



Guy M. Hicks
General Attorney - TN

AT&T Tennessee
333 Commerce Street
Suite 2101
Nashville, TN 37201-1800

T: 615.214.6301
F: 615-214-7406
gh1402@att.com

July 28, 2010

VIA HAND DELIVERY

filed electronically in docket office on 07/28/10

Hon. Rebecca Montgomery, Hearing Officer
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *BellSouth Telecommunications, Inc. dba AT&T Southeast dba AT&T Tennessee vs. Tennessee Telephone Service, LLC dba Freedom Communications, LLC, dba Freedom Communications USA, LLC*
Docket No. 10-00005

Complaint of Tennessee Telephone dba Freedom Communications Against AT&T Tennessee
Docket No. 10-00138

Dear Hearing Officer Montgomery,

Enclosed for filing in these dockets is a copy of a letter from BellSouth Telecommunications, Inc. dba AT&T Southeast and AT&T Tennessee ("AT&T") notifying Tennessee Telephone Service, LLC dba Freedom Communications USA, LLC ("Freedom") that it is in breach of the Memorandum of Understanding dated July 22, 2010 ("MOU") and, therefore, AT&T will discontinue and terminate Freedom's services in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee on August 4, 2010 as permitted by the MOU.

Specifically, the \$600,000 Bond Freedom submitted at 4:47 p.m. Central Time on July 27, 2010 (which reflects a good-faith extension by AT&T of the deadline set forth in the MOU) does not comply with MOU.¹ Paragraph 5 of the MOU makes it clear that the increased security Freedom agreed to provide must provide security for past-due balances. The bond Freedom actually submitted, however, states that "the liability of the Surety for any acts or defaults occurring before the effective date hereof shall in no event exceed the total sum of

¹ Although Freedom requested, and AT&T provided, a copy of AT&T's standard bond form, the Bond Freedom submitted is not written on AT&T's standard form. A copy of the standard bond form AT&T provided to Freedom is attached as Exhibit 1.



Hon. Rebecca Montgomery, Hearing Officer
July 28, 2010
Page 2

\$200,000," which is the amount of the original security.² In other words, the additional security provided by the bond Freedom submitted provides no protection against past-due amounts.

Furthermore, Freedom failed to submit the "detailed written explanation of all pending requests for promotional credits" by 5:00 p.m. Central Time on Friday July 23, 2010, as required by the MOU (Paragraph 4).

Finally, no payments have been made by Freedom to AT&T in response to the collection letters to Freedom dated June 18, 2010 from AT&T Florida, AT&T Georgia, AT&T Kentucky, AT&T Louisiana, AT&T Mississippi, AT&T North Carolina, and AT&T Tennessee.

A copy of this letter has been provided to counsel of record for Freedom.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Guy M. Hicks', with a large, sweeping loop at the end.

Guy M. Hicks

² Exhibit 2 is a copy of the Bond Freedom submitted.

at&t

AT&T Southeast
600 North 19th Street
22nd Floor
Birmingham, AL 35203

VIA EMAIL, matt@tenntel.com; mattdavis@freedomusa.com
VIA FED EX, Tracking No. 8726 2365 8879

July 28, 2010

Mathew T. Davis
CEO
Tennessee Telephone Service, LLC
d/b/a Freedom Communications USA, LLC
201 Skyline Drive
Dickson, Tennessee 37055

Re: Notice of Suspension and Discontinuance of Service

Dear Mr. Davis:

Attempts to collect past due amounts from Tennessee Telephone Service, LLC d/b/a Freedom Communications USA, LLC ("Freedom") have been unsuccessful and to date no payment has been received in response to the collection letters dated June 18, 2010 from AT&T Alabama, AT&T Florida, AT&T Georgia, AT&T Kentucky, AT&T Louisiana, AT&T Mississippi, AT&T North Carolina, AT&T South Carolina and AT&T Tennessee.

Moreover, Freedom has failed to comply with the terms of the Memorandum of Understanding dated July 22, 2010 between Freedom and AT&T (the "MOU"). After failing to increase its security deposit to \$600,000 by 2:00 pm Central Time on Monday, July 26, 2010 (which AT&T later extended to 2:00 pm Central Time on July 27) as required by paragraph 1 of the MOU, the Bond Freedom submitted at 4:47 pm Central Time on July 27 does not comply with the MOU.

Although Freedom requested, and AT&T provided, a copy of AT&T's standard bond form, the Bond Freedom submitted is not written on AT&T's standard form. Moreover, the Bond contains a temporal limitation that does not provide appropriate protection to AT&T. Specifically, the Bond is limited to \$200,000 for acts or defaults that occurred before the effective date of July 27, and the increased sum to \$600,000 is only for future acts or defaults. No such temporal limitation appears in AT&T's standard bond form.

Furthermore, as clearly specified in the MOU (Paragraph 5) the purpose of the deposit was to secure Freedom's obligations with respect to the past due amount due from Freedom to AT&T. By its exclusion of past acts and defaults, the Bond does not provide such security.

Finally, Freedom failed to submit the "detailed written explanation of all pending requests for promotional credits" by 5:00 pm Central Time on Friday, July 23, 2010 as required by paragraph 4 of the MOU.

As a result of these breaches, through paragraph 10 of the MOU, Freedom has waived the protection of the state commission orders "with regard to suspension or termination of service." Paragraph 3 of the MOU therefore entitles AT&T to suspend order processing for Freedom in all states "immediately." AT&T hereby provides notice that it will initiate suspension for Louisiana,

at&t

North Carolina, South Carolina and Tennessee today, and that the order processing for the other states will remain suspended.

Paragraph 3 of the MOU and Section 1.5 *et seq.* of Attachment 7, Billing, to the Interconnection Agreement between AT&T and Freedom, further entitle AT&T to discontinue and terminate services to Freedom in all states with five business days' notice. AT&T hereby provides notice that it will discontinue and terminate Freedom's services in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee on August 4, 2010.

If any end users have a Local Service Freeze, this freeze will be removed at the time of discontinuance to give the end user the ability to choose a new local service provider.

Pursuant to the Interconnection Agreement between Freedom and AT&T, it is Freedom's responsibility to notify its end users of this impending disconnection.

If you have any questions, please contact me directly at 205-244-6716.

Sincerely,

A handwritten signature in cursive script, appearing to read "Leisa Mangina".

Leisa Mangina, Manager
Credit and Collections
AT&T-Southeast

SURETY BOND

KNOW ALL PERSONS BY THESE PRESENTS, that _____ (hereinafter referred to as "Principal"), and _____ (hereinafter referred to as "Surety"), a corporation organized and existing under the laws of the State of _____, and duly authorized to conduct and carry on general surety business in the State of Georgia, are held and firmly bound unto BellSouth Telecommunications, Inc. (hereinafter, "AT&T"), as Obligee, in full and just sum of _____ Dollars (\$_____) (hereinafter referred to as the "penal amount"), lawful money of the United States of America, for the payment of which sum, well and truly to be made, Principal and Surety hereby bind themselves, their respective heirs, legal representatives, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, Principal has applied for, or contracted for, certain telecommunications services and/or facilities; and

WHEREAS, AT&T has requested Principal to furnish security for the prompt payment of all amounts billed to Principal by AT&T for itself or for others (hereinafter referred to as "said charges");

NOW, THEREFORE, in consideration of the present forbearance by AT&T to seek to compel Principal to make a cash deposit as a condition of furnishing such services and or facilities, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Principal and Surety agree as follows: that if Principal shall well and faithfully perform the obligations herein recited and shall promptly pay said charges in full, on or before the due date for said charges, then this obligation shall be null and void; but otherwise, this obligation shall remain in full force and effect, and Surety herein agrees to pay said charges within thirty (30) days after written demand by AT&T to Surety, which demand shall be made only after Principal has failed to promptly pay said charges in full, on or before the due date for said charges, and if payment is not made by Surety within said thirty (30) days, Surety further agrees to pay to AT&T all of its costs for collection, legal expenses and attorneys' fees paid or incurred by AT&T in collecting the penal amount or said charges plus applicable interest.

This Bond is issued and executed subject to the following conditions:

1. That the term of this Bond shall be indefinite.
2. That Surety reserves the right to cancel or reduce the penal amount of this Bond by giving sixty (60) days prior written notice to AT&T to the following address and position via certified mail, return receipt requested:

AT&T Credit & Collections
Attention: Business Credit Management
675 W Peachtree St NW
Room: 10J32
Atlanta, GA 30375

and on the effective date of cancellation, Surety is discharged and released from further liability hereunder; it being understood and agreed, however, that Principal and Surety will be liable for up to the penal amount for any and all of said charges accruing up to the effective date of cancellation.

3. The liability of Surety for the penal amount shall be direct and primary, and AT&T may collect the penal amount without proof that Principal is insolvent or unable to pay said charges.

4. An increase or decrease in the type, volume and charges for telecommunications services and/or facilities, either with or without Surety's knowledge, shall in no event affect the penal amount of this Bond or Surety's obligations under this Bond.

5. No extension, modification, or other alteration of payment terms or arrangements, either with or without Surety's knowledge, shall affect Surety's liability hereunder.

6. No claim by the Principal that amounts due to AT&T for telecommunication services and/or facilities are in dispute, either in whole or in part, either with or without Surety's knowledge, shall effect Surety's obligations hereunder.

7. The posting of this Bond shall not affect the right of AT&T to require any additional or increased security of Principal, or to exercise any remedy it may have under contract or its lawfully filed tariffs, and Surety hereby waives notice of any such additional or increased security or exercise of such remedy. A requirement of additional or increased security from Principal or exercise of any remedy against Principal under contract or AT&T's lawfully filed tariffs shall in no event affect the penal amount of this Bond.

8. The laws of the State of Georgia shall govern the validity, construction, interpretation, and performance of this Agreement. The jurisdictional venue for any legal proceedings involving this Agreement shall be held in any applicable local, state or federal court located within the State of Georgia.

9. Surety expressly waives the following:

(a) Notice of the acceptance of this Bond by AT&T.

(b) Notice of the amount of indebtedness now existing or which may hereafter exist, from time to time.

(c) Notice of the type, volume and charges for the telecommunications services and/or facilities requested by Principal, and any increase or decrease of such charges.

(d) Notice of any payments, whether prepaid, timely paid, partially paid, or delinquent, any demand for payment, notice of default of nonpayment, presentment, protest, and notice of protest as to any obligation arising hereunder or any delay in billing or any extension of time for payment granted by AT&T for said charges.

(e) All other notices to which the undersigned might otherwise be entitled in connection with this Bond or the indebtedness or obligation hereby guaranteed.

(f) The right, pursuant to O.C.G.A. § 10-7-24 or any similar applicable statute, to give notice to AT&T at any time after the debt is due instructing AT&T to first proceed to collect the debt from Principal.

10. There are no conditions or limitations to this Bond except those contained in writing herein at the date hereof, and thereafter no alteration, change or modification hereof shall be binding or effective unless executed in writing and signed by the undersigned.

IN WITNESS WHEREOF, Principal and Surety have duly executed or caused to be executed this Bond this _____ day of _____, 200____.

PRINCIPAL

Company: _____

By: _____

Name: _____

Title: _____

SURETY

Company: _____

By: _____

Name: _____

Title: _____



INCREASE CERTIFICATE

Principal: **TENNESSEE TELEPHONE SERVICE, LLC (CREDIT
BUREAU OF NORTH AMERICA)**
220 CREEKSIDE DRIVE, P. O. BOX 1995
DICKSON, TN 37055

Bond No. **104043530**
License No.
Amount of Bond: **\$200,000.00**
Hereby increased to: **\$600,000.00**

Obligee: **BELLSOUTH TELECOMMUNICATIONS, INC.**
C/O AT&T, ATTN: LARRY W. THAXTON, 675 W. PEACHTREE STREET, NW 10J32
ATLANTA, GA 30375

As of July 27, 2010, the amount of the above described bond is increased from the sum of \$200,000.00 to the sum of \$600,000.00, but the liability of the Surety for any acts or defaults occurring before the effective date hereof shall in no event exceed the total sum of \$200,000.00, and the aggregate liability of the Surety for any acts or defaults, whenever committed, shall in no event exceed the total sum of \$600,000.00, it being the intent hereof to preclude cumulative liability. This certificate, when signed by the Principal shall become a part of the said bond.

Signed, sealed and dated July 27, 2010

Travelers Casualty and Surety Company of America

By

Attorney-in-Fact

I hereby consent to the above increase.

Witness my hand and seal this 27 day of July, 2010

TENNESSEE TELEPHONE SERVICE, LLC (CREDIT BUREAU OF NORTH AMERICA)

(Signature) (Seal)
Principal

INSTRUCTIONS TO AGENTS - IMPORTANT

Do not deliver this certificate to the Obligee until it has been dated and signed by the Principal. One signed copy must be returned to the Surety.



POWER OF ATTORNEY

Farmington Casualty Company
 Fidelity and Guaranty Insurance Company
 Fidelity and Guaranty Insurance Underwriters, Inc.
 St. Paul Fire and Marine Insurance Company
 St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
 Travelers Casualty and Surety Company
 Travelers Casualty and Surety Company of America
 United States Fidelity and Guaranty Company

Attorney-In Fact No. 222050

Certificate No. 003455052

KNOW ALL MEN BY THESE PRESENTS: That St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc., is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Kyle C. Ruf, Cindy Sue Seals, Shellie Renee Miller, Amanda Russell, and Pam Stanford

of the City of Dickson, State of Tennessee, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 21st day of January, 2010

Farmington Casualty Company
 Fidelity and Guaranty Insurance Company
 Fidelity and Guaranty Insurance Underwriters, Inc.
 St. Paul Fire and Marine Insurance Company
 St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
 Travelers Casualty and Surety Company
 Travelers Casualty and Surety Company of America
 United States Fidelity and Guaranty Company



State of Connecticut
 City of Hartford ss.

By:

George W. Thompson
 George W. Thompson, Senior Vice President

On this the 21st day of January, 2010, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
 My Commission expires the 30th day of June, 2011.



Marie C. Tetreault
 Marie C. Tetreault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, which resolutions are now in full force and effect, reading as follows:

RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

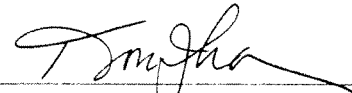
FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

FURTHER RESOLVED, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

FURTHER RESOLVED, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kori M. Johanson, the undersigned, Assistant Secretary, of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this _____ day of _____, 20 ____.


Kori M. Johanson, Assistant Secretary



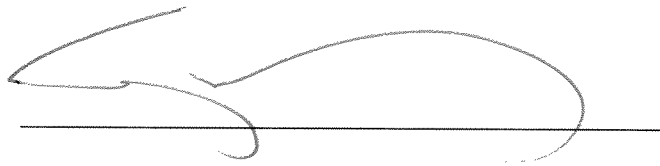
To verify the authenticity of this Power of Attorney, call 1-800-421-3880 or contact us at www.travelersbond.com. Please refer to the Attorney-In-Fact number, the above-named individuals and the details of the bond to which the power is attached.

CERTIFICATE OF SERVICE

I hereby certify that on July 28, 2010, a copy of the foregoing document was served on the following, via the method indicated:

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

Henry Walker, Esquire
Bradley Arrant Boulton Cummings
1600 Division Street, Suite 700
P. O. box 340025
Nashville, TN 37203
hwalker@babbc.com

A handwritten signature in dark ink, appearing to be "H. Walker", is written over a horizontal line.