



BellSouth Telecommunications, Inc.
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August 15, 2001

Joelle J. Phillips
Attorney

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VIA HAND DELIVERY

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

Re: *Second Complaint of Discount Communications, Inc. Against
BellSouth Telecommunications, Inc.*
Docket No. 00-01151

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of BellSouth's Supplement to Amended Notice Regarding Breach of Escrow Arrangement and Intention to Terminate Service and Motion for Emergency Hearing and Clarification of Escrow Requirement. Copies of the enclosed are being provided to counsel of record for all parties.

Very truly yours,

Joelle Phillips

JP/jej

Enclosure

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee**

In Re: *Second Complaint of Discount Communications Against BellSouth Telecommunications, Inc.*

Docket No. 00-01151

**SUPPLEMENT TO AMENDED NOTICE
REGARDING BREACH OF ESCROW ARRANGEMENT
AND INTENTION TO TERMINATE SERVICE AND
MOTION FOR EMERGENCY HEARING AND
CLARIFICATION OF ESCROW REQUIREMENT**

BellSouth Telecommunications, Inc. ("BellSouth") provides this Supplement to the Amended Notice concerning breach of escrow arrangement and intention to terminate service and respectfully shows the Hearing Officer as follows:

1. On Friday, July 27, 2001, at the informal hearing held regarding this matter, BellSouth provided Discount with notice of additional missed escrow payments through July 25, 2001. BellSouth planned to file this supplemental information with the TRA on the following Monday, July 30, 2001, upon receipt of an affidavit to accompany that information. Documentation confirming the deposits to the escrow account made by Discount through July 27, 2001 is attached to this Supplement as Exhibit "A." As reflected in that documentation, Discount failed to make fourteen of its required payments in July. The shortfall created by the failure to pay during this period is \$39,200 bringing the total shortfall to \$128,800 for the period from March 31, 2001 through July 27, 2001.

2. As the parties later learned, Discount filed a petition for bankruptcy protection on Friday, July 27, 2001, and the Hearing Officer determined that the hearing scheduled for July 31, 2001 would not proceed due to the effect of automatic stay. Although the supplemental information outlined in Paragraph 1 above was disclosed to Discount at the informal hearing on July 27, 2001, BellSouth refrained from filing the supplemental notice as planned the following Monday, July 30, 2001, because it received notice that morning of Discount's bankruptcy filing.

3. At a hearing on August 15, 2001, United States Bankruptcy Judge Jennie Davidson Latta ordered that the stay was lifted to allow the parties to proceed to address termination of service in the TRA. Pursuant to Judge Latta's ruling, BellSouth is not required to seek further relief from the stay in the Bankruptcy Court in the event that the Hearing Officer denies Discount's Motion to Continue Service. Judge Latta abstained from establishing a deposit pursuant to 11 U.S.C. § 366 and instead instructed that all such matters could properly be addressed by the TRA.

4. Since July 27, 2001, Discount has failed to make any daily escrow payments to BellSouth.

5. In light of Discount's failure to make the required payments as ordered, BellSouth hereby provides notice of its intention to terminate service to Discount, as agreed at the status conference on January 31, 2001, in order to provide the Hearing Officer time to hear the pending Motion to Continue Service.

Given the interruption in these proceedings caused by Discount's bankruptcy filing, BellSouth agrees that the five day notice period formerly established in this matter should begin again with the filing of this Supplemental Notice. Accordingly, BellSouth respectfully requests that a hearing be scheduled not later than August 22, 2001 regarding Discount's Motion to Continue Service.

6. BellSouth also respectfully requests clarification from the Hearing Officer that the escrow requirement remains in effect in light of Judge Latta's decision to abstain from establishing a new deposit or escrow arrangement, in favor of the jurisdiction of the TRA to address this matter.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.

By: 
Joelle J. Phillips
333 Commerce Street, Suite 2101
Nashville, Tennessee 37201-3300
(615) 214-6311

CERTIFICATE OF SERVICE

I hereby certify that on August 15, 2001, a copy of the foregoing document was served on the parties of record, via the method indicated:

- ☐ Hand
- ☒ Mail
- ☒ Facsimile
- ☐ Overnight

Henry Walker, Esquire
Boult, Cummings, Conners & Berry
Post Office Box 198062
Nashville, Tennessee 37219-8062

- ☐ Hand
- ☒ Mail
- ☒ Facsimile
- ☐ Overnight

Tim Phillips, Esquire
Consumer Advocate Division
Post Office Box 20207
Nashville, Tennessee 37202

- ☐ Hand
- ☒ Mail
- ☒ Facsimile
- ☐ Overnight

Vance Broemel, Esquire
Consumer Advocate Division
Post Office Box 20207
Nashville, Tennessee 37202

A handwritten signature in black ink, appearing to read "Vance Broemel", is written over a horizontal line.

EXHIBIT "A"

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee**

In Re: *Discount Communications, Inc.*

Docket No. 00-00230

SUPPLEMENTAL AFFIDAVIT OF KIMBERLY E. SANDS

STATE OF TENNESSEE:

COUNTY OF SHELBY:

Personally appeared before me, the undersigned Notary Public in and for said State and County, Kimberly E. Sands, who has been duly sworn to state the following:

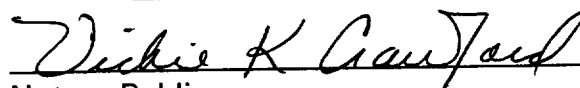
1. My name is Kimberly Sands. I am an adult who makes this Affidavit upon my oath and personal knowledge.
2. This affidavit is intended to supplement my previous affidavit dated July 23, 2001.
3. Attached to this affidavit is a calendar summary reflecting all deposits made thus far by ATM for the month of July.

FURTHER AFFIANT SAITH NOT.



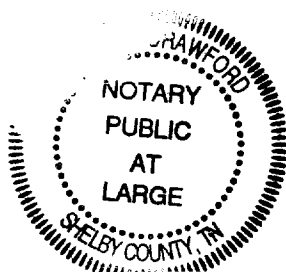
Kimberly Sands

SWORN TO AND SUBSCRIBED before me this 27th day of July, 2001.



Notary Public

**MY COMMISSION EXPIRES:
June 13, 2004**



JULY, 2001				Total deposits through 7/27: Number of week days without any payment: Shortfall:		\$39,200
Monday	Tuesday	Wednesday	Thursday	Friday		
2 \$2800 (Saturday - 6/30) No payment for Sunday No payment for Monday \$2800 TOTAL	3 \$2800 deposit \$2800 deposit (for Wed.) \$5600 TOTAL	4 Holiday - Banks Closed Deposit made 7/3/01	5 \$2800 deposit \$2800 TOTAL	6 No payment for Friday	14 \$39,200	
9 \$2800 deposit (Saturday) No Payment for Sunday No Payment for Monday \$2800 TOTAL	10 \$2800 deposit \$2800 TOTAL	11 No payment for Wednesday	12 \$2800 deposit \$2800 TOTAL	13 No payment for Friday		
16 \$2800 deposit (Saturday) No Payment for Sunday No Payment for Monday \$2800 TOTAL	17 \$2800 deposit \$2800 TOTAL	18 \$2800 deposit \$2800 TOTAL	19 No payment for Thursday \$2800 TOTAL	20 No payment for Friday		
23 \$2800 (Saturday) \$2800 (Sunday) No Payment for Monday \$5600 TOTAL	24 \$2800 deposit \$2800 TOTAL	25 No payment for Wednesday	26 \$2800 deposit \$2800 TOTAL	27 No payment for Friday		