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COMMISSION

Joan A. Coleman
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September 30, 2004

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602-0615

Case 2004-00400

Dear Ms. O'Donnell:

Pursuant to the Kentucky PSC's May 20, 2003 order in KY PSC Case No. 2002-0310, BellSouth is providing advance notice to the Kentucky Public Service Commission (PSC) of BellSouth's intent to disconnect Telson Communications, Inc. ("Telson") for non-payment.

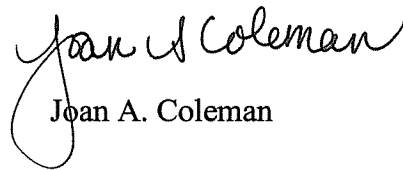
BellSouth's records indicate that Telson is delinquent in payment of its bills to BellSouth in the amount of \$2,420,687.47. Of this amount, \$119,611.18 is overdue for services provided in Kentucky to Telson. Attempts to collect past due amounts from Telson have been unsuccessful. BellSouth made numerous written notifications to Telson informing them of BellSouth's intent to suspend or terminate services consistent with the terms and conditions of the Resale Agreement between Telson and BellSouth. Attached is BellSouth's last written notice to Telson. On or about October 16, 2004, BellSouth will begin to discontinue services provided to Telson if payments are not received by October 15, 2004. Disconnection of Telson services will affect approximately 508 of its Kentucky customers.

Under terms of their Resale Agreement, Telson is solely responsible for notifying its end users of the proposed service disconnection. BellSouth is copying Telson to remind them of their obligation to notify their end users of this situation regarding pending disconnection of services.

Should the Commission determine the need to invoke BellSouth's Emergency Service Continuity Tariff, BellSouth will take steps to notify the affected end users and inform them that they may continue to receive telecommunications services through The Emergency Services Continuity Plan for a minimum of fourteen (14) days and that the end user must transition to a new service provider.

Should you or the staff have any questions concerning this filing or need additional information, Mike Hayden, of my staff, is familiar with this matter and can be reached on (502) 582-8180.

Very truly yours,

A handwritten signature in black ink that reads "Joan A. Coleman". The signature is written in a cursive style with a large, looping initial "J".

Joan A. Coleman

cc: Telson Communications, Inc.
Attn: Dr. Samuel W. Mitcham, Jr.

Mr. Gordon D. Polozola

Attachment



BellSouth Accounts Receivable Management, Inc.
Wholesale
1 Chase Corporate Drive
Suite 300
Birmingham, AL 35244

Gary D. Patterson
Operations Assistant Vice President

September 27, 2004

Mr. Gordon D. Polozola
KeanMiller, LLP
22nd Floor
One American Place
Post Office Box 3513
Baton Rouge, Louisiana 35244

RE: Telson Communications/BellSouth Billing Disputes File No.: 15460-2

Dear Mr. Polozola:

This letter is in response to your September 21, 2004 letter, whereby you have indicated Telson does not owe BellSouth any of the \$2.6 million previously in dispute. Your letter covers an extended time frame and characterizes BellSouth as non-responsive. Since October 2002, BellSouth has repeatedly provided detailed information regarding the basis of BellSouth's denial of the Telson disputes. BellSouth has also provided Telson with a description of the additional information needed from Telson if it continued to assert that the items required further review. As stated in my letter of September 8, 2004, BellSouth has made two trips to meet with Telson at their office in Louisiana during what was a continuous and ongoing effort to help Telson understand the issues. In addition, BellSouth has initiated numerous conference calls to work through the issues as well as offered to have weekly or even daily conference calls. Telson has declined to participate, although you graciously offered to meet weekly and pass on our questions to them. I am sure you will agree that the most expeditious way to handle this issue is to have direct dialogue between the people actually working the issues. It has reached the point that Telson has refused to return phone calls for the last three months.

BellSouth has investigated the claims made by Telson and has credited Telson \$154,964.24. The rest of the claims are invalid. Telson's non-responsiveness leaves BellSouth with no other alternative but to stand by BellSouth's billing. BellSouth has no evidence that the billing to Telson is anything but accurate and complete. The \$2.6 million claim has been escalated to the top of the escalation chain at BellSouth and again rejected in my September 8, 2004 letter. BellSouth is prepared to defend its billing before any regulatory agency should Telson pursue such a course of action.

Telson's total past due amount as of today September 27, 2004, is \$2,420,687.47. BellSouth must receive \$2,420,687.47 by the close of business on September 30, 2004, or we will be forced to interrupt Telson's ordering ability. Further, if your payment of \$2,420,687.47 plus any additional charges that may have become past due is not received by October 15, 2004, BellSouth will proceed with denial of service to your end users.

Sincerely,

cc: Mary Jo Peed
Alabama Public Service Commission
Kentucky Public Service Commission
Mississippi Public Service Commission
Louisiana Public Service Commission