

Cheryl R. Winn
Attorney At Law

RECEIVED

July 6, 2005

JUL 06 2005

PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankford, Kentucky 40602-0615

Re: An Inquiry into Limitations of Use for Tariffed Services Designated or
Otherwise Referred to as Unlimited
Administrative Case No. 2005-00186


Dear Ms. O'Donnell:

In accordance with the Commission's June 22, 2005, Order in the above-captioned case, BellSouth Long Distance ("BSLD") hereby files its Comments.

The Comments contain proprietary information and, pursuant to 807 KAR 5:001, Section 7, BSLD encloses its Confidentiality Petition requesting that the information set out in the petition be afforded confidential status. One copy of the proprietary information is provided to the Commission for the confidential file and ten copies of the redacted version of the filing are provided for the public file.

Since this is not an adversarial proceeding, BSLD is not serving its Comments on all the parties listed on the Commission's service list in this case. A courtesy copy of the filing is served on the Attorney General. Also enclosed is an extra copy of this letter to be stamped as received and returned to the undersigned in the enclosed self-addressed, stamped envelope.

Sincerely,


Cheryl R. Winn

Attachments

cc: Dennis G. Howard, II
Assistant Attorney General

592078

REDACTED

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

JUN 06 2005

PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INQUIRY INTO LIMITATIONS)	
OF USE FOR TARIFFED SERVICES)	ADMINISTRATIVE
DESIGNATED OR OTHERWISE)	CASE NO. 2005-00186
REFERRED TO AS UNLIMITED)	

COMMENTS OF BELL SOUTH LONG DISTANCE, INC.

COMES NOW BellSouth Long Distance, Inc., (“BSLD”) by and through its undersigned attorneys and files the following comments in the above-captioned matter.

I. INTRODUCTION

The Kentucky Public Service Commission (the “Commission”) has made a preliminary finding that the use of the word “unlimited” in the context of calling plans may be deceptive and unreasonable. The Commission has noted that such factors as customer notification of any limitations contained in such plans, how a company provides notice to customers of violations of such limitations and the reasonableness of the use of the word “unlimited” in promoting such plans should be considered in determining whether or not the use of the word “unlimited” in the context of a calling plan is deceptive and, therefore, unreasonable. As the Commission has properly noted, the question of whether the name of a given plan is deceptive is a fact intensive question that will vary from plan to plan. BSLD respectfully submits that, when each of the above

factors is applied to its long distance plans, it becomes evident that the BSLD's use of the word "unlimited" is properly descriptive and reasonable in all respects.

II. THE BSLD "UNLIMITED" PLANS

BSLD has been authorized to provide intrastate interLATA services in the Commonwealth of Kentucky since 2002. Since that time, BSLD has offered many new, innovative and competitive long distance services and products to both consumers and small businesses in Kentucky. As a result of BSLD's offering of long distance plans that are highly appealing to consumers and small businesses, BSLD has been very successful in the long distance market. As of May of 2005, BSLD had 306,198 consumer customers and 32,198 small business long distance customers in Kentucky.

BSLD has offered the BellSouth Unlimited plan to consumer customers since April of 2003 and the BellSouth Business Unlimited plan to business customers since November of 2003. The consumer plan has proven to be BSLD's most popular plan for residential customers, with ██████████ Kentucky customers subscribing to this plan as of May of 2005. The BellSouth Business Unlimited plan has also enjoyed significant success in Kentucky, where ██████████ businesses purchased it as of May. Indeed, because these two plans have been so successful, BSLD has introduced similar plans, such as the BellSouth Basic Unlimited plan for consumers and the BellSouth Business Unlimited Flex plan for businesses. These newer plans have also been very well received in the market place.

All of these plans, although they have differing eligibility criteria and pricing levels, share a common attribute: they permit virtually all of the persons who subscribe to them to make all the domestic long distance calls they wish, for one flat monthly rate. A subscriber to one of these plans, therefore, knows exactly what its domestic long distance spending will be each month, no matter how many calls he or she may make. Customers understand the value provided by these plans and subscribe to them accordingly.

Like any other interexchange carrier, BSLD incurs costs in providing all of its long distance services, including the plans discussed in these comments. By far, the biggest expenses it incurs for switched service plans like these are the incremental costs for: 1) access; and 2) switching and transporting each long distance minute of use. Since the various plans discussed herein are priced on a flat rate basis, there is a cross-over point of monthly minutes of use at which BSLD would lose money in offering these services if subscribers had levels of usage that exceeded such cross over point. For this reason, each of these plans has a tariffed usage threshold, at which point a subscriber is subject to either an additional monthly charge, or may be required to move to another plan.¹ As an example, BSLD reserves the right to assess a subscriber to its BellSouth Unlimited plan a monthly \$50 surcharge for each month that such subscriber's number of minutes exceeds 5000.² Similarly, the tariff for the BellSouth Business

¹ Each of these plans also has certain other use restrictions. Each is designed to prevent abuse of the plan. For example, the consumer BellSouth Unlimited plan prohibits any non-residential calling and calls to 900 numbers, operator services and the like. BSLD Kentucky Tariff No. 3, Section 4.2.29(B).

² In the instance of extremely high usage, BSLD also maintains the right to move such a subscriber to another of its plans.

Unlimited plan, which is priced based on flat rated per line basis, permits BSLD either to assess a \$50 per line surcharge when a subscriber's usage exceeds ten times the average usage of all subscribers to the plan who have the same number of lines or to move such customer to another plan.

In each case, the surcharge serves a number of purposes. First, it helps to discourage misuse or even fraud that would result in highly excessive usage. Second, it allows BSLD to follow the cost to cost causer principle. Those few customers who cause BSLD to incur the greatest costs are the ones subject to the surcharge. Not only does this help to assign costs on an equitable basis, it allows BSLD to maintain a lower monthly recurring charge for the vast majority of customers whose calling levels do not reach the surcharge threshold level.³ If BSLD did not assess a surcharge to its extremely high call volume customers, those additional costs would have to be passed on to all subscribers to the plans, resulting in higher rates for all customers, no matter what their usage levels. Thus, the threshold surcharges contained in BSLD's plans are designed to keep the cost of these plans as low as possible for the overwhelming majority of its customers.⁴

III. DISCLOSURE OF THE PLAN RESTRICTIONS

BSLD has taken every reasonable step to ensure that each of its subscribers is made aware of plan limitations prior to, during and after a purchase decision.

³ By way of comparison to the 5000 minute threshold, the average usage for customers who subscribe to the BellSouth Unlimited plan was 688 minutes per month in May of 2005 (the most recent month for which data are available). Thus, the threshold was 7.26 times higher than May's average usage level.

⁴ See Section IV, *infra*.

All advertising of BSLD's long distance plans, including print, radio and television⁵, discloses the relevant terms and conditions for the particular plan being discussed. For example, in the case of the BellSouth Unlimited plan, all print advertising specifically states that persons who make more than 5000 minutes of calls a month will be subject to a \$50 surcharge or moved to another plan. Similarly, the print advertising for the BellSouth Business Unlimited plan states that a customer whose call volume exceeds ten times the average of all customers under the plan with the same number of lines will be subject to a \$50 per line surcharge or moved to another plan. Examples of such advertising are attached to these comments as Exhibits 1 and 2.⁶ In the same way, if a potential customer goes to the BellSouth web site for information about any of these plans, the surcharge threshold, along with all other terms and conditions, is disclosed. A sample web page containing these disclosures is attached hereto as Exhibit 3.

When a customer calls a BellSouth Business call center and decides to order one of the business plans, the BellSouth service representative is required to disclose the specific plan's terms and conditions prior to completion of the sale. One of those terms that must be disclosed is the usage threshold surcharge discussed above. A consumer customer who calls a residential calling center is told that the consumer "unlimited" plans are for "typical residential usage." Accordingly, if a consumer customer who receives a warning letter stating that he has exceeded the threshold calls the BellSouth business office

⁵ In the case of radio and television advertising, because of time and space limitations, there are specific disclaimers that note that certain restrictions apply to these plans.

⁶ The same kinds of disclosures are made in the advertising for other BSLD plans, such as the BellSouth Basic Unlimited plan.

and demonstrates that his calling was of a residential nature, BSLD will not apply the \$50 surcharge. A copy of the consumer and small business scripts for these disclosures are attached hereto as Exhibits 4 and 5.

As a post sales safeguard, designed to ensure that every customer who subscribes to any BSLD plan, including the BellSouth Unlimited plan, the BellSouth Business Unlimited plan, and all of their variations, is informed of their specific plan's terms, each such customer receives "fulfillment" material within one to two weeks after placing his order. This material consists of a letter confirming that the customer has ordered the service in question, describing the benefits of the plan and setting forth, in detail, the plan's pricing and all other terms and conditions. The usage threshold and associated surcharge are specifically set forth in this documentation for each and every customer who subscribes to an "unlimited" plan. A sample of this fulfillment material is attached here to as Exhibits 6 and 7.

Finally, it must be noted, of course, that all of these plans' terms and conditions, including the usage thresholds and surcharges, are included in BSLD's Kentucky tariffs and its interstate Pricing and Service Guides.

From the preceding discussion, it becomes readily apparent that BSLD fully discloses any "limits" to its plans, including its "unlimited" plans, to all customers before, during and after the customer decides to subscribe to one of these plans. Moreover, even if a particular customer somehow did not appreciate the consequences of these "limits" prior to subscribing to one of these plans, the customer is permitted to cancel the service at any time without

penalty.⁷ And, since, as discussed below, a customer always receives notice that he or she has exceeded the relevant usage threshold before BSLD bills the surcharge to the customer or moves the customer to another plan, the customer can make an informed decision, based on his or her expected future usage levels, as to whether or not to cancel the service without ever being assessed the usage threshold surcharge.

IV. BSLD'S CUSTOMER EXPERIENCE

In Kentucky, BSLD has [REDACTED] consumer customers and [REDACTED] business customers who subscribe to one of its "unlimited" plans. The average usage for consumers who subscribe to the BellSouth Unlimited plan is [REDACTED] minutes, while the average usage for subscribers to the BellSouth Business Unlimited plan is [REDACTED] minutes. Further, as discussed in more detail below, out of a total Kentucky consumer "unlimited" plan base of [REDACTED] as of May of 2005 (the most recent month for which BSLD had data), [REDACTED] customers in that typical month received a warning letter or were assessed a usage threshold surcharge. Of those, thirty voluntarily moved to another BSLD plan. Furthermore, no business customers received a letter and none was assessed a surcharge or moved to another plan in May. The overwhelming majority of subscribers to these plans, therefore, is never affected by the usage thresholds. For those few who may be affected, BSLD has put in place a notification system that ensures that no customer is assessed a surcharge without advance notice and an opportunity to

⁷ Or, as described above, a consumer customer can demonstrate that his calling is "typical residential usage."

reduce his or her calling volume, or to move, without penalty, to a more appropriate plan, or even to another carrier.

In the case of a consumer who exceeds the threshold, BSLD sends that customer a letter reminding him of the plan's usage threshold. That letter also reiterates that if the customer does not reduce his call volume below 5000 minutes a month, he will be subject to the \$50 surcharge. Only if this customer's usage remains above the threshold in the next billing period is the surcharge applied. A business customer whose usage exceeds the relevant threshold is, with one exception, subject to a similar process. Those business customers that consistently exceed the threshold are, after notice, moved to another plan rather than assessed a surcharge. Copies of these notice letters are attached hereto as Exhibits 8 and 9. As a result, BSLD never assesses a usage threshold surcharge to any customer or moves a customer to another plan without first informing the customer that his usage has exceeded the threshold and warning the customer that, if his usage is not reduced to a level below the relevant plan's threshold, he will be subject to the surcharge⁸ or moved to another plan. In this way, each customer has the opportunity to reduce his call volume, or move, without penalty, to another, more suitable plan, or even to another carrier if he so chooses.

The notification processes discussed above, as well as the fact that the usage thresholds are set at a level many times the average usage of customers to these plans, explain why, in May, out of all of the customers who have

⁸ Again, a consumer customer can demonstrate that his usage is "typical residential usage" and thereby avoid the surcharge.

subscribed to one of these plans in Kentucky, only ■ consumer and no business customers had usage so high that they received a warning letter. Further, in that same month, only ■ consumer and no business customers, were assessed the surcharge or moved to another plan. In other words, only ■ customers, out of a base of ■ were in any way affected by the usage threshold. This means, that for ■% of the subscribers to these plans, no call volume limits or restrictions applied. Thus, the experience of ■% of the subscribers to these plans is that BSLD's plans really are, for all practical purposes, "unlimited."

COMMISSION FACTORS

As explained above, BSLD's "unlimited" plans provide customers with prior notice of the usage thresholds and advance notice before any surcharge or move is applied. Over ■% of its Kentucky subscribers in May did not exceed the usage threshold and those customers received the capability of making all the long distance calls they wished to make. For these customers, these plans are "unlimited." For the ■% of customers who exceeded the relevant threshold for their particular plan in May, BSLD provided them with at least one month's prior warning that, if they don't reduce their call volume, they will be subject to the surcharge or moved to another plan. Only ■ customers, or ■% of the base, were assessed a surcharge in May. And even those few customers, like all the others, had been conspicuously informed of the usage threshold and surcharge through advertising, point of sale disclosure, and post-sale fulfillment material and had been previously warned that their usage was above the

threshold level. Given all these factors, it was reasonable for BSLD to use the term “unlimited” in its plan names.

VI. CONCLUSION

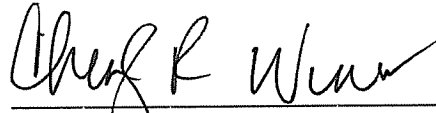
BSLD’s use of the term “unlimited” in its plan names is neither deceptive nor unreasonable. BSLD has set the usage threshold for its plans so high that, in a typical month, the threshold comes into play for only █████% of its “unlimited” subscriber base. In other words, for the remaining █████% of these customers, the plans have been “unlimited.” Furthermore, the terms, conditions and limitations of these plans have been disclosed to customers in advertising, at the point of sale and in material received by the customers after they have subscribed to one of these plans. The surcharge is never assessed without a prior warning and an opportunity for the customer to reduce his usage or to move to another plan, or even to another carrier without any penalty whatsoever. Except for the few customers who knowingly continue to make calls at usage levels that exceed the relevant threshold, even after they have been warned that a surcharge will be applied, the plan has provided Kentucky customers with exactly what it promised: all the domestic calling they wish to make for a flat rate monthly recurring charge.

Under these circumstances, it is neither deceptive, nor unreasonable for BSLD to use the word “unlimited” in its plan names.

For the reasons set out above, BSLD respectfully requests that the Kentucky Public Service Commission issue an order finding that BSLD’s use of

the term "unlimited" in the names of its long distance services is neither
deceptive nor unreasonable.

Respectfully submitted this 6th day of July 2005.



Cheryl R. Winn
601 West Chestnut Street, Room 407
P.O. Box 32410
Louisville, KY 40232
Tel. No. (502) 582-1475

Harris R. Anthony
Vice President & General Counsel
400 Perimeter Center Terraces
Suite 350
Atlanta, GA 30346
Tel. No. (770) 352-3116

COUNSEL FOR BELLSOUTH
LONG DISTANCE, INC.

592077

Exhibit 1 Consumer Advertising

>> Control. Convenience. All in one calling plan.

Sample A. Sample
123 Main Street
Apartment 23A
Any City, Any Town 12345-6789
XX
XX

Dear Sample:

Your phone could be doing so much more for you. So why not put it to work? With the BellSouth® Complete Choice® plan,¹ you get the features you need for greater control over your calls. Best of all, it gives you the freedom to do the things you want without being interrupted.

Choose the features that fit your life.

The Complete Choice plan makes it easier to manage how hard your phone works for you. Add or change features as much as you like at no extra cost, making your phone more useful than ever.


Save \$5 per month, per product.

As a Complete Choice customer, you're eligible for \$5 monthly savings when you select additional services such as BellSouth® Internet Services, Digital TV service, and Cingular Wireless.²

Enjoy \$25 cash back with BellSouth® Unlimited Plan for long distance.³

Here's a way to get some extra spending money. You'll get \$25 cash back³ by adding the BellSouth® Unlimited Plan for long distance along with Complete Choice. Plus, enjoy a \$10 monthly savings on each additional BellSouth service you add.

Sincerely,



Kim S. Whitehead
Vice President, Consumer Segment Marketing

PS: It's time your phone put in a full day's work. Make it happen with the BellSouth Complete Choice plan today and get the features that really fit your life.

Enjoy complete control.

Call 1.866.543.1340 or visit bellsouth.com/completechoice

Please see reverse side for details.

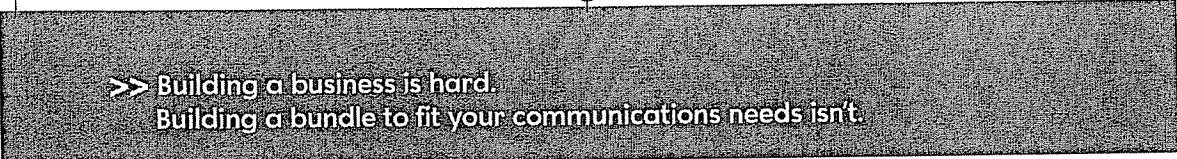
[†]The BellSouth Complete Choice plan is available to residential customers only. Features must be compatible and are subject to availability. Some features require additional equipment/services.

[‡]BellSouth Unlimited Plan for long distance available only to BellSouth Complete Choice plan customers. Domestic residential voice usage only. Callers under this plan must dial 1+area code+domestic number. Usage in excess of typical residential usage, which is presumed to be 5,000 minutes/month, is subject to additional \$50 fee. Other terms, conditions & restrictions apply. Taxes, fees & other charges, including Universal Service Fund, apply. Long distance provided by BellSouth Long Distance, Inc.

^{*}Complete Choice plan customers can get a \$25 cash-back coupon with new purchase of a domestic BellSouth Unlimited Plan for long distance. Qualifying service that is disconnected and re-established during promotional period not eligible for cash back. Check to be sent 4-6 weeks after receipt of coupon to customers who retain qualifying service. See coupon for redemption details. Other restrictions apply. Offer ends 4/30/05.

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Exhibit 2 Small Business Advertising



XXXXXXXX
 Company Name
 123 Main Street
 Extra long address
 AnyCity, AT 12345-6789

Save XX% a year*
BellSouth® Internet Answers™ bundle
 • Unlimited Local • Unlimited Long Distance
 • BellSouth® FastAccess® Business DSL
PLUS get a \$50 per line bill credit
And a \$25 VISA® Gift Reward**

Dear Contact Name,

Starting your own business means handling every aspect to ensure your success. BellSouth understands. That's why we thought you'd want to know about BellSouth Answers bundles for Small Business. Whatever else is on your to-do list, at least getting your communications solution can be easy — and easy on your budget, too.

Here are just two of many bundle choices. Or call us for a custom solution.

BellSouth® Classic Answers™ bundle

- **Unlimited Local[†]**
 BellSouth® Complete Choice® for Business including additional features like Caller ID, Call Waiting, Call Forwarding and Three-Way Calling
 Plus, for a limited time, receive:
 - FREE line connection (valued at \$XX.XX per line for the first line)
- **Unlimited Long Distance[†]**
 Call anywhere in the U.S. anytime for one flat rate

\$XX.XX per month for the first line.[†]
 Save \$XX per year.

BellSouth® Internet Answers™ bundle

- **Unlimited Local**
 BellSouth® Complete Choice® for Business
- **Unlimited Long Distance**
- **AND BellSouth® FastAccess® Business DSL[†]**
 Internet with instant connections — no dial-up delays

And for a limited time, after rebate receive:

- Free modem or \$100 off router
- \$50 cash back

\$XX.XX per month for the first line.^{††}
 Save \$XX per year.

Budgeting is easy with a flat monthly rate.
 Start with BellSouth® Classic Answers;™ which includes BellSouth® Complete Choice for Business. You'll get unlimited local and long distance, plus your choice of helpful calling features, like Caller ID and Call Forwarding, at one low monthly rate. Need Internet, too? Add FastAccess Business DSL and you'll never tie up your phone line while you're online. Plus, you'll have the speed you need for downloads, attachments and more. Also, BellSouth® FastAccess® Business DSL Plus available with speeds up to 2x faster than regular DSL Internet service. See enclosed brochure for more details and choices. (Offers require term agreements.)

Get what you need and get off to a great start.
 Connect your business with BellSouth reliability. Only we can offer all the services and value you need with the simplicity of one bill from one source. Call us. We'll help you build the right bundle and answer your questions, 1.8XX.XXX.XXXX.

Sincerely,

 John Irwin
 Vice President of Marketing, Small Business Services

P.S. Need something different? BellSouth can customize a bundle that's right for your business.
CALL US TODAY at 1.8XX.XXX.XXXX or visit bellsouth.com/smallbusiness.

This certificate entitles

Company Name

to **\$50 Bill Credit**/per line

and a **\$25 VISA® Gift Reward****

Start saving today!

Call **1.866.XXX.XXXX**



*Savings based on comparison of purchase of Internet Answers bundle with term agreements vs. purchase of individual services with no term agreements. Savings and pricing for locations in other states (cities) may differ. Other conditions will apply.

\$50 per line bill credit and \$25 VIPGift Gift Reward are available to new qualifying BellSouth business customers in certain areas who subscribe to a 12-month local service term agreement; annual billing must be equal to or less than \$36,000 yearly. New customers are defined as not having previous service with BellSouth 10 days prior to new service connection date. Customers who receive bill credits under the program are excluded from participation in certain other BellSouth Small Business terms plans or programs. Reward will appear as a one-time credit in the OC&C section of the customer's bill within one or two billing cycles. Certain geographic areas excluded. The VIPGift VISA® Gift Reward is a coupon that can be redeemed at www.bellsouthaward.vipgift.com or by calling 800-808-3616. Customers will receive coupon in the mail 7-10 days after signing term agreement. The coupon is redeemable for either a **VIPGift check or VISA® debit card only. The VIPGift check will be made payable to the business name. The Visa® debit card will be sent to customers 2 weeks following coupon redemption. BellSouth provides no benefit nor assumes any liability whatsoever associated with the provisioning and use by customers of the VIPGift® VISA® debit card. Promotion ends 12/31/2004.

†Rate is for the Classic Answers bundle. Requires 36-month term agreement with BellSouth® Complete Choice® for Business (CCFB) for all lines billed on a single account and includes Unlimited Long Distance provided by BellSouth Long Distance, Inc. BellSouth Long Distance, Inc. must be selected as both the local toll and interLATA toll carrier for all customer lines at a single location and on a single billing account. Free line connection offer valid 4/1/04-12/31/04. BellSouth CCFB Elite promotion for GA, RG12 (Atlanta Metro area) only, ends 9/30/04. Available in BellSouth service areas where facilities permit.

††Rate is for the Internet Answers bundle and includes CCFB, Unlimited Long Distance, FastAccess Business DSL. Requires 36-month term agreements for BellSouth® Complete Choice® for Business and FastAccess Business DSL Fundamentals packages.

‡Features must be compatible & are subject to availability. Some features require additional equipment/services. Caller ID requires a compatible display unit. Caller ID blocking is available, so some calling names and numbers may not be displayed. Long distance or expanded local calling rates may apply for Call Return and Three-way Calling. Free line connection offer valid 4/1/04-12/31/04.

‡Unlimited Long Distance plan available only to customers with Complete Choice for Business and is not available to customers with PBX, PBX-like equipment and auto dialers. Calls must be dialed 1+ domestic telephone number for the call to be included without an additional charge, and applies only to domestic outbound voice calls made from the business location. Calls to online service, broadcast, fax transmission & data usage traffic are prohibited. If usage exceeds by 10 times the average usage of all customers on the plan in the customer's state, the subscriber may be charged an additional \$50 per month per line, or may be offered another plan. Additional state-mandated charges may apply on certain calling routes. International rates vary by country; call BellSouth for details. Long distance services & rates subject to terms and conditions contained in the BellSouth Long Distance Services Agreement, BellSouth Long Distance tariffs, and BellSouth Long Distance Pricing Guides(s). Rates are subject to change. Taxes, fees and other charges, including Universal Service Fund, apply. If savings/prices noted are not correct for a particular small business, any inconsistency between the price noted and the price set forth in applicable tariffs or pricing guides will be resolved in favor of such tariffs/pricing guides. Long distance services provided by BellSouth Long Distance, Inc.

‡DSL modem or router and \$50 activation fee required for service; plus \$14.95 shipping charge for BellSouth-purchased equipment.

Orders must be issued during the promotion dates starting 6/7/04 through 9/30/04. New FastAccess Business DSL orders only. One rebate coupon for \$50 Cash Back and modem/wireless router (\$100 Value). Equipment and activation rebate instructions provided in self-install kit or by e-mail for professional installations. Rebate coupon for online orders will be sent to customer's bellsouth.net e-mail address. Customer must sign and return completed rebate coupon within 90 days from equipment ship date for Self Install or date rebate coupon e-mail is sent to Professional Installation customers. Customers will receive a check for a completed coupon for \$50 Cash Back offer within 60-90 days of BellSouth's receipt of coupon.

The modem/wireless router will be a credit on BellSouth bill within 2 billing cycles after BellSouth's receipt of properly completed coupon. Equipment rebate requires 12-month commitment. The following early termination fees apply to modem/router: 0-6 months — 100% of rebate amount; 7-12 months — 50% of rebate amount. BellSouth may supply refurbished modems or routers. Applicable taxes and fees will be based on the full price of all products and services. Customers who bring their own CPE are not eligible for the modem/wireless router.

FastAccess Business DSL service and speed options not available in all areas. Actual speeds based on DSL sync rate may vary. BellSouth imposes a Regulatory Cost Recovery Fee of \$2.97 per month, not reflected in the prices quoted above, to offset regulatory charges and costs incurred in complying with regulatory obligations, including the recovery of the Federal Universal Service Fund charge and other costs of complying with orders affecting BellSouth's provision of broadband. The Regulatory Cost Recovery Fee is not a tax or charge imposed by a government entity.

BellSouth reserves the right to discontinue offers at any time. Applicable taxes and fees will be based on the full price of products and services and no taxes or fees will be credited to the amount of any bill reward. Charges may apply if terminated early; additional terms and conditions may apply to all offers. Services available where facilities permit in BellSouth service areas. Call for details.

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Exhibit 3 Sample web page



residential

small business

large business

my account

about us

change service | establish service | moving?

view bill | pay bill | order status | repair service | search BellSouth | contact us | special needs

>> BellSouth® Unlimited Plan

The BellSouth Unlimited plan lets you:

- Call anywhere in the United States at any time for one low monthly price
- Enjoy no per minute rates
- Get \$25 cash back and be automatically entered for a chance to win \$10,000!
- Save \$10 per month each on Cingular Wireless®, DIRECTV® service, and Internet service with BellSouth Answers®

This plan is available to our BellSouth® Complete Choice® plan customers.

Choose this plan if you have BellSouth Complete Choice and don't want to worry about per minute long distance rates.

*[Long Distance Terms and Conditions](#)
[Sweepstakes Rules](#)

BellSouth Unlimited Plan*

Select state:

Order Now

- Current Customer
- New to BellSouth

Plan Advisor

Need help choosing a plan? Try the Plan Advisor.

[Learn more >>](#)

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To Print: [Click Here](#) or **Select File and then Print from your Browser's menu.**

BellSouth® Unlimited plan

[Terms and Conditions](#)

BellSouth® Unlimited Plan

The BellSouth® Unlimited Plan for long distance is for domestic residential voice usage only and only available to BellSouth® Complete Choice® customers. Callers under this plan must dial 1+ area code + domestic number. International calls extra. Usage in excess of typical residential usage, which is presumed to be 5000 minutes per month, will be subject to an additional fee of \$50. Other terms, conditions & restrictions apply. Taxes, fees & other charges, including Universal Service Fund, apply. Call detail not available with this plan.

BellSouth Unlimited Plan \$25 Cash Back promotion

\$25 cash back coupon to residential customers with new purchase of a domestic BellSouth Unlimited Long Distance Plan by August, 31, 2005. See coupon for redemption details. Check to be sent 4-6 weeks after receipt of coupon to customers who retain qualifying service. Offer excludes customers moving existing qualifying services to a new service address and customers moving from one BellSouth Unlimited Long Distance Plan to another such plan. Other conditions apply. Offer may not be combined with other promotional offers on the same services. Offer may be modified or withdrawn at any time without notice. Long distance services provided by BellSouth Long Distance, Inc.

[Pricing and Service Guide](#)

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Exhibit 4 Consumer Disclosure Script

Consumer:

<p>Domestic Unlimited Point Of Sale Disclosure Script - BellSouth Long Distance</p>	<p>'Mr./Ms. Customer, this plan is for typical residential use for domestic calls. Call detail will NOT be provided on your bill with this plan. You must dial 1+ the area code + the telephone number in order for your call to be included in this plan. When making international calls, a Wireless Termination fee may apply. You will receive a statement of these and other terms and conditions for your BellSouth Long Distance service within the next two weeks. This information is also available by calling 1.866.248.3443.'</p>
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Exhibit 5 Small Business Disclosure Script

Customer Request/Situation

Small Business Customer Contact Personnel Behavior & Scripting

Wrap-Up Statements (Detariffing)

Wrap-Up Statements that must be used verbatim at the end of the call:

Mr/Ms Customer, the domestic calling plan (and, if applicable, your toll free plan) you have selected will be charged in billing increments of (_____) and your international plan will be charged in billing increments of (_____). You will receive terms and conditions for your BellSouth Long Distance services within the next two weeks. This information is also available by calling 866-248-3443.

You MUST include in the wrap up statement if previously not covered with the customer

- Per minute rate, MRC or MMC, and billing increments for the domestic calling plan
- Per minute rate, MRC or MMC, and billing increments for the international calling plan
- Per minute rate, MRC, NRC and billing increments for toll free. Note Unlimited plans exceptions
- MRC & NRC for 1+ and toll free features
- Promotion terms and conditions
- Term Plan Agreement terms and conditions

For Business Unlimited, you must include the following in the Wrap-Up Statement if not previously covered with the customer:

- The Unlimited calling plan cannot be used for placing calls to online services, Internet access services, or broadcast facsimile services or for any services that do not involve a person-to-person conversation or voice-only calls.
- If the customer's total Unlimited long distance usage is excessive on any line (10 times the average per line usage of all customers on this plan subscribing to the same number of lines), the Customer may be subject to an additional fee of \$50.00 for each line on the plan.

Exhibit 6 Consumer Fulfillment Material

MODULE LIBRARY: BS_MOD - BellSouth LD Copy Modules

Page: 1

MODULE name("ERCDBASUTC") Rev("2, "M.Bilkhu", "05-10-2005")
DESCRIPTION "Unlimited Savings Plan T&C"
SEGMENT 1 of 1: name("ERCDBASUTC default segment")
MEASUREMENTS: auto(NA / Height) size(7.500, 1.660) origin(0.000, 0.000)
RESOURCE: psg("BS001463")

The BellSouth® Unlimited plan is for typical domestic residential voice usage only. Callers must dial 1+ area code + 7-digit telephone number for the call to be included without an additional charge in the BellSouth Unlimited plan. Call detail is currently not available with this plan. Customers must be subscribers to BellSouth Long Distance as well as a subscriber to the Company's affiliated local exchange carrier's switched access line(s). The Customer must also receive billing for each of these services from the Company's affiliated local exchange carrier. This plan is not available to customers with more than three telephone lines. All lines added to the plan must be physically located at the same residential address. Customer lines associated with educational institutions, (colleges, universities, etc.) are not eligible for this plan. Unlimited plan usage does not include multi-party conference calls, calls to 800 numbers, directory assistance, calling card, operator services, international calling and toll free calling services. If the Company determines that usage under this plan is not consistent with typical Residential Customer usage as described herein, the Customer will be subject to an additional fee of \$50.00* per month or offered an alternative plan at the Company's sole discretion. For the purposes of this plan, usage of more than 8,000 minutes per month shall be considered not to be typical residential usage. Customers who no longer meet these eligibility requirements will not be eligible for this plan and will be contacted by the Company and offered an alternative plan. Taxes, fees and other charges, including the universal service fund, apply. Long distance services are provided by BellSouth Long Distance, Inc. © 2003 BellSouth Corporation. All trademarks and service marks contained herein are owned by BellSouth Intellectual Property Corporation.

Exhibit 7 Small Business Fulfillment Material

MODULE LIBRARY: BS_MOD - BellSouth LD Copy Modules

MODULE name("EBDUNLTDTC") Rev("5, "M.Bilkhu", "11-11-2004")
DESCRIPTION "SBS Bus. Unlimited Plan T&C"
SEGMENT 1 of 1: name("EBDUNLTDTC default segment")
MEASUREMENTS: auto(NA / Height) size(7.500, 1.097) origin(0.000, 0.000)
RESOURCE: psg("BS001288")

BellSouth® Business Unlimited Plan

Requires subscription to BellSouth® CompleteChoice® for Business and a local service term agreement. Callers must dial 1 + telephone number for a domestic call to be included without an additional charge. BellSouth Long Distance, Inc. must be selected as both the local toll and interlata toll carrier for all of the customer's lines (up to a maximum of 12) at a single location and on a single billing account. Call detail is not provided. Use of PBX, PBX-like equipment, auto-dialers, and calls to on-line service, broadcast fax transmissions & data usage traffic are prohibited under this plan. If usage exceeds by 10 times the average usage of all customers on this plan subscribing to the same number of lines, the subscriber may be charged an additional fee of \$50 per month per line, or may be required to change to another plan. Unlimited plan usage does not include: multi-party conference calls, calls to 900 numbers, directory assistance, calling card, or operator services. Additional charges apply for International calls. Long distance service is provided by BellSouth Long Distance, Inc. Services subject to terms and conditions. Taxes, fees and other charges, including Universal Service Fund, apply. All trademarks and service marks contained herein are the property of BellSouth Intellectual Property Corporation.

Exhibit 8 Consumer threshold notice letter

Month Day, Year

Customer Name
Customer Address
City, State Zip

Re: TELEPHONE NUMBER
Excessive Usage

Dear Customer Name,

Thank you for being a valued BellSouth customer. You've chosen one of our most popular long distance plans – the BellSouth® Unlimited Plan.

In listening to our customers, BellSouth developed the BellSouth® Unlimited Plan to meet the needs of customers looking for one flat monthly fee for unlimited residential voice calling. In order for us to be able to provide this plan to all of our customers at a competitive price, the plan provides that this plan is for typical residential use. Under this plan, usage up to 5,000 minutes a month is presumed to be typical residential use. Calls under this Plan are not restricted to voice usage, therefore other calls such as dialing the Internet or any other types of non-voice calls could increase your monthly usage. Customers exceeding this usage threshold may be subjected to an excessive usage charge on their service. Specifically, customers exceeding 5,000 minutes of use monthly may be subject to an excessive usage fee of \$50 per month. Alternatively, these customers may be required to change to another calling plan.

Our records indicate that you have been using the BellSouth® Unlimited Plan in excess of the threshold described above. If it is likely that your usage will continue at these levels, please log on to www.bellsouth.com or contact our specialty center toll free at 1-866-222-2086 and we will be happy to assist you in selecting a plan that better meets your communications needs. For example, our Nickel Value plan offers intrastate and interstate domestic long distance at a low per minute rate of \$.05. This Plan also has a low Monthly Recurring Charge of \$4.95.

If you continue to make calls under the BellSouth® Unlimited Plan in excess of the usage threshold noted above, and we do not hear from you to change to a plan that is better designed to accommodate your calling patterns, a \$50 excessive usage fee may be assessed on your account.

Sincerely,

**Jack Todd
Director, Consumer Services**

Exhibit 9 Small Business threshold notice letter

MODULE LIBRARY: BS_MOD - BellSouth LD Copy Modules

Page: 1

MODULE name("EBUNLIMIT8") Rev("3, "M.Bilkhu", "08-25-2004")
DESCRIPTION "Bus. Unlimited Ltr 8 Misuse-Voice Letter 1"
VARIABLE 1: Intf("ABEBULIMIT8")
SEGMENT 1 of 1: name("EBUNLIMIT8 default segment")
MEASUREMENTS: auto(NA / Height) size(7.500, 5.133) origin(0.000, 0.000)
RESOURCE: psg("BS001247")

Dear XXXXXXXX XXXXXXXXXXXXXXX,

Thank you for being a valued BellSouth Small Business customer. You're enrolled in the BellSouth® Business Unlimited Plan for long distance.

In listening to our customers, BellSouth developed the Business Unlimited Plan to meet the needs of customers looking for one flat monthly fee for unlimited long distance business calling. In order for us to be able to provide this plan to all of our customers at a competitive price, the plan includes certain restrictions, including that it not be available for resale and that customers exceeding a certain usage threshold may be required to move to a different long distance calling plan. Specifically, customers exceeding 10 times the average usage of other customers on this plan can be required to change to another calling plan. These terms of service were explained in the customer information material you received shortly after your service subscription.

Our records indicate that your usage under the BellSouth Business Unlimited Plan is greatly in excess of the threshold described above. Your current usage is 999,999.9 minutes of use against the current threshold of 999,999.9 MINUTES OF USE. Accordingly, please contact us toll free at 1-999-999-9999 and we will help you find a plan that meets your communications needs. For example, our Package Minutes plan offers buckets of 500 - 5,000 minutes at competitive prices. We also offer competitive pricing on our BellSouth Business Class Long Distance plans.

Unless a significant decrease in your usage occurs or if we do not hear from you by Month DD, CCYY your calling plan will be changed to The BellSouth Long Distance 5,000 Package Minutes plan.

Please call us today to find the long distance plan that may be better suited for your business needs. We will also be happy to discuss other products and services that may benefit your small business. Thank you for your attention to this matter.

Sincerely,

BellSouth Long Distance

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO LIMITATIONS)	
OF USE FOR TARIFFED SERVICES)	ADMINISTRATIVE
DESIGNATED OR OTHERWISE)	CASE NO. 2005-00186
REFERRED TO AS UNLIMITED)	

CONFIDENTIALITY PETITION
PURSUANT TO 807 KAR 5:001 SECTION 7

Petitioner, BellSouth Long Distance, Inc. ("BSLD"), hereby moves the Public Service Commission of the Commonwealth of Kentucky (the "Commission"), pursuant to KRS 61.878 and 807 KAR 5:001, §7, to classify as confidential the following described information:

Those numbers highlighted with transparent ink in the attachment filed with the above-referenced proposal.

The information for which BSLD seeks confidentiality relates to the numbers of Kentucky subscribers to specific BSLD long distance plans.

The Kentucky Open Records Act exempts certain commercial information from the public disclosure requirements of the Act. KRS 61.878 (1)(c)(1). To qualify for this commercial information exemption and, therefore, keep the information confidential, a party must establish that disclosure of the commercial information would permit an unfair advantage to competitors of the party seeking confidentiality if openly disclosed. KRS 61.878 (1)(c)(1); 807 KAR 5:001, §7. The Commission has taken the position that the statute and rules require the party to demonstrate actual competition and a likelihood of competitive injury if the information is disclosed.

In the present case, BSLD would suffer competitive harm if the commercial information it seeks to protect were disclosed. The information sought to be protected from disclosure is specific numbers of Kentucky customers who subscribe to certain of BSLD's long distance calling plans. Disclosure of this information would give BSLD's competitors, who consist of competing interexchange carriers, an unfair business advantage over BSLD since they could determine the popularity of specific BSLD long distance calling plans. This information could be used by BSLD's competitors to target the marketing of their competitive services to BSLD's customer base to the detriment of BSLD. BSLD's competitors in Kentucky include AT&T, MCI and Sprint. Because this information could be unfairly used by BSLD's competitors, BSLD's long distance plan subscriber numbers should be protected from disclosure.

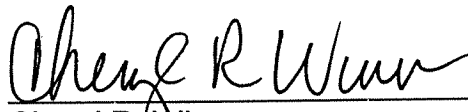
BSLD recognizes that this information may be helpful to the Commission. However, to require that this information be divulged to BSLD's competitors creates substantial unfair disadvantage to BSLD. In addition, the Commission should accord confidential treatment to this information for the following reasons:

- (1) The information as to which BSLD is requesting confidential treatment is not known outside of BSLD;
- (2) The information is not disseminated within BSLD and is known only by those of BSLD's employees who have a legitimate business need to know and act upon the information;
- (3) BSLD seeks to preserve the confidentiality of this information through all appropriate means, including the maintenance of appropriate security at its offices;

- (4) The disclosure of this information would cause competitive injury to BSLD in that it would provide BSLD's competitors with sensitive data with respect to certain of BSLD's services; and
- (5) By granting BSLD's petition, there would be no damage to any public interest in disclosure. In fact, the public would be best served by non-disclosure because competition would thereby be promoted.

For these reasons, the Commission should grant BSLD's request for confidential treatment of BSLD's subscriber base for specific long distance calling plans.

Respectfully submitted,



Cheryl R. Winn
601 W. Chestnut Street, Room 407
P. O. Box 32410
Louisville, KY 40232
Tel. No. (502) 582-1475

Harris R. Anthony
Vice President & General Counsel
400 Perimeter Center Terraces
Suite 350
Atlanta, GA 30346
Tel. No. (770) 352-3116

COUNSEL FOR BELL SOUTH
LONG DISTANCE, INC.