

BellSouth Telecommunications, Inc.

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Joelle J. Phillips

Senior State Operations Counsel

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September 22, 2006

VIA HAND DELIVERY

Hon. Sara Kyle, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

filed electronically in docket office on 09/21/06

Re: *Enforcement of Interconnection Agreement between BellSouth
Telecommunications, Inc. and ITC^DeltaCom Communications, Inc.*
Docket No. 02-01203

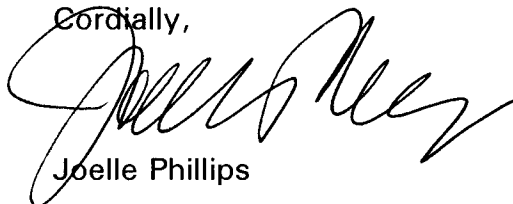
Dear Chairman Kyle:

Pursuant to the Notice of Filing dated September 12, 2006, enclosed are the original and four copies the letter of engagement and proposed methodology for conducting the audit of DeltaCom's EELs.

The parties have met during this week and continue to work on reaching an acceptable negotiated resolution to this dispute. Because the parties have not yet been able to reach a resolution, however, BellSouth files this engagement letter. In the event that no settlement can be reached, BellSouth intends to proceed with an audit performed by Deloitte Financial Advisory Services LLP, under the terms set out in the attached engagement letter.

A copy is being provided to counsel of record.

Cordially,

A handwritten signature in black ink, appearing to read "Joelle Phillips", written over the printed name.

Joelle Phillips

JP:ch



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September 22, 2006

Ms. Joelle Phillips
Senior State Operations Counsel
Tennessee Legal Department
BellSouth Telecommunications, Inc.
333 Commerce Street, Suite 2101
Nashville, TN 37201-3300

**Re: ITC^DeltaCom EEL Analysis Pursuant to Interconnection Agreement between BellSouth
and ITC^DeltaCom**

Dear Ms. Phillips:

Understanding of Role

This letter sets forth the agreement between BellSouth Telecommunications, Inc. ("Client") and Deloitte Financial Advisory Services LLP ("Deloitte FAS"), effective as of September 22, 2006, whereby Deloitte FAS personnel will provide to Client the services described herein (this "Engagement"). We understand that such services are being requested by Client in connection with the above-entitled matter and related matters. The services to be performed by Deloitte FAS personnel will be as a nontestifying consultant. In the event Client desires to engage Deloitte FAS personnel to testify as an expert witness, and if such engagement is accepted by Deloitte FAS, the terms and provisions hereof will apply to such expert witness engagement, unless a separate written agreement with respect to such engagement is entered into.

We understand that it is Client's intention and the position of Client that our work for it will be covered by the attorney work-product privilege and other applicable privileges. Accordingly, it is agreed that all working papers and other documents prepared or received by us pursuant to this Engagement will be maintained by us as confidential material in accordance with the terms hereof.

Client agrees that it will advise Deloitte FAS in a timely manner of any applicable legal requirements concerning the services to be provided by Deloitte FAS, including, without limitation, the identification of any reports to be provided by Deloitte FAS, the formats of, and filing deadlines for, such reports, and the legal requirements, if any, concerning the retention of our notes, draft reports, or other work product. Deloitte FAS does not, in advance of obtaining sufficient relevant information and completing its analyses, provide any assurance that it will be able to support any position.

Deloitte FAS will analyze traffic traversed over each of the nineteen (19) extended enhanced loops ("EEL") converted as of the present date to evaluate the amount of local exchange traffic and total traffic provided over such EELs in order to assist Client in determining whether ITC^DeltaCom provided a significant amount of local exchange service over such EELs. For analysis purposes, we will develop a sampling method to select traffic from the time period between the earliest installation (on or about

January 2003) until the present date, for each of the nineteen (19) converted EELs. The specific procedures to be performed by Deloitte FAS will be mutually established based on discussions with you as the Engagement progresses and additional information is obtained during the course of the Engagement. Deloitte FAS is also prepared to provide mutually agreeable assistance in any other areas that may be identified during the course of this Engagement.

The services to be provided by Deloitte FAS will be performed under the Standards for Consulting Services of the American Institute of Certified Public Accountants. It is understood and agreed that Deloitte FAS' services hereunder may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, the Client. In connection with Deloitte FAS' services hereunder, Deloitte FAS shall be entitled to rely on all decisions and approvals of the Client.

Client agrees that, without Deloitte FAS' prior written permission, any reports, schedules, documents, or other materials provided by Deloitte FAS ("Deloitte FAS Work product") are not to be used, in whole or in part, by Client for any purpose other than in connection with the resolution or disposition of the disputed matters or controversies that are the subject of this Engagement (the "Dispute"), and are not to be disclosed, quoted or referenced, in whole or in part, to any other person or entity ("third party") other than those third parties that are adverse to the Company in the Dispute, their legal counsel, other consultants to legal counsel in this matter and any court or other tribunal in which the Dispute is then pending. This Engagement shall not create privity between Deloitte FAS and any third party. Neither the Deloitte FAS Work product nor the services provided hereunder are intended for the express or implied benefit of any third party.

Conflicts

We performed an internal search for any potential client conflicts (the "Conflicts Search") based upon the names of the parties that you have provided (the "Involved Parties"). Nothing has come to our attention that, in our judgment, would impair our ability to objectively serve you in this Engagement. Except for the Conflicts Search, we have not undertaken any process to identify any other relationships with the Involved Parties. Counsel agrees that it will inform us promptly of additional parties to this matter or of name changes for those parties whose names were provided by Client.

As you know, Deloitte FAS and its affiliates have many clients and we are engaged by new clients every day. Therefore, we cannot assure that, following the completion of our Conflicts Search, an engagement relating to one or more of the Involved Parties will not be accepted. You can assist us in monitoring any potential future conflicts by promptly disclosing our retention to the other side, but of course only if consistent with your case strategy. Should any potential conflict come to the attention of our Engagement Partner, we will endeavor to resolve such potential conflict and will determine what action needs to be taken.

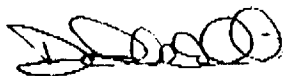
Any counsel representing parties involved in this matter may have in the past engaged, represented or opposed, and may currently or in the future engage, represent or oppose, Deloitte FAS and/or its affiliates and their respective personnel in connection with matters unrelated to this Engagement. Also, any insurance carrier providing coverage to parties involved in this matter may have provided, may currently be providing, or may in the future provide coverage to a party, or may itself be a party, involved in a matter unrelated to this Engagement where Deloitte FAS and/or its affiliates have provided, are currently

Ms. Joelle Phillips
BellSouth Telecommunications
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If you and your client agree to the terms of this letter and the attached General Business Terms, please sign and have your client sign the enclosed copy of this letter in the space provided and return it to me. If you have any questions, please call me at 404.220.1053. We appreciate the opportunity to work for you and look forward to your prompt response.

Very truly yours,

DELOITTE FINANCIAL ADVISORY SERVICES LLP



David Wallis, Partner

Attachment

Accepted by: BellSouth Telecommunications, Inc.
By <u>W. Kistner</u>
Title <u>ASSIST VICE PRES</u>
Date <u>9/22/2006</u>

CERTIFICATE OF SERVICE

I hereby certify that on September 22, 2006, a copy of the foregoing document was served on the following, via the method indicated:

- ☐ Hand
- ☐ Mail
- ☐ Facsimile
- ☐ Overnight
- ☒ Electronic

Henry Walker, Esquire
Boult, Cummings, et al.
414 Union Street, #1600
Nashville, TN 37219-8062
hwalker@boultcummings.com

- ☐ Hand
- ☐ Mail
- ☐ Facsimile
- ☐ Overnight
- ☒ Electronic

Tony Mastando, Esquire
ITC^DeltaCom
4092 South Memorial Parkway
Huntsville, AL 35802
Tony.mastando@itcdeltacom.com
Jean.houck@itcdeltacom.com

A handwritten signature in black ink, appearing to read "Jean Houck", written over a horizontal line.