



BellSouth Telecommunications, Inc.
Suite 2104
333 Commerce Street
Nashville, TN 37201-3300

Charles L. Howorth, Jr.
Regulatory Vice President

615 214-6520
Fax 615 214-8858

March 17, 2000

K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37246-0505

RE: Docket 00-00230, Letter from Discount Communications

Dear Mr. Waddell:

Today we received a copy of the attached letter from Mr. Roberson regarding a letter filed with your office by Mr. Edward Hayes of Discount Communications on March 16, 2000. Copies of both letters are attached for your reference.

As indicated in Mr. Roberson's letter and as confirmed by the attached documents, we have been working with Mr. Roberson's office for some time to respond to Mr. Hayes's concerns. Although these documents show that a considerable amount of time has already been spent addressing the issues presented in Mr. Hayes' most recent letter (none of which are new issues), we will certainly continue to cooperate with Mr. Roberson's investigation.

While we disagree with Mr. Roberson's assertion that Discount Communications has filed a "formal petition" in this matter, we acknowledge that Mr. Hayes has filed a letter requesting a hearing. In light of that letter and the request from Mr. Roberson, BellSouth agrees to extend the current arrangement with Discount Communications (i.e. Discount Communications will have no LENS access, but BellSouth will not discontinue service to Discount Communications' end user customers) and suspend the scheduled disconnection of Discount's end users from March 20, 2000 until March 28, 2000.

Given the time and effort that has already been spent addressing Mr. Hayes' claims (and the growing past-due balance of Discount Communications' account), we request that Mr. Hayes' request for a formal hearing be placed on the Conference Agenda for action during the March 28, 2000 Directors' Conference.

POSTED
3-20-00

POSTED

(2)

Additionally, if the Directors agree to conduct the hearing requested in Mr. Hayes' letter, we request that any such hearing will be held within 10 days of March 28, 2000 and that the TRA take steps to protect BellSouth's interests regarding any amounts that the TRA ultimately rules to be owed by Discount Communications to BellSouth. These steps could include: requiring that Discount Communications pay its bills in full and requiring BellSouth to hold these payments in escrow pending the outcome of the hearing; or requiring Discount Communications to post a bond or irrevocable letter of credit in an amount estimated to include amounts currently due plus amounts likely to be incurred by Discount Communications during the pendency of the proceeding.

I would like to reiterate that, in our opinion, we have fully complied with the applicable statutes, tariffs, and agreement, and Discount Communications simply has not paid its lawful bills. While we do not believe we are required to make the arrangements set forth in this letter, we are doing so as an accommodation in light of Mr. Roberson's letter. I trust these arrangements demonstrate BellSouth's continued willingness to cooperate with the TRA Staff in resolving the matter with Discount Communications as quickly as possible. Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charlie Horn", with a stylized flourish at the end.

Attachments

CC: Eddie Roberson
Richard Collier

00-00230

Discount Communications

"Your Complete Telecommunications Provider"

3798 Park Ave
Memphis, TN 38111-4684
Phone... (901) 843-6070
Toll Free 888 589-6505
Fax... (901) 327-2809

RECEIVED
REGULATORY AUTHORITY

100 MAR 16 PM 1 44

EXECUTIVE SECRETARY

March 16, 2000

Mr. David Waddell, Executive Director
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Dear Mr. Waddell:

I hope this letter finds you and your colleagues in good spirits and health.

In a letter dated February 11, 2000, Discount Communications filed a formal Letter of Complaint against BellSouth Telecommunications, Incorporated, of Tennessee (RE:00-0227, Discount Communications v. BellSouth. BellSouth filed a response to our initial complaint on February 25, 2000. The purpose of this letter is to formally request a hearing before the Tennessee Regulatory Authority, and state for the record our reasons for requesting said hearing.

On February 22, 2000 BellSouth discontinued our access to their Lens service, which denied Discount Communications access to our customer records, denied us the ability to add new customers and add or remove existing customers or features. Furthermore, BellSouth has indicated their intent to completely disconnect Discount's end users on March 20, 2000. These actions are in direct violation of Section XI of our contract with BellSouth, which states:

"...if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the parties will petition the applicable state Public Service Commission for a resolution of the dispute."

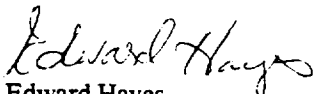
Furthermore, BellSouth appears to be in violation of the Fair Credit Billing Act of 1975 which states:

"During the resolution period no collection activity is permitted on the disputed amount and no finance charges may be collected as well. The account may not be reported as delinquent, nor can it be closed nor restricted because of the consumer's failure to pay the disputed amount, and/or related charges."

Finally, we request that BellSouth be notified immediately of our request for a hearing, that they rescind their actions which have impaired Discount Communications ability to effectively serve our customers; that they restore the services we have been denied access to pending resolution of the issues in question.

Thank you for your time and attention regarding this matter. I look forward to your response.

Sincerely,



Edward Hayes
Owner

"Your Complete Telecommunications Provider"

TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman
Lynn Greer, Director
Sara Kyle, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505
17 MAR 17 11:11 AM '00

March 17, 2000

Mr. Jeff Fox
BellSouth Telecommunications
333 Commerce Street
Nashville, TN 37201-3300

Dear Mr. Fox:

As you are aware, Discount Communications ("Discount") filed a formal petition with the Tennessee Regulatory Authority ("TRA") on March 16, 2000 requesting that BellSouth "rescind their actions which have impaired Discount Communications ability to effectively service our customers . . ."

The actions Discount is referring to is the February 22, 2000, disconnection of its access to BellSouth's Lens service and the imminent threat to disconnect Discount's end users on March 20, 2000.

As you are as well aware, the TRA's Consumer Services Division ("CSD") has been attempting to mediate Discount's complaint. We appreciate your cooperation in our informal investigation and attempt to mediate the dispute. Vivian M. Wilhoite, Roger Knight, of the TRA's Telecom Division, and myself are on the team to investigate Discount's informal complaint and will not be advising the TRA on this matter, if it goes to hearing.

It is my understanding that the TRA may take up Discount's petition for a hearing at the TRA's March 28, 2000 Conference. I would like to request that BellSouth, at a minimum, delay the March 20th disconnection of Discount's end users pending the TRA action on March 28th. I want to stress that this request is from the investigative staff assigned to work Discount's complaint and is not intended to reflect an official action, or order, from the TRA.

I would appreciate your response to my request by Friday, March 17, 2000. Thank you in advance for your consideration.

Sincerely,
A handwritten signature in black ink that reads "Eddie Roberson".

Eddie Roberson
Chief, Consumer Services Division

cc: David Waddell
Edward Hayes, owner, Discount Communications
Richard Collier
Docket 00-00230

TENNESSEE REGULATORY AUTHORITY



Melvin Malone, Chairman
Lynn Greer, Director
Sara Kyle, Director

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

MEMORANDUM

TO: Robin Moore
BellSouth

FROM: Eddie Roberson
Chief, Consumer Services Division

DATE: February 14, 2000

SUBJECT: File Number 00-0227
Discount Communications

The enclosed is a complaint lodged against your company which is self-explanatory. I would appreciate your investigation of the complaint and a prompt written reply to my office within ten (10) working days. *Please include the complaint file number on any document sent to this office regarding this complaint.*

If you want to fax the response that number is 615-741-8953.

Thank you for your cooperation in this matter.

Enclosures

c: Vivian Michael-Wilhoite, Investigator

Post-It Fax Note	7871	Date	2/14/00
To	Bell	From	DR
Co/Dept		Co.	
Phone #		Phone #	
Fax #		Fax #	

TN REGULATORY AUTH.

615 741 8953
Fax: 615-741-8953

Feb 14 2000 10:49
TU 1613741300

P.02

FEB 11 '00 16:46 FR

DISCOUNT COMMUNICATIONS

3708 PARK AVE
MEMPHIS, TN 38111
TEL # 901.843.8070
FAX # 901.327.2800

0227
RECEIVED

FEB 11 2000

SARA KYLE, COMMISSIONER
TN PUBLIC SERVICE COMM.

FACSIMILE TRANSMITTAL SHEET

TO: CHAIRMAN MALONE FROM: DISCOUNT COMM Ed Hayes
COMMISSIONER SARA KYLE TENN GOVT
DATE: FEB 11 2000
COMPANY: MR. DAVID WADDELL
TRA (EXECUTIVE SECRETARY)
TOTAL NO. OF PAGES INCLUDING COVER: 4
FAX NUMBER: 1-615-741-5015
SENDER'S REFERENCE NUMBER:
PHONE NUMBER:
YOUR REFERENCE NUMBER:

☒ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Enclosed ; a copy of the formal complaint
filed against Bell South Telecommunication
Inc. of Tennessee. for failure to pass on
Life-line credits to Discount Communications
Mr. Commissioners Discount has been fighting
this issue for a year and because of Bell
South failure to abide by the tariff we are
requesting IMMEDIATE ACTION and if Bell South
is found negligent to apply a penalty.
Discount is being affect very negatively financially.

(CLICK HERE AND TYPE RETURN ADDRESS)

TN REGULATORY AUTH.

615 741 8953
Fax: 615-741-8953

FEB 11 '00 15:47 FR

Feb 14 2000 10:49

P.03

TO 16157415015

P.04

Discount Communications*"Your Complete Telecommunications Provider"*

3798 Park Ave
Memphis, TN 38111-4684
Phone... (901) 843-6070
Toll Free 888 589-4505
Fax... (901) 327-2808

February 11, 2000

Mr. Eddie Robinson, Director of Consumer Affairs
460 James Robertson Pkwy
Nashville, TN 37243

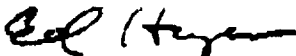
Mr. Eddie Robinson,

Discount Communications is filing a formal complaint against BellSouth Telecommunication Inc. of Tennessee for failure to pass the required \$10.50 to certified Life-Line customers in Tennessee.

Discount Communications is a reseller in Tennessee, we have over nine hundred (900) customers on our records that currently qualify for the Life-Line program. We pass the full \$10.50 to these customers. BellSouth is only crediting Discount Communications with \$7.00 in adjustments. Discount Communications does not have the authority to be reimbursed through the National Exchange Carrier Association (NECA). BellSouth is responsible for passing the full \$10.50 credit on to Discount Communications.

Attached is a copy of the tariff submitted by BellSouth, October 3, 1999.

Respectfully,



Edward M. Hayes, Owner

"Your Complete Telecommunications Provider"

TN REGULATORY AUTH.

615 741 8953
Fax: 615-741-8953

Feb 14 2000 10:50

P.04

FEB 11 '00 16:46 FR

TO 16157415015

P.02

OFFICIAL APPROVED VERSION RELEASED BY BELL

BELLSOUTH
TELECOMMUNICATIONS, INC.
TENNESSEEISSUED: October 8, 1999
BY: President - Tennessee
Nashville, Tennessee

GENERAL SUBSCRIBER SERVICE TARIFF

Fourth Revised Page 75
Cancel Third Revised Page 75

EFFECTIVE: November 8, 1999

A3. BASIC LOCAL EXCHANGE SERVICE**A3.31 Lifeline****A3.31.1 Description of Service**

- A. The Lifeline program is designed to increase the availability of telecommunications services to low income subscribers by providing a credit to monthly recurring local service to qualifying residential subscribers. Basic terms and conditions are in compliance with the FCC's Order on Universal Service in FCC 97-117, which adopts the Federal-State Joint Board's recommendations in CC Docket 96-45, which complies with the Telecommunications Act of 1996. Specific terms and conditions are as prescribed by the Tennessee Regulatory Authority and are as set forth in this tariff.
- B. Lifeline is supported by the federal universal service support mechanism.
- C. Federal baseline support of \$5.25 is available for each Lifeline service and is passed through to the subscriber. An additional \$3.50 credit is provided by the Company. Supplemental federal support of \$1.75, matching one half of the Company contribution, will also be passed along to the Lifeline subscriber. The total Lifeline credit available to an eligible customer in Tennessee is \$10.50. The amount of credit will not exceed the charge for local service, which includes the access line, Touch-Tone, the Subscriber Line Charge and local usage. (C)

A3.31.1 Regulations**A. General**

1. Customers eligible under the Lifeline program are also eligible for connection assistance under the Link-Up program.
2. One low income credit is available per household and is applicable to the primary residential connection only. The named subscriber must be a current recipient of any of the low income assistance programs identified in B. following. (T)
3. A Lifeline customer may participate in the current capped message rate Lifeline plan (USOC LMR) or any local service offering available to other residence customers. Since the Lifeline credit is applicable to the primary residential connection only, it may not be applied to a multiple line package local service offering.
4. Toll blocking, if elected, will be provided at no charge to the Lifeline subscriber.
5. The deposit requirement is not applicable to a Lifeline customer who subscribes to toll blocking. If a Lifeline customer removes toll blocking prior to establishing an acceptable credit history, a deposit may be required. When applicable, advance payments will not exceed the connection and local service charges for one month.
6. The PCCC will not be billed to Lifeline customers who subscribe to toll blocking and do not participate in a long distance carrier.
7. A Lifeline subscriber's local service will not be disconnected for non-payment of regulated toll charges. Local service may be denied for non-payment of local service in accordance with Section A2. Access to toll service may be denied for non-payment of regulated tolls. A Lifeline subscriber's request for reconnection of local service will not be denied if the service was previously denied for non-payment of toll charges. (T)
8. The non-discounted federal Lifeline credit amount will be passed along to resellers ordering local service at the prescribed resale discount from this Tariff, for their eligible end users. The additional credit to the end user will be the responsibility of the reseller. Eligible Telecommunications Carriers, as defined by the FCC, are required to establish their own Lifeline programs. (C)

B. Eligibility

1. To be eligible for a Lifeline credit, a customer must be a current recipient of any one of the following low income assistance programs:
 - a. Temporary Assistance to Needy Families (TANF), previously known as AFDC
 - b. Supplemental Security Income (SSI)
 - c. Food Stamps
 - d. Medicaid, as provided under TennCare
2. Additionally, a customer with total gross annual income that does not exceed 125% of the federal poverty income guidelines may apply directly to the Tennessee Regulatory Authority (TRA) for Lifeline eligibility certification.
3. All applications for service are subject to verification with the TRA or state agency responsible for administration of the qualifying program.

TN REGULATORY AUTH.

615 741 8953
Fax: 615-741-8953

Feb 14 2000 10:50

P.05

FEB 11 '00 16:47 FR

TO 16157415015

P.03

OFFICIAL APPROVED VERSION. RELEASED BY BSTRU

BELLSOUTH
TELECOMMUNICATIONS, INC.
TENNESSEEISSUED: October 8, 1999
BY: President - Tennessee
Nashville, Tennessee

GENERAL SUBSCRIBER SERVICES TARIFF

Sixth Revised Page 76
Consolidated Fifth Revised Page 76

EFFECTIVE: November 8, 1999

A3. BASIC LOCAL EXCHANGE SERVICE**A3.31 Lifeline (Cont'd)****A3.31.2 Regulations (Cont'd)****C. Certification**

1. Proof of eligibility in any of the qualifying low income assistance programs should be provided to the Company at the time of application for service. The Lifeline credit will not be established until proof of eligibility has been received by the Company. If the customer requests installation prior to the Company's receipt of proof of eligibility, the requested service will be provided without the Lifeline credit. When eligibility documentation is provided subsequent to installation, the Lifeline credit will be provided on a going forward basis.
2. The Company reserves the right to periodically audit its records, working in conjunction with the appropriate state agencies, for the purpose of determining continuing eligibility. Information obtained during such audit will be treated as confidential information to the extent required under State and Federal laws. The use or disclosure of information concerning enrollees will be limited to purposes directly connected with the administration of the Lifeline plan.
3. When a customer is determined to be ineligible as a result of an audit, the Company will contact the customer. If the customer cannot provide eligibility documentation, the Lifeline credit will be discontinued.
4. Resellers providing Lifeline service from this tariff are responsible for determining proof of eligibility prior to requesting the service. Disclosure requirements described in 2. Preceding are applicable to resellers of Lifeline service. (N)

A3.31.3 Rates and Charges**A. General**

1. Lifeline is provided as a monthly credit on the eligible residential subscriber's access line bill for local service.
2. Service Charges in Section A4. are applicable for installing or changing Lifeline service.
3. Link-Up connection assistance in Section A4. may be available for installing or relocating Lifeline service.
4. The Secondary Service Charge in Section A4. is not applicable when existing service is converted intact to Lifeline.

B. The total Lifeline credit consists of one federal credit plus one state credit.**(1) Federal credit**

- (a) Temporary Assistance to Needy Families (TANF)
- (b) Supplemental Security Income (SSI)
- (c) Food Stamps
- (d) Medicaid (under TennCare)
- (e) TRA Certified

(2) State credit

- (a) One per Lifeline

Monthly Credit	USOC
87.00	ASGFA
7.00	ASGFS
7.00	ASGFC
7.00	ASGSI
7.00	ASGTC
3.50	CRA

Discount Communications
"Your Complete Telecommunications Provider"

3798 Park Ave
Memphis, TN 38111-4684
Phone... (901) 843-6070
Toll Free 800 389-6505
Fax... (901) 337-3879

Claude Morton
Bell South Billing Adjustment
600N. 19th Street
Birmingham, AL 35203-0000
February 9, 2000

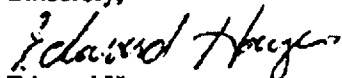
Dear Mr. Morton:

This letter is in response to the conversation between Mr. Claude Morton and Ed Hayes on Tuesday February 9, 2000, approximately 11:30 a.m. Mr. Hayes was relaying a message from Mr. Ken Ray, Vice President of Interconnections BellSouth to you, stating that all parties need to get together to resolve these problems that exist and continue to exist in Bell South's billing system that affects Discount Communication and possibly other resellers and CLEC's. Mr. Morton during the conversation, you were very adamant with the following statement. BellSouth had done all it will do regardless of what the FCC and the TRA had stated previous to Ms. Sandra Weatherly concerning BellSouth correcting this billing concern in administering the Life-Line and Link-Up Program.

Mr. Morton, it appears that BellSouth's decision is final and no solution is available. Please note that Discount Communication is forwarding this correspondence to the FCC and the Tennessee Regulatory Authority (TRA) agency to allow them to intervene and provide a fair and just resolution.

Mr. Morton, Discount Communication stands ready to resolve this matter.

Sincerely,



Edward Hayes
Owner

cc: Ken Ray, V.P. Bell South
Claude Morton
Mark Nadel, FCC
Sarah Kile, Commissioner of Tennessee Regulatory Authority

"Your Complete Telecommunications Provider"

• TN REGULATORY AUTH.
FEB 18 '00 17:39 FR

615 741 8953
Fax: 615-741-8953

Feb 14 2000 10:51 P.07

TO 16157415815 P.01

DISCOUNT COMMUNICATIONS

3798 PARK AVE
MEMPHIS, TN 38111
TEL # 901.843.6070
FAX # 901.327.2809

FACSIMILE TRANSMITTAL SHEET

TO: Comm.

FROM:

Melvin Malone, Sara Kitz & Lynn Garcia, File # 16157415815

COMPANY:

DATE:

Tennessee Regulatory Agency

FAX NUMBER:

TOTAL NO. OF PAGES INCLUDING COVER:

1-615-741-5015

SENDER'S REFERENCE NUMBER:

PHONE NUMBER:

OR:

YOUR REFERENCE NUMBER:

Life-line & Link-Up Credits

☒ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Mr. Waddell, Discount Communication is experiencing
EXTREME DIFFICULTIES IN OUR EFFORT TO RECEIVE
CREDITS FOR THE LIFE-LINE AND LINK-UP PROGRAMS.
Bell South's tactics is creating financial and manpower
problems for Discount Communication in our attempt
to administer the Life-line and Link-up Program.
Discount Communication is asking for THE TRB assistance
IN RESOLVING these difficulties.

Thank you
EQ Haynes

Enclosed is a copy of a conversation between
Discount & Bell South Rep discussing the Link-Up & Life
Line Credits

[CLICK HERE AND TYPE RETURN ADDRESS]

February 11, 2000

Discount Communications
3798 Park Ave
Memphis, TN 38111-4684

Delivered by fax: 901-327-2809

Dear Sirs:

Attached is the unofficial statement for 615-Q84-5343 that you requested by telephone this morning. You will note that I began this rendering with the December 4, 1999 bill. I did this because it is that bill for which you received the most recent notice of discontinuance of orders. And it is non-payment of that December 4, 1999 bill which has caused the LENS ordering process to be interrupted.

The amount that is due immediately to restore your LENS ordering capacity is \$ 50,243.03. You will note that we are not holding you accountable for the "Link-Up" disputes of \$ 10,559.25 which we received from you today. We have not credited this amount to your bill, because the outcome of the dispute is still undecided. I understand we are awaiting a ruling from the FCC legal office on this matter.

Finally, I want to reiterate the point I made on the telephone this morning. Even if the \$ 50,243.03 is paid and the LENS is restored, the service is due to be interrupted again on February 22, 2000 if the full amount of the January bill is not paid by then.

BellSouth values you as a customer and wishes to keep you. We will do all that we can to make our business relationship work as smoothly as possible.

Sincerely,



Claude P. Morton
Senior Staff Manager

DISCOUNT COMMUNICATIONS

2-11-2000

This rendering of the billing, payment, and adjustment activity is for information / explanation purposes only. The official bills for the months in question from the BellSouth billing system should be considered the official, legal documents.

The account data referenced here is for 615-Q84-5343.

December 4, 1999 Bill	\$ 139,864.26
Payment 12-15-99	\$ 10,000.00
Payment 01-07-00	\$ 25,000.00
Payment 01-21-00	\$ 14,000.00
Adjustment 01-27-00	\$ 33.00
Adjustment 02-02-00	\$ 28.98
Payment 02-08-00	\$ 30,000.00
<i>Payment 02-15-00</i>	<i>20,000.00</i>
	<hr/>
	\$ 60,802.28
	<i>40,802.28</i>
Potential credit for pending dispute for "Link-Up"	\$ 10,559.25
	<hr/>
Payment of this amount will result in immediate restoral of LENS service orders	\$ 50,243.03
	<i>30,243.03</i>

January 4, 2000 new billing

\$ 56,344.99

This amount became past due on Feb. 5, 2000. If it
is unpaid on Feb 22, 2000, LENS will be discontinued again.

Questions may be directed to Claude Morton, Senior Staff Manager (205-977-0157)

FILE NO.: 00-0227

**TENNESSEE REGULATORY AUTHORITY
UTILITY SERVICES DIVISION COMPLAINT**

DATE: 2/22/00

COMPLAINANT: Discount Communications
CALLED IN BY: Additional concern faxed by Ed Hayes
ADDRESS: 3798 Park Ave
Memphis, TN 38111
COUNTY: Shelby
TELEPHONE NO.: 9018436070
CONTACT NO.: 9018436070
COMPANY: Bell

COMPLAINT: Payment arrangements: In addition to the previous fax sent today, 2/22/00, Mr. Morris Harris Sr. of Discount Communications has requested an extension on payment of the \$52,844.99 balance that became past due on 2/5/2000. He states that he had mailed BellSouth over 1/2 of the payment, \$30,000, on 2/21 via FedEx which BellSouth should have received today, 2/22/00. He further states that the remaining balance can be paid by Thursday March 2, 2000. He request this extension to prevent the disconnection of the Lens System.

COMPANY REPRESENTATIVE CONTACTED: Faxed (1) pages including this page on 2/22/00 to BellSouth.

INVESTIGATOR: VMW
RECEIVED BY: VMW
REFERRED BY: Fax

FILE NO.: 00-0227

**TENNESSEE REGULATORY AUTHORITY
UTILITY SERVICES DIVISION COMPLAINT**

DATE:2/22/00

COMPLAINANT: Discount Communications
CALLED IN BY: Additional concern faxed by Ed Hayes
ADDRESS: 3798 Park Ave
Memphis, TN 38111
COUNTY: Shelby
TELEPHONE NO.: 9018436070
CONTACT NO.: 9018436070
COMPANY: Bell

COMPLAINT: Attached are the additional concerns provided by Discount Communications regarding their complaint that is presently under investigation. Please address these concerns along with the initial complaint filed on 2/14/00.

COMPANY REPRESENTATIVE CONTACTED: Faxed (3) pages including this page on 2/22/00 to BellSouth.

INVESTIGATOR: VMW
RECEIVED BY: VMW
REFERRED BY: Fax

FEB 18 '00 16:49 FR

TO 16157418953

P.02

Discount Communications
"Your Complete Telecommunications Provider"

Memphis, TN 38111
Phone... (901) 843-8770
Toll Free 888 389-6303
Fax... (901) 327-2800

RECEIVED
CONSUMER SERVICES DIVISION

FEB 22 2000

TN REGULATORY AUTHORITY

February 17, 2000

To: Vivian Michael-Wilhoite
Tennessee Regulatory Authority

Life-Line Directory Assistance Dispute:

The Tennessee Regulatory Authority requires BellSouth Telecommunication Inc. of Tennessee to give end-users six (6) directory assistance calls without charges and free directory assistance for those who qualify. Discount is requesting BellSouth to install a six- (6) call directory assistance limitation.

BellSouth can accomplish the six- (6) call directory assistance limitation with minimal changes to their LENS Ordering System. Instituting these changes to the Ordering System will allow the resellers to offer the end-user a greater variety of features.

Link-Up Dispute:

1. Discount Communication is requesting BellSouth Telecommunication Inc. of Tennessee to pass on Link-Up credits to Discount Communications or do not charge for the transfer of a Life-Line qualified end-user from an ILEC, CLEC or reseller who do not offer the Life-Line or Link-Up Program.
2. Discount Communication is requesting BellSouth Telecommunication Inc. of Tennessee to pass on the Link-Up credit or do not charge for the transfer of an existing Life-Line end-user when the end-user moves from one residence to another.

Discount Communications



Edward Hayes
Owner

FEB 22 '00 11:22 FR

TO 16157418953

P.02

Discount Communications
"Your Complete Telecommunications Provider"

3798 Park Ave
Memphis, TN 38111-0014
Phone... (901) 843-0070
Toll Free 888-589-6505
Fax... (901) 327-3879

RECEIVED
CONSUMER SERVICES DIVISION
FEB 22 2000
TN REGULATORY AUTHORITY

Ms. Vivian Michael Wilhoite
Consumer Services Division
Tennessee Regulatory Authority
February 22, 2000

Ms. Wilhoite:

This is a list of disputes and the amount that are involved.

Link-up	52	\$1,743.00
Life-Line	3.50	\$3,500.00
Directory Assistance		<u>\$13,703.03</u>
Partial Total		\$18,946.03
Bill Total		\$56,339.52
Disputes		<u>\$18,946.03</u>
		\$37,993.49

Due to the LENS shutdown, we have not been able to go through the billing thoroughly. The shutdown of the LENS system has severely affected our customers and has created financial losses. It will require at least two weeks to get control of the situation.

Sincerely,


Edward Hayes
Owner

"Your Complete Telecommunications Provider"

February 25, 2000

TO: Vivian Michael-Wilhoite
Tennessee Regulatory Authority

FROM: Robin P. Moore *rpm*
BellSouth Executive Appeals

Re: File Number 00-0227
Discount Communications

This is in response to complaints filed with the Tennessee Regulatory Authority (TRA) by Mr. Edward M. Hayes of Discount Communications. Discount Communications is a certified reseller, certified by the TRA. Discount Communications and BellSouth have executed an agreement that authorizes Discount Communications to purchase telecommunications services at a discount from BellSouth for the purposes of reselling those services to the public.

We initially received information on this complaint from your office on February 14, 2000. This information included faxes from Mr. Hayes dated February 10 and 11, 2000 to the TRA. At approximately 4:30 p.m. on February 22, 2000, we received from your office faxed copies of additional letters, dated February 17, 2000 and February 22, 2000, from Mr. Hayes addressed to the TRA. This response will address all of the issues that we have received to date.

In his fax of February 10, 2000 to the TRA, Mr. Hayes alleges difficulties in receiving credits from BellSouth for the Lifeline and Link-Up Programs. In his fax of February 11, 2000, Mr. Hayes states that his company is crediting its Lifeline customers \$10.50, but BellSouth is only crediting Discount Communications with \$7.00 per Lifeline customer. Mr. Hayes claims that BellSouth is responsible for crediting the full amount of \$10.50. Mr. Hayes also disputes the amount of credit that BellSouth provides under the Link-Up Program.

BellSouth does not agree with Mr. Hayes's claim that BellSouth is failing to properly administer credits for Lifeline and Link-Up Programs to Discount Communications. BellSouth applies credits for both programs in accordance with lawful tariffs approved by the TRA.

To address Mr. Hayes' specific allegations on the Lifeline Program, BellSouth's General Subscriber Services Tariff Section A3.31.2.A.8 states that BellSouth will credit the non-discounted federal Lifeline credit to resellers, but the additional credit is the responsibility of the reseller. Tariff Section A3.31.3.B.1 identifies the federal credit as \$7.00, which Mr. Hayes agrees that he is receiving. Tariff Section A3.31.3.B.2 identifies the additional state credit as \$3.50, and this credit, under the express terms of the tariff, is the responsibility of the reseller, Discount Communications. BellSouth receives credit for \$7.00 per Lifeline

customer from the National Exchange Carrier Association (NECA), but does not receive any reimbursement for the state credit. Therefore, Mr. Hayes is clearly not entitled to the state credit under this tariff.

BellSouth has also been working with Mr. Hayes and the Federal Communications Commission (FCC) to resolve Mr. Hayes' issue about the amount of the credit under the Link-Up Program. BellSouth currently provides 50% of the non-recurring charge listed in its tariffs. Mr. Hayes contends that he is entitled to 50% of the non-recurring amount charged by Discount Communications. BellSouth can only provide a 50% credit against its rates. Indeed, under Mr. Hayes' approach, Discount Communications could significantly increase its credit from BellSouth by simply charging a large non-recurring amount under its own tariffs. BellSouth disagrees with Discount Communications' position and has elected to treat the difference between 50% of BellSouth's non-recurring charge and 50% of Discount Communications' non-recurring charge as a disputed amount until the FCC provides a response.

The information received on February 22, 2000, included a fax from you indicating that Mr. Hayes requested an extension on a payment that became past due on February 5, 2000. It also included a letter dated February 17, 2000 from Mr. Hayes describing a request for BellSouth "to install a six- (6) call directory assistance limitation," and requesting various items related to the Link-Up Program. Finally, we received a letter dated February 22, 2000, from Mr. Hayes to you listing the disputes and the amounts involved in the disputes.

First, BellSouth will gladly work with its customers to resolve billing disputes and to develop payment arrangements. However, our office is unable to respond directly to customer requests for arrangements such as the payment extension contained in the fax of February 22, 2000. We can only forward such requests to the appropriate BellSouth contacts for handling, and this is obviously not an efficient manner in which to handle these requests. In addition, there could be some question as to the legal status of any such request of this type coming through a third party. The customer's interest will be best served and protected when he works directly with his designated BellSouth contacts.

Second, Mr. Hayes has discussed the Directory Assistance (DA) billing and the six-call limitation with BellSouth. Mr. Hayes has been informed that BellSouth does not have a feature that limits DA calls in the manner that he is requesting, and such a feature would not be easy to develop or implement. He has also been advised that BellSouth has a process to formally evaluate requests of this type, but, to date, he has not chosen to pursue that option.

Finally, we are unable to concur with the disputed amounts listed in Mr. Hayes' February 22 fax to you. Mr. Hayes has unilaterally decided to withhold payment for services provided by BellSouth in the amount of charges that he is disputing. As described above, BellSouth's investigation into these matters has concluded that BellSouth has properly billed Discount Communications for services in accordance with the tariffs for the Lifeline and Link-Up programs and Directory Assistance that are on file with the TRA. As further indicated above, BellSouth has agreed to treat \$10,559.25 of the withheld

payments as disputed charges until the FCC addresses Mr. Hayes' complaint regarding the Link-Up Program.

As of February 24, 2000, Discount Communications currently owes BellSouth \$126,115.63. Excluding the February 4, 2000 bill of \$60,213.89 and \$10,559.25 in disputed Link-Up charges, the past due amount is \$55,342.49. BellSouth has and will continue to work with this customer on reasonable payment arrangements but will take appropriate action to collect amounts owed if those efforts are unsuccessful.



FAX

Date: 3-7-00Number of pages including cover sheet: 4

To:

Paul Stinson

Phone:

Fax phone:

CC:

From:

Robin P. MooreExecutive Appeals - TNPhone: (615) 214-3861Fax phone: (615) 214-8857

REMARKS:

☐ Urgent☐ For your review☐ Reply ASAP☐ Please comment

Response to TRA on Discount Communications

TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman
Lynn Greer, Director
Sara Kyle, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

March 6, 2000

TO: Robin Moore
BellSouth Executive Appeals

FROM: Vivian Michael-Wilhoite
Tennessee Regulatory Authority

RE: Discount Communications - Response and Addendum from
File Number 00-0227

For your records, attached is Discount Communications' initial response provided on March 3, 2000, to the BellSouth report. On the same day, Discount Communications provided an additional response as well. This is also attached.

I have some questions that are necessary to better facilitate this complaint. I plan to fax them to you sometime this afternoon or first thing in the morning.

Post-it™ Fax Note	7671	Date <u>3/6/00</u>	# of pages <u>26</u>
To <u>Robin</u>		From <u>Vivian</u>	
Co./Dept		Co.	
Phone #		Phone #	
Fax #		Fax #	

DISCOUNT COMMUNICATIONS

3798 PARK AVE
MEMPHIS, TN 38111
TEL # 901.843.6070
FAX # 901.327.2889RECEIVED
CONSUMER SERVICES DIVISION
MAR 03 2000
TN REGULATORY AUTHORITY

FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
Mr. LUDWIG MICHAEL-WILHOISE	Discount Communications
COMPANY:	DATE:
TRP	March 3 2000
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
1-615-741-8953	8:45 AM
PHONE NUMBER:	SENDER'S REFERENCE NUMBER:
	YOUR REFERENCE NUMBER:
RE:	
Response To BellSouth	
<input checked="" type="checkbox"/> URGENT	<input type="checkbox"/> FOR REVIEW
<input type="checkbox"/> PLEASE COMMENT	<input type="checkbox"/> PLEASE REPLY
<input type="checkbox"/> PLEASE RECYCLE	

NOTES/COMMENTS:

Response to Bell South.

Attached Copies:

- (1) Discount Contract
- (2) Copies of DIRECTORY ASSISTANCE DISPUTE
FOR Jan & Billing
- (3) Copy of typical bill with Link-up &
Life-line CREDIT

3/3/00
Provided to
Eddie + Roger.
+ Robert White

(CLICK HERE AND TYPE RETURN ADDRESS)

Discount Communications*"Your Complete Telecommunications Provider"*

3798 Park Ave
Memphis, TN 38111-4084
Phone... (901) 843-6070
Toll Free 888 589-6505
Fax... (901) 327-2809

Date: March 2, 2000

To: Vivian Michael- Wilhoite
Consumer Service Division
TN Regulatory Authority

This is a response to the response filed by BellSouth with the Tennessee Regulatory Authority (TRA) regarding the complaints filed by Discount Communications dated February 14, 2000 and February 22, 2000. This response will address all of the issues contained in the BellSouth response.

Response #1 \$10.50 - Life-line Credit

Discount Communications is a certified reseller. We are certified by the Tennessee Regulatory Authority (TRA). Discount Communications and BellSouth have executed an agreement that authorizes Discount Communications to purchase telecommunications services at a 16% discount from BellSouth for the purpose of reselling those services to the public. The executed agreement between BellSouth and Discount Communications was approved as part of the certification process by the Tennessee Regulatory Authority.

Discount Communications was required by its contractual agreement with BellSouth to go to the National Exchange Carrier Association (NECA) to recover Life-line and Link-up credits that were given to qualified Life-line and Link-up recipients by Discount Communications. After numerous discussions between Discount Communications and BellSouth and the Tennessee Regulatory Authority, it was ruled by the TRA that Discount Communications could not retrieve the Life-line and Link-up credits from the National Exchange Carrier Associations because of regulations in the Federal Communication Commission (FCC) regulation covering resellers. It was then agreed that all eligible funding due to Discount Communications for participating in the Life-line and Link-up Programs must be administered through BellSouth.

The State of Tennessee requires that the Life-line eligible recipients receive \$10.50 in credits. Discount Communications passes the full \$10.50 credit to our Life-line customers. If it is assumed BellSouth is only responsible for retrieving the \$7.00 credit through NECA and this is all that is received from NECA for the Life-line customers, then Discount Communications has been placed in a confusing position that must be cleared up. It is Discount Communications' position either BellSouth is responsible for all funding passed through or none. Discount Communications is caught in a Catch-22 - we have passed on the Life-line credits and now BellSouth is demanding that we pay again. Discount Communications does not possess the authority to recover the \$3.50. Only BellSouth and the TRA have this ability.

Response #2 - Link-up Credit

"Your Complete Telecommunications Provider"

MAR 03 '00 10:36 FR

TO 16157418953

P.03

Discount Communications

"Your Complete Telecommunications Provider"

3798 Park Ave
Memphis, TN 38111-4684
Phone... (901) 843-6070
Toll Free 888 589-6503
Fax... (901) 327-2810

Discount Communications believes that BellSouth is responsible for obtaining from NECA and passing on to Discount Communications the Link-up credits that Discount Communications gives to customers who qualify for the Link-up Program. It is BellSouth's position that they can only recover 50% of what BellSouth charges Discount Communications for processing fees. In Tennessee, BellSouth does not give the Reseller Discount of 16% of items that are referred to as non-recurring. Because no discount is given, Discount Communications is charged the same amount for non-recurring items as BellSouth customers. Discount Communications also incurs another charge for processing a customer. This is a \$3.50 fee for using the LENS Ordering System. These charges for processing a customer who is qualified for the Link-up Program amount to \$45.00. Discount Communications charges \$59.99 for processing charges. Under the Link-up Program, qualified Link-up customers pay \$30.00; Discount Communications requests BellSouth to retrieve the other \$30.00 from NECA. BellSouth needs \$45.00 to process Discount customers; however, they only want to pass on \$20.75 credit from NECA to Discount. BellSouth is asking Discount Communications to do something that they are not doing with their customers - that is to supplement the Link-up customers and not recover our processing cost which is not as expensive as BellSouth. Discount Communications is only charging \$14.00 above our cost to process our customers. We are asking the TRA to require that these credits be passed on.

Response #3 - Directory Assistance

Discount Communications believes BellSouth's response to this Directory Assistance complaint is not adequate and insinuates that Discount Communications is just recently bringing this concern and dispute to their attention. Discount Communications met with senior personnel from BellSouth about this directory assistance dispute and other billing disputes. Discount Communications began giving BellSouth directory assistance disputes in September. Discount Communications believes that BellSouth has the technical knowledge to develop a suitable solution to this problem. Discount Communications' position is that the remedy we are prescribing not only benefits Discount Communications but every customer in Tennessee. Discount Communications has kept records on the number of our customers that use more than the six (6) free calls. Our records indicate that 35% to 47% of our customers use more than the six (6) free calls. Discount Communications will provide these records if the TRA wishes to review them. We are asking for these changes in directory assistance and that these changes be in dispute until a workable solution is found.

Response #4 - Billing of Charges and Credits

Discount Communications has been working with BellSouth for over fifteen (15) months to resolve the disputes with the system mechanism that BellSouth has in place. We have filed over 20,000 disputes on individual accounts. Discount Communications has spent numerous man-hours preparing these disputes and checking to make sure our disputes are not frivolous. Discount Communications vehemently disagrees with BellSouth over the statement that we have "arbitrarily withheld payment." All withheld funds were supported with the correct dispute procedure.

"Your Complete Telecommunications Provider"

MAR 03 '00 10:36 FR

TO 16157418953

P.04

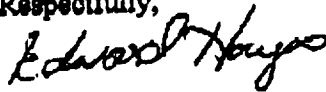
Discount Communications*"Your Complete Telecommunications Provider"*

3798 Park Ave
Memphis, TN 38111-4684
Phone... (901) 843-6070
Toll Free 888 389-6303
Fax... (901) 327-2809

Discount Communications disagrees with BellSouth's premise that Discount Communications failed to go through proper channels when asking for payment arrangements. We used proper channels until it appeared that an effort was in progress to put Discount Communications out of business. I hope and pray that Discount Communications is wrong about our perceived notions. If we are wrong, we will gladly apologize.

Discount Communications is ready and willing to find a way to resolve these complaints and to get on with what we are doing. Discount Communications feels that through the Life-line and Link-up Programs, 1,000 citizens of Tennessee are receiving a service that was not previously available to them. Due to short response time, Discount Communications requests the ability to the make additions to the record even after staff recommendations have been made.

Respectfully,



Edward Haycs
Owner

cc: John Ford, Senator, State of Tennessee
Melvin Malone, Chairman, TRA
Sara Kyle, Director, TRA
David Waddell, Executive Director, TRA
Joe Werner, Chief, Telecom Division, TRA
Eddie Roberson, Chief, Consumer Services, TRA
Harold Ford Jr., Congressman

"Your Complete Telecommunications Provider"

MAR 03 '00 10:36 FR
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TO 16157418953

P.05

Billing Adjustment Investigation RequestDate: Feb. 22, 2000

CLEC Tracking Number: _____

To: Rhonda Taylor

BST Tracking Number: _____

We believe that a billing error appears on the following account:

CLEC Name: _____ RESH/OCN/ZWC Number: _____

Account Name: _____ Q Account Number: 084-5343 343End User Number: _____ Circuit Number: _____
(If more than one, use Dispute Summary Sheet)Amount Disputed: \$4,035.74 # of End Users Affected: 861Amt. With-Held From Bill: \$4,035.74 Affected Bill Date: Jan 4, 2000

Reason Amount is in Question:

☒ Attached is a list (spreadsheet) listing all End User's accounts affected by this item in dispute.☒ Attached is a marked-up copy of the page(s) on which the questioned item(s) appears.☐ A marked-up copy is not attached. Following is additional information for your investigation. (i.e., page number on bill, item number on bill, etc.)

If you have any questions or need clarification, you may contact:

Name: Discord CommunicationsTelephone: 901-843-6070Fax: 901-327-2209

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MAR 03 '00 10:37 FR

TO 16157418953

P.06

02/24/99 02:16

Pg 1

Dispute Summary

Date: Feb. 18, 2000

	Pg #	End User	End User's #	Amount	Cost
1.		151	615-259-3943	\$ 148	
2.		150	615-259-2511	\$ 35	
3.		148	615-256-7489	\$ 20	
4.		147	615-256-1791	\$ 33	
5.		146	615-255-9759	\$ 10	
6.		143	615-255-5221	\$ 28	
7.		140	615-254-8845	\$ 12	
8.		137	615-254-4065	\$ 16	
9.		134	615-254-0388	\$ 9	
10.		132	615-251-9091	\$ 37	
11.		127	615-251-1755	\$ 8	
12.		126	615-248-8655	\$ 13	
13.		122	615-248-6574	\$ 13	
14.		121	615-248-3899	\$ 8	
15.		119	615-248-3525	\$ 38	
16.		115	615-248-3137	\$ 26	
17.		113	615-248-3006	\$ 19	
18.		111	615-248-2568	\$ 27	
19.		109	615-248-0994	\$ 51	
20.		108	615-244-8649	\$ 11	
			Total:	\$	

dispsumm.doc



BellSouth Interconnection Services
675 West Peachtree Street, NE
Room 34891
Atlanta, Georgia 30378

David W. Taylor
(404) 927-7558
Fax (404) 927-8324

March 13, 1998

Mr. Ed Hayes
Discount Communications
6647 Steeplechase Circle
Memphis, TN 38141

Dear Mr. Hayes:

Attached for your records is an original copy of the Discount Communications Resale Agreement. Your BellSouth Account Team has been notified of the Agreement and they will contact you in the next few days to assist you. The Account Team Coordinator is Dianne Brasfield (205) 977-3540. In the meantime, please give me a call if I can help.

Sincerely,

A handwritten signature in cursive script that reads "David W. Taylor".

David W. Taylor
Manager - Interconnection Services-Pricing

Enclosure

**Agreement Between BellSouth Telecommunications, Inc. and Discount Communications
Regarding The Sale of BellSouth Telecommunications Services to Discount Communications For
The Purposes of Resale**

THIS AGREEMENT is by and between BellSouth Telecommunications, Inc., ("BellSouth or Company"), a Georgia corporation, and Discount Communications ("Reseller"), and shall be deemed effective as of March 13, 1998.

WITNESSETH

WHEREAS, BellSouth is a local exchange telecommunications company authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, Discount Communications is or seeks to become an alternative local exchange telecommunications company authorized to provide telecommunications services in the state of Tennessee; and

WHEREAS, Discount Communications desires to resell BellSouth's telecommunications services; and

WHEREAS, BellSouth has agreed to provide such services to Discount Communications for resale purposes and pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the mutual premises and promises contained here: BellSouth and Discount Communications do hereby agree as follows:

I. Term of the Agreement

- A. The term of this Agreement shall be two years beginning March 13, 1998 and shall apply to all of BellSouth's serving territory as of January 1, 1997 in the state of Tennessee;
- B. This Agreement shall be automatically renewed for two additional one year periods unless either party indicates its intent not to renew the Agreement. Notice of such intent must be provided, in writing, by either party no later than 60 days prior to the end of the then-existing contract period. The term of the Agreement shall remain in effect after the term of the existing agreement has expired and while a new agreement is being negotiated.
- C. The rates pursuant by which Discount Communications is to purchase services from BellSouth for resale shall be at a discount rate off of the retail rate for the telecommunications services. The discount rates shall be as set forth in Exhibit A, attached hereto and incorporated herein by this reference. Such discount shall reflect the costs avoided by BellSouth when selling a service for wholesale purposes.

II. Definition of Terms

- A. **CUSTOMER OF RECORD** means the entity responsible for placing application for service; requesting additions, rearrangements, maintenance or discontinuance of service; payment in full of charges incurred such as non-recurring, monthly recurring, toll, directory assistance, etc.
- B. **DEPOSIT** means assurance provided by a customer in the form of cash, surety bond or bank letter of credit to be held by the Company.
- C. **END USER** means the ultimate user of the telecommunications services.

- C. **END USER** means the ultimate user of the telecommunications services.
- D. **END USER CUSTOMER LOCATION** means the physical location of the premises where an end user makes use of the telecommunications services.
- E. **NEW SERVICES** means functions, features or capabilities that are not currently offered by BellSouth. This includes packaging of existing services or combining a new function, feature or capability with an existing service.
- F. **OTHER LOCAL EXCHANGE COMPANY (OLEC)** means a telephone company certificated by the public service commissions of the Company's franchised area to provide local exchange service within the Company's franchised area.
- G. **RESALE** means an activity wherein a certificated OLEC, such as Discount Communications subscribes to the telecommunications services of the Company and then reoffers those telecommunications services to the public (with or without "adding value").
- H. **RESALE SERVICE AREA** means the area, as defined in a public service commission approved certificate of operation, within which an OLEC, such as Discount Communications, may offer resold local exchange telecommunications service.

III. General Provisions

- A. Discount Communications may resell the tariffed local exchange and toll telecommunications services of BellSouth contained in the General Subscriber Service Tariff and Private Line Service Tariff subject to the terms, and conditions specifically set forth herein. Notwithstanding the foregoing, the exclusions and limitations on services available for resale will be as set forth in Exhibit B, attached hereto and incorporated herein by this reference.

BellSouth shall make available telecommunications services for resale at the rates set forth in Exhibit A to this agreement and subject to the exclusions and limitations set forth in Exhibit B to this agreement. It does not however waive its right to appeal or otherwise challenge any decision regarding resale that resulted in the discount rates contained in Exhibit A or the exclusions and limitations contained in Exhibit B. BellSouth reserves the right to pursue any and all legal and/or equitable remedies, including appeals of any decisions. If such appeals or challenges result in changes in the discount rates or exclusions and limitations, the parties agree that appropriate modifications to this Agreement will be made promptly to make its terms consistent with the outcome of the appeal.

- B. Discount Communications may purchase resale services from BellSouth for their own use in operating their business. The resale discount will apply to those services under the following conditions:
1. Discount Communications must resell services to other end users.
 2. Discount Communications must order services through resale interfaces, i. e., the LCSC and/or appropriate Resale Account Teams.
 3. Discount Communications cannot be an alternative local exchange telecommunications company for the single purpose of selling to themselves.
- C. The provision of services by the Company to Discount Communications does not constitute a joint undertaking for the furnishing of any service.

MAR 03 '00 10:38 FR

TO 16157418953

P. 10

- D. Discount Communications will be the customer of record for all services purchased from BellSouth. Except as specified herein, the Company will take orders from, bill and expect payment from Discount Communications for all services.
- E. Discount Communications will be the Company's single point of contact for all services purchased pursuant to this Agreement. The Company shall have no contact with the end user except to the extent provided for herein.
- F. The Company will continue to bill the end user for any services that the end user specifies it wishes to receive directly from the Company.
- G. The Company maintains the right to serve directly any end user within the service area of Discount Communications. The Company will continue to directly market its own telecommunications products and services and in doing so may establish independent relationships with end users of Discount Communications.
- H. Neither Party shall interfere with the right of any person or entity to obtain service directly from the other Party.
- I. Current telephone numbers may normally be retained by the end user. However, telephone numbers are the property of the Company and are assigned to the service furnished. Discount Communications has no property right to the telephone number or any other call number designation associated with services furnished by the Company, and no right to the continuance of service through any particular central office. The Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, whenever the Company deems it necessary to do so in the conduct of its business.
- J. The Company may provide any service or facility for which a charge is not established herein, as long as it is offered on the same terms to Discount Communications.
- K. Service is furnished subject to the condition that it will not be used for any unlawful purpose.
- L. Service will be discontinued if any law enforcement agency advises that the service being used is in violation of the law.
- M. The Company can refuse service when it has grounds to believe that service will be used in violation of the law.
- N. The Company accepts no responsibility to any person for any unlawful act committed by Discount Communications or its end users as part of providing service to Discount Communications for purposes of resale or otherwise.
- O. The Company will cooperate fully with law enforcement agencies with subpoenas and court orders for assistance with the Company's customers. Law enforcement agency subpoenas and court orders regarding end users of Discount Communications will be directed to Discount Communications. The Company will bill Discount Communications for implementing any requests by law enforcement agencies regarding Discount Communications end users.
- P. The characteristics and methods of operation of any circuits, facilities or equipment provided by any person or entity other than the Company shall not:
1. Interfere with or impair service over any facilities of the Company, its affiliates, or its connecting and concurring carriers involved in its service;

MAR 03 '00 10:38 FR

TO 16157418953

P. 11

2. Cause damage to their plant;
3. Impair the privacy of any communications; or
4. Create hazards to any employees or the public.

Q. Discount Communications assumes the responsibility of notifying the Company regarding loss than standard operations with respect to services provided by Discount Communications.

R. Facilities and/or equipment utilized by BellSouth to provide service to Discount Communications remain the property of BellSouth.

S. White page directory listings will be provided in accordance with regulations set forth in Section A6 of the General Subscriber Service Tariff and will be available for resale.

T. BellSouth will provide customer record information to Discount Communications provided Discount Communications has the appropriate Letter(s) of Authorization. BellSouth may provide customer record information via one of the following methods: US mail, fax, or by electronic interface. BellSouth will provide customer record information via US mail or fax on an interim basis only.

1. Discount Communications agrees to compensate BellSouth for all BellSouth incurred expenditures associated with providing such information to Discount Communications. Discount Communications will adopt and adhere to the BellSouth guidelines associated with each method of providing customer record information.

2. All costs incurred by BellSouth to develop and implement operational interfaces shall be recovered from Discount Communications who utilize the services.

U. BellSouth will provide certain selected messaging services to Discount Communications for resale messaging service without the wholesale discount.

V. BellSouth's Inside Wire Maintenance Plans may be made available for resale at rates, terms and conditions as set forth by BellSouth and without the wholesale discount.

W. All costs incurred by BellSouth for providing services to Discount Communications that are not covered in the BellSouth tariffs shall be recovered from the Discount Communications(s) who utilize those services.

IV. BellSouth's Provision of Services to Discount Communications

A. Discount Communications agrees that its resale of BellSouth services shall be as follows:

1. The resale of telecommunications services shall be limited to users and uses conforming to the class of service restrictions.
2. To the extent Discount Communications is a telecommunications carrier that serves greater than 5 percent of the Nation's pre-subscribed access lines, Discount Communications shall not jointly market its interLATA services with the telecommunications services purchased from BellSouth pursuant to this Agreement in any of the states covered under this Agreement. For the purposes of this subsection, to jointly market means any advertisement, marketing effort or billing in which the telecommunications services purchased from BellSouth for purposes of resale to customers and interLATA services offered by Discount Communications are packaged, tied, bundled,

discounted or offered together in any way to the end user. Such efforts include, but are not limited to, sales referrals, resale arrangements, sales agencies or billing agreements. This subsection shall be void and of no effect for a particular state covered under this Agreement as of February 8, 1999 or on the date BellSouth is authorized to offer InterLATA services in that state, whichever is earlier.

3. Hotel and Hospital PBX service are the only telecommunications services available for resale to Hotel/Motel and Hospital end users, respectively. Similarly, Access Line Service for Customer Provided Coin Telephones is the only local service available for resale to Independent Payphone Provider (IPP) customers. Shared Tenant Service customers can only be sold those telecommunications services available in the Company's A23 Shared Tenant Service Tariff.
 4. Discount Communications is prohibited from furnishing both flat and measured rate service on the same business premises to the same subscribers (end users) as stated in A2 of the Company's Tariff except for backup service as indicated in the applicable state tariff Section A3.
 5. If telephone service is established and it is subsequently determined that the class of service restriction has been violated, Discount Communications will be notified and billing for that service will be immediately changed to the appropriate class of service. Service charges for changes between class of service, back billing, and interest as described in this subsection shall apply at the Company's sole discretion. Interest at a rate as set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff for the applicable state, compounded daily for the number of days from the back billing date to and including the date that Discount Communications actually makes the payment to the Company may be assessed.
 6. The Company reserves the right to periodically audit services purchased by Discount Communications to establish authenticity of use. Such audit shall not occur more than once in a calendar year. Discount Communications shall make any and all records and data available to the Company or the Company's auditors on a reasonable basis. The Company shall bear the cost of said audit.
- B. Resold services can only be used in the same manner as specified in the Company's Tariff. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of the Company in the appropriate section of the Company's Tariffs. Specific tariff features, e.g. a usage allowance per month, shall not be aggregated across multiple resold services. Resold services cannot be used to aggregate traffic from more than one end user customer except as specified in Section A23 of the Company's Tariff referring to Shared Tenant Service.
- C. Discount Communications may resell services only within the specific resale service area as defined in its certificate.
- D. Telephone numbers transmitted via any resold service feature are intended solely for the use of the end user of the feature. Resale of this information is prohibited.
- E. No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement. Discount Communications is strictly prohibited from any use, including but not limited to sales, marketing or advertising, of any BellSouth name or trademark.

V. Maintenance of Services

- A. Discount Communications will adopt and adhere to the standards contained in the applicable BellSouth Work Center Interface Agreement regarding maintenance and installation of service.

MAR 03 '00 10:39 FR

TO 16157418953

P. 13

- B. Services resold under the Company's Tariffs and facilities and equipment provided by the Company shall be maintained by the Company.
- C. Discount Communications or its end users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.
- D. Discount Communications accepts responsibility to notify the Company of situations that arise that may result in a service problem.
- E. Discount Communications will be the Company's single point of contact for all repair calls on behalf of Discount Communications's end users. The parties agree to provide one another with toll-free contact numbers for such purposes.
- F. Discount Communications will contact the appropriate repair centers in accordance with procedures established by the Company.
- G. For all repair requests, Discount Communications accepts responsibility for adhering to the Company's prescreening guidelines prior to referring the trouble to the Company.
- H. The Company will bill Discount Communications for handling troubles that are found not to be in the Company's network pursuant to its standard time and material charges. The standard time and material charges will be no more than what BellSouth charges to its retail customers for the same services.
- I. The Company reserves the right to contact Discount Communications's customers, if deemed necessary, for maintenance purposes.

VI. Establishment of Service

- A. After receiving certification as a local exchange company from the appropriate regulatory agency, Discount Communications will provide the appropriate Company service center the necessary documentation to enable the Company to establish a master account for Discount Communications. Such documentation shall include the Application for Master Account, proof of authority to provide telecommunications services, an Operating Company Number ("OCN") assigned by the National Exchange Carriers Association ("NECA") and a tax exemption certificate, if applicable. When necessary deposit requirements are met, the Company will begin taking orders for the resale of service.
- B. Service orders will be in a standard format designated by the Company.
- C. When notification is received from Discount Communications that a current customer of the Company will subscribe to Discount Communications's service, standard service order intervals for the appropriate class of service will apply.
- D. The Company will not require end user confirmation prior to establishing service for Discount Communications's end user customer. Discount Communications must, however, be able to demonstrate end user authorization upon request.
- E. Discount Communications will be the single point of contact with the Company for all subsequent ordering activity resulting in additions or changes to resold services except that the Company will accept a request directly from the end user for conversion of the end user's service from Discount Communications to the Company or will accept a request from another OLEC for conversion of the end

user's service from Discount Communications to the other LEC. The Company will notify Discount Communications that such a request has been processed.

- F. If the Company determines that an unauthorized change in local service to Discount Communications has occurred, the Company will reestablish service with the appropriate local service provider and will assess Discount Communications as the OLEC initiating the unauthorized change, the unauthorized change charge described in F.C.C. Tariff No. 1, Section 13. Appropriate nonrecurring charges, as set forth in Section A4. of the General Subscriber Service Tariff, will also be assessed to Discount Communications. These charges can be adjusted if Discount Communications provides satisfactory proof of authorization.
- G. In order to safeguard its interest, the Company reserves the right to secure the account with a suitable form of security deposit, unless satisfactory credit has already been established.
1. Such security deposit shall take the form of an irrevocable Letter of Credit or other forms of security acceptable to the Company. Any such security deposit may be held during the continuance of the service as security for the payment of any and all amounts accruing for the service.
 2. If a security deposit is required, such security deposit shall be made prior to the inauguration of service.
 3. Such security deposit may not exceed two months' estimated billing.
 4. The fact that a security deposit has been made in no way relieves Discount Communications from complying with the Company's regulations as to advance payments and the prompt payment of bills on presentation nor does it constitute a waiver or modification of the regular practices of the Company providing for the discontinuance of service for non-payment of any sums due the Company.
 5. The Company reserves the right to increase the security deposit requirements when, in its sole judgment, circumstances so warrant and/or gross monthly billing has increased beyond the level initially used to determine the security deposit.
 6. In the event that Discount Communications defaults on its account, service to Discount Communications will be terminated and any security deposits held will be applied to its account.
 7. In the case of a cash deposit, interest at a rate as set forth in the appropriate BellSouth tariff shall be paid to Discount Communications during the continuance of the security deposit. Interest on a security deposit shall accrue annually and, if requested, shall be annually credited to Discount Communications by the accrual date.

VII. Payment And Billing Arrangements

- A. When the initial service is ordered by Discount Communications, the Company will establish an accounts receivable master account for Discount Communications.
- B. The Company shall bill Discount Communications on a current basis all applicable charges and credits.
- C. Payment of all charges will be the responsibility of Discount Communications. Discount Communications shall make payment to the Company for all services billed. The Company is not responsible for payments not received by Discount Communications from Discount Communications's

MAR 03 '00 10:40 FR

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P. 15

customer. The Company will not become involved in billing disputes that may arise between Discount Communications and its customer. Payments made to the Company as payment on account will be credited to an accounts receivable master account and not to an end user's account.

- D. The Company will render bills each month on established bill days for each of Discount Communications's accounts.
- E. The Company will bill Discount Communications, in advance, charges for all services to be provided during the ensuing billing period except charges associated with service usage, which charges will be billed in arrears. Charges will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowances. BellSouth will also bill all charges, including but not limited to 911 and E911 charges, telecommunications relay charges, and franchise fees, to Discount Communications.
- F. The payment will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available funds. Payment is considered to have been made when received by the Company.
1. If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If payment is not received by the payment due date, a late payment penalty, as set forth in I. following, shall apply.
- G. Upon proof of tax exempt certification from Discount Communications, the total amount billed to Discount Communications will not include any taxes due from the end user. Discount Communications will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the end user.
- H. As the customer of record, Discount Communications will be responsible for, and remit to the Company, all charges applicable to its resold services for emergency services (E911 and 911) and Telecommunications Relay Service (TRS) as well as any other charges of a similar nature.
- I. If any portion of the payment is received by the Company after the payment due date as set forth preceding, or if any portion of the payment is received by the Company in funds that are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be as set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff.
- J. Any switched access charges associated with interexchange carrier access to the resold local exchange lines will be billed by, and due to, the Company. No additional charges are to be assessed to Discount Communications.
- K. The Company will not perform billing and collection services for Discount Communications as a result of the execution of this Agreement. All requests for billing services should be referred to the appropriate entity or operational group within the Company.
- L. Pursuant to 47 CFR Section 51.617, the Company will bill Discount Communications end user common line charges identical to the end user common line charges the Company bills its end users.

- M. In general, the Company will not become involved in disputes between Discount Communications and Discount Communications's end user customers over resold services. If a dispute does arise that cannot be settled without the involvement of the Company, Discount Communications shall contact the designated Service Center for resolution. The Company will make every effort to assist in the resolution of the dispute and will work with Discount Communications to resolve the matter in as timely a manner as possible. Discount Communications may be required to submit documentation to substantiate the claim.

VIII. Discontinuance of Service

- A. The procedures for discontinuing service to an end user are as follows:

1. Where possible, the Company will deny service to Discount Communications's end user on behalf of, and at the request of, Discount Communications. Upon restoration of the end user's service, restoral charges will apply and will be the responsibility of Discount Communications.
2. At the request of Discount Communications, the Company will disconnect a Discount Communications end user customer.
3. All requests by Discount Communications for denial or disconnection of an end user for nonpayment must be in writing.
4. Discount Communications will be made solely responsible for notifying the end user of the proposed disconnection of the service.
5. The Company will continue to process calls made to the Annoyance Call Center and will advise Discount Communications when it is determined that annoyance calls are originated from one of their end user's locations. The Company shall be indemnified, defended and held harmless by Discount Communications and/or the end user against any claim, loss or damage arising from providing this information to Discount Communications. It is the responsibility of Discount Communications to take the corrective action necessary with its customers who make annoying calls. Failure to do so will result in the Company's disconnecting the end user's service.

- B. The procedures for discontinuing service to Discount Communications are as follows:

1. The Company reserves the right to suspend or terminate service for nonpayment or in the event of prohibited, unlawful or improper use of the facilities or service, abuse of the facilities, or any other violation or noncompliance by Discount Communications of the rules and regulations of the Company's Tariffs.
2. If payment of account is not received by the bill day in the month after the original bill day, the Company may provide written notice to Discount Communications, that additional applications for service will be refused and that any pending orders for service will not be completed if payment is not received by the fifteenth day following the date of the notice. If the Company does not refuse additional applications for service on the date specified in the notice, and Discount Communications's noncompliance continues, nothing contained herein shall preclude the Company's right to refuse additional applications for service without further notice.
3. If payment of account is not received, or arrangements made, by the bill day in the second consecutive month, the account will be considered in default and will be subject to denial or disconnection, or both.
4. If Discount Communications fails to comply with the provisions of this Agreement, including any payments to be made by it on the dates and times herein specified, the Company may, on thirty

days written notice to the person designated by Discount Communications to receive notices of noncompliance, discontinue the provision of existing services to Discount Communications at any time thereafter. In the case of such discontinuance, all billed charges, as well as applicable termination charges, shall become due. If the Company does not discontinue the provision of the services involved on the date specified in the thirty days notice, and Discount Communications's noncompliance continues, nothing contained herein shall preclude the Company's right to discontinue the provision of the services to Discount Communications without further notice.

5. If payment is not received or arrangements made for payment by the date given in the written notification, Discount Communications's services will be discontinued. Upon discontinuance of service on a Discount Communications's account, service to Discount Communications's end users will be denied. The Company will also reestablish service at the request of the end user or Discount Communications upon payment of the appropriate connection fee and subject to the Company's normal application procedures. Discount Communications is solely responsible for notifying the end user of the proposed disconnection of the service.
6. If within fifteen days after an end user's service has been denied no contact has been made in reference to restoring service, the end user's service will be disconnected.

IX. Liability

- A. The liability of the Company for damages arising out of mistakes, omissions, interruptions, preemptions, delays, errors or defects in transmission, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service or other facilities and not caused by the negligence of Discount Communications, or of the Company in failing to maintain proper standards of maintenance and operation and to exercise reasonable supervision shall in no event exceed an amount equivalent to the proportionate charge to Discount Communications for the period of service during which such mistake, omission, interruption, preemption, delay, error or defect in transmission or defect or failure in facilities occur. The Company shall not be liable for damage arising out of mistakes, omission, interruptions, preemptions, delays, errors or defects in transmission or other injury, including but not limited to injuries to persons or property from voltages or currents transmitted over the service of the Company, (1) caused by customer-provided equipment (except where a contributing cause is the malfunctioning of a Company-provided connecting arrangement, in which event the liability of the Company shall not exceed an amount equal to a proportional amount of the Company billing for the period of service during which such mistake, omission, interruption, preemption, delay, error, defect in transmission or injury occurs), or (2) not prevented by customer-provided equipment but which would have been prevented had Company-provided equipment been used.
- B. The Company shall be indemnified and saved harmless by Discount Communications against any and all claims, actions, causes of action, damages, liabilities, or demands (including the costs, expenses and reasonable attorneys' fees, on account thereof) of whatever kind or nature that may be made by any third party as a result of the Company's furnishing of service to Discount Communications.
- C. The Company shall be indemnified, defended and held harmless by Discount Communications and/or the end user against any claim, loss or damage arising from the use of services offered for resale involving:
 1. Claims for libel, slander, invasion of privacy or infringement of copyright arising from Discount Communications's or end user's own communications.
 2. Claims for patent infringement arising from acts combining or using Company services in connection with facilities or equipment furnished by the end user or Discount Communications.

3. All other claims arising out of an act or omission of Discount Communications or its end user in the course of using services.

D. Discount Communications accepts responsibility for providing access for maintenance purposes of any service resold under the provisions of this Tariff. The Company shall not be responsible for any failure on the part of Discount Communications with respect to any end user of Discount Communications.

X. Treatment of Proprietary and Confidential Information

- A. Both parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including trade secret information, including but not limited to, technical and business plans, technical information, proposals, specifications, drawings, procedures, customer account data and like information (hereinafter collectively referred to as "Information"). Both parties agree that all Information shall either be in writing or other tangible format and clearly marked with a confidential, private or proprietary legend, or, when the Information is communicated orally, it shall also be communicated that the Information is confidential, private or proprietary. The Information will be returned to the owner within a reasonable time. Both parties agree that the Information shall not be copied or reproduced in any form. Both parties agree to receive such Information and not disclose such Information. Both parties agree to protect the Information received from distribution, disclosure or dissemination to anyone except employees of the parties with a need to know such Information and which employees agree to be bound by the terms of this Section. Both parties will use the same standard of care to protect Information received as they would use to protect their own confidential and proprietary Information.
- B. Notwithstanding the foregoing, both parties agree that there will be no obligation to protect any portion of the Information that is either: 1) made publicly available by the owner of the Information or lawfully disclosed by a nonparty to this Agreement; 2) lawfully obtained from any source other than the owner of the Information; or 3) previously known to the receiving party without an obligation to keep it confidential.

XI. Resolution of Disputes

Except as otherwise stated in this Agreement, the parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the parties will petition the applicable state Public Service Commission for a resolution of the dispute. However, each party reserves any rights it may have to seek judicial review of any ruling made by that Public Service Commission concerning this Agreement.

XII. Limitation of Use

The parties agree that this Agreement shall not be proffered by either party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other party in that jurisdiction or for any other purpose.

XIII. Waivers

Any failure by either party to insist upon the strict performance by the other party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this Agreement, and each party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

XIV. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia, without regard to its conflict of laws principles.

XV. Arm's Length Negotiations

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all parties.

XVI. Notices

- A. Every notice, consent, approval, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered in person or given by postage prepaid mail, address to:

BellSouth Telecommunications, Inc.
CLEC Account Team
3535 Colonnade Parkway
Room E4E1
Birmingham, AL 35243

Discount Communications
6647 Steeplechase Circle
Memphis, TN 38141

or at such other address as the intended recipient previously shall have designated by written notice to the other party.

- B. Where specifically required, notices shall be by certified or registered mail. Unless otherwise provided in this Agreement, notice by mail shall be effective on the date it is officially recorded as delivered by return receipt or equivalent, and in the absence of such record of delivery, it shall be presumed to have been delivered the fifth day, or next business day after the fifth day, after it was deposited in the mails.

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P.20

XVII. Amendments

This Agreement may be amended at any time upon written agreement of both parties.

XVIII. Entire Agreement

This Agreement sets forth the entire understanding and supersedes prior agreements between the parties relating to the subject matter contained herein and merges all prior discussions between them, and neither party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the party to be bound thereby.

BellSouth Telecommunications, Inc.

BY: [Signature]
Signature
NAME: Jerry Hendrix
TITLE: Director
DATE: 3/13/98

Discount Communications

BY: [Signature]
Signature
NAME: Edward Hayes
TITLE: Owner
DATE: 3/12/98

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TO 16157418953

P.21

EXHIBIT "A"**APPLICABLE DISCOUNTS**

The telecommunications services available for purchase by Discount Communications for the purposes of resale to Discount Communications end users shall be available at the following discount off of the retail rate.

DISCOUNT

<u>STATE</u>	<u>RESIDENCE</u>	<u>BUSINESS</u>
ALABAMA	17%	17%
FLORIDA	21.83%	16.81%
GEORGIA	20.3%	17.3%
KENTUCKY	16.79%	15.54%
LOUISIANA*	20.72%	20.72%
MISSISSIPPI	15.75%	15.75%
NORTH CAROLINA	21.5%	17.6%
SOUTH CAROLINA	14.8%	14.8%
TENNESSEE**	16%	16%

* Effective as of the Commission's Order in Louisiana Docket No. U-22020 dated November 12, 1996.

** The Wholesale Discount is set as a percentage off the tariffed rates. If OLEC provides its own operator services and directory services, the discount shall be 21.56%. These rates are effective as of the Tennessee Regulatory Authority's Order in Tennessee Docket No. 90-01331 dated January 17, 1997.

Note
BelSouth has the capabilities to block directory services

EXHIBIT B

Type of Service	AL		FL		GA		KY		LA	
	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?
1 Grandfathered Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2 Contract Service Arrangements	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Note 5	Note 5
3 Promotions - > 90 Days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4 Promotions - < 90 Days	Yes	No	Yes	No	Yes	No	No	No	Yes	No
5 Lifeline/Link Up Services	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
6 911/E911 Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
7 N11 Services	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
8 AdWatchSM (See Note 2)	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
9 MemoryCall®	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
10 Mobile Services	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
11 Federal Subscriber Line Charges	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
12 Non-Recurring Charges	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Type of Service	MS		NC		SC		TN	
	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?
1 Grandfathered Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2 Contract Service Arrangements	Note 5	Note 5	Note 6	Note 6	Yes	No	Yes	Yes
3 Promotions - > 90 Days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Note 3
4 Promotions - < 90 Days	Yes	No	No	No	Yes	No	No	No
5 Lifeline/Link Up Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Note 4
6 911/E911 Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7 N11 Services	No	No	No	No	Yes	Yes	Yes	Yes
8 AdWatchSM (See Note 8)	Yes	No	Yes	No	Yes	No	Yes	No
9 MemoryCall®	Yes	No	Yes	No	Yes	No	Yes	No
10 Mobile Services	Yes	No	Yes	No	Yes	No	Yes	No
11 Federal Subscriber Line Charges	Yes	No	Yes	No	Yes	No	Yes	No
12 Non-Recurring Charges	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

Additional Comments:

- Grandfathered services can be resold only to existing subscribers of the grandfathered service.
- Where available for resale, promotions will be made available only to end users who would have qualified for the promotion had it been provided by BellSouth directly.
- In Tennessee, long-term promotions (offered for more than ninety (90) days) may be obtained at one of the following rates:
 - the stated tariff rate, less the wholesale discount;
 - the promotional rate (the promotional rate offered by BellSouth will not be discounted further by the wholesale discount rate)
- Lifeline/Link Up services may be offered only to those subscribers who meet the criteria that BellSouth currently applies to subscribers of these services. In Tennessee, Discount Communications shall purchase BellSouth's Message Rate Service at the stated tariff rate, less the wholesale discount. Discount Communications must further discount the wholesale Message Rate Service to Lifeline customers with a discount which is no less than the minimum discount that BellSouth now provides. Discount Communications is responsible for recovering the Subscriber Line Charge from the National Exchange Carriers Association interstate toll settlement pool just as BellSouth does today. The maximum rate that Discount Communications may charge for Lifeline Service shall be capped at the flat retail rate offered by BellSouth.
- In Louisiana and Mississippi, all Contract Service Arrangements entered into by BellSouth or terminating after the effective date of the Commission Order will be subject to resale without the wholesale discount. All CSAs which are in place as of the effective date of the Commission order will not be eligible for resale.
- In North Carolina, Contract Service Arrangements entered into by BellSouth before April 15, 1997, shall be subject to resale at no discount, while BellSouth CSAs entered into after that date shall be subject to resale with the discount.
- Some of BellSouth's local exchange and toll telecommunications services are not available in certain central offices and areas.
- AdWatchSM is tariffed as BellSouth's ASN Virtual Number Call Detail Service

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Fax:615-741-8953

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P.24

MAR 03 '00 10:43 FR

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P.23



BILLING NUMBER 615 Q84-5343 343
BILLING PERIOD JAN 4,2000 00004
PAGE 27

CHARGES FOR EARNING NUMBER 615 226-5163

MONTHLY SERVICE

103. MONTHLY SERVICE - JAN 04 THROUGH FEB 03	11.61
104. FOC CHARGE FOR NETWORK ACCESS	2.50
TOTAL MONTHLY SERVICE	15.11

OTHER CHARGES AND CREDITS

DEC 10, 1999 80-ZTBR82548Z

EARNING NUMBER 226-5163

LINE 226-5163

105. CHARGE FOR CHANGING YOUR LOCAL TOLL COMPANY TO FRONTIER	1.49
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106. IF YOUR LOCAL TOLL LONG DISTANCE COMPANY IS INCORRECT, CALL YOUR BUSINESS OFFICE.

TOTAL RECURRING OC&C FOR 80-ZTBR82548Z	.00
TOTAL NONRECURRING OC&C FOR 80-ZTBR82548Z	1.49

TOTAL OC&C DEBITS	1.49
TOTAL OC&C CREDITS	.00

TOTAL OTHER CHARGES AND CREDITS	1.49
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ITEMIZED CALLS

OPERATOR ASST CALLS FOR 615 226-5163

DATE	TIME	TO PLAGE	TO NUMBER	FROM PLACE	FROM NUMBER RC	MIN	TXC	
187. DEC	8	854P VERIFY BSY	615 321-3467	NASHVILLE TN	615 226-5163	06	1	.79
TOTAL OPERATOR ASST CALLS FOR 615 226-5163								.79

DIRECTORY ASST FOR 615 226-5163

17 LOCAL CALLS

0 INTRASTATE CALLS

TOTAL ITEM CALLS FOR EARNING # 615 226-5163

.79

DIRECTORY ASST FOR EARNING # 615 226-5163

17 LOCAL CALLS

0 INTRASTATE CALLS

TOTAL FOR EARNING NUMBER 615 226-5163

17.39

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Mar 6 2000 14:32

P.25

MAR 03 '00 10:43 FR

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P.24



BILLING NUMBER 615 Q84-5343 343
BILLING PERIOD JAN 4,2000 00004
PAGE 151

CHARGES FOR EARNING NUMBER 615 259-3943

MONTHLY SERVICE

1011.MONTHLY SERVICE - JAN 04 THROUGH FEB 03	11.61
1012.INSIDE WIRE MAINTENANCE SERVICE PLAN	3.00
1013.FGC CHARGE FOR NETWORK ACCESS	3.90
TOTAL MONTHLY SERVICE	18.11

ITEMIZED CALLS

ITEMIZED CALLS FOR 615 259-3943

TOTAL ITEMIZED CALLS FOR 615 259-3943	.00	
DIRECTORY ASST FOR 615 259-3943	148 LOCAL CALLS	0 INTRASTATE CALLS
TOTAL ITEM CALLS FOR EARNING # 615 259-3943	.00	
DIRECTORY ASST FOR EARNING # 615 259-3943	148 LOCAL CALLS	0 INTRASTATE CALLS
TOTAL FOR EARNING NUMBER 615 259-3943		18.11

Discount Communications*"Your Complete Telecommunications Provider"*

3798 Park Ave
Memphis, TN 38111-4664
Phone... (901) 843-6070
Toll Free 888 589-6505
Fax... (901) 327-3809

March 3, 2000

To: Vivian Michael-Wilhoite
Consumer Services Division
Tennessee Regulatory Authority

* Addendum: 1

Addendum to Response #3- Directory Assistance

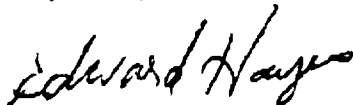
Discount Communications will entertain the following option:

1. Discount Communications is opting to provide and/or offer directory assistance to Discount's Customers directory assistance as referenced by the TRA (Tennessee Regulatory Authority) Order in Tennessee; docket no. 90-01331 dated January 17, 1997.

Correction to Response #3:

We are asking for these changes in directory assistance and the directory assistance charges be held in dispute until a workable solution is found.

Respectfully,



Edward Hayes
Owner

cc: John Ford, Senator, State of Tennessee
Melvin Malone, Chairman, TRA
Sara Kyle, Director, TRA
David Waddell, Executive Director, TRA
Joe Werner, Chief Telecom Division, TRA
Eddie Roberson, Chief, Consumer Services, TRA
Harold Ford Jr., Congressman


"Your Complete Telecommunications Provider"



BellSouth Telecommunications, Inc.
Executive Appeals
22A1
333 Commerce Street
Nashville, TN 37201-3300

March 15, 2000

TO: Vivian Michael-Wilhoite
Tennessee Regulatory Authority

FROM: Robin Moore 
BellSouth Executive Appeals

RE: Discount Communications
File No 00-0227

This will provide BellSouth's comments on the response filed with the Tennessee Regulatory Authority (TRA) by Mr. Edward M. Hayes of Discount Communications on March 2, 2000. Each item is addressed as listed by Mr. Hayes.

Response #1, \$10.50 – Life-line Credit

BellSouth agrees with that Discount Communications is a certified reseller that is authorized to conduct business in Tennessee under a reseller agreement with BellSouth that is properly approved by the Tennessee Regulatory Authority. BellSouth stated as much in the opening paragraph of its initial response, dated February 25, 2000.

BellSouth stands by its initial response on this issue, which clearly stated that BellSouth can only recover the \$7.00, federal credit from the National Exchange Carrier Association (NECA), and BellSouth is passing this credit on to Discount Communications. BellSouth does not recover the state credit of \$3.50 from NECA and therefore does not pass this credit on to any resellers. BellSouth's response and its published tariffs are quite clear on this point. Furthermore, BellSouth denies that it has the ability to recover the state credit of \$3.50 from NECA, and BellSouth is unaware of any source from which the TRA can recover this amount.

BellSouth did correspond with the TRA during September 1999 regarding the resale of Lifeline service. Specifically, the TRA asked if, in light of recent FCC orders related to Universal Service, BellSouth would agree to update Exhibit B, Note 4 of its resale agreements to pass the discounted Lifeline rates to resellers (see attached letter from David Waddell dated September 2, 1999). BellSouth responded by stating that, to the extent that Note 4 had been superseded by the FCC's Order 97-157 (Universal Service Order), BellSouth did not object to updating this Note in order to "pass through" the federal Lifeline

credit (see attached letter from Guy Hicks dated September 9, 1999). BellSouth also agreed to update its tariffs to the extent that this FCC Order superseded previous arbitration orders. The TRA acknowledged BellSouth's letter and indicated that a copy was forwarded to the counsel of record for Discount Communications (see attached letter from David Waddell dated September 10, 1999). BellSouth is unaware of any ruling in this matter as referenced by Mr. Hayes. Rather, BellSouth voluntarily cooperated with the TRA to address this matter.

Response #2 – Link-Up Credit

BellSouth has no basis to disagree with the charges that Mr. Hayes incurs or charges in providing service to his customers. BellSouth disagrees with Mr. Hayes' assertions that we should credit 50% of Discount Communications' installation charges and we can only refer to our initial response on this issue. Again, BellSouth notes that we voluntarily agreed to treat Link-Up credits as disputed amounts (i.e. BellSouth would not demand immediate payment) pending resolution of this matter with the FCC.

Response #3 – Directory Assistance

BellSouth's initial response to Ms. Michael-Wilhoite documented the dates of documents provided by her to BellSouth in connection with this complaint. BellSouth is well aware that Discount Communications raised the issue of Directory Assistance charges some time ago and that this is not a recent concern. However, the nature of the "directory assistance dispute" mentioned by Mr. Hayes is unclear. If this "dispute" concerns the accuracy of Directory Assistance charges, BellSouth has reviewed the Directory Assistance charges and verified that they are correct. If the "dispute" concerns the feature that Mr. Hayes desires, then BellSouth again states that it has no feature that will block access to Directory Assistance after a customer has made six calls in one month. Mr. Hayes has been advised on several occasions of the "Bona Fide Request" (BFR) process under which service providers may formally submit requests to BellSouth for the development of new features. To date, Mr. Hayes has not elected to submit a BFR for the feature that he has described. Therefore, it is difficult to understand the exact nature of the "dispute" mentioned by Mr. Hayes under this issue.

In his addendum to Ms. Michael-Wilhoite, dated March 3, 2000, Mr. Hayes indicates that he will entertain the option of "providing and/or offering directory assistance to Discount's customers" as referenced in the TRA's Order in Dockets 90-01331 dated January 17, 1997. We assume this is a reference to the TRA's Final Order in Docket 96-01331, The Avoidable Cost of Providing Bundled Service for Resale by Local Exchange Telephone Companies. BellSouth's account team will be happy to work with Mr. Hayes in implementing such an arrangement.

Mr. Hayes further requests that directory assistance charges be held in dispute until a workable solution is found. Any future arrangements that Mr. Hayes may choose to implement can have no effect on directory assistance charges prior to implementation of those arrangements, which are properly assessed and billed. BellSouth has verified the accuracy of directory assistance charges to date and cannot agree to treat these charges as disputed.




03/17/2000 12:32

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Response #4 - Billing of Charges and Credits

While Discount Communications may object to BellSouth's statement that they have arbitrarily withheld payment, the fact remains that Discount Communications owed BellSouth \$55,342.49 in past due charges as of the date of our initial response. Since then, the February 4, 2000 bill of \$60,213.89 has also become past due. On March 6, 2000, BellSouth received a payment of \$7,993.47 from Discount Communications. Given these facts, it is difficult to come to any conclusion other than that the amounts have been arbitrarily withheld.

BellSouth does agree that Discount Communications has used the appropriate channels to discuss payment arrangements with BellSouth. The statements in BellSouth's initial response on this matter addressed an issue between BellSouth and the TRA Staff. These statements were not directed at Discount Communications nor were they intended to indicate any improper action by Discount Communications. We apologize if these statements were unclear.

Attachments
tra_0902.doc
BST_0909.doc
tra_0910.doc

03/17/2000 12:32 6152148857

6152591470

STOKES & BARTHOLOMEW

2/16/00 14:47 FAX 6152591470

004

TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman
Lynn Greer, Director
Sara Kyla, Director



460 James H Robertson Parkway
Nashville, Tennessee 37243-0505

September 2, 1999

Mr. Guy Hicks
General Counsel
Suite 2101
333 Commerce Street
Nashville, TN 37201-3300

In Re: Resale Agreements

Dear Mr. Hicks:

In standard resale agreements that BellSouth Telecommunications, Inc. (BST) files with the Authority for approval, Exhibit or Attachment B sets forth types of services that are available for resale. Item 5 is generally listed as Lifeline/Linkup and Note 4 appears under the heading of "Discount?" for Tennessee. Note 4 states that:

4. Lifeline/Linkup services maybe offered only to those subscribers who meet the criteria that BellSouth currently applies to subscribers of these services. In Tennessee, _____ shall purchase BellSouth's Message Rate Service at the stated tariff rate, less the wholesale discount. _____ must further discount the wholesale Message Rate Service to Lifeline customers with a discount which is no less than the minimum discount that BellSouth now provides. _____ is responsible for recovering the Subscriber Line Charge from the National Exchange Carriers Association interstate toll settlement pool just as BellSouth does today. The maximum rate that _____ may charge for Lifeline Service shall be capped at the flat retail rate offered by BellSouth.

The blanks refer to the particular reseller that is a party to the agreement filed for approval. The language that is contained in Note 4 comes largely from the Authority's Second and Final Order of Arbitration Awards, In the Matter of the Interconnection Agreement Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. Section 252, Docket No. 96-01152, and In the Matter of the Petition of MCI Telecommunications Corporation for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996, Docket No. 97-01271, Order (Arbitration Order) issued on January 23, 1997.

AT&T Communications and MCI Telecommunications both have facilities and could seek recovery of the Subscriber Line Charge (SLC), and other credits, referred

to in Note 4 upon being designated as an Eligible Telecommunications Carriers (ETCs)

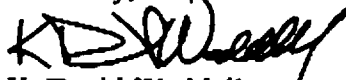
The Federal Communications Commission (FCC) issued Order 97-157, In the Matter of Federal- State Joint Board on Universal Service, in CC Docket No. 96-45 on May 8, 1997 (Universal Service Order). Among other things, the Universal Service Order expanded federal support for Lifeline. Pursuant to the Universal Service Order, BST filed tariff revisions in Tariff No. 97-07542 on November 14, 1997, to be effective on January 1, 1998, that expanded the availability of the Lifeline credits to "...any local service offering available to other residence customers." The Authority voted to approve the revised Lifeline and Link-Up tariffs filed by BST on December 16, 1997.¹

As you may be aware a question has recently arisen as to how a pure reseller of BST Lifeline services would go about recovering the SLC and other credits from the National Exchange Carrier Association (NECA). The Universal Service Order, at paragraph 130 provides that only ETCs designated under section 214(e) shall receive Federal universal service support. At paragraph 133 the FCC concludes that section 214(e) (1) precludes states from designating "pure" resellers as ETCs. Later at paragraph 370 the FCC states:

We further observe that, contrary to the fears of some commenters, a large class of carriers that will not be eligible to receive universal service support—those providing service purely by reselling another carrier's services purchased on a wholesale basis pursuant to section 251 (c) (4) — will nevertheless be able to offer Lifeline service. The Local Competition Order provides that all retail services, including below-cost and residential services are subject to wholesale rate obligations under section 251 (c) (4). Resellers therefore could obtain Lifeline service at wholesale rates that include the Lifeline support amounts and can pass these discounts through to qualifying low-income consumers. (footnotes omitted)...

BST is an ETC and reseller of Lifeline and Link-Up services. In light of the Universal Service Order, is it appropriate for BST to update Note 4 of its resale agreements and its tariffs, to the extent that the Universal Service Order supercedes them? Would BST be willing to amend its resale agreements to pass along to resellers the discounted Lifeline rates? Your detailed response would be appreciated by Thursday, September 9, 1999.

Sincerely,



K. David Waddell
Executive Secretary

Xc: Chairman Melvin Malone
Director Lynn Greer
Director Sara Kyle
Richard Collier
Joe Werner

¹ Order memorializing the Authority's decision was issued on August 12, 1998 in Docket No. 97-07542

EXHIBIT B

Type of Service	AL		FL		GA		KY		LA	
	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?
1 Grandfathered Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2 Contract Service Arrangements	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Note 5	Note 5
3 Promotions - > 90 Days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4 Promotions - < 90 Days	Yes	No	Yes	No	Yes	No	No	No	Yes	No
5 Lifeline/Link Up Services	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
6 911/E911 Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
7 N11 Services	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
8 AdWatch SM (See Note 8)	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
9 MemoryCall [®]	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
10 Mobile Services	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
11 Federal Subscriber Line Charges	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
12 Non-Recurring Charges	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Type of Service	MS		NC		SC		TN	
	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?
1 Grandfathered Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2 Contract Service Arrangements	Note 5	Note 5	Note 6	Note 6	Yes	No	Yes	Yes
3 Promotions - > 90 Days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Note 3
4 Promotions - < 90 Days	Yes	No	No	No	Yes	No	No	No
5 Lifeline/Link Up Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Note 4
6 911/E911 Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7 N11 Services	No	No	No	No	Yes	Yes	Yes	Yes
8 AdWatch SM (See Note 8)	Yes	No	Yes	No	Yes	No	Yes	No
9 MemoryCall [®]	Yes	No	Yes	No	Yes	No	Yes	No
10 Mobile Services	Yes	No	Yes	No	Yes	No	Yes	No
11 Federal Subscriber Line Charges	Yes	No	Yes	No	Yes	No	Yes	No
12 Non-Recurring Charges	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

Additional Comments:

- Grandfathered services can be resold only to existing subscribers of the grandfathered service.
- Where available for resale, promotions will be made available only to end users who would have qualified for the promotion had it been provided by BellSouth directly.
- In Tennessee, long-term promotions (offered for more than ninety (90) days) may be obtained at one of the following rates:
 - the stated tariff rate, less the wholesale discount;
 - the promotional rate (the promotional rate offered by BellSouth will not be discounted further by the wholesale discount rate)
- Lifeline/Link Up services may be offered only to those subscribers who meet the criteria that BellSouth currently applies to subscribers of these services. In Tennessee, Discount Communications shall purchase BellSouth's Message Rate Service at the stated tariff rate, less the wholesale discount. Discount Communications must further discount the wholesale Message Rate Service to LifeLine customers with a discount which is no less than the minimum discount that BellSouth now provides. Discount Communications is responsible for recovering the Subscriber Line Charge from the National Exchange Carriers Association interstate toll settlement pool just as BellSouth does today. The maximum rate that Discount Communications may charge for LifeLine Service shall be capped at the flat retail rate offered by BellSouth.
- In Louisiana and Mississippi, all Contract Service Arrangements entered into by BellSouth or terminating after the effective date of the Commission Order will be subject to resale without the wholesale discount. All CSAs which are in place as of the effective date of the Commission order will not be eligible for resale.
- In North Carolina, Contract Service Arrangements entered into by BellSouth before April 15, 1997, shall be subject to resale at no discount, while BellSouth CSAs entered into after that date shall be subject to resale with the discount.
- Some of BellSouth's local exchange and toll telecommunications services are not available in certain central offices and areas.
- AdWatchSM is tariffed as BellSouth[®] AIN Virtual Number Call Detail Service



BellSouth Telecommunications, Inc.
Suite 2101
333 Commerce Street
Nashville, Tennessee 37201-3300

615 214-6301
Fax 615 214-7406

Guy M. Hicks
General Counsel

99 SEP 9 PM 4 02

September 9, 1999

EXECUTIVE SECRETARY

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: Resale Agreements

Dear Mr. Waddell:

Please accept this letter in response to your letter of September 2, 1999. To the extent that Note 4 of BellSouth's resale agreements has been superseded by the Federal Communication Commission's ("FCC") Order 97-157 (Universal Service Order), BellSouth does not object to updating Note 4 of its resale agreements.

Moreover, the revised tariffs BellSouth filed on November 14, 1997 made revisions to Lifeline and Linkup services to comply with the Telecommunications Act of 1996 and various FCC orders, including the Universal Service Order. Accordingly, BellSouth believes that its tariffs are consistent with the Universal Service Order with one possible exception. Various sections of these tariffs contain statements to the effect that the resale of Lifeline is subject to the conditions set forth in the second and final order of arbitration awards dated January 23, 1997 (Docket Nos. 96-01152 and 96-01271). See, e.g., General Subscriber Services Tariff Section A3.31.2.A.8. To the extent that these provisions have been superseded by the Universal Service Order, BellSouth does not object to amending these provisions in its tariffs.

You also inquired whether BellSouth is willing to amend its resale agreements to pass along to resellers the discounted Lifeline rates. Assuming that a mechanism can be put in place that will allow BellSouth to provide the reseller's individual customer Lifeline certification to NECA as needed, BellSouth is willing to negotiate an amendment to Note 4 of its resale agreements that would address BellSouth's role as an ETC and the pass-through of the federal Lifeline credit.

I trust this adequately responds to your inquiry. If you have any further questions or comments, please do not hesitate to call me.

Very truly yours,

Guy Hicks by first by permission
Guy M. Hicks

GMH/jem

177852

RECEIVED IN REGULATORY
DATE: 9/16 TIME: 12:49
DISTRIBUTED/INITIALS: Lyp
ATE: 9/16 TIME: 12:55

TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman
Lynn Greer, Director
Sara Kyle, Director

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

September 10, 1999

Mr. Guy Hicks
General Counsel
BellSouth Telecommunications, Inc.
Suite 2101
333 Commerce Street
Nashville, TN 37201-3300


In Re: Resale Agreements

Dear Mr. Hicks:

Thank you for your prompt response to my letter of September 2, 1999, and for your willingness to work with resellers to pass through Lifeline credits. As you may know the question of how a pure reseller could recover the Subscriber Line Charge and other credits for its Lifeline customers had arisen with Discount Communications ("Discount"), which is represented by Mr. Guilford F. Thornton, Jr. BellSouth Telecommunications, Inc. ("BST") and Discount have entered into a Resale Agreement which was approved by the Authority by Order dated March 12, 1999, in Docket No. 99-00032.

I am forwarding a copy of this letter with copies of my letter of September 2, 1999, and your response of September 9, 1999, to Mr. Thornton. I expect that he will contact you soon to see if BST and Discount can reach agreement on an amendment to their Resale Agreement to allow flow through of Lifeline credits to qualifying customers of Discount. I am sure you will file resale amendments and necessary tariff changes with the Authority for approval.

Sincerely,


K. David Waddell
Executive Secretary

Xc: Mr. Guilford F. Thornton w/attachments
Chairman Melvin Malone w/o attachments
Director Lynn Greer
Director Sara Kyle
Mr. Richard Collier
Mr. Joe Werner

RECEIVED - REGULATORY
DATE: 9/13 TIME: 2:45
DISTRIBUTED/INITIALS: lyp
DATE 9/13 TIME 2:52

TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman
Lynn Greer, Director
Sara Kyle, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

March 7, 2000

To: Robin Moore
BellSouth Executive Appeals

FROM: Vivian Michael-Wilhoite *mw*
Tennessee Regulatory Authority

RE: Discount Communications, File Number 00-0227

Thank you for your February 25, 2000, response regarding concerns provided by Discount Communications ("Discount") in its complaint filed initially on February 14, 2000. In order for the Staff to adequately review this matter, I would appreciate your expeditious response to the following data request.

1. Does BellSouth offer a Directory Assistance ("DA") block to its customers? If so, please provide the charge for this service.
2. If you offer DA block, what other services does the DA block effect, if any? Please explain in detail.
3. What technical steps would Discount need to take in order to avail itself of the larger 21.56% discount listed on Exhibit A of the BellSouth/Discount Resale Agreement? Discount made a note on this exhibit in its response believing that the two-listed discount percentages indicate that BellSouth can offer a DA block. Please address this concern. (Reference Discount's response provided to BellSouth on March 6, 2000.)

According to your response, the Staff understands that a Federal Communication Commission's (FCC) decision is pending in regards to an issue surrounding Link-up credit for Discount. The Staff requests that BellSouth expand the pending request with the FCC to address the following concern:

4. Discount has requested that BellSouth offer a DA block per line after the first six free DA calls per month. Would such a block violate FCC rule 54.101(a)(8)? The attached rules set forth the supported services and rule 54.401 states that Lifeline encompasses these services.

5. According to A3.13.2 (A) Directory Assistance Service, BellSouth provides six (6) calls per billing period month without charge. Is this allowance considered in the aggregate for Discount, i.e. total resold lines multiplied by six (6)?
6. What is the per call rate that BellSouth charges Discount for DA?
7. Would the exemptions stated in A3.13.2 (B)(C) for elderly and disabled customers passed through to resellers such as Discount? If so, please explain in detail how BellSouth can administer this.

c: Ed Hayes, Discount Communications
Roger Knight, Telecom, TRA
Eddie Roberson, Consumer Services, TRA

A carrier that receives federal universal service support shall use that support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

Subpart B - Services Designated for Support

§ 54.101 Supported services for rural, insular and high cost areas.

(a) *Services Designated for Support.* The following services or functionalities shall be supported by Federal universal service support mechanisms:

(1) *Voice grade access to the public switched network.* "Voice grade access" is defined as a functionality that enables a user of telecommunications services to transmit voice communications, including signalling the network that the caller wishes to place a call, and to receive voice communications, including receiving a signal indicating there is an incoming call. For purposes of this Part, voice grade access shall occur within the frequency range of between approximately 500 Hertz and 4,000 Hertz, for a bandwidth of approximately 3,500 Hertz;

(2) ~~Local usage~~ "Local usage" means an amount of minutes of use of exchange service, prescribed by the Commission, provided free of charge to end users;

(3) *Dual tone multi-frequency signaling or its functional equivalent.* "Dual tone multi-frequency" (DTMF) is a method of signaling that facilitates the transportation of signaling through the network, shortening call set-up time;

(4) *Single-party service or its functional equivalent.* "Single-party service" is telecommunications service that permits users to have exclusive use of a wireline subscriber loop or access line for each call placed, or, in the case of wireless telecommunications carriers, which use spectrum shared among users to provide service, a dedicated message path for the length of a user's particular transmission;

(5) *Access to emergency services.* "Access to emergency services" includes access to services, such as 911 and enhanced 911, provided by local governments or other public safety organizations. 911 is defined as a service that permits a telecommunications user, by dialing the three-digit code "911," to call emergency services through a Public Service Access Point (PSAP) operated by the local government. "Enhanced 911" is defined as 911 service that includes the ability to provide automatic numbering information (ANI), which enables the PSAP to call back if the call is disconnected, and automatic location information (ALI), which permits emergency service providers to identify the geographic location of the calling party. "Access to emergency services" includes access to 911 and enhanced 911 services to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems;

(6) *Access to operator services.* "Access to operator services" is defined as access to any automatic or live assistance to a consumer to arrange for billing or completion, or both, of a

telephone call;

(7) *Access to interexchange service.* "Access to interexchange service" is defined as the use of the loop, as well as that portion of the switch that is paid for by the end user, or the functional equivalent of these network elements in the case of a wireless carrier, necessary to access an interexchange carrier's network;

(8) *Access to directory assistance.* "Access to directory assistance" is defined as access to a service that includes, but is not limited to, making available to customers, upon request, information contained in directory listings; and

(9) *Toll limitation for qualifying low-income consumers.* Toll limitation for qualifying low-income consumers is described in Subpart E.

(b) *Requirement to Offer all Designated Services.* An eligible telecommunications carrier must offer each of the services set forth in paragraph (a) of this section in order to receive Federal universal service support.

(c) *Additional Time to Complete Network Upgrades.* A state commission may grant the petition of a telecommunications carrier that is otherwise eligible to receive universal service support under § 54.201 of this part requesting additional time to complete the network upgrades needed to provide single-party service, access to enhanced 911 service, or toll limitation. If such petition is granted, the otherwise eligible telecommunications carrier will be permitted to receive universal service support for the duration of the period designated by the state commission. State commissions should grant such a request only upon a finding that exceptional circumstances prevent an otherwise eligible telecommunications carrier from providing single-party service, access to enhanced 911 service, or toll limitation. The period should extend only as long as the relevant state commission finds that exceptional circumstances exist and should not extend beyond the time that the state commission deems necessary for that eligible telecommunications carrier to complete network upgrades. An otherwise eligible telecommunications carrier that is incapable of offering one or more of these three specific universal services must demonstrate to the state commission that exceptional circumstances exist with respect to each service for which the carrier desires a grant of additional time to complete network upgrades.

Subpart C - Carriers Eligible for Universal Service Support

§ 54.201 Designation of eligible telecommunications carriers, generally.

(a) *Carriers eligible to receive support.*

(1) Beginning January 1, 1998, only eligible telecommunications carriers designated under paragraphs (b) through (d) of this section shall receive universal service support distributed pursuant to Part 36 and Part 69 of this chapter, and subparts D and E of this part.

support, a competitive eligible telecommunications carrier must provide the Administrator on or before July 31st of each year the number of working loops it serves in a service area. For universal service support purposes, working loops are defined as the number of working Exchange Line C&WF loops used jointly for exchange and message telecommunications service, including C&WF subscriber lines associated with pay telephones in C&WF Category 1, but excluding WATS closed end access and TWX service. This figure shall be calculated as of December 31st of the year preceding each July 31st filing.

Subpart E - Universal Service Support for Low-Income Consumers

§ 54.400 Terms and definitions.

(a) As used in this subpart, the following terms shall be defined as follows:

(1) *Qualifying low-income subscriber.* A "qualifying low-income subscriber" is a subscriber who meets the low-income eligibility criteria established by the state commission, or, in states that do not establish eligibility criteria, a subscriber who participates in a state-administered, low-income welfare program.

(2) *Toll blocking.* "Toll blocking" is a service provided by carriers that lets consumers elect not to allow the completion of outgoing toll calls from their telecommunications channel.

(3) *Toll control.* "Toll control" is a service provided by carriers that allows consumers to specify a certain amount of toll usage that may be incurred on their telecommunications channel per month or per billing cycle.

(4) *Toll limitation.* "Toll limitation" denotes both toll blocking and toll control.

§ 54.401 Lifeline defined.

(a) As used in this subpart, "Lifeline" means a retail local service offering:

(1) that is available only to qualifying low-income consumers;

(2) for which qualifying low-income consumers pay reduced charges as a result of application of the Lifeline support amount described in section 54.403; and

(3) that includes the services or functionalities enumerated in § 54.101(a)(1) - (9) of this subpart. The carriers shall offer toll limitation to all qualifying low-income consumers at the time such consumers subscribe to Lifeline service. If the consumer elects to receive toll limitation, that service shall become part of that consumer's Lifeline service. ✓

(b) Eligible telecommunications carriers may not disconnect Lifeline service for non-payment

of toll charges.

(1) State commissions may grant a waiver of this requirement if the local exchange carrier can demonstrate that:

- (i) it would incur substantial costs in complying with this requirement;
- (ii) it offers toll limitation to its qualifying low-income consumers without charge; and
- (iii) telephone subscribership among low-income consumers in the carrier's service area is greater than or equal to the national subscribership rate for low-income consumers. For purposes of this paragraph, a "low-income consumer" is one with an income below the poverty level for a family of four residing in the state for which the carrier seeks the waiver. The carrier may reapply for the waiver.

(2) A carrier may file a petition for review of the state commission's decision with the Commission within 30 days of that decision. If a state commission has not acted on a petition for a waiver of this requirement within 30 days of its filing, the carrier may file that petition with the Commission on the 31st day after that initial filing.

(c) Eligible telecommunications carriers may not collect a service deposit in order to initiate Lifeline service, if the qualifying low-income consumer voluntarily elects toll blocking from the carrier, where available. If toll blocking is unavailable, the carrier may charge a service deposit.

(d) The state commission shall file or require the carrier to file information with the Administrator demonstrating that the carrier's Lifeline plan meets the criteria set forth in this subpart and stating the number of qualifying low-income consumers and the amount of state assistance. Lifeline assistance shall be made available to qualifying low-income consumers as soon as the Administrator certifies that the carrier's Lifeline plan satisfies the criteria set out in this Subpart.

§ 54.403 Lifeline support amount.

(a) The federal baseline Lifeline support amount shall equal \$3.50 per qualifying low-income consumer. If the state commission approves an additional reduction of \$1.75 in the amount paid by consumers, additional federal Lifeline support in the amount of \$1.75 will be made available to the carrier providing Lifeline service to that consumer. Additional federal Lifeline support in an amount equal to one-half the amount of any state Lifeline support will be made available to the carrier providing Lifeline service to a qualifying low-income consumer if the state commission approves an additional reduction in the amount paid by that consumer equal to the state support multiplied by 1.5. The federal Lifeline support amount shall not exceed \$7.00 per qualifying low-income consumer.

(b) Eligible carriers that charge federal End-User Common Line charges or equivalent federal



BellSouth Telecommunications, Inc.
Executive Appeals
22A1
333 Commerce Street
Nashville, TN 37201-3300

March 16, 2000

TO: Vivian Michael-Wilhoite
Tennessee Regulatory Authority

FROM: Robin P. Moore *nom*
BellSouth Executive Appeals

RE: File Number: 00-0227
Discount Communications

This is in response to the questions outlined in your letter dated March 7, 2000, concerning the complaint filed with the Tennessee Regulatory Authority (TRA) by Discount Communications:

1. **Does BellSouth offer a Directory Assistance ("DA") block to its customers? If so, please provide the charge for this service.**

BellSouth has no service that blocks only calls to Directory Assistance. BellSouth's Call Screening and Restriction Services – Customized Code Restriction, Option #1 (Tariff Section A13.20.2.H.1) will restrict all outgoing calls of several types, including calls to Directory Assistance (1+/0+ 411). This Service is available for a monthly rate of \$2.00 for residence lines and \$3.75 for business lines. However, under BellSouth's Lifeline tariff (Tariff Section A3.31.2.A.4), toll blocking, if elected, will be provided at no charge to a Lifeline customer.

2. **If you offer DA block, what other services does the DA block effect, if any? Please explain in detail.**

As indicated in the Tariff referenced above, this service restricts calls to 1+, 0-, 0+, 1+/0+ 411, 976, 900, IDDD 01+, IDD 011+, N11 Services (311,511,611,811) and 101XXXX.

3. **What technical steps would Discount need to take in order to avail itself of the larger 21.56% discount listed on Exhibit A of the BellSouth/Discount Resale Agreement? Discount made a note on this exhibit in its response believing that the two-listed discount percentages indicate that BellSouth can offer a DA block. Please address this concern.**

(Reference Discount's response provided to BellSouth on March 6, 2000.)

This discount was included in the Final Order of TRA Docket 96-01331, and the Second and Final Order of Arbitration Awards in TRA Docket 96-01152 states that this option is available to resellers who choose to provide their own operator services, including but not limited to 0+, 0- and Directory Assistance. BellSouth is unaware of any discussion in those proceedings that contemplated a Directory Assistance blocking mechanism. Nevertheless, the technical steps to implement this arrangement may vary according to the manner in which the reseller chooses to provide these services. As stated in our responses dated February 25 and March 15, 2000, BellSouth's account team will be happy to work with this customer in implementing this arrangement.

According to your response, the Staff understands that a Federal Communication Commission's (FCC) decision is pending in regards to an issue surrounding Link-up credit for Discount. The Staff requests that BellSouth expand the pending request with the FCC to address the following concern:

4. Discount has requested that BellSouth offer a DA block per line after the first six free DA calls per Month. Would such a block violate FCC rule 54.101(a)(8)? The attached rules set forth the supported services and rule 54.401 states that Lifeline encompasses these services.

First, BellSouth has no pending request with the FCC, since BellSouth has no issues related to the Link-Up credits that require resolution by the FCC. We do recognize that Discount Communications has issues with the Link-Up credits and, as indicated in previous responses to this complaint, BellSouth is voluntarily cooperating with Discount Communications to resolve its issues. Perhaps Mr. Hayes would be in a better position to address the Staff's request. Further, BellSouth has no service that blocks calls to Directory Assistance after the first six free calls per month as described above and has no plans to offer such a service. Therefore, BellSouth is not in a position to give a legal opinion on possible violations of the FCC Rule listed above.

5. According to A3.13.2 (A) Directory Assistance Service, BellSouth provides six (6) calls per billing period month without charge. Is this allowance considered in the aggregate for Discount, i.e. total resold lines multiplied by six (6)?

No. BellSouth's Tariff A3.13.2.A states "This call allowance applies per individual subscriber line . . ." The Tariff is applied in the same fashion to lines ordered by resellers, such as Discount Communications, as to lines ordered by BellSouth's retail customers. In addition, Section IV.B of the resale agreement between Discount Communications and BellSouth specifically prohibits the aggregation of specific tariff features, e.g. usage allowance per month, from more than one end user customer, except as noted in the Agreement.

6. What is the per call rate that BellSouth charges Discount for DA?

BellSouth charges Discount Communications the per-call rate listed in Tariff A3.13.3.A, less the 16% discount.

- 7. Would the exemptions stated in A3.13.2 (B) (C) for elderly and disabled customers passed through to resellers such as Discount? If so, please explain in detail how BellSouth can administer this.**

Yes. As BellSouth's customer, a reseller may qualify its customer for these exemptions in the same manner as any BellSouth retail customer.