

THE TENNESSEE REGULATORY AUTHORITY

AT NASHVILLE, TENNESSEE

August 18, 2009

IN RE:)	
)	DOCKET NO.
STAFF INVESTIGATION OF TRI-M)	09-00061
COMMUNICATIONS, INC. FOR)	
ALLEGED VIOLATION OF TENN.)	
CODE ANN. § 65-4-201 AND TENN.)	
COMP. R. & REGS. 1220-4-2-.57(2))	

ORDER APPROVING SETTLEMENT AGREEMENT

This matter came before Chairman Sara Kyle, Director Eddie Roberson, and Director Mary W. Freeman of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on August 4, 2009, for consideration of a proposed Settlement Agreement between the Consumer Services Division of the TRA (the “CSD”) and TRI-M Communications, Inc. (“TRI-M” or the “Company”), for 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 (“CCN”)). The proposed Settlement Agreement is attached hereto as Exhibit A.

This docket originated with an investigation by the CSD which began on April 8, 2009. The CSD determined 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 R. & Regs. 1220-4-2-.57(2) since March 28, 2002 when the Company’s CCN was revoked for failure to provide a surety bond as required by Tenn. Code Ann. § 65-4-125(j). A certified letter was sent to TRI-M advising that the TRA had

opened an investigation into the matter and that failure to re-certify could result in penalties of fifty dollars per day pursuant to Tenn. Code Ann. § 65-4-120. The CSD alleges that TRI-M has been providing service illegally in Tennessee for a minimum of 2,585 days, resulting in potential total penalties in the amount of \$129,000.00. In response, TRI-M stated that the personnel responsible for its regulatory affairs never notified TRI-M's upper management that its CCN had been canceled.

In negotiating the terms and conditions of this Settlement Agreement, the CSD took into consideration Tenn. Code Ann. § 65-4-116(b), which provides:

In determining the amount of the penalty, the appropriateness of the penalty to the size of the business of the person, firm or corporation charged, the gravity of the violation and the good faith of the person, firm or corporation charged in attempting to achieve compliance, after notification of a violation, shall be considered. The amount of the penalty, when finally determined, may be deducted from any sums owing by the state to the person, firm or corporation charged or may be recovered in a civil action in the courts of this state.

TRI-M agrees to remit payment to the TRA the amount of \$20,000.00 in a series of payments. The first payment of \$8,000.00 is due no later than the first day of the month following the date the panel approves this Settlement Agreement. The remaining \$12,000.00 will be paid in eight equal payments of \$1,500.00 due on the first day of the month after the first payment.

The panel considered the proposed Settlement Agreement at the regularly scheduled Authority Conference held on August 4, 2009. A representative of Tri-M participated telephonically during the Authority Conference. Following a discussion with the parties and a review of the Settlement Agreement, the panel voted unanimously to accept and approve the Settlement Agreement.

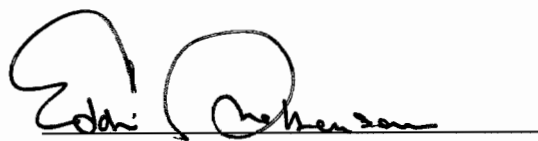
IT IS THEREFORE ORDERED THAT:

1. The Settlement Agreement, attached hereto as Exhibit A, is accepted and approved and is incorporated into this Order as if fully rewritten herein.

2. The amount of \$20,000 shall be paid by Tri-M Communications, Inc. to the Tennessee Regulatory Authority. The first installment payment of \$8,000 shall be due on September 1, 2009. Eight subsequent installment payments in the amount of \$1,500 each shall be due on the first of each month beginning on October 1, 2009.

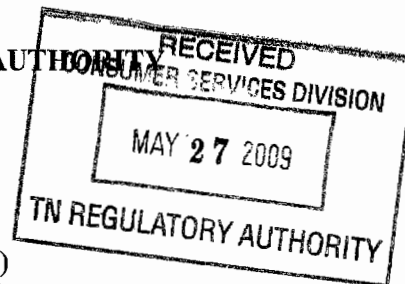
3. Upon payment of the amount of \$20,000 and compliance with the terms of the Settlement Agreement attached hereto, Tri-M Communications, Inc. is excused from further proceedings in this matter, provided that, in the event of any failure on the part of Tri-M Communications, Inc. to comply with the terms and conditions of the Settlement Agreement, the Authority reserves the right to re-open this docket.


Sara Kyle, Chairman


Eddie Roberson, Director


Mary W. Freeman, Director

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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

SETTLEMENT AGREEMENT

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

Exhibit A

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.

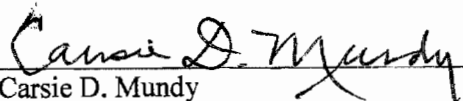
TENN. CODE ANN. § 65-4-120 authorizes the TRA to impose a penalty or fine in the amount of fifty dollars (\$50.00) per day upon any public utility in violation of any rule or requirement of the TRA. The CSD also alleges that TRI-M has been providing service illegally in Tennessee for a minimum of 2,585 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
Chief, Consumer Services Division
Tennessee Regulatory Authority

JUNE 6, 2009
Date


Signature

Ron Ireland
Print Name

PRESIDENT
Print Title

5/21/09
Date