

TS SCHEDULE 1

**Correspondence from Charter to CenturyTel
Dated July 26, 2004**

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July 26, 2004

VIA FEDERAL EXPRESS & E-MAIL

Mr. Guy Miller
CenturyTel Service Group
Corporate Director – Carrier Relations
P.O. Box 4065
100 CenturyTel Drive
Monroe, LA 71211-465

Re: Explanation of Charter Fiberlink Dispute of CenturyTel Charges

Dear Guy:

As you know on Wednesday, June 23, 2004, representatives from Charter Fiberlink and CenturyTel met, via teleconference, to discuss the various disputed billing matters between the two companies.

During that call Charter provided to CenturyTel a detailed explanation of the different categories of improper charges, dates on which the charges were rendered, descriptions of improperly applied credits/adjustments, and additional information concerning problems with CenturyTel's billing systems. On the teleconference Charter's representatives also explained Charter's basis for disputing these charges, and the reasons that CenturyTel's disputed charges are improper. In addition, prior to that meeting, I also delivered to you and other CenturyTel representatives a spreadsheet which identified, in detail, the categories, dates and improper charges described above. Thus, there can be little doubt that Charter has provided a significant amount of information to CenturyTel concerning these disputed charges.

Nevertheless, at your request, Charter has agreed to summarize these charges in a letter to CenturyTel. As such, this letter will provide a detailed summary of each of the charges that Charter has disputed.

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I. CATEGORY 1: Non Recurring Charges of \$19.78 Each (Total Billing of \$66,512.78 to Date)

As previously explained, CenturyTel has assessed a non-recurring charge ("NRC") of \$19.78 on every occasion that Charter submits a local service request ("LSR") to facilitate an end user subscriber's request to port a local telephone number from CenturyTel to Charter. The total amount of these NRCs, to date, is \$66,512.78.

There is no charge identified for porting a telephone number in the Interconnection Agreement ("Agreement"). Section 15 of the Interconnection Attachment, which prescribes the Parties' obligations with respect to local number portability ("LNP"), contains no reference to authorized charges for any functions associated with either carrier's obligations to perform certain functions associated with the provision of LNP. Indeed, there is no provision in the parties' current Agreement authorizing the charges described above.

In response to Charter's previous requests for the basis of these charges CenturyTel identified a rate in the Agreement which is designated as a Non-Recurring Charge for a specific UNE element, an unbundled switch port. (See Agreement, p. 136, price sheet quoting prices for: Local Wholesale Services; Unbundled Port; Exchange - Basic - subsequent (Port Feature)). As explained during our teleconference, and as you acknowledged, Charter is a facilities-based carrier that does not purchase UNE Switch Ports or any UNE elements from CenturyTel or any other LEC. Instead, Charter utilizes its own local loops and its own switches. Thus, there is no reason that Charter would need to purchase a UNE Switch Port from CenturyTel.

Prior to the Parties' conference call on June 23, CenturyTel had asserted that the \$19.78 NRC was applicable to porting a telephone number from CenturyTel to Charter. However, during that teleconference you acknowledged that there is no applicable charge in the Agreement. Instead, you suggested that the \$19.78 charge (which is defined in the Agreement as an NRC for a UNE Switch Port) is a "surrogate" charge for the CenturyTel's costs of porting numbers from CenturyTel to Charter.

You also indicated that if the \$19.78 charge is deemed inappropriate that a separate charge, for approximately \$41.00, would be imposed upon Charter. CenturyTel contends that the basis for this charge is that this rate is contained in other interconnection agreements between CenturyTel and other CLECs that have been approved by the Missouri Public Service Commission. Charter does not agree that this is a proper legal basis to assess such a charge upon Charter.

As explained during our call, the FCC has clearly stated that carriers are required to recover their costs of implementing LNP through tariffed end-user charges. See *Telephone Number Portability*, Third Report and Order, 13 FCC Rcd 111701 (1998), *aff'd*, *Telephone Number Portability*, Memorandum Opinion and Order on Reconsideration and Order on Application for Review, 17 FCC Rcd 2578 (2002). See also, *Telephone Number Portability Cost Classification Proceeding*, Memorandum Opinion and Order, 13 FCC Rcd 24495 (CCB 1998).

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In these orders the FCC promulgated its current rule, codified at 47 C.F.R. § 52.33, entitled: "Recovery of carrier-specific costs directly related to providing long-term number portability." As that rule clearly indicates ILECs may recover their carrier-specific costs directly related to providing long-term number portability by establishing in tariffs filed with the FCC, certain charges assessed against *end users*. See 47 C.F.R. § 52.33(a)(1)(i), 52.33(a)(3).

FCC rules allow an ILEC to assess charges on another carrier in only very limited circumstances that are not applicable here. Although ILECs may assess a charge on carriers that purchase the ILEC's switching ports as UNEs, or upon carriers that resell the ILECs local service, *see id.* at § 52.33(a)(1)(ii), as previously explained (and acknowledged) Charter is a facilities-based carrier that does not purchase UNEs or resell CenturyTel's service. Nor is the number portability "query-service" charge described in § 52.33(a)(2) applicable to these circumstances.

As you know, this Agreement was in force between Charter and Verizon, prior to the opt-in by CenturyTel upon purchase of the Verizon St. Charles County property. It is instructive to note that under this same agreement, Verizon did *not* bill Charter for porting out a telephone number from Verizon.

In CenturyTel's letter to Charter dated April 27, 2004, CenturyTel makes the following assertion: "Based on conversations/correspondence from Charter personnel, CenturyTel can only surmise that Charter is lodging a billing dispute with CenturyTel per Section 9 of the agreement." Given the detailed disputes that Charter has previously provided to CenturyTel over the past year this comment is surprising. Indeed, as the following chronology shows, Charter has disputed these charges for the entire time that they have been assessed.

Broadly speaking, the following synopsis indicates the numerous occasions on which Charter representatives have presented formal, and informal, disputes and other communications regarding CenturyTel's improper charges:

1. Aug 6, 2003 – After receiving no acknowledgement or response to nine disputes (for LD and Misc charges on bills from Sept '02 through May '03) sent to CenturyTel on June 3, 2003, and receiving no bills since, Julie Lorenz wrote to CenturyTel inquiring about status.
2. August 6, 2003 – CenturyTel advised some credits had been issued and on August 8, 2003, they agreed to mail duplicates of May '03 and June '03 bills, which Charter has never received.
3. Sept, 2003 – Upon seeing this charge billed for the first time (which was never billed on Sept '02, through May '03 bills; and first appeared on June '03 bill identified as "ADD INIT SO CHG – LNP") Julie Lorenz called CenturyTel (Carrie Patrick) to ask what this charge was for. Julie Lorenz explained it was shown for UNE Port in

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Agreement and Charter does not buy UNE elements. Julie Lorenz said it was an incorrect application of this charge to Charter.

4. Sept 17, 2003 – CenturyTel (Carrie Patrick) wrote “I will let you know what I find on the 19.78 port charge, or someone from the Carrier Relations group may contact you.”
5. Oct 22, 2003 – After hearing nothing from anyone at CenturyTel, and seeing more occurrences of \$19.78 billed, Julie Lorenz wrote CenturyTel (Carrie Patrick) “We are still being billed a \$19.78 NRC for porting each TN from Century. This is the charge specified in the Agreement for buying a UNE port, not for porting a telephone number. We do not need to buy a UNE port. We have our own switches and our own local loop to the customer premises. You were looking into this and indicated someone from carrier relations might contact me. I have not heard from anyone and we are billed more of these on our October bill. What is the status of this?”
6. Oct 23, 2003 – CenturyTel (Carrie Patrick) wrote “The NRC’s that you are disputing (both the 19.78 and the 4.21) will have to be disputed with Carrier Relations. I forwarded your request last month to our contact. If she has not replied, you may check with Mark and have him contact Guy.”
7. Oct/Nov, 2003 – Charter (Mark Kraus) called CenturyTel (Guy Miller) to dispute this charge. Guy advised Mark that he would need to take this issue up with the CenturyTel billing department.
8. Oct/Nov, 2003 - Charter (Mark Kraus) called and spoke with the CenturyTel billing department to dispute this charge. Mark was advised he should pursue this issue with Susan Smith, of CenturyTel Carrier Relations.
9. Oct/Nov, 2003 – Charter (Mark Kraus) called and spoke with Susan Smith, disputing the charge. Susan agreed to look into the issue and get back with him.
10. Oct/Nov, 2003 – After hearing nothing further from Susan Smith, Charter (Mark Kraus) called Guy Miller of CenturyTel and explained he had spoken with the billing department in addition to Susan Smith of Carrier Relations, and received no response. When Mark asked Guy for the documentation that was the basis for the charge, Guy referenced the UNE Port NRC in the Agreement. Mark explained that this charge was not applicable to Charter because Charter does not buy UNE Ports or, in fact, any UNE elements from CenturyTel. Guy requested that Mark put the dispute in writing.
11. Nov 14, 2003 – Charter (Mark Kraus) wrote a letter to CenturyTel (Guy Miller) disputing billings of \$19.78. Mark wrote that he had spoken with the billing department at CenturyTel who told him they did not have the authority to credit or make a decision related to the interpretation of the Agreement as to the legitimacy of

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these charges. Mark also stated that he spoke with Susan Smith of CenturyTel a few weeks ago and has not heard back from her.

12. Dec, 2003 – Charter (Mark Kraus) called CenturyTel (Susan Smith) to follow up Charter letter. Susan advised Mark that he would need to discuss this issue with Guy Miller.
13. Feb 3, 2004 Charter (Mark Kraus) called Guy Miller to determine status of dispute, since no response or acknowledgement (written or otherwise) was received. Guy was out of the office, but Pam Hankins of CenturyTel took the call. She and Mark discussed the issue, as she was familiar with the dispute. Pam told Mark that the NRC was actually for changing the account from one CenturyTel billing system to a different CenturyTel billing system. (Numbers that port out of CenturyTel to CLEC's who purchase a CenturyTel UNE Switch port would, indeed, be transferred from the CenturyTel end user billing system to the CenturyTel UNE (presumably CABS) billing system.) However, Mark advised Pam, in the case of Charter where we do not purchase UNE elements, there is no CenturyTel change in billing systems. It would actually be a disconnect of service for CenturyTel. Mark then requested that Pam send a letter responding to our dispute, saying that they disagreed with our position and the basis for the disagreement. Nothing was received.
14. April 28, 2004 (Via Overnight Mail) Charter received a letter addressed to Senior Counsel saying among other things that CenturyTel "could only surmise that Charter is lodging a billing dispute....."

II. CATEGORY 2: NRC for Customer Record Search of \$4.21 Each (Total Billing of \$6811.61 to Date)

Charter sent these customer record requests to establish customer listing information in order to send accurate directory information on DSRs to CenturyTel. Customer listing information received from customer record searches was used to populate directory information on DSR's submitted to CenturyTel, for inclusion in directory assistance records and CenturyTel telephone directory.

However, CenturyTel did not maintain Charter customers for directory assistance or book publication. As a result, Charter had to prepare and furnish galleys for Charter customers to be listed in the CenturyTel book at publication time, because CenturyTel had not processed the DSR's to maintain this information.

Consequently, the record research expense and DSR submission effort was to no avail, as CenturyTel did not process and include the resulting submitted DSR's in directory assistance or telephone directory records.

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On several occasions Charter indicated to CenturyTel that the customer information was requested in order to obtain accurate customer listing information from CenturyTel records. Pertinent discussion of this issue is highlighted in the following e-mail excerpts:

1. May 19, 2003 – from CenturyTel (Carrie Patrick) wrote:
"These are the requests that we receive that are causing the charges of 4.21 on the bill. They are considered customer service records request. We will usually get these prior to receiving a port request. After we receive the port request, we have been getting directory requests. I believe we are now getting some directory request on the same request as the ports. With our other CLECs they order the cust records to verify the customer information such as name/address/auth users/features for pricing info and directory info to make sure that they request that the directory is set up the same way once ported."
2. May 22, 2003 - from CenturyTel (Carrie Patrick) wrote:
"On the CSR, all CLEC's who request a Customer Service Record are billed for the CSR. The CSR is not related to the actual port or port request that we receive. It is I believe optional for the CLEC's to request this information to use for filling out the LSR, or relying on the customer provided information for filling out the LSR. So far, the only info that has been requested on Charters CSR's has been for directory information. Directory information would not effect the ability for us to port/release a TN to Charter. The other CLEC's have been requesting CSR's the only difference is that they are requesting more info than just directory. The charges began to show in February because they was a change in the CenturyTel structure that moved the CLEC group from Wisconsin to Monroe LA. I am not sure what/why the Wisconsin group was billing, but now that it is in Monroe, we are billing for the different items that are billable (such as CSR's hot cuts, expedites, etc.) This has been for all the CLEC's that we are doing business with."

III. CATEGORY 3: Monthly Recurring Charges for Non Pub, Non List & Additional Listing Items (Total Billing of \$792.15 to Date)

Monthly charges for these items are for, as follows: (1) "Non Pub," the special appearance and handling in directory assistance records and exclusion from the directory; (2) "Non List," an appearance in directory assistance records and exclusion from the directory; (3) and, "Additional Listing," an additional name listed in directory assistance records and inclusion in the directory.

CenturyTel did not process Charter customer DSR's for directory assistance records nor for directory listings. As explained previously, Charter had to furnish galleys of our customer listings for the CenturyTel book publisher at directory publication time. Therefore, because CenturyTel did not perform the functions associated with these services for which the rates are applicable, Charter does not believe they are entitled bill for services they did not perform.

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IV. CONCLUSION

A. Resolution of Each Category Not Tied to Resolution of All Categories

Each of the disputed category of charges discussed above are unique. The charges relate to different services, and the reasons that Charter disputes the charges are also different. Therefore, Charter believes it appropriate to address each bill dispute category separately, such that the resolution of one issue is not necessarily tied to the resolution of other issues. Charter believes this approach will allow the Parties to work simultaneously to resolve each of the disputed issues without delaying the resolution of any one particular category of charges.

B. Charter's Past Efforts to Resolve These Disputed Issues

In addition to the detailed description provided above, attached to this letter as Exhibits 1, 2 and 3 are copies of previous correspondence between Charter and CenturyTel on these disputed charges.

C. Notice of Charter's Prospective Dispute of All Categories

Pursuant to Section 9.3 of the Parties' current, effective interconnection agreement Charter hereby disputes prospectively, via this notice, each of the classes of charges described herein.

D. Final Resolution

This letter represents but one of Charter's many attempts to resolve these disputed charges. Indeed, as evidenced by the attached exhibits, these disputed issues were presented by Charter billing and carrier relations personnel over the course of the last year in various e-mails, letters and telephone conversations with you and your staff. In addition, during our conference call of June 23, 2004 Charter presented the factual and legal bases for its dispute of these charges. Finally, at your request, Charter prepared this letter, which summarizes the detailed disputes that Charter has already provided to CenturyTel.

Thus, it is quite clear that Charter has satisfied its obligation to work in good faith to resolve disputed billing issues. It is now time for CenturyTel to satisfy *its obligation* to work in good faith to resolve these disputes. For that reason, Charter expects a prompt response from CenturyTel concerning these issues. Absent prompt resolution of these issues Charter will pursue all available remedies, including those available before the Missouri Public Service Commission.

Please let me know when we can expect to hear from CenturyTel regarding a final resolution of these issues.

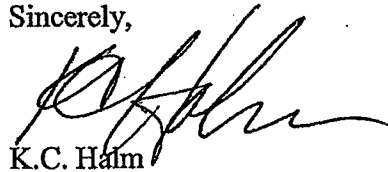
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Sincerely,

A handwritten signature in black ink, appearing to read 'K.C. Halm', written over the printed name.

K.C. Halm

Encl.

cc: Carrie Cox, Charter Fiberlink
Carrick Inabnet, CenturyTel
Christopher W. Savage, Cole Raywid & Braverman, LLP