

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

01 SEP 6 11 1 95

IN RE: PETITION OF MCI WORLDCOM, INC.)
TO ENFORCE INTERCONNECTION) EXECUTIVE ORDER NO. 99-00662
AGREEMENT WITH BELL SOUTH)
TELECOMMUNICATIONS, INC.)

**REPLY OF MCI WORLDCOM
IN SUPPORT OF MOTION FOR SANCTIONS**

MCI WorldCom Network Services, Inc. (“MCI WorldCom”) submits the following reply and supplemental affidavit in support of the Motion for Sanctions Against BellSouth Telecommunications, Inc. (“BellSouth”) filed by MCI WorldCom in the above-captioned docket on August 17, 2001.

As stated in the Motion for Sanctions, the Tennessee Regulatory Authority has twice (June 30, 2001, and July 12, 2001) ordered BellSouth to pay MCI metro reciprocal compensation for ISP-bound traffic as provided in the parties’ current interconnection agreement. BellSouth has paid only \$2.9 million of the \$10.2 million owed. On July 16, 2001, BellSouth sent MCI WorldCom a letter explaining BellSouth’s reasons for withholding the bulk of the money. In response to the letter and the parties’ subsequent inability to resolve this issue, MCI WorldCom filed the Motion for Sanctions. In support of the Motion, MCI WorldCom also filed an affidavit from Mr. Dan Aronson, nationwide director of carrier billing services for MCI WorldCom. Mr. Aronson’s affidavit addresses each of the objections raised in the July 16 letter and explains in detail the basis for MCI metro’s billings, the relevant provisions of the parties’ interconnection agreement, his unsuccessful efforts to obtain information from BellSouth, and his conclusion

that, based on his experiences with other incumbent local carriers, BellSouth stands apart as being unwilling to make a good faith effort to resolve billing disputes.

On August 24, 2001, BellSouth filed a response to the Motion for Sanctions. The unsworn Response does not refute any of the facts contained in Mr. Aronson's affidavit and, MCI WorldCom submits, the Response reflects BellSouth's ongoing strategy of withholding reciprocal compensation payments for the purpose of pressuring competing carriers to settle for less than the full amounts owed.

1. In the Response, BellSouth states that it paid MCImetro for terminating local calls based, not on the minutes-of-use billed by MCImetro, but on BellSouth's own estimate of those minutes. To make that estimate, BellSouth applied its own "PLU" factor (percent local usage) and its own measurement of originating minutes. BellSouth's argument rests on Section 7.3 of the agreement which requires each party to provide the other with a monthly "usage report" containing total traffic volumes, broken out by call type as well as a PLU. Section 8.2 states that the parties agree to exchange such reports "to facilitate the proper billing of traffic." But nothing in Section 7.3, or anywhere else in the agreement, allows either party unilaterally to apply its own PLU to the terminating minutes-of-use billed by the other. To the contrary, Section 7.1 of the agreement, which appears on the same page, specifically states how terminating minutes are to be calculated and billed: "Each party shall calculate terminating interconnection minutes of use based on standard Automatic Message Accounting (AMA) recordings made within each party's network. These recordings being necessary for each party to generate bills to the other party." As MCI WorldCom has repeatedly explained, MCImetro calculates its bills for terminating minutes-of-use in accordance with Section 7.1. BellSouth's Response does not even mention Section 7.1. A copy of sections 7.1, 7.3 and 8.2 is attached.

2. BellSouth states that its own measure of minutes-of-use is less than MCImetro's measure of minutes and therefore, BellSouth paid only for those minutes recorded by BellSouth. Here again, Mr. Aronson explains that, under Section 7.1, bills for terminating minutes are based on AMA recordings made by the terminating carrier, not the originating carrier. BellSouth simply disregards that requirement. Mr. Aronson also describes his unsuccessful efforts over fifteen months to obtain information from BellSouth Operations Director Richard McIntire and his staff about this issue only to be told that BellSouth was withholding reciprocal compensation money "in accordance with directives issued by management."

3. BellSouth states that, after April 3, 2000, BellSouth should pay the lower, reciprocal compensation rate set by the TRA in docket 97-01262 and not the "outdated" rates contained in the current agreement. As Mr. Aronson explains, the terms of the MCImetro agreement require that the parties continue paying the old rate until such time as a new agreement is signed. At that point, there will be a retroactive "true-up" back to April 3, 2000. BellSouth has decided to implement the "true-up" now before the new agreement is signed.

4. None of these issues raised by BellSouth has merit. In fact, MCI WorldCom submits that BellSouth's arguments are so transparent that the arguments themselves support Mr. Aronson's statement that BellSouth is acting, not based on the law, but "in accordance with directives issued by management."

As further proof of BellSouth's bad faith, MCI WorldCom has learned that, even now, BellSouth continues to withhold payments of reciprocal compensation for ISP-bound traffic. As explained in the accompanying supplemental affidavit from Mr. Aronson, MCImetro bills BellSouth each month for terminating local and intraLATA calls. In June, 2001, prior to the effective date of the TRA's June 30 Order, MCImetro sent BellSouth a bill for \$421,447.34. BellSouth paid only \$6,045.04 of that amount, withholding the difference because of "ISP usage

withheld, incorrect local and/or intraLATA rates invoiced/late usage invoiced overbilled.” In July, *after* the effective date of the TRA’s Order, BellSouth withheld \$390,734.21 and paid only \$5,891.17 because of “ISP usage withheld/incorrect local and intra rate invoiced/mou’s invoiced for prior usage exceed BST’s recordings.” Again in August, BellSouth paid only \$6,276.56 and withheld \$423,549.98 because of “ISP usage withheld/incorrect intraLATA and local rates invoiced.”¹ (Copies of these documents are attached.)

It is as if the TRA orders had never been issued.

Based on these billing statements, there can be no doubt that BellSouth has disobeyed --- and is continuing to disobey --- the TRA’s orders. Furthermore, these billing statements cast substantial doubt on the credibility of the statements made by BellSouth’s lawyers that these billing disputes have “nothing to do with the ISP issue” or that BellSouth’s withholding of nearly two-thirds of the amount owed is based on a good faith disagreement over the contract.

5. Finally, BellSouth’s Response to the Motion for Sanctions ignores altogether that MCI WorldCom has offered to post a bond for the entire amount owed (\$10.2 million). Therefore, in the event that the parties, the TRA, or a reviewing court determines that any portion of that total should be returned to BellSouth, the bond guarantees repayment.


¹ Both the August and July statements from BellSouth state that payments were withheld, not only because of “ISP usage” but also because of “incorrect intraLATA and local rates invoiced.” The local reciprocal compensation rate (\$.004 per minute) should no longer be in dispute. It is established in the TRA’s Order. Similarly, BellSouth has agreed (see the letter from BellSouth dated July 16, 2001, attached to the Motion for Sanctions) that the rates billed by MCImetro for terminating intraLATA calls are correct and consistent with MCImetro’s tariff. That issue is not in dispute either. Similarly, the July statement withholds payment for “mou’s invoiced for prior usage exceed BST’s recordings.” As explained above, the agreement clearly states that the terminating party, not the originating party, measures and bills the other for terminating minutes.

Based on the facts in Mr. Aronson's affidavits and the evidence that BellSouth is continuing to withhold payment for ISP usage, the TRA has ample, undisputed evidence to sanction BellSouth without further proceedings. Should the TRA determine that an evidentiary hearing is needed, MCI WorldCom asks that, in the meantime, BellSouth be ordered to pay the full amount owed, subject to further orders of the agency.

Respectfully submitted,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

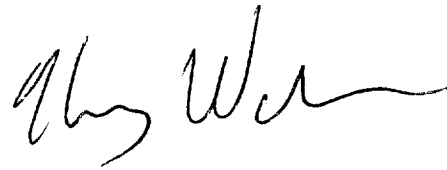
By: _____


Henry Walker
414 Union Street, Suite 1600
P.O. Box 198062
Nashville, Tennessee 37219
(615) 252-2363

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been forwarded via fax or hand delivery and U.S. mail to the following on this the 6th day of September , 2001.

Guy Hicks, Esq.
BellSouth Telecommunications, Inc.
333 Commerce St., Suite 2101
Nashville, TN 37201-3300

A handwritten signature in black ink, appearing to read "Guy Hicks", with a long, sweeping horizontal stroke at the end.

MCIm-BellSouth Tennessee Interconnection Agreement

Section 7. Usage Measurement

7.1 Each party shall calculate terminating interconnection minutes of use based on standard Automatic Message Accounting (AMA) recordings made within each party's network. These recordings being necessary for each party to generate bills to the other party.

7.2 Measurement of minutes of use over Local Interconnection Trunk groups shall be in actual conversation seconds. The total conversation seconds over each individual Local Interconnection Trunk Group will be totaled for the entire monthly bill-round and then rounded to the next whole minute.

7.3 Where MCIm provides local exchange services via switch facilities, each party shall provide to the other, within 20 calendar days after the end of each BellSouth fiscal quarter (commencing with the first full fiscal quarter after the effective date of this agreement), a usage report with the following information regarding traffic originating from facilities provided by the originating party and terminated over the Local Interconnection Trunk Groups:

7.3.1 Total traffic volume described in terms of minutes and messages and by call type (local, toll, and other) at the state level terminated to each other over the Local Interconnection Trunk Groups and

7.3.2. Percent Local Use (PLU)

Section 8. Responsibilities Of The Parties

8.1 BellSouth and MCIm agree to treat each other fairly, nondiscriminatory, and equally for all items included in this Agreement, or related to the support of items included in this Agreement.

8.2 MCIm and BellSouth agree to exchange such reports and/or data as provided in this Attachment in Section 7.3 to facilitate the proper billing of traffic. Either party may request an audit of such usage reports on no fewer than 10 business days' written notice and any audit shall be accomplished during normal business hours at the office of the party being audited. Such audit must be performed by a mutually agreed-to independent auditor paid for by the party requesting the audit and may include review of the data described in Section 7 above. Such audits shall be requested within six months of having received the PLU factor and usage reports from the other party.

AFFIDAVIT OF DAN ARONSON


1. My name is Dan Aronson. I am the Director of Carrier Billing Services for WorldCom. My business address is 500 Clinton Center Drive, Clinton, Mississippi, 39056.
2. On the 10th of each month, pursuant to the connectivity billing provisions of the interconnection agreement between BellSouth and MCImetro Access Transmission Services (MCImetro), my department sends an invoice to BellSouth for reciprocal compensation due to for the prior months usage billings on behalf of MCImetro for the Memphis market in Tennessee.
3. On June 10, 2001, my department sent an invoice to BellSouth for reciprocal compensation due to for the May 2001 usage billings on behalf of MCImetro for the Memphis market in Tennessee.
4. As I understand, on July 10, 2001, the Tennessee Regulatory Authority ruled that BellSouth was required to pay reciprocal compensation for ISP-bound traffic to MCImetro under the terms of the MCImetro-BellSouth interconnection agreement and directed BellSouth to pay all amounts due by July 13, 2001.
5. By notice dated July 11, 2001, BellSouth advised WorldCom that it was withholding payment of \$390,734.21 on the June 10, 2001 invoice for MCImetro. The stated basis for this withholding was that payment was being withheld for ISP usage. I have attached a copy of the BellSouth July 11, 2001 notice that WorldCom received to this Affidavit.
6. On July 10, 2001, my department sent an invoice to BellSouth for reciprocal compensation due to for the June, 2001 usage billings on behalf of MCImetro for the Memphis market in Tennessee.
7. By notice dated August 15, 2001, BellSouth advised WorldCom that it was withholding payment of \$423,549.98 on the July 10, 2001 invoice for MCImetro. The stated basis for this withholding was that payment was being withheld for ISP usage. I have attached a copy of the BellSouth August 15, 2001 notice that WorldCom received to this Affidavit.

8. Since WorldCom received these notices from BellSouth, I have checked the BellSouth wire transfer payments for the MCImetro account in Tennessee and have confirmed that BellSouth did withhold the payments as stated in their July 11, 2001 and August 15, 2001 notices.



Dan Aronson

Sworn to and subscribed before me
this 30 day of August, 2001.



Notary Public

My Commission expires:

Notary Public State of Mississippi At Large
My Commission Expires: October 21, 2001
Bonded Thru Halden, Brooks & Garland, Inc.



BellSouth Interconnection Services

600 N. 19th Street Room 7D3, Birmingham, AL 35203

Please Apply BellSouth Payments as Follows

PROVIDER'S NAME: MCI METRO WORLDCOM		Date: Jun 22, 2001				
* BellSouth reserves the right to dispute at a later date						
INVOICE DATE:	5/10/01	ACH TO BE RECEIVED ON OR AROUND: 6/8/01				
LOCATION (CITY/STATE):	TN	VOUCHER ID: 09516441				
PROVIDER'S ACCOUNT#:	901 DTN-0468 M00	CHECK #:				
PROVIDER'S INVOICE #:	DTN0468M00-01130	BST'S QUEST ACCOUNT #:				
		TN-USG-901DTN-0468M00-0299				
		BST'S QUEST INVOICE DATE: 05/01				
TOTAL AMOUNT INVOICED	DEBIT/CREDIT ADJUSTMENT APPLIED TO CURRENT INVOICE	TOTAL AMOUNT OF PAYMENT	AMOUNT DISPUTED BY CHARGE TYPE	CHARGE TYPE	INVOICE REMAINING BAL AFTER PAYMENT /DISPUTE APPLIED	COMMENTS
\$421,447.34		\$6,045.08	\$415,402.26	Usage		ISP USAGE WITHHELD/INCORRECT LOCAL AND/OR INTRALATA RATES INVOICED/LATE USAGE INVOICED OVERBILLED.
				Recurring		
				Non-recurring		
				Late Payment Charge		
				Other		
		\$6,045.08	\$415,402.26		\$0.00	

For questions call: Caria Murphy (205) 714-0025 Ext 6-2144



BellSouth Interconnection Services

600 N. 19th Street Room 7D3, Birmingham, AL 35203

Please Apply BellSouth Payments as Follows

PROVIDER'S NAME: MCI METRO WORLDCOM		Date: Jul 11, 2001				
* BellSouth reserves the right to dispute at a later date						
INVOICE DATE:	6/10/01	ACH TO BE RECEIVED ON OR AROUND:	7/10/01			
LOCATION (CITY/STATE):	TN	VOUCHER ID:	09701571			
PROVIDER'S ACCOUNT#:	901 DTN-0468 M00	CHECK #:				
PROVIDER'S INVOICE #:	DTN0468M00-01161	BST'S QUEST ACCOUNT #:	TN-USG-901DTN-0468M00-0299			
		BST'S QUEST INVOICE DATE:	6/01			
TOTAL AMOUNT INVOICED	DEBIT/CREDIT ADJUSTMENT APPLIED TO CURRENT INVOICE	TOTAL AMOUNT OF PAYMENT	AMOUNT DISPUTED BY CHARGE TYPE	CHARGE TYPE	INVOICE REMAINING BAL AFTER PAYMENT/ DISPUTE APPLIED	COMMENTS
\$396,625.38		\$5,891.17	\$390,734.21	Usage		ISP USAGE WITHHELD/INCORRECT LOCAL AND INTRA RATE INVOICED/ MOU'S INVOICED FOR PRIOR USAGE EXCEED BST'S RECORDINGS.
				Recurring		
				Non-recurring		
				Late Payment Charge		
				Other		
	\$396,625.38	\$5,891.17	\$390,734.21		\$0.00	

For questions call: Carla Murphy (205) 714-0025 Ext 6-2144




BellSouth Interconnection Services
 600 N. 18th Street Room 7D3, Birmingham, AL 35203

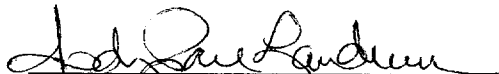
Please Apply BellSouth Payments as Follows

PROVIDER'S NAME: MCI METRO WORLDCOM		Date: Aug 15, 2001				
* BellSouth reserves the right to dispute at a later date		ACH TO BE RECEIVED ON OR AROUND: 8/8/01				
INVOICE DATE: 7/10/01		VOUCHER ID: 09861200				
LOCATION (CITY/STATE): TN		CHECK #:				
PROVIDER'S ACCOUNT #: 901 DTN-0468 M00		BST'S QUEST ACCOUNT #: TN-USG-901DTN-0468M00-0299				
PROVIDER'S INVOICE #: DTN0468M00-01191		BST'S QUEST INVOICE DATE: 7/01				
TOTAL AMOUNT INVOICED	DEBIT/CREDIT ADJUSTMENT APPLIED TO CURRENT INVOICE	TOTAL AMOUNT OF PAYMENT	AMOUNT DISPUTED BY CHARGE TYPE	CHARGE TYPE	INVOICE REMAINING BAL AFTER PAYMENT / DISPUTE APPLIED	COMMENTS
\$429,826.54		\$6,276.56	\$423,549.98	Usage		ISP USAGE WITHHELD/ INCORRECT INTRALATA AND LOCAL RATES INVOICED.
		10 th		Recurring		
				Non-recurring		
				Late Payment Charge		
				Other		
	\$429,826.54	\$6,276.56	\$423,549.98		\$0.00	

For questions call: Carla Murphy (205) 714-0025 Ext 6-2144


Dan Aronson

Sworn to and subscribed before me
this 31st day of August, 2001.


Notary Public

My Commission expires:

**MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES DEC. 18, 2001
BONDED THRU STEGALL NOTARY SERVICE**