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Hon. Sara Kyle, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

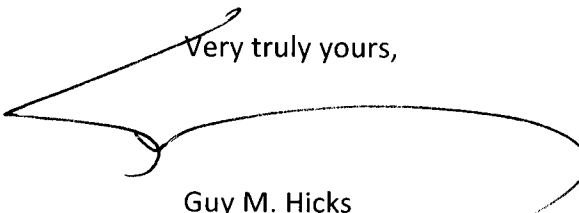
Re: *BellSouth Telecommunications, Inc. dba AT&T Southeast dba AT&T Tennessee vs.
Budget Prepay, Inc. dba Budget Phone fka Budget Phone, Inc.*
Docket No. 10-00004

Dear Chairman Kyle:

Enclosed for filing in the referenced dockets are the original and four copies of
AT&T's Response to Budget Phone's Answer/Counterclaims.

Copies have been provided to counsel of record.

Very truly yours,



Guy M. Hicks

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BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In Re: *BellSouth Telecommunications, Inc. dba AT&T Southeast dba AT&T Tennessee vs. Budget Prepay, Inc. dba Budget Phone fka Budget Phone, Inc.*
Docket No. 10-00004

AT&T TENNESSEE'S RESPONSE TO BUDGET PHONE'S ANSWER/COUNTERCLAIMS

BellSouth Telecommunications, Inc. d/b/a AT&T Southeast, d/b/a AT&T Tennessee ("AT&T Tennessee") respectfully submits this Response to the Answer and Counter-Claims ("Answer/Counterclaims") filed by Budget Prepay, Inc. d/b/a Budget Phone ("Budget Phone") on or about February 25, 2010.

1. Any allegation in the Answer/Counterclaims to which a response is required of AT&T Tennessee is denied unless expressly and explicitly admitted herein.

2. The allegations in the "Defenses" section of the Answer/Counterclaim (at pages 1-4) require no response from AT&T Tennessee. Without waiving the foregoing, AT&T Tennessee denies: that any of the affirmative defenses alleged by Budget Phone are valid; that it has violated any provision of law; and that Budget Phone is entitled to attorneys' fees. Moreover, for the reasons set forth in AT&T Tennessee's Response to Motions to Dismiss and/or Stay, AT&T Tennessee objects to Budget Phone's requests, in Paragraphs 2-4 (at pages 1-3) of its Answer/Counterclaim, that the Authority dismiss AT&T Tennessee's Complaint or delay these proceedings, and AT&T Tennessee denies that Budget Phone is entitled to anything it requests in those paragraphs.

3. The allegations in the “Answer” section of the Answer/Counterclaim (at pages 4-7) require no response from AT&T Tennessee. Without waiving the foregoing, AT&T Tennessee denies Budget Phone’s assertions, in Paragraphs 15-16, that it does not claim any credits under referral marketing promotions.

RESPONSE TO COUNTERCLAIMS

4. In response to Paragraph 1 of the Counterclaims (at page 7 of the Answer/Counterclaim), AT&T Tennessee admits that Budget Phone and AT&T Tennessee have entered into the interconnection agreements described in Paragraph 4 of AT&T Tennessee’s Complaint. AT&T Tennessee denies the allegations in Paragraph 1 of the Counterclaim to the extent they are inconsistent with this admission.

5. In response to Paragraph 2 of the Counterclaims (at page 7 of the Answer/Counterclaims), AT&T Tennessee admits it agreed to charge Budget Phone a SOMEK rate of \$3.50 as of the effective date of Budget Phone’s adoption of the AT&T/Level 3 Communications interconnection agreement.

6. In response to Paragraph 3 of the Counterclaims (at page 7 of the Answer/Counterclaims), AT&T Tennessee admits that since the effective date of the of Budget Phone’s adoption of the AT&T/Level 3 Communications interconnection agreement, AT&T Tennessee mistakenly has charged Budget Phone a different SOMEK charge than the \$3.50 set forth in that agreement. AT&T Tennessee denies the allegations in Paragraph 3 of the Counterclaims to the extent they are inconsistent with this admission.

7. In response to Paragraph 4 of the Counterclaims (at pages 7-8 of the Answer/Counterclaims), AT&T Tennessee admits that it has acknowledged this mistake to

Budget Phone. AT&T Tennessee further asserts that it has worked in good faith with Budget Phone to address and correct this mistake in a business-to-business manner and that it will continue to do so.

8. In response to Paragraph 5 of the Counterclaims (at pages 8 of the Answer/Counterclaims), AT&T Tennessee admits that it owes, and will provide, Budget Phone bill credits to correct the mistake described above. AT&T Tennessee denies the remaining allegations in Paragraph 5 of the Counterclaim.

9. In response to Paragraph 6 of the Counterclaim (at pages 8 of the Answer/Counterclaims), AT&T Tennessee admits that it is in the process of correcting the mistake described above. AT&T Tennessee denies the remaining allegations in Paragraph 6 of the Counterclaim.

10. In response to Paragraph 7 of the Counterclaim (at pages 8 of the Answer/Counterclaims), AT&T Tennessee admits that it is in the process of correcting the mistake described above. AT&T Tennessee denies the remaining allegations in Paragraph 7 of the Counterclaim.

11. AT&T Tennessee denies the allegations in Paragraph 8 of the Counterclaim (at pages 8-9 of the Answer/Counterclaims).

12. AT&T Tennessee denies that Budget Phone is entitled to any of the relief it seeks in its Answer/Counterclaims, including without limitation the relief sought in the “wherefore” clause at page 9.

AFFIRMATIVE DEFENSES

13. Budget Phone's Counterclaims fail to state a cause of action upon which relief can be granted.

14 Budget Phone's Counterclaims are barred, in whole or in part, by the doctrines of unclean hands, laches, forbearance, waiver, and/or estoppel.

15. Budget Phone's Counterclaims are barred, in whole or in part, by the applicable statute of limitations and/or the applicable "dispute" provisions of the parties' interconnection agreement(s), including without limitation provisions addressing the presentment, pursuit, escalation, and preservation of billing disputes.

16. Budget Phone's Counterclaims are barred, in whole or in part, by Budget Phone's failure to mitigate any damages allegedly sustained.

17. To the extent the Authority awards Budget Phone any relief with regard to its Counterclaims (and it should not), such relief should be only prospective in nature.

WHEREFORE, AT&T Tennessee respectfully requests that the Authority enter an Order denying all relief sought by Budget Phone, dismissing all Counterclaims, and granting such further relief as the Authority deems appropriate.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.
dba AT&T Tennessee

By: 

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CERTIFICATE OF SERVICE

I hereby certify that on April 9, 2010, a copy of the foregoing document was served on the following, via the method indicated:

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

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