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May 18, 2005

RECEIVED

MAY 20 2005

PUBLIC SERVICE
COMMISSION

Elizabeth O' Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40601

**Re: *Petition Of Dieca Communications, Inc. d/b/a Covad Communications
Company For Arbitration Of Interconnection Agreement Amendment With
BellSouth Telecommunications Inc. Pursuant To Section 252(B) Of The
Telecommunications Act Of 1996
Case No. 2004-00259 – Status Report***

Dear Ms. O'Donnell:

On March 15, 2005, counsel for BellSouth wrote to the Commission to explain that the window for filing an arbitration petition for the next interconnection agreement had been extended by 60 days. BellSouth advised that the parties would provide an updated status at the end of the 60 day period. Accordingly, this letter is Covad's update.

Covad is continuing its efforts to reach a region wide settlement with BellSouth concerning remaining open issues. Settlement talks have not reached a conclusion. However, the parties have agreed to another 60 day extension for the window for filing an arbitration petition. Covad will continue to negotiate with BellSouth and will file another status report in 60 days.

As we advised the Commission last fall, Covad has made clear to BellSouth that it is interested in a market-based commercial agreement for the continued provision of linesharing. Covad has reached such agreements with other BOCs, including most recently, a three year linesharing agreement with SBC. *BellSouth is now the only BOC which has not reached agreement with Covad.*

Elizabeth O' Donnell
Kentucky Public Service Commission
May 18, 2005
Page 2

Covad also wishes to update the Commission concerning the state commission proceeding in Louisiana. As we told the Commission in our letter of November 17, 2004, the Louisiana Public Service Commission adopted its ALJ's Final Recommendation, finding that BellSouth has a continuing obligation to provide line sharing under Section 271 unless the FCC clarifies that such obligation had been forborne. The Louisiana PSC memorialized that decision in its order dated January 13, 2005 (copy enclosed).

BellSouth sought review of the Louisiana PSC's order in the U.S. District Court for the Middle District of Louisiana. Covad recently answered the complaint. For the convenience of the Commission I have included a copy of BellSouth's complaint, and Covad's answer.

In light of the pending federal district court review in Louisiana, Covad suggests the Commission continue to hold this matter in abeyance until there has been a decision from the federal court. As discussed above, Covad will continue to file status reports with the Commission while this case remains open on rehearing.

Please indicate receipt of this filing by placing your file-stamp on the extra copy and returning to me in the enclosed, self-addressed, stamped envelope.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Brent', with a long horizontal stroke extending to the right.

Douglas F. Brent
Counsel for Covad Communications Company

cc: service list

enclosures

DFB:jms