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RECEIVED

October 1, 2008

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PUBLIC SERVICE
COMMISSION

VIA HAND DELIVERY

Ms. Stephanie Stumbo
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

Re: CoreTel Kentucky, Inc.'s Request for Kentucky Commission Approval of the Interconnection Agreement between Southwestern Bell Telephone Company d/b/a AT&T Kansas and CoreTel Kansas, Inc., filed with the Kansas Corporation Commission on July 23, 2008
KPSC 2008-00351

Dear Ms. Stumbo:

Enclosed for filing in the above-captioned case are the original and ten (10) copies of the AT&T Kentucky's Sur-Reply to CoreTel Kentucky's Reply.

Thank you for your attention to this matter.

Sincerely,

Mary K. Keyer
General Counsel/Kentucky

Enclosures

cc: Parties of Record

721427

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CORETEL)
KENTUCKY, INC. FOR APPROVAL)
OF INTERCONNECTION AGREEMENT)
BETWEEN SOUTHWESTERN BELL) CASE NO. 2008-00351
TELEPHONE COMPANY D/B/A)
AT&T KANSAS AND CORETEL)
KANSAS PURSUANT TO)
AT&T MERGER CONDITIONS)

AT&T KENTUCKY'S SUR-REPLY TO CORETEL KENTUCKY'S REPLY

BellSouth Telecommunications, Inc., d/b/a AT&T Kentucky ("AT&T Kentucky"), pursuant to the Kentucky Public Service Commission's ("Commission") Order dated September 15, 2008, submits this Sur-Reply to CoreTel Kentucky, Inc.'s Reply to AT&T Kentucky's Response filed by CoreTel Kentucky on September 22, 2008 ("CoreTel Reply"). For the reasons stated herein, the Commission should not entertain CoreTel Kentucky's request and should take no further action at this time.

As explained in AT&T Kentucky's letter to the Commission dated September 3, 2008 ("AT&T Response"), AT&T tried to fulfill CoreTel's original request of June 23, 2008, to port the agreement between AT&T Kansas and Cox Kansas Telecom, L.L.C. ("Kansas Agreement") to all 21 other AT&T ILEC (incumbent local exchange carrier) states, by providing CoreTel with redlined revisions of various portions of the approximately 395-page Kansas Agreement in installments, starting on July 29, 2008, just over a month after CoreTel made its request. This was done with CoreTel's

knowledge and in an effort to meet CoreTel's request that AT&T provide it with whatever it could in the shortest time possible. See Letter from James Tamplin to Jim Falvey dated July 18, 2008, attached hereto as **Attachment 1**. A 21-state agreement rather than 21 separate agreements was the quickest and most efficient way to accomplish CoreTel's goal. CoreTel was aware of this approach as evidenced by the email string dated July 15-17, 2008, between Tamplin and Falvey, attached hereto as **Attachment 2**. That was also the reason AT&T provided its redlined revisions to CoreTel in installments - to help move the process along as quickly as possible. See Attachment 1.

Accompanying the first installment was an email asking CoreTel to review the redlined revisions and the rationale that AT&T provided for each of the modifications, and provide AT&T with any questions and concerns about the modifications. See Email dated July 29, 2008, from Tamplin to Falvey attached to AT&T Response. Upon receipt of the first two installments of the redlined portions of the 21-state agreement on July 29 and August 8, respectively, CoreTel refused to review and discuss the proposed revisions, and instead complained to the Commission on August 13, 2008, asking the Commission to approve the Kansas Agreement with no modifications other than pricing changes -- this in spite of CoreTel's admission that modifications must be made in the Kansas Agreement in order to port the agreement to Kentucky, whether that be in a 21-state agreement or a separate Kentucky agreement. See CoreTel Letter to the Commission dated August 13, 2008, at 2. AT&T sent to CoreTel its final redlined revisions to the complete 21-state agreement on August 21, 2008.

Nevertheless, due to CoreTel's filings with other commissions in which it expressed that it wanted single state agreements, AT&T began working on creating 21 individual agreements in the order of prioritization requested by CoreTel. See Letter dated September 12, 2008, from Tamplin to Falvey, attached hereto as **Attachment 3**. In the meantime, in its most recent filing with this Commission on September 22, 2008, CoreTel Kentucky states that it has reviewed the original 21-state agreement provided by AT&T – which it had repeatedly refused to do, despite AT&T's many requests – and accepted “the vast majority” of the changes. See CoreTel Reply at 6. CoreTel Kentucky then demands that AT&T provide detailed explanations as to why the remaining changes comply with the Merger Commitment.

As of the date of that filing on September 22, 2008, AT&T had almost completed a single-state agreement for Kentucky and one other state. Because it is not efficient for AT&T to proceed with both the 21-state agreement and the 21 separate agreements simultaneously, AT&T asked CoreTel to confirm by close of business on September 23, 2008, whether it preferred for AT&T to focus its efforts on reviewing CoreTel's changes and comments to the single, 21-state agreement, or on preparing the 21 separate agreements. See, Letter dated September 23, 2008, from Tamplin to Falvey attached hereto as **Attachment 4**. CoreTel never declared a preference, but sent a conflicting response that AT&T must propose changes on a state-by-state basis and that it is willing to accept changes to the 21-state agreement. See Letter dated September 26, 2008, from Falvey to Tamplin, attached as **Attachment 5**. AT&T had, however, already provided to CoreTel Kentucky on September 25, 2008, the redlined revisions and explanations for a Kentucky-specific agreement compliant with the Merger Commitment.

As evidenced herein, AT&T has been reasonable and repeatedly reached out to CoreTel to try to accommodate CoreTel's conflicting requests. Clearly, the fastest and most efficient course of action to accomplish CoreTel's goal and to reduce transaction costs associated with interconnection agreements was to provide one 21-state agreement, which AT&T communicated to CoreTel. CoreTel was well aware of AT&T's plan to provide one redlined 21-state agreement in installments in an effort to meet CoreTel's needs of expediency. CoreTel, in its filings with other commissions, expressed that it wanted 21 individual agreements. AT&T has now accommodated that request by providing CoreTel with an individual redlined agreement that is Kentucky-specific.

Simply put, CoreTel has no cognizable grievance at this time. AT&T has provided CoreTel with two redlined agreements – one 21-state agreement and one Kentucky-specific agreement. The most efficient way to finalize the issue of porting the Kansas Agreement to Kentucky is for CoreTel to engage in a collaborative process with AT&T and allow the Parties an opportunity to fully explain their respective positions and attempt to resolve any issues so they can finalize an agreement with the appropriate modifications pursuant to the Merger Commitment. In fact, as CoreTel acknowledged in its Reply, it has accepted many of the changes that AT&T proposed in its initial redline for the 21-state agreement; thus further discussion between the Parties should serve to identify and further narrow or eliminate any disputes.

CoreTel's request of this Commission to get involved at this point is premature and its request for approval of the Kansas Agreement under Section 252(e) of the Telecommunications Act of 1996 is patently improper. See AT&T Response.

Finally, AT&T Kentucky notes, if only for possible future reference, that CoreTel's Reply badly mischaracterizes the portion of the Merger Commitment that relates to feasibility. Merger Commitment 7.1 provides that CoreTel's right to port the Kansas Agreement is:

subject to state-specific pricing and performance plans **and technical feasibility** and provided, further, that an AT&T/BellSouth ILEC shall not be obligated to provide pursuant to this commitment any interconnection arrangement or UNE unless it is **feasible to provide**, given the technical, network, and OSS attributes and limitations in, and is consistent with the laws and regulatory requirements of, the state for which the request is made.

Thus, "feasibility" plays two separate roles under the merger commitment: (1) The porting obligation is subject generally to *technical feasibility*; and (2) AT&T is not obligated to provide an interconnection arrangement or UNE unless it is *feasible* (not technically feasible) to provide, given the technical, network and OSS attributes and limitations in the port-to state.

CoreTel's Reply, however, effectively revamps the Merger Commitment by substituting "technically feasible" where the Merger Commitment says "feasible to provide." Specifically, CoreTel states that in order to be excused from providing an interconnection arrangement or UNE, AT&T must demonstrate (quoting now from CoreTel Reply at 2):

- 1) that it is not *technically feasible* to provide that arrangement due to specific:
 - a) technical;
 - b) network; or
 - c) OSS attributes and limitations in Kentucky


That is simply incorrect; it should say "feasible to provide," not "technically feasible to provide." "Technical feasibility," as CoreTel notes (CoreTel Reply at 8), has been

defined by the FCC, and the FCC's definition is narrow. "Feasible to provide" is considerably less narrow.

Based on the foregoing, AT&T Kentucky respectfully requests that the Commission decline to take action in this matter and instead, allow the Parties to engage in the collaborative process to finalize the agreement.

Submitted to and filed with the Kentucky Public Service Commission this 1st day of October, 2008.

Respectfully submitted,



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COUNSEL FOR BELLSOUTH
TELECOMMUNICATIONS, INC. d/b/a
AT&T KENTUCKY



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Atlanta, GA 30375

T: 404.927.8997
F: 404.529.7839
JT9576@att.com

James C. Falvey
Vice President, Regulatory
CoreTel Communications, Inc.
209 West Street
Suite 302
Annapolis, MD 21401

July 18, 2008

Dear Mr. Falvey:

In accordance with your letter to me dated July 17, 2008, this letter is AT&T's confirmation that "AT&T will timely execute this agreement prior to CoreTel's certification and cooperate in filing it with the Kansas Corporation Commission by an acceptable date certain." Please let me know how the original Signature Pages are being sent and the expected arrival date in Dallas.

It is AT&T's intention to file the Interconnection Agreement ("ICA") with the Kansas Corporation Commission ("KCC") for approval once AT&T receives and executes the original signature pages from you, incorporates the ICA into AT&T's contract database and billing system, and prepares the applicable filing documents. All this should be completed no later than August 18, 2008. Of course, this date can be impacted significantly depending upon when we receive the original Signature Pages from you.

I am somewhat confused by your statements concerning your requests to port the Cox Kansas Telcom ICA to the other 21 states. In its July 1, 2008, response to you, AT&T stated "AT&T is currently reviewing the port request for current law, technical feasibility, and pricing for porting to the requested states, and will respond with its findings upon conclusion of such."

The interval to turnaround a redline of a ported CLEC's ICA is generally about a six (6) week interval dependent upon the number of requests in queue and the number of states involved. Given that you are asking for all 21 states, we expect it will take the full six (6) weeks. This time frame commenced when the team began work on your requests, which due to prior requests from other carriers, was Monday, July 14, 2008.

In order to try and streamline the process, on July 15, 2008, I emailed you asking if you would be agreeable to having two (2) ICAs instead of a single ICA, one of which would cover the former AT&T 13 states and the other covering the former BellSouth 9 states. The morning of July 17, 2008, I called you to explain the urgency of getting your response and of the issues that would be impacted such as the differences in the networks and the OSS in the 9 states and the 13 states. I also informed you that based upon your comments during the call that we would prepare a single ICA covering all 21 states, but would be sending you the attachments as the redlines were completed, so that you would not be waiting until the entire ICA was completed to begin reviewing the redlines. It is my intention to continue to make

ATTACHMENT 1

you aware of any status changes and to provide you with the latest draft of each redlined attachment as it becomes available.

If you have any further questions concerning your MFN in Kansas or your ported ICA for the other 21 states please contact me at 404.927.8997.

Sincerely,

Jim Tamplin

Jim Tamplin
Lead Interconnection Agreements Manager, Wholesale

Subject: FW: Porting ICAs

From: Tamplin, James
Sent: Thursday, July 17, 2008 11:35 AM
To: 'Jim Falvey'
Subject: RE: Porting ICAs

Jim,

I have informed the porting team of your comments, and they will begin creating a single ICA that will cover all 21 states into which you are porting. You will receive the redlines for each attachment as they are completed so that we can finalize those with minimum changes while those with more extensive changes are being prepared.

Have a great day,

Jim Tamplin

Lead Interconnection Agreement Manager, Wholesale
34591
AT&T Midtown Center
675 W Peachtree Street
Atlanta, GA 30375
404.927.8997
404.529.7839 (Fax)

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From: Jim Falvey [mailto:jimfalvey@coretel.net]
Sent: Thursday, July 17, 2008 11:19 AM
To: Tamplin, James
Subject: Re: Porting ICAs

Jim,

Our request was made pursuant to the AT&T merger conditions. If there are changes to the agreement, they should only be made in a manner consistent with the merger condition which requires a state-by-state analysis. Given the differences between the pricing, laws, and regulatory requirements of each state, we do not see how AT&T could consolidate down to two agreements for 21 states. Having said that, if the two agreements do not vary significantly from the Cox Kansas agreement in its current form, we would consider two agreements along those lines. However, we are also concerned that time would be wasted on any proposal that is not consistent with the merger requirements and do not want AT&T to

become sidetracked by this potential distraction.

It has been over three weeks since our initial request was made for 22 agreements on Monday, June 23. We were expecting to see more than one agreement at this stage. We look forward to receiving additional state agreements as soon as possible. Thank you for your ongoing attention to these matters.

Jim Falvey

Vice President, Regulatory
CoreTel Communications, Inc.
(410) 812-2459
jimfalvey@coretel.net

----- Original Message -----

From: Tamplin, James
To: Jim Falvey
Sent: Wednesday, July 16, 2008 6:14 PM
Subject: RE: Porting ICAs

Jim,

The porting folks are beginning to work on your ICA and so far are just working on it from one region's perspective so that if you agree to have two separate region specific ICAs they won't have any work to redo, but I do need your answer as quickly as possible.

Thanks and have a good evening,.

Jim Tamplin

Lead Interconnection Agreement Manager, Wholesale
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From: Tamplin, James
Sent: Tuesday, July 15, 2008 10:13 AM
To: 'Jim Falvey'
Subject: Porting ICAs

Jim,

Would you be agreeable to having 2 ICAs, one of which would be the Cox - KS ICA modified for the

remaining 12 former AT&T states and the other would be the Cox - KS modified for the 9 former BellSouth states? That way although that you would have 2 ICAs instead of 1 you would have less differences in each of them.

Just let me know,

Jim Tamplin

Lead Interconnection Agreement Manager, Wholesale
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GA621



Jim Tamplin T: 404 927 8997
34591 F: 404 529 7839
AT&T Midtown Center Email : jt9576@att.com
675 W Peachtree Street
Atlanta, GA 30375

Sent Via Certified Mail and email

September 12, 2008

Jim Falvey
Vice President - Regulatory
CoreTel, Inc.
209 West Street
Suite 302
Annapolis, MD 22401

Dear Mr. Falvey:

Based upon your letter dated August 29, 2008 on behalf of CoreTel Georgia, Inc. to the Georgia Public Service Commission, your letter dated September 2, 2008 on behalf of CoreTel Tennessee, Inc. to the Tennessee Regulatory Authority and your letter dated September 8, 2008, on behalf of CoreTel Wisconsin, Inc. to the Public Service Commission of Wisconsin, AT&T will provide you with individual interconnection agreements for each of the 21 states to which CoreTel requested to port the CoreTel Kansas interconnection agreement. Although producing the state-specific documents will take some time, it will take less time than it would have taken if AT&T had provided individual documents for each state initially. As I stated to you early on, it was AT&T's attention to CoreTel's desire to receive the port documents for all of the states in the shortest time period possible that resulted in providing CoreTel with a single interconnection agreement that could be utilized in all states. CoreTel did not respond to my July 17, 2008 email explaining this approach.

It is AT&T's intent to provide the state-specific interconnection agreements first for the states in which CoreTel is certificated and has initiated commission proceedings (in the order in which CoreTel initiated those proceedings): Kentucky then Wisconsin, followed by the remaining 19 states in alphabetical order. If this priority list is not acceptable to CoreTel please let me know by close of business Monday (9/15/08).

As AT&T has relayed to CoreTel previously, the process we implemented initially was intended to provide ported documents that could be utilized in all the states in the quickest time frame possible and to accommodate most carriers' desire to have as consistent an agreement across the 22-state region as possible, but AT&T has always been willing to provide individualized state agreements upon CoreTel's specific direction to do so. However, please keep in mind that there will be changes to the agreement for each of the states, consistent with Merger Commitment 7.1, and AT&T expects CoreTel to cooperate in reviewing those changes and working with AT&T in good faith to finalize the agreements.

Sincerely,

Jim Tamplin
Lead Interconnection Agreements Manager



Jim Tamplin T: 404.927.8997
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AT&T Midtown Center Email: jt9576@att.com
675 W Peachtree Street
Atlanta, GA 30375

September 23, 2008

Jim Falvey
Vice President - Regulatory
CoreTel Kansas, Inc.
209 West Street
Suite 302
Annapolis, MD 22401

Mr. Falvey:

I have reviewed your letters filed with the Kentucky Commission on September 22, 2008 and the Wisconsin Commission on September 19, 2008. Frankly, I am confused as to how you want AT&T to proceed. AT&T, in order to try to fulfill your initial 21-state porting request as efficiently as possible, provided you with a single 21-state redline of the Kansas ICA showing the modifications that would need to be made in order to yield a 21-state agreement that complied with the merger commitment. Your original filings with the various states complained about AT&T's approach, and asserted that AT&T should have provided CoreTel with 21 separate agreements. And despite my requests that you review the 21-state redline so we could discuss the changes, you refused, opting instead to ask the commissions to approve the Kansas ICA agreement with no changes other than pricing changes. In AT&T's response to the filing, we clearly stated that we would provide CoreTel with 21 separate agreements, as CoreTel was now demanding. As you know, I also asked you to let us know if you disagreed with our prioritization of the states where we would provide the first agreements, and you responded with a prioritization. The team is working to provide you with those single-state agreements.

Your latest filing with the commissions, however, states that CoreTel has now reviewed the original 21-state agreement and accepted many of the changes. CoreTel further demands that AT&T provide detailed explanations as to why the remaining changes comply with the merger commitment. I have asked CoreTel repeatedly to do exactly what it has now done - review the redlines so we can discuss questions and concerns - and CoreTel has repeatedly refused. Now that we have committed to providing 21 separate state-specific agreements for your review, you are asking that we return to the original agreement and explain our changes. Of course, we are happy to do that, but we do not believe it is efficient for us to proceed simultaneously down two different paths. If you would like us to continue to work on and provide to you the 21 separate agreements that we committed to provide, we do not think it is valuable to focus our efforts on explaining the multi-state agreement. However, if you now prefer that we work with you on explaining and hopefully reaching agreement on the original 21 -state document, we will put on hold our efforts to provide the single-state redlines. If you prefer to proceed in reviewing the multi-state agreement, I suggest we set up a call between the parties to review the remaining redlines.

So that we make the best use of our time, please let me know by close of business today how you would like us to proceed.

Sincerely,



Jim Tamplin
Associate Director - Customer Relations

ATTACHMENT 4

CORETEL COMMUNICATIONS, INC.
209 West Street
Suite 302
Annapolis, Maryland 21401

Tel. 410 812 2459
Fax 410 217 0391

September 26, 2008

Via E-Mail and U.S. Mail

Jim Tamplin
Lead Interconnection Agreement Manager, Wholesale
34S91
AT&T Midtown Center
675 W. Peachtree St.
Atlanta, GA 30375

Re: Porting of Cox Kansas Telcom, L.L.C. Interconnection Agreement

Dear Jim:

In brief response to your letter dated September 23, 2008, CoreTel continues to maintain the same position that it has maintained since its initial porting request on June 23, 2008, over three months ago.

CoreTel expected then and expects now that the Kansas Agreement can be adopted with few if any changes. However, to the extent AT&T believes that changes are necessary to the Kansas Agreement, AT&T must propose those changes on a state-by-state basis. This requirement is driven by AT&T's own Merger Commitments that it made to the FCC, which only permit changes in very limited circumstances where there are particular state-specific feasibility issues or specific legal or regulatory requirements that preclude the porting of particular interconnection arrangements to another state. After three months, AT&T has completely failed at the basic task of identifying legitimate feasibility and/or legal/regulatory requirements on a state-by-state basis. Your September 23 letter, like previous letters, makes no movement in the direction of completing this basic task.

AT&T has sent CoreTel redlined versions of its 21-state agreement, despite the fact that CoreTel has repeatedly told AT&T that a 21-state agreement is not appropriate. Nevertheless, CoreTel has reviewed the redlines as they have been received. In its Kentucky and Wisconsin filings, CoreTel has indicated that it will accept the changes for over 15 of the sections of the multi-state redlines. These are the sections that are not important to CoreTel's business plan. For the other sections, however, including but not limited to the general terms and conditions, interconnection, and intercarrier

compensation sections, CoreTel will not accept changes proposed by AT&T unless and until AT&T provides written and valid justifications for those changes. Such justifications must be tied directly back to the AT&T Merger Commitments. As such, they must demonstrate in a detailed manner that a particular interconnection arrangement is not feasible in the port-to state or that there are legal and regulatory requirements in the port-to state that would preclude AT&T from offering those arrangements in that state. Given that AT&T has found all the Kansas arrangements to be feasible in Kansas, and that AT&T has yet to cite to any legal or regulatory requirement that would preclude its delivery of interconnection arrangements in any port-to state, the Merger Commitments represent a very high bar for AT&T to clear.

Again, the task would be much simpler if AT&T would limit its review of the Kansas Agreement to the very limited changes, such as name changes, that are legitimately necessary to port the Agreement. If the review had been limited in this way, CoreTel believes that the Agreement could have been ported to all 21 states by mid-July at the latest.

Sincerely,

/s/

James C. Falvey
Vice President, Regulatory

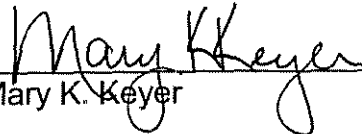
cc: Bret Mingo
Chris Van de Verg

CERTIFICATE OF SERVICE KPSC 2008-00351

It is hereby certified that a true and correct copy of the foregoing was served on the following individuals via U.S. Mail this 1st day of October 2008.

Scot A. Duvall
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Louisville, KY 40202

Christopher Van de Verg
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Annapolis, MD 21401


Mary K. Keyer