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April 29, 2005

VIA HAND DELIVERY

Hon. Pat Miller, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Petition to Establish Generic Docket to Consider Amendments to Interconnection Agreements Resulting from Changes of Law*
Docket No. 04-00381

Dear Chairman Miller:

Enclosed are fifteen copies of BellSouth's response to XO's letter of April 28, 2005.

Copies have been provided to all recipients this afternoon by e-mail.

Very truly yours,

Guy M. Hicks

GMH:nc

583635

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April 29, 2005

Dana Shaffer, Esquire
XO Communications, Inc
105 Malloy Street, #100
Nashville, TN 37201

Dear Dana

Thank you for your letter of April 28 responding to my letters of April 19 and 21, 2005 I was glad to have you confirm that BellSouth and XO have been engaged in contract settlement negotiations to implement FCC requirements in our agreement However, I understand that the first negotiation session since BellSouth sent its proposed TRRO amendment during the middle of March only took place yesterday, April 28, the same date as your letter By the way, we understood you to say to the Hearing Officer during the March 28, 2005 status conference that you could not begin negotiations because you had not received the contract language proposal sent by BellSouth following the issuance of the TRRO I hope that you have now confirmed that you were sent a copy of our proposal during the middle of March, and were specifically told that the proposal you were sent could be used as the basis for region-wide negotiations (save for the individual state rates.) Your letter of April 28 also seeks to clarify your e-mail of April 19, 2005, which BellSouth understood to mean that XO would not be willing to negotiate a new Attachment 2 compliant with federal law. We appreciate your statement in your most recent letter that XO is willing to do so BellSouth is confident that the Authority did not intend to order the execution of an interconnection agreement that only partially reflects changes in the law and that the TRA specifically did not intend for the parties to negotiate an agreement that reflects only the changes that benefit one side

Your April 28 letter asks for a response as soon as possible While we are deep into the thirty-day negotiating period and we wish we had received a response from you sooner, I have forwarded your letter to XO's negotiator in Atlanta BellSouth will certainly review your letter carefully and consider it However, I am informed that the proposal that you sent to me last evening differs from the language that you and our negotiators discussed yesterday, and we do not understand why that is the case We understood we were making some progress on various issues, and this seems to be a step in the wrong direction I trust that you are not proposing that we reject the progress

made in reviewing the extensive redline that XO sent BellSouth and the fruitful negotiation session that both parties participated in yesterday, wherein we covered many of the same issues included in the proposal that you sent yesterday BellSouth has spent a substantial amount of time reviewing the changes that you proposed, accepting many of them, and responding with counterproposals on others, some of which were accepted by XO and some of which have resulted in further discussion If that is XO's intent, it appears that efficient negotiation is not what XO is pursuing

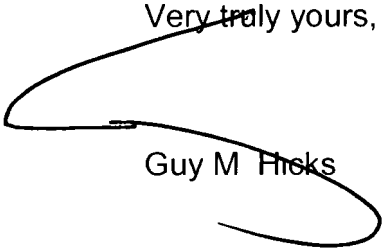
I also must reiterate that BellSouth disagrees with your characterization of the April 11, 2005 deliberations by Directors Tate and Jones. It is BellSouth's belief that the "no new adds" issue has been decided, and it is not a "change of law" issue Director Tate, correctly recognizing authority from other jurisdictions (and not even taking into account the recent decisions of the North Carolina Commission, the Louisiana Commission, the U S District Court in Mississippi, the U S District Court in Kentucky, and the 11th Circuit Court of Appeals), stated that it was clear that the FCC had ordered an end to UNE-P, and that there will be no new adds (Tr p 8) In other words, it is only a matter of when BellSouth stops taking UNE-P orders for those CLECs that have not entered into commercial agreements, not if Again, the FCC clearly said the "no new adds" is an FCC mandate, not a change of law issue to be negotiated. Further, Directors Jones and Tate also made clear that any such date would be subject to a true-up back to March 11, 2005 – the date set by the FCC in its *TRRO*

The attachment to your letter of April 28 underscores the fact that BellSouth and XO simply disagree on some fundamental interpretations of the FCC rulings It was these basic legal issues that were recognized by the parties as issues to be decided in the Change of Law case-in-chief While we continue to hope that these matters can be resolved by agreement, it is certainly possible that the parties will not reach agreement on certain issues until they are ruled upon by the Authority BellSouth believes that it is unreasonable of XO to expect BellSouth to simply agree to XO's legal positions, which are contrary to the great weight of legal authority, particularly the four recent federal court unanimous decisions in BellSouth's nine-state region.

Again, BellSouth has been successful with many companies in reaching comprehensive negotiated agreements, and we hope to resolve our disagreement with XO

Copies of this letter are being provided to the Authority and counsel of record.

Very truly yours,



Guy M Hicks

GMH ch

cc Hon Deborah Taylor Tate, Hearing Officer
Hon Sara Kyle, Director
Hon Ron Jones, Director
Counsel of Record

CERTIFICATE OF SERVICE

I hereby certify that on April 29, 2005, a copy of the foregoing document was served on the following, via the method indicated:

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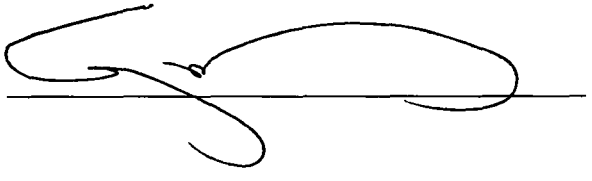

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