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July 7, 2004

The Honorable Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
Jefferson City, Missouri 65101

Re: VarTec Telecom, Inc.

Dear Judge Roberts:

On June 6, 2001, VarTec Telecom, Inc. ("VarTec") filed its Notice of Adoption of the Missouri 271 Interconnection Agreement ("M2A") of Southwestern Bell Telephone Company, now Southwestern Bell Telephone, L.P., a Texas limited partnership, doing business as SBC Missouri.

VarTec and SBC Missouri have entered into an Amendment to Execute the Reciprocal Compensation Amendment for ISP-Bound Traffic and Federal Telecommunications Act Section 251(5) Traffic (Adopting FCC's Interim ISP Terminating Compensation Plan) Under Sections 251 and 252 of the Telecommunications Act of 1996, which is attached for filing with your office.

Any questions regarding this filing may be directed to me at 314-235-4300. Thank you for bringing this matter to the attention of the Commission.

Very truly yours

A handwritten signature in black ink, appearing to read "Paul G. Lane", is written over a horizontal line.

Paul G. Lane

Attachment

cc: General Counsel's Office
Office of the Public Counsel

**AMENDMENT TO
M2A INTERCONNECTION AGREEMENT
BY AND BETWEEN
SOUTHWESTERN BELL TELEPHONE, L.P. d/b/a SBC MISSOURI
AND
VARTEC TELECOM, INC.**

Southwestern Bell Telephone, L.P.¹ d/b/a SBC Missouri, as the Incumbent Local Exchange Carrier in Missouri, (hereafter, "ILEC") and VarTec Telecom, Inc., as a Competitive Local Exchange Carrier ("CLEC") in Missouri (referred to as "CARRIER"), in order to amend, modify and supersede any affected provisions of their Interconnection Agreement with ILEC in Missouri ("Interconnection Agreement"), hereby execute this Reciprocal Compensation Amendment for ISP-Bound Traffic and Federal Telecommunications Act Section 251(b)(5) Traffic (Adopting FCC's Interim ISP Terminating Compensation Plan) ("Amendment"). CLEC is also referred to as a "LEC."

1.0 Scope of Amendment

- 1.1 ILEC made an offer to all telecommunications carriers in the state of Missouri (the "Offer") to exchange traffic on and after June 1, 2004 under Section 251(b)(5) of the Act pursuant to the terms and conditions of the FCC's interim ISP terminating compensation plan of the FCC's Order on Remand and Report and Order, In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Intercarrier Compensation for ISP-Bound Traffic, FCC 01-131, CC Docket Nos. 96-98, 99-68 (rel. April 27, 2001) ("FCC ISP Compensation Order") which was remanded but not vacated in *WorldCom, Inc. v. FCC*, No. 01-1218 (D.C. Cir. 2002).
- 1.2 The purpose of this Amendment is to include in CARRIER's Interconnection Agreement the rates, terms and conditions of the FCC's interim ISP terminating compensation plan for the exchange of ISP-Bound traffic lawfully compensable under the FCC ISP Compensation Order ("ISP-Bound Traffic") and traffic lawfully compensable under Section 251(b)(5) ("Section 251(b)(5) Traffic").
- 1.3 This Amendment is intended to supercede any and all contract sections, appendices, attachments, rate schedules, or other portions of the underlying Interconnection Agreement that set forth rates, terms and conditions for the terminating compensation for ISP-Bound Traffic and Section 251(b)(5) Traffic exchanged between ILEC and CARRIER. Any inconsistencies between the provisions of this Amendment and provisions of the underlying Interconnection Agreement shall be governed by the provisions of this Amendment.
- 1.4 CLEC's underlying interconnection agreement is the M2A. Pursuant to Attachment 12-Compensation of the M2A, the parties acknowledge that CLEC selected Option 2-Long Term Bill & Keep. Therefore, the parties agree that all Section 251(b)(5) traffic and ISP-bound traffic exchanged in the state of Missouri shall remain Under a Bill and Keep Arrangement. To the extent CLEC seeks at any time to be compensated for Section 251(b)(5) traffic and/or ISP-bound traffic under the M2A, the rates, terms and conditions of this Amendment shall apply.

2.0 Rates, Terms and Conditions of FCC's Interim Terminating Compensation Plan for ISP-Bound Traffic and Section 251(b)(5) Traffic

¹ On December 30, 2001, Southwestern Bell Telephone Company (a Missouri corporation) was merged with and into Southwestern Bell Texas, Inc. (a Texas corporation) and, pursuant to Texas law, was converted to Southwestern Bell Telephone, L.P., a Texas limited partnership. Southwestern Bell Telephone, L.P. is now doing business in Missouri as SBC Missouri.

2.1 ILEC and CARRIER hereby agree that the following rates, terms and conditions shall apply to ISP-Bound Traffic and Section 251(b)(5) Traffic exchanged between the Parties on and after the date this Amendment becomes effective pursuant to Section 4.1 of this Amendment. Notwithstanding anything contrary in this Amendment, all Metropolitan Calling Area (MCA) Traffic shall remain under a bill and keep arrangement pursuant to the Missouri Public Service Commission Order in Case No. TO-99-483.

2.2 Reciprocal Compensation Rate Schedule for ISP-Bound Traffic and Section 251(b)(5) Traffic:

2.2.1 The rates, terms, conditions in this section apply only to the termination of ISP-Bound Traffic and Section 251(b)(5) Traffic, and ISP-Bound Traffic is subject to the growth caps in Section 2.3, the new market restrictions in Section 2.4 and rebuttable presumption in Section 2.6. Notwithstanding anything contrary in this Amendment, the growth caps in Section 2.3, the new market restrictions in Section 2.4 and the rebuttable presumption in Section 2.6 only apply to LECs and ILEC.

2.2.2 The Parties agree to compensate each other for the transport and termination of ISP-Bound Traffic and Section 251(b)(5) Traffic on a minute of use basis, at \$.0007 per minute of use.

2.3 ISP-Bound Traffic Minutes Growth Cap

2.3.1 On a calendar year basis, as set forth below, LEC and ILEC agree to cap overall compensable Missouri ISP-Bound Traffic minutes of use in the future based upon the 1st Quarter 2001 ISP-Bound Traffic minutes for which LEC was entitled to compensation under its Missouri Interconnection Agreement(s) in existence for the 1st Quarter of 2001, on the following schedule.

Calendar Year 2001	1st Quarter 2001 compensable ISP-Bound minutes, times 4, times 1.10
Calendar Year 2002	Year 2001 compensable ISP-Bound minutes, times 1.10
Calendar Year 2003	Year 2002 compensable ISP-Bound minutes
Calendar Year 2004	Year 2002 compensable ISP-Bound minutes
Calendar Year 2005 and thereafter	Year 2002 compensable ISP-Bound minutes

Notwithstanding anything contrary herein, in Calendar Year 2004, CLEC and ILEC agree that ISP-Bound Traffic exchanged between CLEC and ILEC during the entire period from January 1, 2004 until December 31, 2004 shall be counted towards determining whether LEC has exceeded the growth caps for Calendar Year 2004

2.3.2 ISP-Bound Traffic minutes that exceed the applied growth cap will be Bill and Keep. "Bill and Keep" refers to an arrangement in which neither of two interconnecting Parties charges the other for terminating traffic that originates on the other network.

2.4 Bill and Keep for ISP-Bound Traffic in New Markets

2.4. In the event LEC and ILEC have not previously exchanged ISP-Bound Traffic in any one or more Missouri LATAs prior to April 18, 2001, Bill and Keep will be the reciprocal compensation arrangement for all ISP-Bound Traffic between LEC and ILEC for the remaining term of this Agreement in any such Missouri LATAs.

2.4.2 Wherever Bill and Keep is the traffic termination arrangement between LEC and ILEC, both Parties shall segregate the Bill and Keep traffic from other compensable local traffic either (a) by excluding the Bill and Keep minutes of use from other compensable minutes of use in the monthly billing invoices, or (b) by any other means mutually agreed upon by the Parties.

2.5 The Growth Cap and New Market Bill and Keep arrangement applies only to ISP-Bound Traffic, and does not include Optional Calling Area traffic, IntraLATA Interexchange traffic, or InterLATA Interexchange traffic.

2.6 ISP-Bound Traffic Rebuttable Presumption

In accordance with Paragraph 79 of the FCC's ISP Compensation Order, LEC and ILEC agree that there is a rebuttable presumption that any of the combined Section 251(b)(5) Traffic and ISP-Bound Traffic exchanged between LEC and ILEC exceeding a 3:1 terminating to originating ratio is presumed to be ISP-Bound Traffic subject to the compensation and growth cap terms in this Section 2.0. Either party has the right to rebut the 3:1 ISP presumption by identifying the actual ISP-Bound Traffic by any means mutually agreed by the Parties, or by any method approved by the Commission. If a Party seeking to rebut the presumption takes appropriate action at the Commission pursuant to section 252 of the Act and the Commission agrees that such Party has rebutted the presumption, the methodology and/or means approved by the Commission for use in determining the ratio shall be utilized by the Parties as of the date of the Commission approval and, in addition, shall be utilized to determine the appropriate true-up as described below. During the pendency of any such proceedings to rebut the presumption, LEC and ILEC will remain obligated to pay the presumptive rates (the rates set forth in Section 2.2.2 for Section 251(b)(5) Traffic and traffic above the ratio, subject to growth caps) subject to a true-up upon the conclusion of such proceedings. Such true-up shall be retroactive back to the date a Party first sought appropriate relief from the Commission.

3.0 Reservation of Rights

3.1 The Parties reserve the right to raise the appropriate treatment of Voice Over Internet Protocol ("VoIP") and traffic utilizing in whole or part Internet Protocol technology under the Dispute Resolution provisions of this Agreement, including but not limited, to any rights they may have as a result of the FCC's Order *In the Matter of Petition for Declaratory Ruling that AT&T's Phone-to-Phone IP Telephony Services are Exempt from Access Charges*, WC Docket No. 02-361 (Rel. April 21, 2004). The Parties acknowledge that there is an on-going disagreement between LECs and ILEC over whether or not, under the law, VoIP traffic or traffic utilizing in whole or part IP technology is subject to reciprocal compensation or switched access charges. The Parties therefore agree that neither one will argue or take the position before any regulatory commission or court that this Amendment constitutes an agreement as to whether or not reciprocal compensation or switched access charges apply to that traffic or a waiver by either party of their position or their rights as to that issue. The Parties further agree that they each have reserved the right to advocate their respective positions relating to the treatment and compensation for VoIP traffic and traffic utilizing in whole or part Internet Protocol technology before any state commission or the Federal Communications Commission ("FCC") whether in bilateral complaint dockets, arbitrations under Section 252 of the Act, state commission or FCC established rulemaking dockets, or before any judicial or legislative body.

4.0 Miscellaneous

4.1 If this Amendment is executed by CARRIER and such executed Amendment is received by ILEC on or before June 28, 2004, this Amendment will be effective as June 1, 2004, subject to any necessary state commission approval; provided, however, the rates will not be implemented in ILEC's billing system until after any necessary state commission approval, at which time the rates billed by the Parties beginning on June 1, 2004 will be subject to a true-up. If this Amendment is executed by CARRIER but such executed Amendment is not received by ILEC until after June 28, 2004 the FCC's interim ISP terminating compensation plan rates will not apply to Section 251(b)(5) traffic until ten (10) days after approval by the commission of this Amendment extending such rates to all Section 251(b)(5) traffic and all ISP-Bound traffic. However, the FCC's interim ISP Compensation Plan rates will apply to ISP-Bound traffic as of June 1, 2004.

4.2 This Amendment is coterminous with the underlying Interconnection Agreement and does not extend the term or change the termination provisions of the underlying Interconnection Agreement.

- 4.3 EXCEPT AS MODIFIED HEREIN, ALL OTHER TERMS AND CONDITIONS OF THE UNDERLYING INTERCONNECTION AGREEMENT SHALL REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.
- 4.4 Every rate, term and condition of this Amendment is legitimately related to the other rates, terms and conditions in this Amendment. Without limiting the general applicability of the foregoing, the change of law provisions of the underlying Interconnection Agreement, including but not limited to the "Intervening Law" or "Change of Law" or "Regulatory Change" section of the General Terms and Conditions of the Interconnection Agreement and as modified in this Amendment, are specifically agreed by the Parties to be legitimately related to, and inextricably intertwined with this the other rates, terms and conditions of this Amendment.
- 4.5 This underlying Agreement is the result of CLEC's decision to opt into the M2A or parts thereof pursuant to Missouri Public Service Commission Order in Case No. TO-99-227 (dated March 6, 2001). This Amendment to such Agreement addresses certain pricing revisions in certain Appendices (referenced above) and specific language changes to terms and conditions as agreed by SBC ILEC and CLEC ("Agreed Changes"). The Parties acknowledge and agree that (i) all aspects of this Agreement except for the Agreed Changes (and any other voluntarily negotiated changes to terms and conditions contained in a separate amendment to the Agreement, if any "Other Agreed Changes") were made available to CLEC only as a result of CLEC's decision to opt into the M2A or parts thereof pursuant to Missouri Public Service Commission Order in Case No. TO-99-227 (dated March 6, 2001); and (ii) therefore, no aspect of this Agreement other than the Agreed Changes (excluding any prices and pricing revisions) set forth in this Amendment or any Other Agreed Changes (excluding any prices and pricing revisions) qualify for portability into Illinois or any other state under 220 ILCS 5/13-801(b) ("Illinois Law"), Condition 27 of the Merger Order issued by the Illinois Commerce Commission in Docket No. 98-0555 ("Condition 27") or any other state or federal statute, regulation, order or legal obligation (collectively "Law"), if any. The Parties further acknowledge and agree that the Agreed Changes and any Other Agreed Changes, excluding any prices and pricing revisions, shall only be considered portable under the Illinois Law, Condition 27 or any other Law Paragraph if they otherwise qualify for portability under such Illinois Law, Condition 27 or other Law.
- 4.6 In entering into this Amendment, neither Party is waiving, and each Party hereby expressly reserves, any of the rights, remedies or arguments it may have at law or under the intervening law or regulatory change provisions in the underlying Agreement (including intervening law rights asserted by either Party via written notice predating this Amendment) with respect to any orders, decisions, legislation or proceedings and any remands thereof, including, without limitation, the following actions, which the Parties have not yet incorporated into this Agreement or which may be the subject of further government review: *Verizon v. FCC*, et. al, 535 U.S. 467 (2002); *USTA*, et. al v. FCC, 290 F.3d 415 (D.C. Cir. 2002) and following remand and appeal, *USTA v. FCC*, 359 F.3d 554 (D.C. Cir. 2004); the FCC's Triennial Review Order (rel. Aug. 21, 2003), and the FCC's Biennial Review Proceeding; and the FCC's Order on Remand and Report and Order in CC Dockets No. 96-98 and 99-68, 16 FCC Rcd 9151 (2001), (rel. April 27, 2001), which was remanded in *WorldCom, Inc. v. FCC*, 288 F.3d 429 (D.C. Cir. 2002) and as to the FCC's Notice of Proposed Rulemaking as to Intercarrier Compensation, CC Docket 01-92 (Order No. 01-132) (rel. April 27, 2001). Further, neither Party will argue or take the position before any state or federal regulatory commission or court that any provisions set forth in this Agreement and this Amendment constitute an agreement or waiver relating to the appropriate routing, treatment and compensation for Voice Over Internet Protocol traffic and/or traffic utilizing in whole or part Internet Protocol technology; rather, each Party expressly reserves any rights, remedies, and arguments they may have as to such issues including but not limited, to any rights each may have as a result of the FCC's Order *In the Matter of Petition for Declaratory Ruling that AT&T's Phone-to-Phone IP Telephony Services are Exempt from Access Charges*, WC Docket No. 02-361 (rel. April 21, 2004). If any reconsideration, agency order, appeal, court order or opinion, stay, injunction or other action by any state or federal regulatory or legislative body or court of competent jurisdiction stays, modifies, or otherwise affects any of the rates, terms and/or conditions ("Provisions") in this Amendment, the affected Provision(s) will be immediately invalidated, modified or stayed as required to effectuate the subject order upon the written request of either Party ("Written Notice"). In the event of

such a Written Notice, the Parties shall have sixty (60) days from the Written Notice to attempt to negotiate and arrive at an agreement on the appropriate conforming modifications required to the provisions. If the Parties are unable to agree upon the conforming modifications required within sixty (60) days from the Written Notice, any disputes between the Parties concerning the interpretations of the actions required or the provisions affected by such order shall be handled under the Dispute Resolution Procedures set forth in this Agreement.

IN WITNESS WHEREOF, this Reciprocal Compensation Amendment for ISP-Bound Traffic (Adopting FCC Interim Terminating Compensation Plan) to the Interconnection Agreement was exchanged in triplicate on this 29th day of June, 2004, by SBC Missouri, signing by and through its duly authorized representative, and CARRIER, signing by and through its duly authorized representative.

VarTec Telecom, Inc.

Southwestern Bell Telephone, L.P. d/b/a SBC Missouri
by SBC Telecommunications, Inc., its authorized agent

By: 9-7-2

By: [Signature]

Name: J. Travis Galt
(Print or Type)

Name: Mike Auinbauh
(Print or Type)

Title: Senior Director
(Print or Type)

Title: *For/* President – Industry Markets

Date: 6/16/04

Date: JUN 29 2004

FACILITIES-BASED OCN # 5676

ACNA VRT