

TENNESSEE REGULATORY AUTHORITY

Deborah Taylor Tate, Chairman
Pat Miller, Director
Sara Kyle, Director
Ron Jones, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

December 12, 2003

Mr. Henry Walker, Esq.
Boult, Cummings, Conners & Berry, PLC
414 Union Street, Suite 1600
P.O. Box 198062
Nashville, Tennessee 37219

RE: TRA Docket No. 03-00542 – Application of BetterWorld Telecom, LLC for Authority to Provide Resold Telecommunications Services in Tennessee.

TRA Docket No. 03-00566 – Staff Investigation of BetterWorld Telecom, LLC for Alleged Violations of Tenn. Code Ann. §§ 65-4-125(j) and 201 and Tenn. Comp. R. & Regs. 1220-4-2-.57(2).

Dear Mr. Walker:

As you know, the Tennessee Regulatory Authority ("TRA") received a check in the amount of \$1,000.00, which was voluntarily sent on behalf of BetterWorld Telecom, LLC on December 1, 2003. This letter will confirm that this payment was not made as a part of any settlement agreement between the TRA and BetterWorld. To the contrary, the settlement discussions between the Consumer Services Division of the TRA (the "CSD") and BetterWorld ended several weeks ago when BetterWorld failed to complete the necessary requirements for obtaining a Certificate of Public Convenience and Necessity ("CCN") as was contemplated in the original negotiations.

By way of background, in July 2003, it came to the attention of the CSD that BetterWorld has been providing services in the state of Tennessee since February 10, 2003 without the requisite CCN in violation of Tenn. Code Ann. § 65-4-201 and Tenn. Comp. R. & Regs. 1220-4-2-.57(2). The CSD notified BetterWorld of these violations and the necessity of immediately obtaining a CCN in order to continue providing service in Tennessee. During this time, the TRA has suspended its enforcement action against BetterWorld while working with BetterWorld, through the application process, to help bring the Company into regulatory compliance. As of the date of this letter, those efforts have been unsuccessful.

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Because BetterWorld has not provided a surety bond or letter of credit as required by Tenn. Code Ann. §65-4-125(j), the TRA has been unable to consider the Company's CCN application. After numerous extensions of time, BetterWorld's compliance with this statutory requirement now appears unlikely and, accordingly, the TRA cannot approve the application. Moreover, because BetterWorld has continued to provide services in Tennessee throughout this time period without obtaining a CCN, the CSD must actively pursue its enforcement action against the Company which will lead to the assessment of penalties under Tenn. Code Ann. § 65-4-120.

In as much as BetterWorld is not certificated to provide telecommunications services in Tennessee and cannot become certificated in the near future, the Company is hereby notified that it must take immediate steps to notify its customers that it can no longer provide services in Tennessee and to begin the process of transitioning its customers to other service providers. Please contact Eddie Roberson, Chief of the CSD, to coordinate with him the necessary notification to Tennessee customers and the process of transferring those customers.

Thank you for your attention to this matter. Please feel free to contact me at any time with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "K Beals", with a stylized, cursive script.

Kim Beals, Counsel

cc: Deborah Taylor Tate, Chairman
Eddie Roberson, Chief of Consumer Services Division
Joe Werner, Chief of Telecommunications Division
Richard Collier, General Counsel
Docket File Nos. 03-00542 and 03-00566