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NASHVILLE, TENNESSEE  
T.R.A. DOCKET ROOM



IN RE:

STAFF INVESTIGATION OF TRI-M COMMUNICATIONS,  
INC. FOR ALLEGED VIOLATION OF TENN. CODE ANN. §  
65-4-201 AND TENN. COMP. R. & REGS. 1220-4-2-.57(2)

DOCKET NO.  
09-00061

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### SETTLEMENT AGREEMENT

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This Settlement Agreement, which has been voluntarily entered into between the Consumer Services Division ("CSD") of the Tennessee Regulatory Authority ("TRA" or "Authority") and TRI-M Communications, Inc. ("TRI-M" or the "Company"), resolves all issues and causes of action by the TRA involving TRI-M's alleged noncompliance with TENN. CODE ANN. § 65-4-201, and TENN. COMP. R. & REGS 1220-4-2-.57(2) (operating without a certificate of public convenience and necessity) from March 28, 2002 through the date of the execution of this Settlement Agreement. This Settlement Agreement is subject to the approval by the Directors of the TRA.

TRI-M was granted a Certificate of Convenience and Necessity ("CCN") granting authority to conduct business as a public utility in Tennessee pursuant to order in Docket No. 98-00801. On March 28, 2002, the Authority revoked TRI-M's CCN by issuing its *Order Revoking Authority to Conduct Business as a Public Utility in the State of Tennessee for Failure to Provide Surety Bond or Irrevocable Letter of Credit*, a copy of which was sent to the Company. On December 2, 2002, TRI-M was again notified via certified letter that its CCN had been cancelled. TRI-M continued to file the required inspection, control and supervision fees pursuant to TENN. CODE ANN. §§ 65-4-304 through 308 for the calendar years 2002 through 2004. On May 31, 2005, a letter was sent to TRI-M advising

that it was operating in Tennessee without authority. TRI-M continued to file the required inspection, control and supervision fees for the calendar years 2005 through 2008. On April 8, 2009, the CSD sent a certified letter to TRI-M advising TRI-M that the TRA had opened an investigation into the matter and continued failure on the part of TRI-M to become re-certified could result in penalties of \$50.00 per day pursuant to TENN. CODE ANN. § 65-4-120.

The CSD alleges that TRI-M has been in violation of TENN. CODE ANN. § 65-4-201 and TENN. COMP. R. & REGS. 1220-4-2-.57(2) since March 28, 2002. TRI-M has stated that the personnel responsible for its regulatory affairs never made TRI-M's upper management aware that its CCN had been cancelled. TRI-M maintains that if the proper people had been aware of the facts, it would have remedied this situation long ago.

TENN. CODE ANN. § 65-4-120 authorizes the TRA to impose a penalty or fine in the amount of fifty dollars (\$50.00) per day upon any public utility in violation of any rule or requirement of the TRA. The CSD also alleges that TRI-M has been providing service illegally in Tennessee for a minimum of 2,585 days, resulting in a potential total penalty of one hundred twenty nine thousand dollars (\$129,000). After consideration of the factors provided in TENN. CODE ANN. § 65-4-116(b), including the Company's size, financial status, the gravity of the violation and the assurance from TRI-M that it has started the re-certification process, the CSD and the Company have agreed that a settlement of twenty thousand dollars (\$20,000) is reasonable and appropriate.

Therefore, the CSD and TRI-M agree to settle this matter based upon the following acknowledgements and terms, subject to approval by the Directors of the TRA:

1. TRI-M neither admits nor denies that it has provided telecommunications services in Tennessee in violation of TENN. CODE ANN. § 65-4-201 and TENN. COMP. R. & REGS. 1220-4-2.57(2).
2. TRI-M agrees to pay to the TRA the sum of twenty thousand dollars (\$20,000) (the "Settlement Payment") to the Office of the Chairman of the TRA in a series of

payments. The first payment of eight thousand dollars (\$8,000) will be due no later than the first day of the month following the date the panel of Directors assigned to this Docket approves this Settlement Agreement. The remaining twelve thousand dollars (\$12,000) will be paid in eight (8) equal payments of one thousand five hundred dollars (\$1,500) each and will be due on the first day of each month after the first payment.

3. Upon TRA approval of TRI-M's petition for a CCN, TRI-M agrees, henceforth, to remain in compliance with all the statutory and regulatory requirements of the TRA.
4. TRI-M agrees that a company representative will appear at the Authority Conference during which the Directors consider this Settlement Agreement. Such appearance may be by telephone.
5. Compliance with all terms and conditions of this Settlement Agreement by TRI-M shall be deemed a full settlement, release, accord and satisfaction of all liability for the aforementioned alleged violations.
6. In the event that TRI-M fails to comply with the terms and conditions of this Settlement Agreement, the TRA reserves the right to re-open this investigation and TRI-M shall pay any and all costs incurred by the TRA to enforce the Settlement Agreement.
7. This Settlement Agreement represents the entire agreement between the parties, and there are no representations, agreements, arrangements or understandings, oral or written, between the parties relating to the subject matter of this Settlement Agreement which are not fully expressed herein or attached hereto.
8. If any clause, provision or section of this Settlement Agreement shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Settlement Agreement and this Settlement Agreement shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.

Carsie D. Mundy  
Carsie D. Mundy  
Chief, Consumer Services Division  
Tennessee Regulatory Authority

JUNE 6, 2009  
Date

[Signature]  
Signature

RON IRELAND  
Print Name

PRESIDENT  
Print Title

5/21/09  
Date