at the same time which BellSouth makes such notification available to any other reseller.

VIII. Payment And Billing Arrangements

- A.** When the initial service is ordered by LCI, the Company will establish an accounts receivable master account for LCI.
- B.** The Company shall bill LCI on a current basis all applicable charges and credits. The bill provided by Company to LCI shall include sufficient data to (i) enable LCI to bill all charges to its End Users in a timely manner and (ii) reconcile the billed charges with the usage data.
- C.** Payment of all charges will be the responsibility of LCI. LCI shall make payment to the Company for all services billed. The Company is not responsible for payments not received by LCI from LCI's customer. The Company will not become involved in billing disputes that may arise between LCI and its customer. Payments made to the Company as payment on account will be credited to an accounts receivable master account and not to an End User's account.
- D.** The Company will render bills each month on established bill days for each of LCI's accounts.
- E.** The Company will bill LCI, in advance, charges for all services to be provided during the ensuing billing period except charges associated with service usage, which charges will be billed in arrears. Charges will be calculated on an individual End User account level, including, if applicable, any charges for usage or usage allowances. BellSouth will also bill all charges, including but not limited to 911 and E911 charges, telecommunications relay charges, and franchise fees, on an individual End User account level.
- F.** The payment will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available funds. Payment is considered to have been made when received by the Company.

If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If payment of amounts is not received by the payment due date, a late payment penalty, as set forth in I. following, shall apply.

All bills must be received by LCI no later than ten (10) calendar days from the bill date and at least twenty (20) calendar days prior to the payment due date, whichever is earlier. Any bill received on a Saturday, Sunday or a day designated as a bank holiday will be deemed received the next business day. If LCI fails to receive the bill within the time period specified above the payment due date will be extended by the number of days receipt has been delayed.

- G.** Upon proof of tax exempt certification from LCI, the total amount billed to LCI will not include any taxes due from the End User. LCI will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the End User.

H. As the customer of record, LCI will be responsible for, and remit to the Company, all charges applicable to its resold services for emergency services (E911 and 911) and Telecommunications Relay Service (TRS) as well as any other charges of a similar nature.

I. If any portion of the payment is received by the Company after the payment due date as set forth preceding, or if any portion of the payment is received by the Company in funds that are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be the lessor of-

1. The highest interest rate (in decimal value) which may be levied by law for commercial transaction, compounded daily for the number of days from the payment due date to and including the date that LCI actually makes the payment to the Company, or
2. 0.000590 per day, compounded daily for the number of days from the payment due date to and including the date that LCI actually makes the payment to the Company.

J. Each party agrees to notify the other party upon the discovery of a billing discrepancy "Notice of Discrepancy." In the event of such Notice of Discrepancy, the parties shall exercise best efforts to resolve the discrepancy within sixty (60) calendar days of notification using normal business procedures. If the discrepancy is disputed, resolution of such dispute is expected to occur at the first level of management resulting in a recommendation for settlement of the dispute. If the dispute is not resolved within the allotted time frame, the following procedures shall begin:

1. If the dispute is not resolved within sixty (60) days of the Notice of Discrepancy, the dispute shall be escalated to the second level of management for resolution.
2. If the dispute is not resolved within ninety (90) days of the Notice of Discrepancy, the dispute shall be escalated to the third level of management for resolution.

K. Any switched access charges associated with interexchange carrier access to the resold local exchange lines will be billed by, and due to, the Company. No additional charges are to be assessed to LCI.

L. The Company will not perform billing and collection services for LCI as a result of the execution of this Agreement. All requests for billing services should be referred to the appropriate entity or operational group within the Company.

M. Until such time as the Company receives permission from the FCC to bill the End User Common Line (EUCL) charge to LCI, the Company will, on an interim basis, bill the charges shown below which are identical to the EUCL rates billed by BST to its End Users.

	Monthly Rate
1. Residential	
(a) Each Individual Line or Trunk	\$3.50
2. Single Line Business	
(b) Each Individual Line or Trunk	\$3.50
3. Multi-line Business	
(c) Each Individual Line or Trunk	\$6.00

N. In general, the Company will not become involved in disputes between LCI and LCI's End User customers over resold services. If a dispute does arise that cannot be settled without the involvement of the Company, LCI shall contact the designated Service Center for resolution. The Company will make every effort to assist in the resolution of the dispute and will work with LCI to resolve the matter in as timely a manner as possible. LCI may be required to submit documentation to substantiate the claim.

O. BellSouth will provide LCI with outage credits on resold services that are equivalent to the outage credits that BellSouth provides to its retail customers as specified in the appropriate BellSouth tariff for the equivalent retail service.

IX. Discontinuance of Service

The procedures for discontinuing service to an End User are as follows:

1. Where possible, the Company will deny service to LCI's End User on behalf of, and at the request of, LCI. Such denial of service shall occur in a timely manner. Upon restoration of the End User's service, restoral charges will apply and will be the responsibility of LCI
2. At the request of LCI, the Company will disconnect an LCI End User customer.
3. All requests by LCI for denial or disconnection of an End User for nonpayment must be in writing.
4. LCI will be made solely responsible for notifying the End User of the proposed disconnection of the service.
5. The Company will continue to process calls made to the Annoyance Call Center and will advise LCI when it is determined that annoyance calls are originated from one of their End User's locations. The Company shall be indemnified, defended and held harmless by LCI and/or the End User against any claim loss or damage arising from providing this information to LCI. It is the responsibility of LCI to take the corrective action necessary with its customers who make annoying calls. Failure to do so will result in the Company's disconnecting the End User's service.

X. Termination

A. If LCI fails to comply with the material provisions of this Agreement, and such failure is not cured within thirty (30) calendar days written notice to the person designated by LCI to receive notices of noncompliance, Company shall have the right to terminate this Agreement. In addition, Company shall be entitled to pursue all available legal and equitable remedies for such breach. In the case of such termination, all billed charges, as well as applicable termination charges, shall become due.

B. If Company fails to comply with the material provisions of this Agreement which failure adversely affects LCI's End Users, and such failure is not cured within ten (10) business days written notice to the person designated by Company to receive notices of noncompliance, LCI shall have the right to terminate this Agreement. If Company fails to comply with any other material provision of this Agreement and such failure is not cured within forty-five (45) calendar days written notice to the person designated by Company to receive notices of noncompliance, LCI shall have the right to terminate this Agreement. In addition, LCI shall be entitled to pursue all available legal and equitable remedies for such breach.

XI. Liability

A. Except for its liability for willful misconduct, the liability of the Company for damages arising out of mistakes, omissions, interruptions, preemptions, delays, errors or defects in transmission, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service or other facilities and not caused by the negligence of LCI, or of the Company in failing to maintain proper standards of maintenance and operation and to exercise reasonable supervision shall in no event exceed an amount equivalent to the proportionate charge to LCI for the period of service during which such mistake, omission, interruption, preemption, delay, error or defect in transmission or defect or failure in facilities occur. Except for its liability for willful misconduct, the liability of LCI for damage arising out of mistakes, omissions, interruptions, preemptions, delays, or errors shall in no event exceed an amount equivalent to the proportionate charge to LCI for the period of service during which such mistake, omission, interruption, preemption, delay, or error occur. In no event shall either party have any liability whatsoever to the other party for any indirect, special, consequential, incidental or punitive damages including loss of anticipated profits or revenue or other economic loss in connection with or arising from anything said omitted or done hereunder even if the other party has been advised of the possibility of such damages.

B. Each party shall be indemnified and saved harmless by the other party against any and all claims, actions, causes-of-action, damages, liabilities, or demands (including the costs, expenses and reasonable attorneys' fees, on account thereof) of whatever kind or nature that may be made by any third party as a result of such other party's breach, willful or negligent acts or omissions, mistakes, interruptions, preemptions, delays, or errors.

C. The Company shall be indemnified, defended and held harmless by LCI and/or the End User against any claim, loss or damage arising from the use of services offered for resale involving:

1. Claims for libel, slander, invasion of privacy or infringement of copyright arising from LCI's or End User's own communications.
2. Claims for patent infringement arising from acts combining or using Company services in connection with facilities or equipment furnished by the End User or LCI.

D. LCI accepts responsibility for providing access for maintenance purposes of any service resold under the provisions of this Tariff. The Company shall not be responsible for any failure on the part of LCI with respect to any End User of LCI.

XII. Treatment of Proprietary and Confidential Information

A. Both parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including trade secret information, including but not limited to, technical and business plans, technical information, proposals, specifications, drawings, procedures, customer account data and like information (hereinafter collectively referred to as "Confidential Information"). Both parties agree that all Confidential Information shall either be in writing or other tangible form and clearly marked with a confidential, private or proprietary legend, or, when the Confidential Information is communicated orally, it shall also be communicated that the Confidential Information is confidential, private or proprietary. Notwithstanding the above requirements, all information relating to the End Users of LCI, including information that would constitute Customer Proprietary Network Information of LCI pursuant to the Act and FCC rules and regulations and customer usage data whether disclosed by LCI to Company or otherwise acquired by Company in the course of the performance of this Agreement, shall be deemed the Confidential Information of LCI. Confidential Information will be returned to the owner within a reasonable time. Both parties agree that Confidential Information shall not be copied or reproduced in any form and shall be used solely in the performance of its obligations under this Agreement. Both parties agree to receive such Confidential Information and not disclose such Confidential Information. Both parties agree to protect the Confidential Information received from distribution, disclosure or dissemination to anyone except employees of the parties with a need to know such Confidential Information in order to fulfill its obligations under this Agreement and which employees agree to be bound by the terms of this Section. Both parties will use the same standard of care to protect Confidential Information received as they would use to protect their own like confidential and proprietary information.

B. Notwithstanding the foregoing, both parties agree that there will be no obligation to protect any portion of the Confidential Information that: 1) is in the receiving party's possession free of restriction prior to its receipt from the owner; 2) becomes publicly known or available through no breach of this Agreement by the receiving party, 3) is rightly acquired by the receiving party free of restrictions on its disclosure, or 4) is independently developed by personnel of the receiving party to whom the owner's Confidential Information has not been previously disclosed.

C. Company agrees not to reveal, divulge, make known, sell, exchange, lease or in any other way transfer any LCI Confidential Information or to utilize such information in direct or indirect competition with LCI.

D. Neither party shall produce, publish or distribute any press release or other publicity referring to the other party or its affiliates or announcing the execution or discussing the terms of this Agreement without the prior written consent of the other party. In no event shall either party mischaracterize the contents of this Agreement in any public statement or in any representation to a governmental entity or member thereof.

XIII. Dispute Resolution Procedures

The parties recognize and agree that the applicable state commission has continuing jurisdiction to implement and enforce all terms and conditions of this Agreement for the applicable state. Accordingly, the parties agree that any dispute arising out of or relating to this Agreement that the parties themselves cannot resolve, may be submitted to the applicable state commission for resolution. The parties agree to seek expedited resolution by the applicable state commission and shall request that resolution occur in no event later than sixty (60) days from the date of submission of such dispute. If the applicable state commission appoints an expert(s) or other facilitator(s) to assist in its decision making, each party shall pay half of the fees and expenses so incurred. During the applicable state commission proceeding, each party shall continue to perform its obligations under this Agreement; provided, however, that neither party shall be required to act in any unlawful fashion. This provision shall not preclude the parties from seeking relief available in any other forum.

XIV. Limitation of Use

The parties agree that this Agreement shall not be proffered by either party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other party in that jurisdiction or for any other purpose.

XV. Waivers

Any failure by either party to insist upon the strict performance by the other party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this Agreement and each party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

XVI. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia, without regard to its conflict of laws principles.

XVII. Arm's Length Negotiations

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all parties.

XVIII. Notices

A. Every notice, consent approval, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered in person or given by postage prepaid mail, address to:

BellSouth Telecommunications, Inc.
Account Manager
3535 Colonnade Parkway
Birmingham, Alabama

LCI International Telecom Corp.
8180 Greensboro Drive, Suite 800
McLean, Virginia 22102
Attn: Anne K. Bingaman
President, Local Telecommunications
Division

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

B. Where specifically required, notices shall be by certified or registered mail. Unless otherwise provided in this Agreement, notice by mail shall be effective on the date it is officially recorded as delivered by return receipt or equivalent, and in the absence of such record of delivery, it shall be presumed to have been delivered the fifth day, or next business day after the fifth day, after it was deposited in the mails.

XIX. Amendments

This Agreement may be amended at any time upon written agreement of both parties.

XX. More Favorable Provisions

A. The parties agree that if --

1. the Federal Communications Commission ("FCC") or the applicable state commission finds that the terms of this Agreement are inconsistent in one or more material respects with any of its or their respective decisions, rules or regulations, or
2. the FCC or applicable state regulatory body promulgates rules or regulations, or issues orders, or a court with appropriate jurisdiction issues orders, which make unlawful any provision of this Agreement,

the parties shall immediately commence good faith negotiations to conform this Agreement to the requirements of any such decision, rule, regulation or orders. In the event the parties cannot agree on an amendment within thirty (30) days from the date any such rules, regulations or orders become effective, then the parties shall resolve under the applicable procedures set forth in Section XI.

B. In the event that BellSouth, either before or after the effective date of this Agreement, enters into an interconnection and/or resale agreement with any other telecommunications carrier (an "Other Agreement") which provides within any of the state(s) for any arrangements covered by this Agreement upon rates, terms or conditions that differ in any material respect from the rates, terms and conditions for such arrangements set forth in this Agreement ("Other Terms"), BellSouth shall be deemed thereby to have offered such Other Agreement to LCI in its entirety with respect to local resale for the applicable state(s), which LCI may accept in its entirety with respect to local resale in the applicable state(s) as provided in Section XX.F. Upon LCI's request,

BellSouth shall promptly provide LCI copies of any Other Agreement(s). In the event that LCI accepts such offer within sixty (60) days after the applicable commission approves such Other Agreement pursuant to 47 U.S.C. Section 252, or within thirty (30) days after LCI acquires actual knowledge of an Other Agreement not requiring the approval of the applicable commission pursuant to 47 U.S.C. Section 252, as the case may be, such Other Terms shall be effective between BellSouth and LCI as of the effective date of such Other Agreement. In the event that LCI accepts such offer more than sixty (60) days after the applicable commission approves such Other Agreement pursuant to 47 U.S.C. Section 252 or more than thirty (30) days after acquiring actual knowledge of an Other Agreement not requiring the approval of the commission pursuant to 47 U.S.C. Section 252, as the case may be, such Other Terms shall be effective between BellSouth and LCI for the applicable states as of the date on which LCI accepts such offer.

C. In the event that after the effective date of this Agreement the FCC or applicable state commission enters an order (a "Resale Order") requiring BellSouth to provide arrangements within any of the state(s) covered by this Agreement upon Other Terms, then upon such Resale Order becoming final and nonappealable or upon Company making available such Other Terms to any other reseller, whichever is earlier, then BellSouth shall be deemed to have offered such arrangements for the applicable state(s) to LCI upon such Other Terms in its entirety, which LCI may accept in its entirety with respect to local resale in the applicable state(s) as provided in Section XX.F. In the event that LCI accepts such offer within sixty (60) days after the date on which such Resale Order becomes effective, such Other Terms shall be effective between BellSouth and LCI as of the effective date of such Resale Order. In the event that LCI accepts such offer more than sixty (60) days after the date on which such Resale Order is effective, such Other Terms shall be effective between BellSouth and LCI for the applicable states as of the date on which LCI accepts such offer.

D. In the event that after the effective date of this Agreement BellSouth files and subsequently receives approval for one or more intrastate tariffs (each, a "Resale Tariff") offering to provide arrangements within any of the state(s) covered by this Agreement upon Other Terms, then upon such Resale Tariff becoming effective, BellSouth shall be deemed thereby to have offered such arrangements for the applicable state to LCI upon such Other Terms, which LCI may accept as provided in Section XX.F. In the event that LCI accepts such offer within sixty (60) days after the date on which such Resale Tariff becomes effective, such Other Terms shall be effective between BellSouth and LCI for the applicable states as of the effective date of such Resale Tariff.

E. Notwithstanding the foregoing, in the event Company permits a reseller who has an existing unexpired interconnection and/or resale agreement with Company to take Other Terms which are less than the entirety of any Other Agreement or the Resale Order, Company shall be deemed to have offered such arrangements to LCI which LCI may accept as provided in Section XX.F. In the event that LCI accepts such offer within sixty (60) days after the date on which LCI has actual knowledge that such terms are available, such Other Terms shall be effective between BellSouth and LCI for the applicable state(s) as of the date such terms were first made available to any other reseller.

F. The terms of this Agreement, other than those affected by the Other Terms accepted by LCI, shall remain in full force and effect for the applicable states.

G. **Correction Payment.**

In the event that --

1. BellSouth and LCI revise this Agreement pursuant to the above Sections or
2. LCI accepts a deemed offer of an Other Agreement or Other Terms, then BellSouth or LCI, as applicable, shall make a corrective payment to the other party to correct for the difference between the rates set forth herein and the rates in such revised agreement or Other Terms for substantially similar services for the period from the effective date of such revised agreement or Other Terms until the date that the parties execute such revised agreement or LCI accepts such Other Terms, plus simple interest at a rate equal to the thirty (30) day commercial paper rate for high-grade, unsecured notes sold through dealers by major corporations in multiples of \$1,000.00 as regularly published in The Wall Street Journal.

XXI. Severability

If any part of this Agreement is held to be invalid for any reason, such invalidity will affect only the portion of this Agreement which is invalid. In all other respects this Agreement will stand as if such invalid provision had not been a part thereof, and the remainder of the Agreement shall remain in full force and effect.

XXII Entire Agreement

This Agreement sets forth the entire understanding and supersedes prior agreements between the parties relating to the subject matter contained herein and merges all prior discussions between them, and neither party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the party to be bound thereby.

BellSouth Telecommunications, Inc.

BY: 

Signature

NAME: Jerry D. Hendrix
Printed Name

LCI International Telecom Corp.

BY: 

Signature

NAME: Anne K. Bingaman
President, Local Telecommunications Division

EXHIBIT "A"

APPLICABLE DISCOUNTS

The telecommunications services available for purchase by LCI for the purposes of resale to LCI End Users shall be available at the following discount off of the retail rate.

STATE	RESIDENCE	DISCOUNT	BUSINESS
ALABAMA	10%		10%
FLORIDA	18%		12%
GEORGIA	20.3%		17.3%
KENTUCKY	10%		8%
LOUISIANA	11%		10%
MISSISSIPPI	9%		8%
NORTH CAROLINA	12%		9%
SOUTH CAROLINA	10%		9%
TENNESSEE	11%		9%

If a state commission orders a discount different from those specified above (in a generic docket or as the result of an arbitration award), and if Company has provided those discounts to another Reseller, those same discounts will be provided to LCI at the same time.

Contract Provisions for OLEC Daily Usage File

SECTION 1. SCOPE OF AGREEMENT

- 1.01 This agreement shall apply to the service of the Daily Usage File (DUF) as provided by BellSouth to the OLEC. The specifications, terms and conditions for the provisions of this service are outlined in the Exhibit to this Agreement.

SECTION 2. DEFINITIONS

- 2.01 A. Compensation is the amount of money due from the OLEC to BellSouth for services provided under this Agreement.
- B. Daily Usage File is the compilation of messages or copies of messages in standard Exchange Message Record (EMR) format exchanged from BellSouth to an OLEC.
- C. Exchange Message Record is the nationally administered standard format for the exchange of data within the telecommunications industry.
- D. Message Distribution is routing determination and subsequent delivery of message data from one company to another.

SECTION 3. RESPONSIBILITIES OF THE PARTIES

- 3.01 Daily Usage File service provided to the OLEC by BellSouth will be in accordance with the methods and practices regularly adopted and applied by BellSouth to its own operations during the term of this agreement, including such revisions as may be made from time to time by BellSouth.
- 3.02 The OLEC shall furnish all relevant information required by BellSouth for the provision of the Daily Usage File.

SECTION 4. COMPENSATION ARRANGEMENTS

- 4.01 Applicable compensation amounts will be billed by BellSouth to the OLEC on a monthly basis in arrears. Amounts due from the OLEC to BellSouth (excluding adjustments) are payable within 30 days of the date of the billing statement.

SECTION 5. ASSOCIATED EXHIBIT

- 5.01 Listed below is the exhibit associated with this Agreement, incorporated herein by this reference.

Exhibit A OLEC Daily Usage File (ODUF)

- 5.02 From time to time by written agreement of the parties, new exhibits may be substituted for the attached Exhibit, superseding and canceling the Exhibit(s) then in effect.

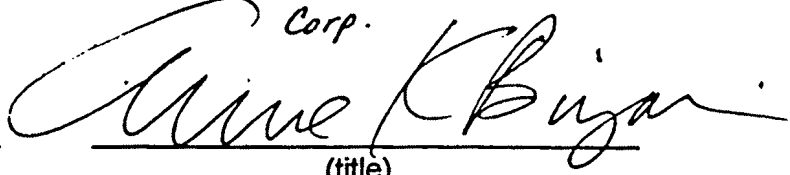
SECTION 6. TERM OF AGREEMENT

6.01 This Agreement and its attachment(s) are effective as of February 3, 1997, and are coterminous with the Agreement between BellSouth Telecommunications, Inc. and LCI International Telecom Corp. Regarding The Sale of BST's Telecommunications Service to LCI for The Purposes of Resale executed simultaneously herewith. This Agreement may be amended from time to time upon written agreement of the parties.

Executed this 11th day of February, 1997.

WITNESS:

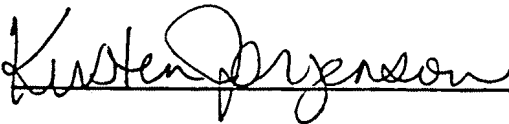
THE OLEC LCI International Telecom Corp.

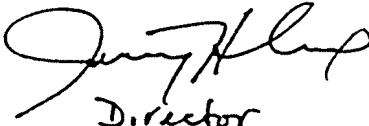


(title)

WITNESS:

BELLSOUTH TELECOMMUNICATIONS, INC.





Director
(title)

SECTION 1. SCOPE OF EXHIBIT

- 1.01 This exhibit provides the technical specifications, terms and conditions, including compensation, under which BellSouth shall provide the message distribution service via the OLEC Daily Usage File.

**BELLSOUTH TELECOMMUNICATIONS, INC.
OLEC DAILY USAGE FEED (ODUF) SPECIFICATIONS**

ISSUE 1.0

General

An OLEC Daily Usage file (hereafter referred to as "ODUF") is available. ODUF will contain billable messages, that were carried over the BellSouth Network and processed in the CRIS Billing System, but billing to an OLEC customer. ODUF also includes operator handled calls originating from OLEC subscriber lines, for those OLECs who purchase Operator Services from BellSouth.

ODUF is available for both Facilities-based OLECs and Resellers. The service is provided under contract with the following rates applicable:

\$0.008 per message - Recording Service (only applied to unbundled operator services messages)

\$0.004 per message - Message Distribution

\$0.001 per message - Data Transmission

Charges for delivery of the usage data will appear as an OC&C item on the OLECs' monthly bills.

ODUF will contain both rated and unrated messages. All messages will be in the standard Bellcore EMR record format.

Messages that error in the billing system of the OLEC will be the responsibility of the OLEC. If, however, the OLEC should encounter significant volumes of errored messages that prevent processing by the OLEC within its systems, BellSouth will work with the OLEC to determine the source of the errors and the appropriate resolution.

NOTE: It may be determined that the source is outside of BellSouth's control and the appropriate resolution does not involve BellSouth.