

Exhibit No.:  
Issues: Reciprocal Compensation  
Witness: Daniel Aronson  
Sponsoring Party: MCI WorldCom Communicatins, Inc.  
and Brooks Fiber Communications of  
Missouri, Inc.  
Type of Exhibit: Direct Testimony  
Case No.: TC-2000-225, et al.

**MCI WORLDCOM COMMUNICATIONS, INC.**

**AND**

**BROOKS FIBER COMMUNICATIONS OF MISSOURI, INC.**

**DIRECT TESTIMONY**

**OF**

**DANIEL ARONSON**

**CASE NO. TC-2000-225, et al.**

**St. Louis, Missouri  
May 1, 2000**

**FILED<sup>2</sup>**  
**MAY 01 2000**  
**Missouri Public  
Service Commission**

STATE OF MISSISSIPPI )  
 ) SS.  
COUNTY OF HINDS )

FILED<sup>2</sup>  
MAY 01 2000  
Missouri Public  
Service Commission

**BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION**

MCI WorldCom Communications, Inc., )  
and Brooks Fiber Communications of )  
Missouri, Inc., and BroadSpan Communications, )  
Inc., d/b/a Primary Network )  
Communications, Inc. )

Case No. TC-2000-225, et al.

Complainants, )

vs. )

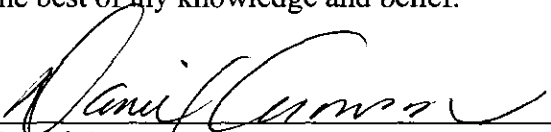
Southwestern Bell Telephone Company, )

Respondent. )

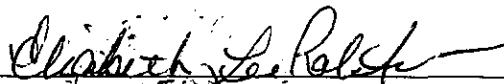
**AFFIDAVIT OF DANIEL ARONSON**

Daniel Aronson, of lawful age, sound of mind and being first duly sworn, deposes and states:

1. My name is Daniel Aronson. I am Director, Carrier Access Billing for MCI WorldCom.
2. Attached hereto and made a part hereof for all purposes is my direct testimony in the above-referenced case.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
Daniel Aronson

SUBSCRIBED AND SWORN TO before me, a Notary Public, this 25<sup>th</sup> day of April 2000.

  
Notary Public

My Commission Expires:

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

**Direct Testimony of Daniel Aronson**

1   **Q.   What is your name, position of employment and business address?**

2   A.   My name is Daniel Aronson. My position of employment is Director of Local Carrier  
3       Revenue Services for MCI WorldCom companies. My business address is 500 Clinton  
4       Center Drive, Clinton, Mississippi, 39060.

5

6   **Q.   Do your duties as Director of Local Carrier Revenue Services include**  
7       **responsibilities regarding Missouri reciprocal compensation arrangements with**  
8       **SWBT?**

9   A.   Yes. My duties include responsibility for rendering invoices to Southwestern Bell  
10       Telephone Company (SWBT) for reciprocal compensation payments for the termination  
11       of local calls from SWBT customers to customers of Brooks Fiber Communications of  
12       Missouri, Inc. ("Brooks") pursuant to the Missouri interconnection agreement between  
13       Brooks and SWBT, and for reciprocal compensation payments for the termination of  
14       local calls from SWBT customers to customers of MCI WorldCom Communications, Inc.  
15       (MCIWC) pursuant to the Missouri interconnection agreement between MCIWC and  
16       SWBT.

17

18   **Q.   What is the purpose of your testimony?**

19   A.   The purpose of my testimony is to identify the amount of reciprocal compensation that is  
20       currently due and owing from SWBT to Brooks and MCIWC in Missouri.

21

1 **Q. What is the amount of the outstanding balance that is due and owing from SWBT to**  
2 **MCIWC and Brooks for reciprocal compensation in Missouri?**

3 A. As of the last invoice sent to SWBT in April, 2000, the total amount that is due and  
4 owing from SWBT to MCIWC for reciprocal compensation in Missouri is  
5 \$15,036,476.54, and the total amount that is due and owing from SWBT to Brooks for  
6 reciprocal compensation in Missouri is \$13,388,003.91. I have attached as Aronson  
7 Schedule 1 to my testimony a summary of the MCIWC Reciprocal Compensation Invoice  
8 transactions from the first open invoice in June, 1998, to the April, 2000 invoice. I have  
9 attached as Aronson Schedule 2 to my testimony a summary of the Brooks Reciprocal  
10 Compensation Invoice transactions from the first open invoice in December, 1997, to the  
11 April, 2000 invoice. These summaries show the amounts billed to SWBT for reciprocal  
12 compensation pursuant to the respective interconnection agreements in Missouri, as well  
13 as amounts paid by SWBT on such charges. The first column of each summary shows  
14 the invoice dates. The second column shows the minutes of local traffic terminated by  
15 MCIWC and Brooks, consisting of calls from SWBT end users to MCIWC and Brooks  
16 end users. The third column shows the usage charges for terminating such amount of  
17 local traffic. The fourth column shows adjustments (which are explained in footnotes).  
18 The fifth column shows finance charges on each invoice as of the dates of the summary.  
19 The sixth column shows the invoice totals, including adjustments and finance charges.  
20 The seventh column shows SWBT payments. The eighth column shows the remaining  
21 balance on each invoice. At the bottom of each summary, each column is totaled.

22  
23 **Q. Were Aronson Schedules 1 and 2 prepared under your direct supervision?**

1 A. Yes.

2

3 **Q. Is the information in Aronson Schedules 1 and 2 accurate?**

4 A. Yes

5

6 **Q. What reciprocal compensation rates were used?**

7 A. The rates set forth in the respective interconnection agreements, identified by Mr. Price in  
8 his direct testimony.

9

10 **Q. Do the usage minutes stated in the second columns of the summaries include local**  
11 **calls from SWBT end users to ISPs served by MCIWC and Brooks?**

12 A. The usage minutes comprise all local calls from SWBT end users to MCIWC and Brooks  
13 end users, including ISPs served by MCIWC and Brooks.

14

15 **Q. Has SWBT paid reciprocal compensation to MCIWC and/or Brooks on ISP-bound**  
16 **local traffic?**

17 A. I am not certain whether SWBT ever intentionally paid such reciprocal compensation on such  
18 traffic. However, SWBT unilaterally began withholding reciprocal compensation  
19 payments based on SWBT's internal estimate of the portions of the reciprocal  
20 compensation invoices it claimed was attributable to local calls to ISPs.

21

22 Neither SWBT nor Brooks or MCIWC can precisely segregate ISP-bound local calls  
23 from other local calls. SWBT has not paid MCIWC's or Brooks's invoices in full, and

1 SWBT has indicated that it is attempting to avoid paying reciprocal compensation on  
2 ISP-bound local traffic.

3  
4 **Q. What did Brooks and MCIWC do about SWBT's refusal to pay fully invoices for**  
5 **reciprocal compensation?**

6 A. Brooks and MCIWC demanded that SWBT pay the full amounts due for reciprocal  
7 compensation, plus interest, as provided in the interconnection agreements (see Aronson  
8 Schedules 3-1 and 3-2 attached hereto and incorporated by reference). SWBT has  
9 refused (see Aronson Schedules 4-1 and 4-2 attached hereto and incorporated by  
10 reference). Accordingly, SWBT has failed to perform its obligations and is in material  
11 breach of the interconnection agreements. As a proximate result of SWBT's breach of the  
12 agreements, Brooks and MCIWC have suffered damages, which currently exceed  
13 \$13,000,000 and \$15,000,000, respectively and continue to accrue.

14  
15 **Q. Does this conclude your direct testimony?**

16 A. Yes.

## MFS MISSOURI

Invoice Date	Minutes of Use	Usage Charges	Adjustments	Finance Charges	Invoice Totals	SWBT Payments	Balance
06/10/98	43,999,109	\$ 613,432.89			\$ 613,432.89	\$ (213,913.48)	\$ 399,519.41
07/10/98	48,719,143	680,508.10			680,508.10	(107,034.25)	573,473.85
12/10/98	36,668,339	294,753.18	(972,993.26) a		(678,240.08)	(69,446.91)	(747,686.99)
01/10/99	1,794,080	28,128.56	98,536.42 b	4,421.30	131,086.28		131,086.28
03/10/99	627,673,359	6,905,137.76	(329,794.26) c	179.83	6,575,523.33	(35,744.44)	6,539,778.89
04/10/99	45,041,812	498,852.01		103,759.60	602,611.61	(21,955.42)	580,656.19
06/10/99	51,908,414	577,850.81		111,933.27	689,784.08	(11,872.38)	677,911.70
07/10/99	51,437,766	556,851.77		122,280.03	679,131.80	(11,810.56)	667,321.24
09/10/99	121,043,776 *	26,537.62	1,076,833.75 d	132,111.77	1,235,483.14	(29,218.06)	1,206,265.08
10/10/99	111,147,031 *	542,403.49	560,579.56 d	150,644.01	1,253,627.06	(20,596.50)	1,233,030.56
12/10/99	98,394,292 *	47,225.37	885,308.27 d	168,701.20	1,101,234.84	(39,506.31)	1,061,728.53
01/10/00	63,704,551 *	29,975.20	561,218.37 d	185,219.72	776,413.29	(25,607.51)	750,805.78
02/10/00	70,420,543 *	51,680.37	610,644.03 d	196,273.33	858,597.73	(29,977.33)	828,620.40
03/10/00	80,004,001 *	74,108.99	680,009.27 d	208,768.18	962,886.44	(51,682.64)	911,203.80
04/10/00	-	-	-	222,761.82	222,761.82	-	222,761.82
<u>1,451,956,216</u>		<u>\$ 10,927,446.12</u>	<u>\$ 3,170,342.15</u>	<u>\$ 1,607,054.06</u>	<u>\$ 15,704,842.33</u>	<u>\$ (668,365.79)</u>	<u>\$ 15,036,476.54</u>

\* Note - Includes minutes appearing in adjustment section of invoice for estimated ISP suspected traffic

## Explanation of adjustments:

- a. Pursuant to SBC request, amounts billed on the basis of WorldCom measured termination were reversed contingent upon agreement of SBC's delivery of all delivered data for processing. The additional processing appears on the 3/10/99 invoice.
- b. Adjustment of toll rates and EAS usage segment from 12/10/98 invoice
- c. Adjustment to restate usage related to ISP traffic pursuant to delivery of measurements by SBC.
- d. Following Cessation of 9299 Record delivery for suspected ISP usage by SBC, the balance of terminating usage is invoiced using WorldCom measure of terminating usage.

## BROOKS MISSOURI

LATA	Invoice Date	Minutes of Use	Usage Charges	Adjustments	Finance Charges	Invoice Totals	SWBT Payments	Balance
524	11/3/97	7,967,963	95,615.57	(36,652.67) a		58,962.90	(24,724.19)	34,238.71
522	12/1/97	856,024	6,334.57			6,334.57	(6,334.57)	-
524	12/1/97	6,367,156	76,405.87	(29,288.91) a		47,116.96		47,116.96
522	1/6/98	2,069,573	15,314.83			15,314.83	(26,550.26)	(11,235.43)
524	1/6/98	7,366,456	54,511.80			54,511.80	(7,676.63)	46,835.17
522	2/17/98	6,182,244	45,748.61			45,748.61	(9,377.09)	36,371.52
524	2/17/98	10,113,197	74,837.63			74,837.63		74,837.63
522	3/10/98	6,734,530	49,835.51			49,835.51		49,835.51
524	3/10/98	8,210,917	60,760.82			60,760.82		60,760.82
522	4/7/98	8,130,944	60,168.97			60,168.97	(18,725.82)	41,443.15
524	4/8/98	10,221,593	75,639.78			75,639.78		75,639.78
524	5/6/98		0			0.00		-
522	5/7/98	12,406,187	91,805.80			91,805.80	(10,587.71)	81,218.09
522	6/5/98	12,733,615	94,228.75			94,228.75	(3,697.83)	90,530.92
524	6/5/98		0			0.00		-
522	7/10/98	14,983,913	110,880.95			110,880.95	(14,730.96)	96,149.99
524	7/10/98	28,756,550	212,798.45			212,798.45	(5,095.73)	207,702.72
522	8/10/98	6,668,071	43,894.67		7,546.44	51,441.11	(4,284.95)	47,156.16
524	8/10/98	11,341,024	73,807.31		9,966.29	83,773.60	(12,076.70)	71,696.90
522	9/10/98	9,712,517	71,872.63	6,095.65 b	8,199.88	86,168.16	(6,792.51)	79,375.65
524	9/10/98	17,413,549	128,860.27	10,415.49 b	11,366.76	150,642.52	(6,468.20)	144,174.32
522	10/10/98	14,547,547	109,199.48	(381.68) c	9,340.54	118,158.34	(8,651.41)	109,506.93
524	10/10/98	21,841,552	163,458.63	(275.72) c	13,576.55	176,759.46	(8,312.14)	168,447.32
522	11/10/98	15,186,894	113,984		11,450.55	125,434.55	(8,670.23)	116,764.32
524	11/10/98	19,458,568	149,669.56		16,727.77	166,397.33	(7,092.02)	159,305.31
522	12/10/98	14,039,207	115,101.27		13,529.29	128,630.56	(8,903.96)	119,726.60
524	12/10/98	19,200,416	145,770.91		19,541.69	165,312.60	(9,575.12)	155,737.48
522	1/10/99	11,999,933	105,640.08		15,251.81	120,891.89	(8,088.96)	112,802.93
524	1/10/99	34,223,696	258,854		22,187.58	281,041.58	(11,205.81)	269,835.77
524	2/10/99	NA	178.81			178.81	(178.81)	-
522	3/10/99	79,142,471	639,322.38		17,259.70	656,582.08	(113,201.15)	543,380.93
524	3/10/99	99,109,567	752,088.95		26,990.65	779,079.60	(11,159.45)	767,920.15
522	4/10/99	28,125,742	227,378.63		28,946.87	256,325.50	(37,339.71)	218,985.79
524	4/10/99	36,319,383	276,853.59		40,858.27	317,711.86	(20,970.73)	296,741.13
522	6/10/99	34,743,981	283,040.45		30,829.83	313,870.28	(21,152.36)	292,717.92
524	6/10/99	73,394,268	554,295.15		45,941.63	600,236.78	(9,906.42)	590,330.36
522	7/10/99	32,349,865	263,091.57		36,416.72	299,508.29	(21,975.41)	277,532.88
524	7/10/99	51,348,276	387,119.52		56,625.84	443,745.36	(10,428.21)	433,317.15
522	8/10/99	1,256,569	12,493.07		41,371.46	53,864.53	(12,219.72)	41,644.81
524	8/10/99	8,570,360	64,369.57		64,348.17	128,717.74	(18,904.25)	109,813.49
522	9/10/99	74,079,926 *	13,547.81	537,808.22 d	41,939.09	593,295.12	(12,591.94)	580,703.18
524	9/10/99	93,410,789 *	86,641.38	606,670.63 d	66,453.73	759,765.54	(12,494.25)	747,271.49
522	10/10/99	77,140,858 *	250,197.57	342,716.63 d	52,282.23	645,196.43	(13,787.41)	631,409.02
524	10/10/99	93,941,457 *	374,651.44	329,811.87 d	79,641.06	784,104.37	(44,946.94)	739,157.43
522	12/10/99	68,712,169 *	20,442.70	491,844.99 d	63,297.17	575,584.86	(18,221.37)	557,363.49
524	12/10/99	103,271,882 *	151,605.78	625,256.79 d	92,575.67	869,438.24	(35,227.99)	834,210.25
522	1/10/00	48,746,968 *	16,824.36	345,937.79 d	73,542.58	436,304.73	(10,528.79)	425,775.94
524	1/10/00	63,779,852 *	180,581.94	299,526.77 d	108,051.67	588,160.38	(32,985.46)	555,174.92
522	2/10/00	58,127,815 *	20,568.98	412,570.94 d	80,984.47	514,124.39	(16,826.62)	497,297.77
524	2/10/00	49,225,871 *	33,281.47	335,925.07 d	117,893.86	487,100.40	(29,657.29)	457,443.11
522	3/10/00	65,869,942 *	30,882.45	463,143.37 d	89,948.47	583,974.29	(20,572.09)	563,402.20
524	3/10/00	54,915,717 *	85,411.40	327,260.43 d	125,977.11	538,648.94	(33,294.53)	505,354.41
522	4/10/00	-	-	-	100,043.70	100,043.70		100,043.70
524	4/10/00	-	-	-	135,037.16	135,037.16		135,037.16
		1,634,317,563	\$ 7,329,869.69	\$ 5,068,385.66	\$ 1,775,942.26	\$ 14,174,197.61	\$ (786,193.70)	\$ 13,388,003.91

\* Note - Includes minutes appearing in adjustment section of invoice for estimated ISP suspected traffic

## Explanation of adjustments:

- a. Rate restatement of 11/3/97 and 12/1/97 invoices
- b. Adjustment to reflect tandem switching charge for 8/10/98 invoice.
- c. Reversal of finance charges upon recognition of payment received in a prior period.
- d. Following Cessation of 9299 Record delivery for suspected ISP usage by SBC,  
the balance of terminating usage is invoiced using WorldCom measure of terminating usage.





Daniel Aronson  
Director, Local Carrier Revenue Services  
500 Clinton Center Drive Clinton, MS 39060  
Phone: 601-460-8060 Fax: 601-460-5115  
Email: Daniel.Aronson@Wcom.com

June 2, 1999

Southwestern Bell Telephone Company  
One Bell Plaza, Room 0525  
Dallas, Texas 75202  
ATTENTION: LSP Account Manager

RE: Notice of Demand for Payment  
of Reciprocal Compensation  
Charges under the Brooks-SWBT  
Interconnection Agreement

Dear Sirs:

Since December, 1997, MCIWorldCom, on behalf of Brooks Fiber Communications (hereinafter "MCIW") has been sending invoices detailing charges incurred by Southwestern Bell Telephone Company (SWBT) for the termination of local calls by SWBT customers in Springfield and Kansas City, Missouri. Beginning with the first invoice sent, SWBT has only remitted partial payment on the invoice sent by MCIW on the basis of SWBT's unilateral declaration that a portion of the traffic terminated to customer's of MCIW which were Internet Services Providers (ISPs). SWBT's unilateral decision to withhold payment on this basis is inconsistent with, and in breach of, the Missouri Interconnection Agreement between SWBT and Brooks Fiber Communications, (hereinafter "Interconnection Agreement"). The Interconnection Agreement specifically defines the term "local traffic" for which compensation is due and makes no exclusion for ISP traffic.

Please consider this letter to be a formal demand that outstanding balances due MCIW be paid in full in accordance with the Interconnection Agreement.

I will be looking forward to your response to this demand and will be available to discuss the details with you at your convenience. As of this date, MCIW shows current outstanding balances due from SWBT of \$4,313,003.23 (schedule attached).

Thank you for your time and attention in this matter.

Daniel Aronson

CC: Michael Henry  
Patricia Escobedo

Aronson Schedule No. 3-1

DLA/sc

EXHIBIT 2

# AGING REPORT

ACCOUNT  
DMO0522B00

DATE  
6/2/99

<u>Invoice Number</u>	<u>Transaction Date</u>	<u>Transaction</u>	<u>Days Outstanding</u>	<u>Amount</u>
4029711	12/1/97	I		\$6,334.57
4029711	1/22/98	P		(\$6,334.57)
<b>Balance Due</b>	12/1/97			\$0.00
4029801	2/17/98	I		\$45,748.61
4029801	4/30/98	P		(\$9,377.00)
<b>Balance Due</b>	2/17/98			\$36,371.52
4029802	3/10/98	I		\$49,835.51
<b>Balance Due</b>	3/10/98			\$49,835.51
4029803	4/7/98	I		\$50,188.97
4029803	6/30/98	P		(\$18,725.82)
<b>Balance Due</b>	4/7/98			\$41,443.15
4029804	5/7/98	I		\$91,805.80
4029804	1/6/99	P		(\$10,587.71)
<b>Balance Due</b>	5/7/98			\$81,218.09
4029805	8/5/98	I		\$84,223.75
4029805	1/6/99	P		(\$3,687.83)

Wednesday, June 02, 1999

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<u>Invoice Number</u>	<u>Transaction Date</u>	<u>Transaction</u>	<u>Days Outstanding</u>	<u>Amount</u>
<b>Balance Due</b>	6/5/98			\$90,530.92
4029806	7/10/98	I		\$110,880.95
4029806	8/20/98	P		(\$14,730.96)
<b>Balance Due</b>	7/10/98			\$96,149.89
4029807	8/10/98	I		\$51,441.11
4029807	9/16/98	P		(\$4,284.95)
<b>Balance Due</b>	8/10/98			\$47,156.16
4079712	1/8/98	I		\$15,314.83
4079712	3/16/98	P		(\$15,923.42)
4079712	10/2/98	P		(\$10,826.84)
<b>Balance Due</b>	1/6/98			(\$11,235.43)
DMO0522B00-98253	9/10/98	A		\$6,096.65
DMO0522B00-98263	9/10/98	F		\$8,199.88
DMO0522B00-98263	9/10/98	I		\$71,872.63
DMO0522B00-98253	10/9/98	P		(\$6,792.51)
<b>Balance Due</b>	9/10/98			\$79,375.65
DMO0522B00-98283	10/10/98	A		(\$291.68)
DMO0522B00-98265	10/10/98	F		\$9,340.54

Wednesday, June 02, 1999

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<u>Invoice Number</u>	<u>Transaction Date</u>	<u>Transaction</u>	<u>Days Outstanding</u>	<u>Amount</u>
DMO0522B00-98283	10/10/98	I		\$108,198.48
DMO0522B00-98283	11/11/98	P		(\$8,651.41)
<b>Balance Due</b>	10/10/98			<b>\$109,506.93</b>
DMO0522B00-98314	11/10/98	I		\$113,984.00
DMO0522B00-98314	11/10/98	F		\$11,450.55
DMO0522B00-98314	12/14/98	P		(\$8,670.23)
<b>Balance Due</b>	11/10/98			<b>\$116,764.32</b>
DMO0522B00-98344	12/10/98	I		\$115,101.27
DMO0522B00-98344	12/10/98	F		\$10,529.29
DMO0522B00-98344	1/22/99	P		(\$8,903.96)
<b>Balance Due</b>	12/10/98			<b>\$119,726.60</b>
DMO0522B00-99010	1/10/99	I		\$105,540.08
DMO0522B00-99010	1/10/99	F		\$15,251.81
DMO0522B00-99010	2/8/99	P		(\$8,088.96)
<b>Balance Due</b>	1/10/99			<b>\$112,602.93</b>
DMO0522B00-99069	3/10/99	I		\$639,322.38
DMO0522B00-99069	3/10/99	F		\$17,259.70
DMO0522B00-99069	5/19/99	P		(\$113,201.15)

<u>Invoice Number</u>	<u>Transaction Date</u>	<u>Transaction</u>	<u>Days Outstanding</u>	<u>Amount</u>
<b>Balance Due</b>	3/10/99			\$543,380.93
DMO0522800-99100	4/10/99	F		\$21,846.67
DMO0522800-99100	4/10/99	I		\$227,376.63
DMO0522800-99100	5/21/89	P		(\$37,339.71)
<b>Balance Due</b>	4/10/99			\$218,985.79

<b>BALANCE DUE</b>	<b>\$1,732,013.06</b>
<b>CURRENT</b>	<b>\$0.00</b>
<b>31 - 60 Days</b>	<b>\$218,985.79</b>
<b>61 - 90 Days</b>	<b>\$543,380.93</b>
<b>91 - 120 Days</b>	<b>\$0.00</b>
<b>&gt; 120 Days</b>	<b>\$969,646.34</b>

# AGING REPORT

ACCOUN  
DMO0524B00

DATE  
6/2/99

<u>Invoice Number</u>	<u>Transaction Date</u>	<u>Transaction</u>	<u>Days Outstanding</u>	<u>Amount</u>
4069709	11/3/97	I		\$24,858.28
4069709	1/22/98	P		(\$24,724.18)
<b>Balance Due</b>	11/3/97			\$134.09
4069710	11/3/97	I		\$70,757.29
<b>Balance Due</b>	11/3/97			\$70,757.29
4069712	1/8/98	I		\$54,511.80
4069712	10/2/98	P		(\$7,678.63)
<b>Balance Due</b>	1/8/98			\$46,835.17
75974069709A	2/16/98	A		(\$9,529.00)
<b>Balance Due</b>	11/3/97			(\$9,529.00)
75974069710A	2/16/98	A		(\$27,123.64)
<b>Balance Due</b>	11/3/97			(\$27,123.64)
75974068711	12/1/97	I		\$76,405.87
<b>Balance Due</b>	12/1/97			\$76,405.87
75974069711A	2/16/98	A		(\$29,288.91)

Wednesday, June 02, 1999

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008

P. 18

NO. 3610

AUG. 25. 1999 4:21PM LAW & PUBLIC POLICY WORLD.COM-REV ASSURANCE

<u>Invoice Number</u>	<u>Transaction Date</u>	<u>Transaction</u>	<u>Days Outstanding</u>	<u>Amount</u>
<b>Balance Due</b>	12/1/97			(S29,288.91)
75974069801	2/17/98	I		\$74,837.63
<b>Balance Due</b>	2/17/98			\$74,837.63
75974069802	3/10/98	I		\$80,760.82
<b>Balance Due</b>	3/10/98			\$80,760.82
75974069803	4/8/98	I		\$75,639.78
<b>Balance Due</b>	4/8/98			\$75,639.78
75974069804	5/6/98	I		\$0.00
<b>Balance Due</b>	5/6/98			\$0.00
75974069805	6/5/98	I		\$0.00
<b>Balance Due</b>	6/5/98			\$0.00
75974069806	7/10/98	I		\$212,788.45
75974069806	8/20/98	P		(\$5,085.73)
<b>Balance Due</b>	7/10/98			\$207,702.72
75974089807	8/10/98	I		\$83,773.60
75974069807	9/16/98	P		(\$12,076.70)

Wednesday, June 02, 1999

Page 1 of 5

<u>Invoice Number</u>	<u>Transaction Date</u>	<u>Transaction</u>	<u>Days Outstanding</u>	<u>Amount</u>
<b>Balance Due</b>	8/10/98			\$71,686.30
DMO0524B00-98253	9/10/98	F		\$11,366.76
DMO0524B00-98253	9/10/98	A		\$10,415.49
DMO0524B00-98253	9/10/98	I		\$128,860.27
DMO0524B00-98253	10/9/98	P		(\$6,468.20)
<b>Balance Due</b>	9/10/98			\$144,174.32
DMO0524B00-98283	10/10/98	I		\$163,458.63
DMO0524B00-98283	10/10/98	F		\$13,578.55
DMO0524B00-98283	10/10/98	A		(\$275.72)
DMO0524B00-98283	11/11/98	P		(\$8,312.14)
<b>Balance Due</b>	10/10/98			\$168,447.32
DMO0524B00-98314	11/10/98	I		\$149,889.58
DMO0524B00-98314	11/10/98	F		\$16,727.77
DMO0524B00-98314	12/14/98	P		(\$7,082.02)
<b>Balance Due</b>	11/10/98			\$159,305.31
DMO0524B00-98344	12/10/98	F		\$19,541.68
DMO0524B00-98344	12/10/98	I		\$145,770.91
DMO0524B00-98344	1/22/99	P		(\$9,575.12)



<u>Invoice Number</u>	<u>Transaction Date</u>	<u>Transaction</u>	<u>Days Outstanding</u>	<u>Amount</u>
<b>Balance Due</b>	12/10/98			\$155,737.48
DMO0524B00-99010	1/10/99	F		\$22,187.50
DMO0524B00-99010	1/10/99	I		\$258,854.00
DMO0524B00-99010	3/8/99	P		(\$11,205.81)
<b>Balance Due</b>	1/10/99			\$269,835.77
DMO0524B00-99069	3/10/99	F		\$26,990.65
DMO0524B00-99069	3/10/99	I		\$752,088.95
DMO0524B00-99069	5/19/99	P		(\$11,159.45)
<b>Balance Due</b>	3/10/99			\$767,920.15
DMO0524B00-99100	4/10/99	F		\$40,858.27
DMO0524B00-99100	4/10/99	I		\$276,853.59
DMO0524B00-99100	5/21/99	P		(\$20,970.73)
<b>Balance Due</b>	4/10/99			\$296,741.13

<u>Invoice Number</u>	<u>Transaction Date</u>	<u>Transaction</u>	<u>Days Outstanding</u>	<u>Amount</u>
		BALANCE DUE		\$2,580,990.17
		CURRENT		\$0.00
		31 - 60 Days		\$285,741.17
		61 - 90 Days		\$767,910.15
		91 - 120 Days		\$0.00
		> 120 Days		\$1,516,328.89



Daniel Aronson  
Director, Local Carrier Revenue Services  
500 Clinton Center Drive Clinton, MS 39060  
Phone: 601-460-8060 Fax: 601-460-5115  
Email: Daniel.Aronson@Wcom.com

June 2, 1999

Southwestern Bell Telephone Company  
One Bell Plaza, Room 0525  
Dallas, Texas 75202  
ATTENTION: LSP Account Manager

RE: Notice of Demand for Payment  
of Reciprocal Compensation  
Charges under the MFS-SWBT  
Interconnection Agreement

Dear Sirs:

Since June, 1998, MCIWorldCom, on behalf of MFS Communications (hereinafter "MCIW") has been sending invoices detailing charges incurred by Southwestern Bell Telephone Company (SWBT) for the termination of local calls by SWBT customers in St. Louis, Missouri. Beginning with the first invoice sent, SWBT has only remitted partial payment on the invoice sent by MCIW on the basis of SWBT's unilateral declaration that a portion of the traffic terminated to customer's of MCIW which were Internet Services Providers (ISPs). SWBT's unilateral decision to withhold payment on this basis is inconsistent with, and in breach of, the Missouri Interconnection Agreement between SWBT and MFS Communications, (hereinafter "Interconnection Agreement"). The Interconnection Agreement specifically defines the term "local traffic" for which compensation is due and makes no exclusion for ISP traffic.

Please consider this letter to be a formal demand that outstanding balances due MCIW be paid in full in accordance with the Interconnection Agreement.

I will be looking forward to your response to this demand and will be available to discuss the details with you at your convenience. As of this date, MCIW shows current outstanding balances due from SWBT of \$7,519,917.98 (schedule attached).

Thank you for your time and attention in this matter.

Daniel Aronson

cc: Michael Henry  
Patricia Escobedo

Aronson Schedule No. 3-2

DLA/sc

EXHIBIT 2

MPS / INCIW RECIPROCAL COMPENSATION TRANSACTIONS WITH SOUTHWESTERN BELL - MO.				
As of June 2, 1999				
Invoice_Number	Trans_Date	Transaction	Amount	Total
DMO0520000-98161	6/10/98	I	\$42,064.06	
DMO0520000-98161	6/10/98	I	\$99,322.50	
DMO0520000-98161	6/10/98	I	\$163,494.84	
DMO0520000-98161	6/10/98	I	\$308,551.49	
DMO0520000-98161	7/13/98	P	(\$45,563.15)	
DMO0520000-98161	7/13/98	P	(\$86,244.85)	
DMO0520000-98161	7/13/98	P	(\$65,530.03)	
DMO0520000-98161	7/13/98	P	(\$16,575.45)	
				\$399,519.41
DMO0520000-98191	7/10/98	I	\$317,674.53	
DMO0520000-98191	7/10/98	I	\$362,833.57	
DMO0520000-98191	11/25/98	P	(\$98,868.68)	
DMO0520000-98191	11/25/98	P	(\$8,165.67)	
				\$573,473.85
DMO0520000-98344	12/10/98	I	\$294,753.18	
DMO0520000-98344	2/4/99	P	(\$69,446.91)	
				\$225,306.27
DMO0520000-99010	1/10/98	I	\$28,128.56	
DMO0520000-99010	1/10/98	F	\$4,421.50	
DMO0520000-99010	1/10/98	A	\$98,536.42	
DMO0520000-99010	3/8/99	P	(\$14,609.51)	
				\$116,476.77
Adjustment to: previously invoiced usage			(\$972,993.26)	
				(\$972,993.26)
DMO0520000-99069	3/10/99	F	\$179.83	
DMO0520000-99069	3/10/99	A	(\$329,794.26)	
DMO0520000-99069	3/10/99	I	\$6,905,137.76	
				\$6,575,523.33
DMO0520000-99100	4/10/99	I	\$498,852.01	
DMO0520000-99100	4/10/99	F	\$103,759.60	
				\$602,611.61
				\$7,519,917.98
I Invoiced Usage Charges				
A Invoice Adjustments				
F Finance Charges				

Nancy Lowrance  
Director-  
Industry Markets

SBC Telecommunications, Inc.  
511 S. Akard Street  
Four Bell Plaza, Room 681  
Dallas, Texas 75202-5598  
Phone 214 484-1750  
Fax 214 856-0281



July 13, 1999

Mr. Daniel Aronson  
MCI Worldcom  
500 Clinton Center Drive  
Clinton, MS 39060

Re: Reciprocal Compensation Under Brooks Fiber Comm.-SWBT  
Missouri Interconnection Agreement

Dear Mr. Aronson:

Your letter of June 2, 1999, sent to LSP Account Manager regarding the referenced subject was forwarded to me for a response. Future correspondence to the account team on this issue should be directed to me or to Karen Moore at the address shown above.

We concur with your statement that the referenced Interconnection Agreement provides for the payment of compensation on local traffic, but disagree with your conclusion that ISP traffic is local traffic. As we have advised you in our previous letters, SWBT has always taken the position that ISP traffic is interstate in nature in light of the FCC's long history of defining traffic based on where calls originate and terminate. Based on those standards, ISP traffic is interstate because the calls originate in one local calling area and generally terminate in a distant calling area, i.e., on the Internet, that could be anywhere in the world.

SWBT's position has recently been affirmed by the FCC. In its Declaratory Ruling in CC Docket No 96-98 released February 26, 1999, the FCC specifically stated that "...ISP-bound traffic is non-local interstate traffic. Thus, the reciprocal compensation requirements of section 251 (b)(5) of the Act and Section 51, Subpart H (Reciprocal Compensation for Transport and Termination of Local Telecommunications Traffic) of the Commission's rules do not govern inter-carrier compensation for this traffic." Declaratory Ruling, Note 87.

SWBT's withholding of amounts billed by your company for ISP traffic is entirely proper under our Interconnection Agreement since ISP traffic is not local traffic for which compensation is owed. I trust this clarifies SWBT's position on this matter. Please call me at 214 464-1750 or Karen Moore at 214 464-2758 if you would like to discuss this issue further.

Aronson Schedule No. 4-1

EXHIBIT 3

Additionally, SWBT's ISP amounts identified for the Brooks-Missouri operations do not agree with those amounts contained in your June 2 correspondence. As of the latest Brooks invoices paid by SWBT, we have identified \$2,573,627.63 as excludable ISP payments, and not the \$4,313,003.23 contained in your letter. Please refer to the attached suspected ISP billing detail and contact Becky Thompson at 314-331-3694 with any questions concerning reconciliation of these amounts.

Sincerely,

*Karen Moore*

*Nancy Lowrance*

Attachment

CC: Stan Brower  
Becky Thompson  
Karen Moore

## Attachment

BROOKS - MISSOURI  
ISP DOLLARS WITHHELD AUG '97 - FEB '99

STATE	Usage Month	TRAFFIC TYPE	SUSPECTED ISP MOU	RATE	TOTAL
MO (SPFD)	FEB '99	Local	27,812,489	0.0074	\$204,332.42
		EAS	2,105,337	0.016	\$33,685.39
			<u>29,717,826</u>		<u>\$238,017.81</u>
MO (KSCY)	FEB '99	Local	36,702,760	0.0074	\$271,600.42
		EAS	729,310	0.016	\$11,668.96
		LOCAL PLUS	<u>200</u>	0.022663	<u>\$4.53</u>
			<u>37,432,270</u>		<u>\$283,273.92</u>
MO (SPFD)	JAN '99	Local	18,402,080	0.0074	\$143,575.39
		EAS	1,687,100	0.016	\$26,993.60
			<u>21,089,180</u>		<u>\$170,568.99</u>
MO (KSCY)	JAN '99	Local	27,717,332	0.0074	\$205,108.26
		EAS	527,837	0.016	\$8,445.39
		LOCAL PLUS	<u>244</u>	0.022663	<u>\$5.53</u>
			<u>28,245,413</u>		<u>\$213,559.18</u>
MO (SPFD)	DEC '98	Local	14,995,619	0.0074	\$110,967.58
		EAS	1,415,747	0.016	\$22,651.95
			<u>16,411,366</u>		<u>\$133,619.53</u>
MO (KSCY)	DEC '98	Local	23,012,900	0.0074	\$170,295.46
		EAS	372,284	0.016	\$5,956.54
			<u>23,385,184</u>		<u>\$176,252.00</u>
MO (SPFD)	NOV '98	Local	14,955,619	0.0074	\$110,671.58
		EAS	1,415,747	0.016	\$22,651.95
			<u>16,371,366</u>		<u>\$133,323.53</u>
MO (KSCY)	NOV '98	Local	4,291,525	0.0074	\$31,757.29
		EAS	0	0.016	\$0.00
			<u>4,291,525</u>		<u>\$31,757.29</u>
MO (SPFD)	OCT '98	Local	12,095,138	0.0074	\$89,504.02
		EAS	1,037,547	0.016	\$16,600.75
			<u>13,132,685</u>		<u>\$106,104.77</u>
MO (KSCY)	OCT '98	Local	17,860,828	0.0074	\$132,168.65
		EAS	236,319	0.016	\$3,781.10
			<u>18,096,947</u>		<u>\$135,949.75</u>
MO (SPFD)	SEPT '98	Local	9,084,772	0.0074	\$67,227.31
		EAS	622,466	0.016	\$9,959.46
			<u>9,707,238</u>		<u>\$77,186.77</u>
MO (KSCY)	SEPT '98	Local	18,379,449	0.0074	\$136,007.92
		EAS	315,829	0.016	\$5,053.26
			<u>18,695,278</u>		<u>\$141,061.19</u>
MO (SPFD)	AUG '98	Local	9,113,446	0.0074	\$67,439.50
		EAS	599,071	0.016	\$9,585.14
			<u>9,712,517</u>		<u>\$77,024.64</u>
MO (KSCY)	AUG '98	Local	17,179,619	0.0074	\$127,129.18
		EAS	233,830	0.016	\$3,742.88
			<u>17,413,549</u>		<u>\$130,872.06</u>

## Attachment

**BROOKS - MISSOURI**  
**ISP DOLLARS WITHHELD AUG '97 - FEB '98**

STATE	Usage Month	TRAFFIC TYPE	SUSPECTED ISP MOU	RATE	TOTAL
MO (SPFD)	JUL '98	Local	8,410,809	0.0074	\$62,239.99
		EAS	562,418	0.016	\$8,998.69
			<u>8,973,227</u>		<u>\$71,238.67</u>
MO (KSCY)	JUL '98	Local	976,484	0.0074	\$7,225.98
		EAS	0	0.016	\$0.00
			<u>976,484</u>		<u>\$7,225.98</u>
MO (SPFD)	JUN '98	Local	5,836,031	0.0074	\$43,186.63
		EAS	317,770	0.016	\$5,084.32
			<u>6,153,801</u>		<u>\$48,270.95</u>
MO (KSCY)	JUN '98	Local	9,664,108	0.0074	\$71,514.40
		EAS	86,861	0.016	\$1,389.78
			<u>9,750,969</u>		<u>\$72,904.18</u>
MO (SPFD)	MAY '98	Local	6,084,757	0.0074	\$45,027.20
		EAS	342,627	0.016	\$5,482.03
			<u>6,427,384</u>		<u>\$50,509.23</u>
MO (SPFD)	APR '98	Local	7,153,675	0.0074	\$52,937.20
		EAS	328,684	0.016	\$5,258.94
			<u>7,482,359</u>		<u>\$58,196.14</u>
MO (SPFD)	MAR '98	Local	5,127,810	0.0074	\$37,945.79
		EAS	0	0.016	\$0.00
			<u>5,127,810</u>		<u>\$37,945.79</u>
MO (KSCY)	MAR '98	Local	5,076,387	0.0074	\$37,565.26
		EAS	0	0.016	\$0.00
			<u>5,076,387</u>		<u>\$37,565.26</u>
MO (SPFD)	FEB '98	Local	3,943,953	0.0074	\$29,185.25
		EAS	0	0.016	\$0.00
			<u>3,943,953</u>		<u>\$29,185.25</u>
MO (KSCY)	FEB '98	Local	4,161,887	0.0074	\$30,797.96
		EAS	0	0.016	\$0.00
			<u>4,161,887</u>		<u>\$30,797.96</u>
MO (SPFD)	JAN '98	Local	2,543,795	0.0074	\$18,824.08
		EAS	0	0.016	\$0.00
			<u>2,543,795</u>		<u>\$18,824.08</u>
MO (KSCY)	JAN '98	Local	3,498,184	0.0074	\$25,886.56
		EAS	0	0.016	\$0.00
			<u>3,498,184</u>		<u>\$25,886.56</u>
MO (SPFD)	DEC '97	Local	0	0.0074	\$0.00
		EAS	0	0.016	\$0.00
			<u>0</u>		<u>\$0.00</u>
MO (KSCY)	DEC '97	Local	2,749,375	0.0074	\$20,345.38
		EAS	0	0.016	\$0.00
			<u>2,749,375</u>		<u>\$20,345.38</u>
MO (SPFD)	NOV '97	Local	0	0.0074	\$0.00
		EAS	0	0.016	\$0.00
			<u>0</u>		<u>\$0.00</u>
MO (KSCY)	NOV '97	Local	2,183,886	0.0074	\$16,160.76
		EAS	0	0.016	\$0.00
			<u>2,183,886</u>		<u>\$16,160.76</u>



Attachment

**BROOKS - MISSOURI**  
**ISP DOLLARS WITHHELD AUG '97 - FEB '99**

<u>STATE</u>	<u>Usage Month</u>	<u>TRAFFIC TYPE</u>	<u>SUSPECTED ISP MOU</u>	<u>RATE</u>	<u>TOTAL</u>
MO (SPFD)	OCT '97	Local	0	0.0074	\$0.00
		EAS	0	0.016	\$0.00
			0		\$0.00
MO (KSCY)	OCT '97	Local	0	0.0074	\$0.00
		EAS	0	0.016	\$0.00
			0		\$0.00
MO (SPFD)	SEPT '97	Local	0	0.0074	\$0.00
		EAS	0	0.016	\$0.00
			0		\$0.00
MO (KSCY)	SEPT '97	Local	0	0.0074	\$0.00
		EAS	0	0.016	\$0.00
			0		\$0.00
MO (SPFD)	AUG '97	Local	0	0.0074	\$0.00
		EAS	0	0.016	\$0.00
			0		\$0.00
MO (KSCY)	AUG '97	Local	0	0.0074	\$0.00
		EAS	0	0.016	\$0.00
			0		\$0.00
<b>TOTAL</b>			332,751,845		\$2,573,627.63

Nancy Lowrance  
Director-  
Industry Markets

SBC Telecommunications, Inc.  
311 S. Akard Street  
Four Bell Plaza, Room 661  
Dallas, Texas 75202-5598  
Phone 214 464-1750  
Fax 214 868-0281



July 13, 1999

Mr. Daniel Aronson  
MCI Worldcom  
500 Clinton Center Drive  
Clinton, MS 39060

Re: Reciprocal Compensation Under MFS Communications Co. - SWBT  
Missouri Interconnection Agreement

Dear Mr. Aronson:

Your letter of June 2, 1999, sent to LSP Account Manager regarding the referenced subject was forwarded to me for a response. Future correspondence to the account team on this issue should be directed to me or to Karen Moore at the address shown above.

We concur with your statement that the referenced Interconnection Agreement provides for the payment of compensation on local traffic, but disagree with your conclusion that ISP traffic is local traffic. As we have advised you in our previous letters, SWBT has always taken the position that ISP traffic is interstate in nature in light of the FCC's long history of defining traffic based on where calls originate and terminate. Based on those standards, ISP traffic is interstate because the calls originate in one local calling area and generally terminate in a distant calling area, i.e., on the Internet, that could be anywhere in the world.

SWBT's position has recently been affirmed by the FCC. In its Declaratory Ruling in CC Docket No 98-98 released February 26, 1999, the FCC specifically stated that "...ISP-bound traffic is non-local interstate traffic. Thus, the reciprocal compensation requirements of section 251 (b)(5) of the Act and Section 51, Subpart H (Reciprocal Compensation for Transport and Termination of Local Telecommunications Traffic) of the Commission's rules do not govern inter-carrier compensation for this traffic." Declaratory Ruling, Note 87.

SWBT's withholding of amounts billed by your company for ISP traffic is entirely proper under our Interconnection Agreement since ISP traffic is not local traffic for which compensation is owed. I trust this clarifies SWBT's position on this matter. Should you have any questions, please contact me at 214 464-1750 or Karen Moore at 214 464-2758.

EXHIBIT 3

Additionally, SWBT's ISP amounts identified for the MFS-Missouri operations do not agree with those amounts contained in your June 2 correspondence. As of the latest MFS invoices paid by SWBT, we have identified \$4,166,502.58 as excludable ISP payments, and not the \$7,519,917.98 contained in your letter. Please refer to the attached suspected ISP billing detail and contact Becky Thompson at 314-331-3694 with any questions concerning reconciliation of these amounts.

Sincerely,

*Karen Moore*

*f* Nancy Lowrance

CC: Stan Brower  
Becky Thompson  
Karen Moore

Attachment

## Attachment

**MFS - MISSOURI**  
**ISP DOLLARS WITHHELD NOV '97 - FEB '99**

STATE	Usage Month	TRAFFIC TYPE	SUSPECTED ISP MOU	RATE	TOTAL
MO	FEB '99	Local	40,220,671	0.009	\$361,986.04
		EAS	14,394,583	0.016	\$230,313.33
			<u>54,615,254</u>		<u>\$592,299.37</u>
MO	JAN '99	Local	33,269,774	0.009	\$299,427.97
		EAS	11,512,057	0.016	\$184,192.91
			<u>44,781,831</u>		<u>\$483,620.88</u>
MO	DEC '98	Local	28,437,241	0.009	\$255,935.17
		EAS	9,227,316	0.016	\$147,637.06
			<u>37,664,557</u>		<u>\$403,572.23</u>
MO	NOV '98	Local	27,502,400	0.009	\$247,521.60
		EAS	8,737,141	0.016	\$139,794.26
			<u>36,239,541</u>		<u>\$387,315.86</u>
MO	OCT '98	Local	23,310,340	0.009	\$209,793.06
		EAS	7,500,075	0.016	\$120,001.20
			<u>30,810,415</u>		<u>\$329,794.26</u>
MO	SEPT '98	Local	24,587,777	0.009	\$221,289.99
		EAS	7,761,683	0.016	\$124,186.93
			<u>32,349,460</u>		<u>\$345,476.92</u>
MO	AUG '98	Local	23,317,519	0.009	\$209,857.67
		EAS	7,398,212	0.016	\$118,371.39
			<u>30,715,731</u>		<u>\$328,229.06</u>
MO	JUL '98	Local	21,721,205	0.009	\$195,490.85
		EAS	7,112,230	0.016	\$113,795.68
			<u>28,833,435</u>		<u>\$309,286.53</u>
MO	JUN '98	Local	20,013,126	0.009	\$180,118.13
		EAS	7,043,122	0.016	\$112,689.85
			<u>27,056,248</u>		<u>\$292,808.09</u>
MO	MAY '98	Local	0	0.009	\$0.00
		EAS	0	0.016	\$0.00
			<u>0</u>		<u>\$0.00</u>
MO	APR '98	Local	20,180,841	0.009	\$181,627.57
		EAS	7,561,759	0.016	\$120,988.14
			<u>27,742,600</u>		<u>\$302,615.71</u>
MO	MAR '98	Local	-403,898	0.009	\$3,635.08
		EAS	12,328,414	0.016	\$197,254.82
			<u>12,732,312</u>		<u>\$200,889.71</u>
MO	FEB '98	Local	7,805,807	0.009	\$70,252.26
		EAS	3,831,549	0.016	\$61,304.78
			<u>11,637,356</u>		<u>\$131,557.05</u>
MO	JAN '98	Local	6,075,898	0.009	\$54,683.06
		EAS	272,117	0.016	\$4,353.87
			<u>6,348,013</u>		<u>\$59,036.94</u>
	<b>TOTAL</b>		<b>381,526,753</b>		<b>\$4,166,502.58</b>