



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

2011 JUL - 1 11 0136

TRA DOCKET ROOM

July 1, 2011

VIA HAND DELIVERY

Richard Collier, Esquire
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *BellSouth Telecommunications, Inc. dba AT&T Southeast dba AT&T Tennessee v. BLC Management LLC dba Angles Communication Solutions*
Docket No. 10-00008

Dear Mr. Collier:

This is in response to your letter of June 28, 2011 requesting an explanation as to why AT&T Tennessee's ("AT&T") June 28 communication notifying Angles that its service may be discontinued on July 19, 2011 is not governed by the orders of the TRA granting the parties' motion to hold the proceedings in Docket No. 10-0008 in abeyance.

Summary Response

Angles is engaged in concerted and ongoing efforts to "dispute," and withhold payment of, nearly every penny that AT&T bills it under the parties' interconnection agreements. Over the past 32 months, for example, ***Angles has paid AT&T less than one-half of one percent (0.43%) of the amounts billed by AT&T.***¹ Clearly, AT&T did not agree to sit idly as Angles refuses to pay its bills on the basis of myriad "disputes" that are not addressed in Docket No. 10-0008. Instead, the parties' Joint Motion on Procedure (which was approved by the TRA) makes clear that Docket No. 10-0008 encompasses only three discrete issues and that the abeyance applies solely to those three issues. Accordingly, and as three other state commissions have expressly determined, the Joint Motion does not prevent any party from exercising any rights or pursuing any relief related to any other issues. Because the Lifeline issues that are the subject of the two demand letters sent to Angles by AT&T on June 28, 2011

¹ AT&T understands and appreciates that bona fide billing disputes will arise in the ordinary course of business. But when a reseller disputes, in the aggregate, more than 99% of the amounts it is billed by AT&T, there is simply no way to conclude that the reseller is acting in good faith.

are separate and distinct from the three issues presented in Docket No. 10-0008, neither of these two demand letters are subject to any abeyance.

Analysis

The TRA's July 8, 2010 *Order Holding Dockets in Abeyance and Appointing a Hearing Officer* makes clear that Docket No. 10-00008 was convened by agreement of the parties to address three specific issues:

- a. The manner in which cash back credits to the resellers should be calculated;
- b. Whether the word-of-mouth promotion is available for resale and, if so, how the credits to resellers should be calculated; and
- c. The manner in which credits to resellers for waiver of the line connection charges should be calculated.

Moreover, in the *Joint Motion on Procedural Issues* submitted to the TRA in Docket No. 10-00008,² the parties expressly agreed to preserve their rights to pursue any issue or claim that is not addressed in the Docket:

Nothing in this Joint Motion is intended, or shall be construed ... as a waiver of any Party's ... right to pursue **any issue, claim or counterclaim that is not addressed in the Consolidated Phase** in each Party's respective docket (p. 3) (emphasis added).

In light of this plain language to which all parties agreed, the North Carolina, Alabama and Florida public service commissions have all recognized that the *Joint Motion on Procedural Issues* does **not** prevent AT&T from pursuing any issue or claim not addressed in the consolidated proceedings.³

² See Docket No. 10-00008 *Joint Motion on Procedural Issues*, at 3 (May 12, 2010), and *Order Holding Dockets in Abeyance, Convening a Consolidated Docket and Appointing a Hearing Officer* (July 8, 2010).

³ See North Carolina Utilities Commission *Order Ruling on Dockets*, Dockets No. P-55, Sub 1817; P-55, Sub 1818; and P-55, Sub 1819, at 9 (September 22, 2010) ("...the Joint Motion by its terms does not prevent AT&T from pursuing 'any issue' or 'claim' not addressed in the Consolidated Proceeding."); Alabama Public Service Commission *Order Granting in Part and Denying in Part LifeConnex Telecom LLC's Petition and Motion for Emergency Relief*, Docket No. 31450, at 8 (August 20, 2010) ("... AT&T was free to pursue any pending 'issue, claim or counterclaim'..."); Florida Public Service Commission *Order Granting LifeConnex Telecom, LLC's Request for*

AT&T's two letters to Angles, both dated June 28, address the following claims, none of which are related to the calculation of cashback promotional credit amounts, the resale of word-of-mouth promotions, or the calculation of line connection charge waiver promotional credit amounts that are the subject of Docket No. 10-00008.

1. *The "State Lifeline Credit" Letter.*

AT&T sent letters to five resellers, including Angles, informing them that AT&T would suspend, discontinue, and/or terminate their service in Tennessee unless they promptly paid, in the aggregate, nearly \$1.7 million of billings they have "disputed" on grounds that are flatly refuted by a TRA order and a Tennessee Court of Appeals opinion.⁴

When the Resellers order service from AT&T Tennessee for resale to their end users who qualify for the Lifeline program,⁵ AT&T Tennessee credits or "flows through" the \$10 federal Lifeline credits to the Resellers. AT&T Tennessee, however, does not "flow through" the \$3.50 state Lifeline credit to the Resellers because there are no state-funded Lifeline credits to "flow through". The Resellers ignore this critical fact and lodge numerous "disputes" claiming that AT&T Tennessee is required to "flow through" the \$3.50 state Lifeline credit to the Resellers. The Resellers then withhold payment of \$3.50 for each such "dispute", each month, for each Lifeline customer.

The Resellers clearly are not acting in good faith when they lodge these "\$3.50 state Lifeline credits" disputes. The Authority has entered an Order making clear that it is the policy of this state that each individual reseller must fully fund the \$3.50 state Lifeline credit from its

Emergency Relief with Conditions, Docket No. 100021-TP, at 5 (July 16, 2010) ("We find the plain language of the parties' Joint Motion makes clear that the abeyance does not serve as any type of bar to AT&T's Notice of Commencement of Treatment. ... We therefore find that the terms of the Joint Motion and the Order are controlling, and mean what they say – that the Joint Motions and the Order Granting Abeyance clearly contemplated that neither party was precluded from seeking additional relief.")

⁴ See Order, *In Re Complaint of Discount Communications, Inc. Against BellSouth Telecommunications Inc.*, Docket No. 00-00230 at 11, 13 (September 28, 2000) and *Discount Communications, Inc. v. BellSouth Telecommunications, Inc.*, 2002 WL 1255674 at *3 (Tenn. Ct. App. 2002)

⁵ The Lifeline program is designed to increase the availability of telecommunications services to low income subscribers by providing a credit to monthly recurring local service for qualifying residential subscribers. See G.S.S.T. Tariff A3.31.1.A, now found in AT&T Tennessee's publicly available General Exchange Guidebook, at A3.31.1.A. The maximum available Lifeline credit in Tennessee currently is \$13.50, and it is composed of \$10.00 in credit that AT&T Tennessee recovers from the federal USF ("federal Lifeline credit"), and \$3.50 in credit that AT&T Tennessee funds itself ("state Lifeline credit"). See *Id.*

own internal sources and that AT&T Tennessee is not required to fund the \$3.50 state Lifeline credit for a reseller.⁶ This Order was affirmed by the Tennessee Court of Appeals.⁷ The Resellers are fully aware of the Authority's Order and the Court of Appeals' opinion affirming it – AT&T Tennessee sent them letters explaining these rulings. Yet the Resellers have refused to pay the amounts they have withheld based on this bad-faith "\$3.50 state Lifeline credit" dispute.⁸

It is clear that this "State Lifeline Credit" issue is not addressed in Docket No. 10-00008 and, therefore, that it is not subject to the TRA's Orders holding that docket in abeyance.

2. *The "Lifeline Certification" Letter.*

In a separate letter dated June 28, AT&T informed Angles that AT&T would suspend and discontinue service in Tennessee due to Angles' prohibited and unlawful use of AT&T's services and material breach of its interconnection agreement. In earlier AT&T correspondence to Angles ("May 24 Letter"), AT&T referenced evidence discovered by the Staff of the Florida Public Service Commission indicating that Angles' affiliated companies apparently violated numerous requirements applicable to the Federal Universal Service Fund in connection with the ordering of Lifeline and Link-Up services from AT&T. The May 24 Letter expressed AT&T's concerns in this regard and offered Angles an opportunity to provide AT&T with information by June 20, 2011 demonstrating that Angles fulfilled its contractual obligations not to use AT&T services for unlawful purposes and its separate certification that Angles "fully complies with all FCC requirements governing the Lifeline/Link-Up programs in every state in which [it] resells AT&T Lifeline services."⁹ Angles provided no information in response to the May 24 Letter, leading AT&T to believe that Angles has used and is continuing to use AT&T's Lifeline and Link-Up services improperly; therefore, it sent Angles notice of suspension and disconnection due to the apparent material breach of the parties' interconnection agreement.¹⁰

⁶ See Order, *In Re Complaint of Discount Communications, Inc. Against BellSouth Telecommunications Inc.*, Docket No. 00-00230 at 11, 13 (September 28, 2000).

⁷ *Discount Communications, Inc. v. BellSouth Telecommunications, Inc.*, 2002 WL 1255674 at *3 (Tenn. Ct. App. 2002).

⁸ A copy of AT&T's June 28 letter to the TRA is attached as Exhibit A.

⁹ See <http://www.psc.state.fl.us/library/FILINGS/11/02054-11/02054-11.pdf>, which includes a 75-page memorandum from the Florida Commission's staff recommending that the Florida Commission issue an order for the ATMS Resellers, including Angles, to show cause why they should not be fined collectively \$16,448,000 for a multitude of violations.

¹⁰ A copy of AT&T's letters of June 28 and May 24, 2011 to Angles are attached as Exhibit B.

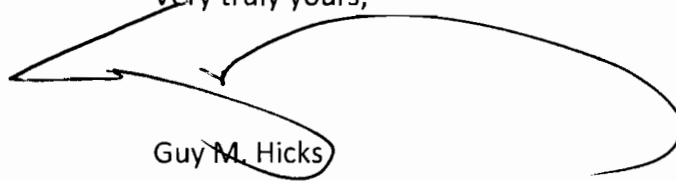
Richard Collier, Esquire
July 1, 2011
Page 5

It is clear that this "Lifeline Certification" issue is not addressed in Docket No. 10-00008 and, therefore, that it is not subject to the TRA's Orders holding that docket in abeyance.

In summary, AT&T's demand letters of June 28 are clearly not inconsistent with the procedural status of this Docket.

Please let me know if you need additional information.

Very truly yours,

A handwritten signature in black ink, appearing to read "Guy M. Hicks", with a large, sweeping loop extending to the right.

cc: Henry Walker, Esquire

Exhibit A



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

June 28, 2011

VIA HAND DELIVERY

Hon. Mary Freeman, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: Notice of Commencement of Treatment Pursuant to Current
Interconnection Agreements

Dear Chairman Freeman:

BellSouth Telecommunications, Inc. d/b/a AT&T Tennessee ("AT&T Tennessee") respectfully notifies the Tennessee Regulatory Authority ("the Authority") that on June 28, 2011, AT&T Tennessee sent five Resellers¹ letters informing them that AT&T Tennessee will suspend, discontinue, and/or terminate their service in Tennessee unless they promptly pay, in the aggregate, nearly \$1.7 million of AT&T Tennessee billings they have "disputed" on grounds that are flatly refuted by an Authority Order and a Tennessee Court of Appeals opinion.² Exhibit A to this Notice contains redacted copies of those letters and their Attachments. AT&T Tennessee respectfully submits the following additional information to provide the Authority a more complete understanding of the basis for AT&T Tennessee's delivery of these letters to the Resellers.

I. DESCRIPTION OF THE "DISPUTES"

The Resellers' respective interconnection agreements ("ICAs") generally allow them to withhold payments to AT&T Tennessee based on bona fide billing disputes until such disputes are resolved. Relying on these provisions, these Resellers have "disputed"

¹ These Resellers are BLC Management LLC dba Angles Communications Solutions ("Angles"), dPi Teleconnect, LLC ("dPi"), Ganoco, Inc. dba American Dial Tone ("Ganoco"), Image Access, Inc. dba NewPhone ("NewPhone"), and OneTone Telecom, Inc. ("OneTone") (the "Resellers").

² This estimate grows by the month.



– and refused to pay – the vast majority of the amounts they have been billed by AT&T Tennessee for a variety of reasons. For instance, the Resellers collectively have refused to pay more than 90% of the more than \$16 million AT&T Tennessee has billed them. Some of their “disputes” present issues the Authority has not squarely addressed to date, and neither this Notice nor the demand letters in Exhibit A address those types of disputes or the dollar amounts associated with them. Instead, this Notice and the letters in Attachment A specifically address the nearly \$1.7 million the Resellers have refused to pay on the basis of “disputes” that the Authority has already considered and squarely resolved in AT&T Tennessee’s favor.

When the Resellers order service from AT&T Tennessee for resale to their end users who qualify for the Lifeline program,³ AT&T Tennessee credits or “flows through” the \$10 federal Lifeline credits to the Resellers. AT&T Tennessee, however, does not “flow through” the \$3.50 state Lifeline credit to the Resellers because there are no state-funded Lifeline credits to “flow through”. The Resellers ignore this critical fact, lodge numerous “disputes” claiming that AT&T Tennessee is required to “flow through” the \$3.50 state Lifeline credit to them, and withhold payment of \$3.50 for each such “dispute.” In total, these Resellers have withheld nearly \$1.7 million in payments from AT&T Tennessee on the basis of their “\$3.50 state Lifeline credit flow-through” disputes.

II. THESE “DISPUTES” CLEARLY ARE INVALID AND NOT LODGED IN GOOD FAITH

The Resellers clearly are not acting in good faith when they lodge these “\$3.50 state Lifeline credits” disputes. As explained below, the Authority has entered an Order making clear that it is the policy of this state that each individual reseller must fully fund the \$3.50 state Lifeline credit from its own internal sources and that AT&T Tennessee is not required to fund the \$3.50 state Lifeline credit for a reseller.⁴ This Order was

³ The Lifeline program is designed to increase the availability of telecommunications services to low income subscribers by providing a credit to monthly recurring local service for qualifying residential subscribers. See G.S.S.T. Tariff A3.31.1.A, now found in AT&T Tennessee’s publicly available General Exchange Guidebook, at A3.31.1.A. The maximum available Lifeline credit in Tennessee currently is \$13.50, and it is composed of \$10.00 in credit that AT&T Tennessee recovers from the federal USF (“federal Lifeline credit”), and \$3.50 in credit that AT&T Tennessee funds itself (“state Lifeline credit”). See *Id.*

⁴ See Order, *In Re Complaint of Discount Communications, Inc. Against BellSouth Telecommunications Inc.*, Docket No. 00-00230 at 11, 13 (September 28, 2000).

affirmed by the Tennessee Court of Appeals.⁵ The Resellers are fully aware of the Authority's Order and the Court of Appeals' opinion affirming it – AT&T Tennessee sent them letters explaining these rulings.⁶ Yet the Resellers have refused to pay the amounts they have withheld based on this bad-faith "\$3.50 state Lifeline credit" dispute.

A. AT&T Tennessee's Tariff Makes Clear that AT&T Tennessee is Not Required to Flow the \$3.50 State Lifeline Credit Through to the Resellers.

Each Reseller has contractually agreed to resell services subject to the terms and conditions of AT&T Tennessee's Tariffs. Section 4.2 of the Resale attachment (Attachment 1) to the Authority-approved ICA between AT&T Tennessee and BLC Management, for example, provides in pertinent part:

[R]esold services can only be used in the same manner as specified in [AT&T Tennessee's] Tariffs. ***Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual End User of [AT&T Tennessee] in the appropriate section of [AT&T Tennessee's] Tariffs.*** (Emphasis added).

The ICA between AT&T Tennessee and each of the other Resellers contain substantively identical provisions. AT&T Tennessee's Tariff, in turn, expressly provides:

The non-discounted ***federal*** Lifeline credit amount will be passed along to resellers ordering local service at the prescribed resale discount from this Tariff, for their eligible end users. ***The additional credit to the end user will be the responsibility of the reseller.*** Eligible Telecommunications Carriers, as defined by the FCC, are required to establish their own Lifeline programs.

See Guidebook, §A3.31.2.A.9.

⁵ *Discount Communications, Inc. v. BellSouth Telecommunications, Inc.*, 2002 WL 1255674 at *3 (Tenn. Ct. App. 2002).

⁶ Exhibit B to this Notice is a copy of these letters.

B. The Authority's Orders Make Clear that AT&T Tennessee is Not Required to Fund the \$3.50 State Lifeline Credit for the Resellers.

Each Reseller represented to the Authority during its certification process that it would adhere to all applicable orders of the Authority.⁷ Moreover, Section 3.1 of the Resale attachment (Attachment 1) to the Authority-approved ICA between AT&T Tennessee and BLC Management provides in pertinent part:

Subject to effective and applicable FCC and Commission rules and orders, BellSouth shall make available to BLC Management for resale those telecommunications services BellSouth makes available, pursuant to its General Subscriber Services Tariff and Private Line Services Tariff, to customers who are not telecommunications carriers. (Emphasis added.)

The ICA between AT&T Tennessee and each of the other Resellers contain substantively identical provisions.

Among the “effective and applicable ... [Authority] rules and orders” is an Order providing that “it is the policy of this state that each individual reseller fully fund the state portion of the Lifeline assistance program from the reseller’s internal sources” and that “[AT&T Tennessee] was not required to flow through the disputed \$3.50 state credit to [a reseller], but instead that [reseller] should provide the \$3.50 state Lifeline portion to its customers.” *See Order, In Re Complaint of Discount Communications, Inc. Against BellSouth Telecommunications Inc*, Docket No. 00-00230 at 11, 13 (September 28, 2000). The Tennessee Court of Appeals affirmed this Order, finding that “the TRA is free to continue its policy of placing the burden of the state [Lifeline credit] on the carriers that sell the services to the Lifeline customer.” *Discount Communications, Inc. v. BellSouth Telecommunications, Inc.*, 2002 WL 1255674 at *3 (Tenn. Ct. App. 2002).

⁷ See the Order granting a certificate of convenience and necessity in Docket No. 03-00575 (“Angles”); Docket No. 08-00025 (“dPi”); Docket No. 01-00733 (“Ganoco”), Docket No. 03-00270 (“NewPhone”), and Docket No. 06-00307 (“OneTone”).

III. IF ANY OF THE RESELLERS FAIL TO TIMELY PAY THE AMOUNTS OWED AND THEIR SERVICE IS TERMINATED BY AT&T, AT&T WILL COMPLY WITH THE AUTHORITY-APPROVED EMERGENCY SERVICE CONTINUITY PLAN.

The Authority has approved an emergency service continuity plan for customers who have lost service due to a service provider's termination of service. The plan provides that ILECs like AT&T Tennessee will provide basic local exchange service to the end users of resellers for at least seven days after the service termination date or until the end user selects a new service provider, whichever is less.⁸ AT&T Tennessee will comply with this plan if any of the Resellers' service is terminated. The Resellers have not presented any basis (and there is none) on which to require more from AT&T in this case than the TRA's rules would require in any other case.

Consistent with AT&T Tennessee's June 28, 2011 letters to the Resellers, should a reseller fail to make payment of all billings it has "disputed" on Lifeline on or before the deadlines set forth in those letters, AT&T Tennessee will take further action, including ceasing to accept or complete orders or discontinuance of service.

A copy of this Notice is being provided to each of the Resellers.

Very truly yours,

A handwritten signature in black ink, appearing to read "Guy M. Hicks". The signature is stylized with a large, sweeping loop that extends to the right and then curves back down and to the left, ending under the name.

Guy M. Hicks

⁸ See G.S.S.T. Tariff A5.8.3, now found in AT&T Tennessee's publicly-available General Exchange Guidebook at A5.8.3.

Exhibit A

Angles

at&t

June 28, 2011

VIA FED EX, Tracking No. 8750 3078 5192

Danny Michael
President
BLC Management LLC d/b/a Angles Communications Solutions
11121 Hwy 70, Ste. 202
Arlington, TN 38002

VIA FED EX, Tracking No. 8750 3078 5207

Thomas Biddix
Manager
BLC Management LLC
6905 N. Wickham Road
Suite 403
Melbourne, FL 32940

Re: NOTICE OF SUSPENSION AND TERMINATION

Dear Mr. Michael and Mr. Biddix:

AT&T Tennessee's records show that BLC Management LLC d/b/a Angles Communications Solutions ("Angles") has an outstanding balance on its Tennessee account in excess of [REDACTED]. This amount is listed on Attachment A hereto. Of that amount, our records indicate that Angles is withholding [REDACTED] in sums attributable to Angles' "disputes" regarding the carrier's self-funded state Lifeline subsidy, which has been the subject of prior correspondence to Angles from AT&T Tennessee dated November 22, 2010 and May 18, 2011.

Section 1.2.2, Attachment 7 Billing of the interconnection agreement in effect between AT&T Tennessee and Angles requires Angles to pay AT&T Tennessee for all services billed. While Angles may withhold disputed sums per Section 2, Attachment 7, that right is subject to Section 27 of the GT&Cs of the parties' ICA, which requires performance of duties under the ICA to be conducted in good faith. Angles' withholding of sums at issue herein is not in good faith, given the order of the Tennessee Regulatory Authority on this very issue, which was subsequently affirmed by the Tennessee Court of Appeals, as discussed in AT&T Tennessee's prior correspondence.

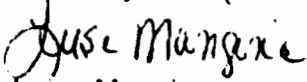
Please remit payment to AT&T Tennessee at the following address:

AT&T ROC-CABS
600 North Point Parkway
Alpharetta, Georgia 30005

Pursuant to Section 1.7, and including 1.7.1 and 1.7.2, Attachment 7, Billing, AT&T Tennessee hereby notifies Angles that, in the event Angles fails to make payment to AT&T Tennessee in the amount of [REDACTED] as demanded herein, AT&T will cease accepting or completing orders as of fifteen (15) days following the date of this letter, and will discontinue the provision of existing services as of thirty (30) days following the date of this letter.

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

Sincerely,


Leisa Mangina

Attachment

Attachment A

| BLC MANAGEMENT | Prev Mth Billed | Payments | Adjustments | Past due balance | Curr Chrgs | Late Payment Charges | Total Billed |
|----------------|-----------------|----------|-------------|------------------|------------|----------------------|--------------|
| Jun-08 | | | | | | | |
| Jul-08 | | | | | | | |
| Aug-08 | | | | | | | |
| Sep-08 | | | | | | | |
| Oct-08 | | | | | | | |
| Nov-08 | | | | | | | |
| Dec-08 | | | | | | | |
| Jan-09 | | | | | | | |
| Feb-09 | | | | | | | |
| Mar-09 | | | | | | | |
| Apr-09 | | | | | | | |
| May-09 | | | | | | | |
| Jun-09 | | | | | | | |
| Jul-09 | | | | | | | |
| Aug-09 | | | | | | | |
| Sep-09 | | | | | | | |
| Oct-09 | | | | | | | |
| Nov-09 | | | | | | | |
| Dec-09 | | | | | | | |
| Jan-10 | | | | | | | |
| Feb-10 | | | | | | | |
| Mar-10 | | | | | | | |
| Apr-10 | | | | | | | |
| May-10 | | | | | | | |
| Jun-10 | | | | | | | |
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| Aug-10 | | | | | | | |
| Sep-10 | | | | | | | |
| Oct-10 | | | | | | | |
| Nov-10 | | | | | | | |
| Dec-10 | | | | | | | |
| Jan-11 | | | | | | | |
| Feb-11 | | | | | | | |
| Mar-11 | | | | | | | |
| Apr-11 | | | | | | | |
| | | | | | | | |

dPi

June 28, 2011

VIA FED EX, Tracking No. _____

Charles Hartley, Vice President of Operations
dPi Teleconnect
1330 Capital Parkway
Carrollton, TX 75006

Kelly King, Director ILEC Relationships
dPi Teleconnect
2997 LBJ Freeway, Ste. 225
Dallas, TX 75234

Re: NOTICE OF SUSPENSION AND TERMINATION

Dear Mr. Hartley and Mr. King:

AT&T Tennessee's records show that dPi Teleconnect ("dPi") has an outstanding balance on its Tennessee account in excess of [REDACTED]. This amount is listed on Attachment A hereto. Of that amount, our records indicate that dPi is withholding [REDACTED] in sums attributable to dPi's "disputes" regarding the carrier's self-funded state Lifeline subsidy, which has been the subject of prior correspondence to dPi from AT&T Tennessee dated November 22, 2010 and May 18, 2011.

Section 1.4, Attachment 7 Billing of the interconnection agreement in effect between AT&T Tennessee and dPi requires dPi to pay AT&T Tennessee for all services billed. While dPi may have the right to withhold payment on disputed sums, any such right is subject to Section 26 of the GT&Cs of the parties' ICA, which requires performance of duties under the ICA to be conducted in good faith. dPi's withholding of sums at issue herein is not in good faith, given the order of the Tennessee Regulatory Authority on this very issue, which was subsequently affirmed by the Tennessee Court of Appeals, as discussed in AT&T Tennessee's prior correspondence.

Please remit payment to AT&T Tennessee at the following address:

AT&T ROC-CABS
600 North Point Parkway
Alpharetta, Georgia 30005

Pursuant to Section 1.5 *et seq.*, including without limitation 1.5.3, 1.5.4 and 1.5.5, Attachment 7, Billing, AT&T Tennessee hereby notifies dPi that, in the event dPi fails to make payment to AT&T Tennessee in the amount of [REDACTED] as demanded herein, AT&T will cease accepting or completing orders as of fifteen (15) days following the date of this letter, will discontinue the provision of existing services as of thirty (30) days following the date of this letter, and will terminate services as of thirty-seven (37) days following the date of this letter.

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

Sincerely,

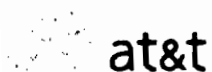
Leisa Mangina

Attachment

Attachment A

| DPI TELECONNECT INC | Prev Mth Billed | Payments | Adjusted | Past due balance | Current charges | Late Payment chrgs | Total billed |
|---------------------|-----------------|----------|----------|------------------|-----------------|--------------------|--------------|
| Jun-08 | | | | | | | |
| Jul-08 | | | | | | | |
| Aug-08 | | | | | | | |
| Sep-08 | | | | | | | |
| Oct-08 | | | | | | | |
| Nov-08 | | | | | | | |
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| Jul-10 | | | | | | | |
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| Sep-10 | | | | | | | |
| Oct-10 | | | | | | | |
| Nov-10 | | | | | | | |
| Dec-10 | | | | | | | |
| Jan-11 | | | | | | | |
| Feb-11 | | | | | | | |
| Mar-11 | | | | | | | |
| Apr-11 | | | | | | | |
| | | | | | | | |

Ganoco



June 28, 2011

VIA FED EX, Tracking No. 8750 3078 5229

Stephen D. Klein, President
Ganoco, Inc.
2323 Curlew Rd., Ste 7C
Dunedin, FL 34698

Re: NOTICE OF SUSPENSION AND TERMINATION

Dear Mr. Klein:

AT&T Tennessee's records show that Ganoco, Inc. d/b/a American Dial Tone ("Ganoco") has an outstanding balance on its Tennessee account in excess of [REDACTED]. This amount is listed on Attachment A hereto. Of that amount, our records indicate that Ganoco is withholding [REDACTED] in sums attributable to Ganoco's "disputes" regarding the carrier's self-funded state Lifeline subsidy, which has been the subject of prior correspondence to Ganoco from AT&T Tennessee dated November 22, 2010 and May 18, 2011.

Section 1.4, Attachment 7 Billing of the interconnection agreement in effect between AT&T Tennessee and Ganoco requires Ganoco to pay AT&T Tennessee for all services billed. While Ganoco may have the right to withhold payment on disputed sums, any such right is subject to Section 26 of the GT&Cs of the parties' ICA, which requires performance of duties under the ICA to be conducted in good faith. Ganoco's withholding of sums at issue herein is not in good faith, given the order of the Tennessee Regulatory Authority on this very issue, which was subsequently affirmed by the Tennessee Court of Appeals, as discussed in AT&T Tennessee's prior correspondence.

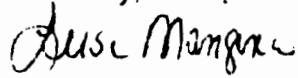
Please remit payment to AT&T Tennessee at the following address:

AT&T ROC-CABS
600 North Point Parkway
Alpharetta, Georgia 30005

Pursuant to Section 1.5 *et seq.*, including without limitation 1.5.3, 1.5.4 and 1.5.5, Attachment 7, Billing, AT&T Tennessee hereby notifies Ganoco that, in the event Ganoco fails to make payment to AT&T Tennessee in the amount of [REDACTED] as demanded herein, AT&T will cease accepting or completing orders as of fifteen (15) days following the date of this letter, will discontinue the provision of existing services as of thirty (30) days following the date of this letter, and will terminate services as of thirty-seven (37) days following the date of this letter.

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

Sincerely,

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

Leisa Mangina

Attachment

Attachment A

| GANOCO INC | Prev Mth Billed | Payments | Adjusted | Past due balance | Current Charges | Late Payment Chrgs | Total Billed |
|------------|-----------------|----------|----------|------------------|-----------------|--------------------|--------------|
| Jun-08 | | | | | | | |
| Jul-08 | | | | | | | |
| Aug-08 | | | | | | | |
| Sep-08 | | | | | | | |
| Oct-08 | | | | | | | |
| Nov-08 | | | | | | | |
| Dec-08 | | | | | | | |
| Jan-09 | | | | | | | |
| Feb-09 | | | | | | | |
| Mar-09 | | | | | | | |
| Apr-09 | | | | | | | |
| May-09 | | | | | | | |
| Jun-09 | | | | | | | |
| Jul-09 | | | | | | | |
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| Oct-09 | | | | | | | |
| Nov-09 | | | | | | | |
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| Mar-10 | | | | | | | |
| Apr-10 | | | | | | | |
| May-10 | | | | | | | |
| Jun-10 | | | | | | | |
| Jul-10 | | | | | | | |
| Aug-10 | | | | | | | |
| Sep-10 | | | | | | | |
| Oct-10 | | | | | | | |
| Nov-10 | | | | | | | |
| Dec-10 | | | | | | | |
| Jan-11 | | | | | | | |
| Feb-11 | | | | | | | |
| Mar-11 | | | | | | | |
| Apr-11 | | | | | | | |

NewPhone

at&t

June 28, 2011

VIA FED EX, Tracking No. 8750 3078 5218

Gene Dry
Image Access Inc.
3525 N. Causeway Blvd., Ste 501
Metairie, LA 70002

Re: NOTICE OF SUSPENSION AND TERMINATION

Dear Mr. Dry:

AT&T Tennessee's records show that Image Access, Inc. d/b/a NewPhone ("NewPhone") has an outstanding balance on its Tennessee account in excess of [REDACTED]. This amount is listed on Attachment A hereto. Of that amount, our records indicate that NewPhone is withholding [REDACTED] in sums attributable to NewPhone's "disputes" regarding the carrier's self-funded state Lifeline subsidy, which has been the subject of prior correspondence to NewPhone from AT&T Tennessee dated November 22, 2010 and May 18, 2011.

Section 1.4, Attachment 7 Billing of the interconnection agreement in effect between AT&T Tennessee and NewPhone requires NewPhone to pay AT&T Tennessee for all services billed. While NewPhone may have the right to withhold payment on disputed sums, any such right is subject to Section 26 of the GT&Cs of the parties' ICA, which requires performance of duties under the ICA to be conducted in good faith. NewPhone's withholding of sums at issue herein is not in good faith, given the order of the Tennessee Regulatory Authority on this very issue, which was subsequently affirmed by the Tennessee Court of Appeals, as discussed in AT&T Tennessee's prior correspondence.

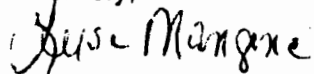
Please remit payment to AT&T Tennessee at the following address:

AT&T ROC-CABS
600 North Point Parkway
Alpharetta, Georgia 30005

Pursuant to Section 1.5 *et seq.*, including without limitation 1.5.5, 1.5.6 and 1.5.9.1, Attachment 7, Billing, AT&T Tennessee hereby notifies NewPhone that, in the event NewPhone fails to make payment to AT&T Tennessee in the amount of [REDACTED] as demanded herein, AT&T will cease accepting or completing orders as of fifteen (15) days following the date of this letter, will discontinue the provision of existing services as of thirty (30) days following the date of this letter, and will terminate services as of thirty-seven (37) days following the date of this letter.

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

Sincerely,

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

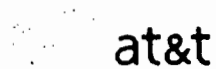
Leisa Mangina

Attachment

Attachment A

| IMAGE ACCESS INC | Prev Mth Billed | Payments | Adjusted | Past due balance | Current charges | Late Payment chrgs | Total billed |
|------------------|-----------------|----------|----------|------------------|-----------------|--------------------|--------------|
| Jun-08 | | | | | | | |
| Jul-08 | | | | | | | |
| Aug-08 | | | | | | | |
| Sep-08 | | | | | | | |
| Oct-08 | | | | | | | |
| Nov-08 | | | | | | | |
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| Jan-09 | | | | | | | |
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| Apr-09 | | | | | | | |
| May-09 | | | | | | | |
| Jun-09 | | | | | | | |
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| Apr-10 | | | | | | | |
| May-10 | | | | | | | |
| Jun-10 | | | | | | | |
| Jul-10 | | | | | | | |
| Aug-10 | | | | | | | |
| Sep-10 | | | | | | | |
| Oct-10 | | | | | | | |
| Nov-10 | | | | | | | |
| Dec-10 | | | | | | | |
| Jan-11 | | | | | | | |
| Feb-11 | | | | | | | |
| Mar-11 | | | | | | | |
| Apr-11 | | | | | | | |
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OneTone



June 28, 2011

VIA FED EX, Tracking No. 8750 3078 5230

Scott Loggins, President
One Tone Telecom Inc.
100 Century Plaza, Ste. 9-1
Seneca, SC 29672

Re: NOTICE OF SUSPENSION AND TERMINATION

Dear Mr. Loggins:

AT&T Tennessee's records show that OneTone Telecom Inc. ("OneTone") has an outstanding balance on its Tennessee account in excess of [REDACTED]. This amount is listed on Attachment A hereto. Of that amount, our records indicate that OneTone is withholding [REDACTED] in sums attributable to OneTone's "disputes" regarding the carrier's self-funded state Lifeline subsidy, which has been the subject of prior correspondence to OneTone from AT&T Tennessee dated November 22, 2010 and May 18, 2011.

Section 1.4, Attachment 7 Billing of the interconnection agreement in effect between AT&T Tennessee and OneTone requires OneTone to pay AT&T Tennessee for all services billed. While OneTone may have the right to withhold payment on disputed sums, any such right is subject to Section 26 of the GT&Cs of the parties' ICA, which requires performance of duties under the ICA to be conducted in good faith. OneTone's withholding of sums at issue herein is not in good faith, given the order of the Tennessee Regulatory Authority on this very issue, which was subsequently affirmed by the Tennessee Court of Appeals, as discussed in AT&T Tennessee's prior correspondence.

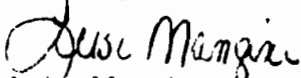
Please remit payment to AT&T Tennessee at the following address:

AT&T ROC-CABS
600 North Point Parkway
Alpharetta, Georgia 30005

Pursuant to Section 1.5 *et seq.*, including without limitation 1.5.5, 1.5.6 and 1.5.9.1, Attachment 7, Billing, AT&T Tennessee hereby notifies OneTone that, in the event OneTone fails to make payment to AT&T Tennessee in the amount of [REDACTED] as demanded herein, AT&T will cease accepting or completing orders as of fifteen (15) days following the date of this letter, will discontinue the provision of existing services as of thirty (30) days following the date of this letter, and will terminate services as of thirty-seven (37) days following the date of this letter.

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

Sincerely,


Leisa Mangina

Attachment

Attachment A

| ONE TONE TELECOM | Prev Mth Billed | Payments | Adjusted | Past due balance | Current charges | Late Payment chrgs | Total billed |
|------------------|-----------------|----------|----------|------------------|-----------------|--------------------|--------------|
| Jun-08 | | | | | | | |
| Jul-08 | | | | | | | |
| Aug-08 | | | | | | | |
| Sep-08 | | | | | | | |
| Oct-08 | | | | | | | |
| Nov-08 | | | | | | | |
| Dec-08 | | | | | | | |
| Jan-09 | | | | | | | |
| Feb-09 | | | | | | | |
| Mar-09 | | | | | | | |
| Apr-09 | | | | | | | |
| May-09 | | | | | | | |
| Jun-09 | | | | | | | |
| Jul-09 | | | | | | | |
| Aug-09 | | | | | | | |
| Sep-09 | | | | | | | |
| Oct-09 | | | | | | | |
| Nov-09 | | | | | | | |
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| Feb-11 | | | | | | | |
| Mar-11 | | | | | | | |
| Apr-11 | | | | | | | |
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Exhibit B

Angles



Marc Cathey
Executive Director-Wholesale

AT&T
600 19th St. North 9th Floor
Birmingham, AL 35203
Phone: 205.321.4900
Fax: 205.321.4334
Email: marcus.cathey@att.com

May 18, 2011

Danny Michael
President
BLC Management LLC d/b/a Angles Communications Solutions
11121 Hwy 70, Ste. 202
Arlington, TN 38002

Thomas Biddix
Manager
BLC Management LLC
6905 N. Wickham Road
Suite 403
Melbourne, FL 32940

Re: Lifeline Subsidy disputes; final request for discussions in an effort to avoid legal proceedings

Dear Mr. Michael and Mr. Biddix:

This letter follows my November 22, 2010 letter (copy attached), which sought discussion and resolution with BLC Management LLC d/b/a Angles Communications Solutions ("BLC") regarding disputes raised by BLC pertaining to the various state Lifeline programs. As I explained in my November 22 letter and repeat below, BLC's disputes in connection with these state Lifeline programs, particularly in the State of Tennessee, have no legitimate basis in the law. To date, BLC has not responded to that letter and has continued to submit claims and disputes regarding these programs.

AT&T Tennessee's records show that through March 2011, BLC has filed disputes of at least \$ Redacted relating to this issue for its Tennessee accounts and that BLC is withholding payment due AT&T Tennessee of a commensurate amount.¹ BLC has no legitimate contractual or legal basis for raising these disputes or withholding payment.

In Tennessee, telecommunications service providers are required to self-fund the \$3.50 state portion of the Lifeline subsidy. AT&T Tennessee self-funds this state

¹ AT&T's records show that BLC has submitted similar disputes regarding state lifeline subsidies for other states. As explained in my November 22 letter, those disputes are equally without merit. AT&T fully intends to pursue recovery of those amounts from BLC.

portion for its own end-users. BLC, as the telecommunications service provider to its own end-users, must do likewise. That BLC has this obligation is a matter of clear, unambiguous law and is required by tariff and the parties' interconnection agreement.

This issue has already been definitively addressed by the Tennessee Regulatory Authority ("TRA") and the Tennessee Court of Appeals.² In *Discount Communications*, the Court of Appeals affirmed a TRA decision refusing to require AT&T Tennessee to credit a CLEC the amount of the state Lifeline subsidy. In affirming the order, the Court found that "... BellSouth was not required to pass through the state Lifeline credit to [CLEC]," and further, in two arbitrations for ICAs, that "... it is the policy of this state that each individual reseller fully fund the state portion of the Lifeline assistance program from the reseller's internal sources."³ This decision unequivocally rejects BLC's position.

Similarly, section A3.31.2.A 9 of AT&T Tennessee's General Subscriber Services Tariff unambiguously states:

The non-discounted federal Lifeline credit amount will be passed along to resellers ordering local service at the prescribed resale discount from this Tariff, for their eligible end users. *The additional credit to the end user will be the responsibility of the reseller.* Eligible Telecommunications Carriers, as defined by the FCC, are required to establish their own Lifeline programs. (emphasis added).

BLC has contractually agreed that this tariff provision and the TRA decision are binding terms and conditions in connection with services that AT&T Tennessee sells to BLC for resale. Section 3.1, Attachment 1 (Resale) of the interconnection agreement provides:

Subject to effective and applicable FCC and Commission rules and orders, BellSouth shall make available to BLC Management for resale those telecommunications services BellSouth makes available, *pursuant to its General Subscriber Services Tariff and Private Line Services Tariff*, to customers who are not telecommunications carriers. (emphasis added).

In light of the clear authorities noted above, BLC's continued disputes associated with its claim that AT&T Tennessee must credit BLC for the state portion of the lifeline program is not in good faith and its withholding of payment due to AT&T

² See *Discount Comm'n's, Inc. v. BellSouth Telecomms., Inc.*, Case No. M2000-02924-COA-R12-CV, TRA No. 00-00230 (Tenn. Ct. App. Jan. 7, 2002).

³ *Id.* at 10-11.

Mr. Michael
Mr. Biddix
May 18, 2011
Page 3 of 3

Tennessee for services rendered under the interconnection agreement is a blatant breach of the parties' interconnection agreement.

AT&T Tennessee would like to resolve this issue without formal regulatory or legal action. Through this letter, AT&T Tennessee is granting one final opportunity to BLC to try to resolve this issue with regard to BLC's disputes on the Lifeline program on its Tennessee accounts on a business to business basis. Please contact me with respect to the issues raised herein by May 27, 2011 to begin discussions. If we have not heard from you by this date, we reserve our right to pursue any and all appropriate remedies.

Sincerely,

Marc Cathey

attachment



Marc Cathey
Executive Director-Wholesale

AT&T
600 19th St. North 9th Floor
Birmingham, AL 35203
Phone: 205.321.4900
Fax: 205.321.4334
Email: marcus.cathey@att.com

November 22, 2010

Danny Michael
President
BLC Management, Inc.
11121 Hwy 70, Ste. 202
Arlington, TN 38002

Re: Lifeline Subsidy in states of Alabama, Florida, Georgia, Kentucky and Tennessee

Dear Mr. Michael:

I am writing on behalf of AT&T¹ regarding the disputes submitted by BLC Management, Inc. ("BLC") in connection with AT&T's denial of BLC's request that AT&T pass through to the state component of the Lifeline subsidy for BLC's accounts in the states referenced in the footnote below. Our records show that, through October 10, 2010, BLC has disputed at least \$Redacted in connection with this issue. We do not believe that BLC has adequate justification for disputing these sums. Our position in denying these disputes is supported by court precedent, the parties' interconnection agreement, and the applicable tariffs.

In each of the below-noted states, telecommunications service providers are required to self-fund the state portion of the Lifeline subsidy (\$3.50) for their end-user customers. Unlike the federal portion of the Lifeline program, there is no fund in these states to reimburse the service provider for this subsidy; instead, providing this subsidy is an unreimbursed cost to the service provider. Consistent with the applicable state requirements, AT&T self-funds the state subsidy to its end-users at a loss to AT&T. BLC, as the service provider to its end-users, must do likewise. Put another way, while AT&T passes through the federal portion of the Lifeline subsidy to BLC and is reimbursed by the USF program in doing so, AT&T has no obligation to pass on the state portion, because that subsidy is BLC's obligation to fund on behalf of its own end-users.

The outcome BLC appears to suggest through its disputes on this issue would effectively require AT&T to subsidize BLC's customers' Lifeline service. That is clearly not intended or required under the Lifeline program, the tariffs, or the

¹ BellSouth Telecommunications, Inc., doing business in the states listed above as AT&T Alabama, AT&T Florida, AT&T Georgia, AT&T Kentucky, and AT&T Tennessee ("AT&T").

Mr. Michael
November 22, 2010
Page 2 of 2

parties' interconnection agreement. In short, there is no legal authority to support BLC's position that AT&T must subsidize BLC's participation in this program.

We direct your attention to a 2002 decision of the Tennessee Court of Appeals, *Discount Communications, Inc. v. BellSouth Telecommunications, Inc.*, Case No. M2000-02924-COA-R12-CV, 2002 WL 1255674 (Tenn. Ct. App. Jun. 7, 2002) (a copy is attached for your convenience). In *Discount Communications*, the court upheld a decision of the Tennessee Regulatory Authority ("TRA") which refused to require AT&T to credit a CLEC the amount of the state Lifeline subsidy. In reaching that decision, the court agreed that the TRA's "policy of placing the burden of the state subsidy on the carriers that sell the services to the Lifeline customers" was a valid interpretation of the federal Lifeline program. *Id.* at *3.

~~BLC's position is likewise contrary to the parties' interconnection agreement and AT&T's tariffs, all of which clearly indicate that BLC is responsible for the portion of the subsidy at issue. Your resale attachment clearly points to the tariffs, which in turn clearly indicate that the state portion of the subsidy is the responsibility of BLC, as the reseller.~~

AT&T would like to resolve this issue without formal regulatory or legal action. I would like to discuss this matter with you at your very earliest convenience. Please understand that AT&T stands willing to discuss reasonable payment arrangements with BLC with respect to this issue.

Please call me to discuss, and I ask that you do so by Friday, December 3, 2010. I look forward to speaking with you.

Sincerely,

Marc Cathey

attachment

dPi



Marc Cathey
Executive Director-Wholesale

AT&T
600 19th St. North 9th Floor
Birmingham, AL 35203
Phone: 205.321.4900
Fax: 205.321.4334
Email: marcus.cathey@att.com

June 1, 2011

Charles Hartley, Vice President of Operations
dPi Teleconnect
1330 Capital Parkway
Carrollton, TX 75006

Kelly King, Director ILEC Relationships
dPi Teleconnect
2997 LBJ Freeway, Suite 225
Dallas, TX 75234

Re: Lifeline Subsidy disputes; final request for discussions in an effort to avoid legal proceedings

Dear Sirs:

This letter follows my November 22, 2010 letter (copy attached), which sought discussion and resolution with dPi Teleconnect ("dPi") regarding disputes raised by dPi pertaining to the various state Lifeline programs. As I explained in my November 22 letter and repeat below, dPi's disputes in connection with these state Lifeline programs, particularly in the State of Tennessee, have no legitimate basis in the law. To date, dPi has not responded to that letter and has continued to submit claims and disputes regarding these programs.

AT&T Tennessee's records show that through March 2011, dPi has filed disputes of at least Redacted relating to this issue for its Tennessee accounts and that dPi is withholding payment due AT&T Tennessee of a commensurate amount.¹ dPi has no legitimate contractual or legal basis for raising these disputes or withholding payment.

In Tennessee, telecommunications service providers are required to self-fund the \$3.50 state portion of the Lifeline subsidy. AT&T Tennessee self-funds this state portion for its own end-users. dPi, as the telecommunications service provider to its own end-users, must do likewise. That dPi has this obligation is a matter of

¹ AT&T's records show that dPi has submitted similar disputes regarding state lifeline subsidies for other states. As explained in my November 22 letter, those disputes are equally without merit. AT&T fully intends to pursue recovery of those amounts from dPi.

clear, unambiguous law and is required by tariff and the parties' interconnection agreement.

This issue has already been definitively addressed by the Tennessee Regulatory Authority ("TRA") and the Tennessee Court of Appeals.² In *Discount Communications*, the Court of Appeals affirmed a TRA decision refusing to require AT&T Tennessee to credit a CLEC the amount of the state Lifeline subsidy. In affirming the order, the Court found that "... BellSouth was not required to pass through the state Lifeline credit to [CLEC]," and further, in two arbitrations for ICAs, that "... it is the policy of this state that each individual reseller fully fund the state portion of the Lifeline assistance program from the reseller's internal sources."³ This decision unequivocally rejects dPi's position.

Similarly, section A3.31.2.A 9 of AT&T Tennessee's General Subscriber Services Tariff unambiguously states:

The non-discounted federal Lifeline credit amount will be passed along to resellers ordering local service at the prescribed resale discount from this Tariff, for their eligible end users. *The additional credit to the end user will be the responsibility of the reseller.* Eligible Telecommunications Carriers, as defined by the FCC, are required to establish their own Lifeline programs. (emphasis added).

dPi has contractually agreed that this tariff provision and the TRA decision are binding terms and conditions in connection with services that AT&T Tennessee sells to dPi for resale. Section 3.1, Attachment 1 (Resale) of the interconnection agreement provides:

Subject to effective and applicable FCC and Commission rules and orders, BellSouth shall make available to dPi for resale those telecommunications services BellSouth makes available, *pursuant to its General Subscriber Services Tariff and Private Line Services Tariff*, to customers who are not telecommunications carriers. (emphasis added).

In light of the clear authorities noted above, dPi's continued disputes associated with its claim that AT&T Tennessee must credit dPi for the state portion of the lifeline program is not in good faith and its withholding of payment due to AT&T Tennessee for services rendered under the interconnection agreement is a blatant breach of the parties' interconnection agreement.

AT&T Tennessee would like to resolve this issue without formal regulatory or legal action. Through this letter, AT&T Tennessee is granting one final opportunity to

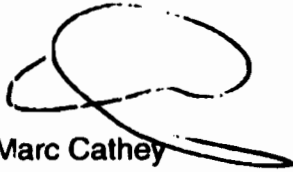
² See *Discount Comm'n's, Inc. v. BellSouth Telecomms., Inc.*, Case No. M2000-02924-COA-R12-CV, TRA No. 00-00230 (Tenn. Ct. App. Jan. 7, 2002).

³ *Id.* at 10-11.

June 1, 2011
Page 3 of 3

dPi to try to resolve this issue with regard to dPi's disputes on the Lifeline program on its Tennessee accounts on a business to business basis. Please contact me with respect to the issues raised herein by June 10, 2011 to begin discussions. If we have not heard from you by this date, we reserve our right to pursue any and all appropriate remedies.

Sincerely,

A handwritten signature in black ink, appearing to be 'Marc Cathey', written over a horizontal line.

Marc Cathey

attachment



Marc Cathey
Executive Director-Wholesale

AT&T
600 19th St. North, 9th Floor
Birmingham, AL 35203
Phone: 205.321.4900
Fax: 205.321.4334
Email: marcus.cathey@att.com

November 22, 2010

David Pikoff, Vice President
dPi Teleconnect
2997 LBJ Freeway, Ste 225
Dallas, TX 75234

Re: Lifeline Subsidy in states of Alabama, Florida, Georgia, Kentucky and Tennessee

Dear Mr. Pikoff:

I am writing on behalf of AT&T¹ regarding the disputes submitted by dPi Teleconnect ("dPi") in connection with AT&T's denial of dPi's request that AT&T pass through to the state component of the Lifeline subsidy for dPi's accounts in the states referenced in the footnote below. Our records show that, through October 10, 2010, dPi has disputed at least \$ Redacted in connection with this issue. We do not believe that dPi has adequate justification for disputing these sums. Our position in denying these disputes is supported by court precedent, the parties' interconnection agreement, and the applicable tariffs.

In each of the below-noted states, telecommunications service providers are required to self-fund the state portion of the Lifeline subsidy (\$3.50) for their end-user customers. Unlike the federal portion of the Lifeline program, there is no fund in these states to reimburse the service provider for this subsidy; instead, providing this subsidy is an unreimbursed cost to the service provider. Consistent with the applicable state requirements, AT&T self-funds the state subsidy to its end-users at a loss to AT&T. dPi, as the service provider to its end-users, must do likewise. Put another way, while AT&T passes through the federal portion of the Lifeline subsidy to dPi and is reimbursed by the USF program in doing so, AT&T has no obligation to pass on the state portion, because that subsidy is dPi's obligation to fund on behalf of its own end-users.

The outcome dPi appears to suggest through its disputes on this issue would effectively require AT&T to subsidize dPi's customers' Lifeline service. That is clearly not intended or required under the Lifeline program, the tariffs, or the parties' interconnection agreement. In short, there is no legal authority to support dPi's position that AT&T must subsidize dPi's participation in this program.

BellSouth Telecommunications, Inc., doing business in the states listed above as AT&T Alabama, AT&T Florida, AT&T Georgia, AT&T Kentucky, and AT&T Tennessee ("AT&T").

Mr. Pikoff
November 22, 2010
Page 2 of 2

We direct your attention to a 2002 decision of the Tennessee Court of Appeals, *Discount Communications, Inc. v. BellSouth Telecommunications, Inc.*, Case No. M2000-02924-COA-R12-CV, 2002 WL 1255674 (Tenn. Ct. App. Jun. 7, 2002) (a copy is attached for your convenience). In *Discount Communications*, the court upheld a decision of the Tennessee Regulatory Authority ("TRA") which refused to require AT&T to credit a CLEC the amount of the state Lifeline subsidy. In reaching that decision, the court agreed that the TRA's "policy of placing the burden of the state subsidy on the carriers that sell the services to the Lifeline customers" was a valid interpretation of the federal Lifeline program. *Id.* at *3.

dPi's position is likewise contrary to the parties' interconnection agreement and AT&T's tariffs, all of which clearly indicate that dPi is responsible for the portion of the subsidy at issue. Your resale attachment clearly points to the tariffs, which in turn clearly indicate that the state portion of the subsidy is the responsibility of dPi, as the reseller.

AT&T would like to resolve this issue without formal regulatory or legal action. I would like to discuss this matter with you at your very earliest convenience. Please understand that AT&T stands willing to discuss reasonable payment arrangements with dPi with respect to this issue.

Please call me to discuss, and I ask that you do so by Friday, December 3, 2010. I look forward to speaking with you.

Sincerely,

Marc Cathey

attachment

Ganoco



Marc Cathey
Executive Director-Wholesale

AT&T
600 19th St. North 9th Floor
Birmingham, AL 35203
Phone: 205.321.4900
Fax: 205.321.4334
Email: marcus.cathey@att.com

May 18, 2011

Stephen D. Klein, President
Ganoco, Inc.
2323 Curlew Rd., Ste 7C
Dunedin, FL 34698

Thomas Biddix
Manager
Ganoco, Inc.
6905 N. Wickham Road
Suite 403
Melbourne, FL 32940

Re: Lifeline Subsidy disputes; final request for discussions in an effort to avoid legal proceedings

Dear Mr. Klein and Mr. Biddix:

This letter follows my November 22, 2010 letter (copy attached), which sought discussion and resolution with Ganoco, Inc. ("Ganoco") regarding disputes raised by Ganoco pertaining to the various state Lifeline programs. As I explained in my November 22 letter and repeat below, Ganoco's disputes in connection with these state Lifeline programs, particularly in the State of Tennessee, have no legitimate basis in the law. To date, Ganoco has not responded to that letter and has continued to submit claims and disputes regarding these programs.

AT&T Tennessee's records show that through March 2011, Ganoco has filed disputes of at least \$ Redacted relating to this issue for its Tennessee accounts and that Ganoco is withholding payment due AT&T Tennessee of a commensurate amount.¹ Ganoco has no legitimate contractual or legal basis for raising these disputes or withholding payment.

In Tennessee, telecommunications service providers are required to self-fund the \$3.50 state portion of the Lifeline subsidy. AT&T Tennessee self-funds this state portion for its own end-users. Ganoco, as the telecommunications service provider to its own end-users, must do likewise. That Ganoco has this obligation

¹ AT&T's records show that Ganoco has submitted similar disputes regarding state lifeline subsidies for other states. As explained in my November 22 letter, those disputes are equally without merit. AT&T fully intends to pursue recovery of those amounts from Ganoco.

is a matter of clear, unambiguous law and is required by tariff and the parties' interconnection agreement.

This issue has already been definitively addressed by the Tennessee Regulatory Authority ("TRA") and the Tennessee Court of Appeals.² In *Discount Communications*, the Court of Appeals affirmed a TRA decision refusing to require AT&T Tennessee to credit a CLEC the amount of the state Lifeline subsidy. In affirming the order, the Court found that "... BellSouth was not required to pass through the state Lifeline credit to [CLEC]," and further, in two arbitrations for ICAs, that "... it is the policy of this state that each individual reseller fully fund the state portion of the Lifeline assistance program from the reseller's internal sources."³ This decision unequivocally rejects Ganoco's position.

Similarly, section A3.31.2.A 9 of AT&T Tennessee's General Subscriber Services Tariff unambiguously states:

The non-discounted federal Lifeline credit amount will be passed along to resellers ordering local service at the prescribed resale discount from this Tariff, for their eligible end users. *The additional credit to the end user will be the responsibility of the reseller.* Eligible Telecommunications Carriers, as defined by the FCC, are required to establish their own Lifeline programs. (emphasis added).

Ganoco has contractually agreed that this tariff provision and the TRA decision are binding terms and conditions in connection with services that AT&T Tennessee sells to Ganoco for resale. Section 3.1, Attachment 1 (Resale) of the interconnection agreement provides:

Subject to effective and applicable FCC and Commission rules and orders, BellSouth shall make available to [Ganoco] for resale those telecommunications services BellSouth makes available, *pursuant to its General Subscriber Services Tariff and Private Line Services Tariff*, to customers who are not telecommunications carriers. (emphasis added).

In light of the clear authorities noted above, Ganoco's continued disputes associated with its claim that AT&T Tennessee must credit Ganoco for the state portion of the lifeline program is not in good faith and its withholding of payment due to AT&T Tennessee for services rendered under the interconnection agreement is a blatant breach of the parties' interconnection agreement.

² See *Discount Comm'ns, Inc. v. BellSouth Telecomms., Inc.*, Case No. M2000-02924-COA-R12-CV, TRA No. 00-00230 (Tenn. Ct. App. Jan. 7, 2002).

³ *Id.* at 10-11.

Mr. Klein
Mr. Biddix
May 18, 2011
Page 3 of 3

AT&T Tennessee would like to resolve this issue without formal regulatory or legal action. Through this letter, AT&T Tennessee is granting one final opportunity to Ganoco to try to resolve this issue with regard to Ganoco's disputes on the Lifeline program on its Tennessee accounts on a business to business basis. Please contact me with respect to the issues raised herein by May 27, 2011 to begin discussions. If we have not heard from you by this date, we reserve our right to pursue any and all appropriate remedies.

Sincerely,

A handwritten signature in black ink, appearing to be "Marc Cathey", written over a horizontal line.

Marc Cathey

attachment



Marc Cathey
Executive Director-Wholesale

AT&T
600 19th St. North, 9th Floor
Birmingham, AL 35203
Phone: 205.321.4900
Fax: 205.321.4334
Email: marcus.cathey@att.com

November 22, 2010

Stephen D. Klein, President
Ganoco, Inc.
2323 Curlew Rd., Ste 7C
Dunedin, FL 34698

Re: Lifeline Subsidy in states of Alabama, Florida, Georgia, Kentucky and
Tennessee

Dear Mr. Klein:

I am writing on behalf of AT&T¹ regarding the disputes submitted by Ganoco, Inc. ("Ganoco") in connection with AT&T's denial of Ganoco's request that AT&T pass through to the state component of the Lifeline subsidy for Ganoco's accounts in the states referenced in the footnote below. Our records show that, through October 10, 2010, Ganoco has disputed at least \$Redacted in connection with this issue. We do not believe that Ganoco has adequate justification for disputing these sums. Our position in denying these disputes is supported by court precedent, the parties' interconnection agreement, and the applicable tariffs.

In each of the below-noted states, telecommunications service providers are required to self-fund the state portion of the Lifeline subsidy (\$3.50) for their end-user customers. Unlike the federal portion of the Lifeline program, there is no fund in these states to reimburse the service provider for this subsidy; instead, providing this subsidy is an unreimbursed cost to the service provider. Consistent with the applicable state requirements, AT&T self-funds the state subsidy to its end-users at a loss to AT&T. Ganoco, as the service provider to its end-users, must do likewise. Put another way, while AT&T passes through the federal portion of the Lifeline subsidy to Image Access and is reimbursed by the USF program in doing so, AT&T has no obligation to pass on the state portion, because that subsidy is Image Access' obligation to fund on behalf of its own end-users.

The outcome Image Access appears to suggest through its disputes on this issue would effectively require AT&T to subsidize Ganoco's customers' Lifeline service. That is clearly not intended or required under the Lifeline program, the tariffs, or the parties' interconnection agreement. In short, there is no legal authority to support Image Access' position that AT&T must subsidize Image Access' participation in this program.

¹ BellSouth Telecommunications, Inc., doing business in the states listed above as AT&T Alabama, AT&T Florida, AT&T Georgia, AT&T Kentucky, and AT&T Tennessee ("AT&T").

Mr. Klein
November 22, 2010
Page 2 of 2

We direct your attention to a 2002 decision of the Tennessee Court of Appeals, *Discount Communications, Inc. v. BellSouth Telecommunications, Inc.*, Case No. M2000-02924-COA-R12-CV, 2002 WL 1255674 (Tenn. Ct. App. Jun. 7, 2002) (a copy is attached for your convenience). In *Discount Communications*, the court upheld a decision of the Tennessee Regulatory Authority ("TRA") which refused to require AT&T to credit a CLEC the amount of the state Lifeline subsidy. In reaching that decision, the court agreed that the TRA's "policy of placing the burden of the state subsidy on the carriers that sell the services to the Lifeline customers" was a valid interpretation of the federal Lifeline program. *Id.* at *3.

Ganoco position is likewise contrary to the parties' interconnection agreement and AT&T's tariffs, all of which clearly indicate that Ganoco' responsible for the portion of the subsidy at issue. Your resale attachment clearly points to the tariffs, which in turn clearly indicate that the state portion of the subsidy is the responsibility of Ganoco, as the reseller.

AT&T would like to resolve this issue without formal regulatory or legal action. I would like to discuss this matter with you at your very earliest convenience. Please understand that AT&T stands willing to discuss reasonable payment arrangements with Ganoco with respect to this issue.

Please call me to discuss, and I ask that you do so by Friday, December 3, 2010. I look forward to speaking with you.

Sincerely,

Marc Cathey

attachment

NewPhone



Marc Cathey
Executive Director-Wholesale

AT&T
600 19th St. North 9th Floor
Birmingham, AL 35203
Phone: 205.321.4900
Fax: 205.321.4334
Email: marcus.cathey@att.com

May 18, 2011

Gene Dry
Image Access Inc.
3525 N. Causeway Blvd., Ste 501
Metairie, LA 70002

Re: Lifeline Subsidy disputes; final request for discussions in an effort to avoid legal proceedings

Dear Mr. Dry:

This letter follows my November 22, 2010 letter (copy attached), which sought discussion and resolution with Image Access Inc. ("Image Access") regarding disputes raised by Image Access pertaining to the various state Lifeline programs. As I explained in my November 22 letter and repeat below, Image Access's disputes in connection with these state Lifeline programs, particularly in the State of Tennessee, have no legitimate basis in the law. To date, Image Access has not responded to that letter and has continued to submit claims and disputes regarding these programs.

AT&T Tennessee's records show that through March 2011, Image Access has filed disputes of at least Redacted relating to this issue for its Tennessee accounts and that Image Access is withholding payment due AT&T Tennessee of a commensurate amount.¹ Image Access has no legitimate contractual or legal basis for raising these disputes or withholding payment.

In Tennessee, telecommunications service providers are required to self-fund the \$3.50 state portion of the Lifeline subsidy. AT&T Tennessee self-funds this state portion for its own end-users. Image Access, as the telecommunications service provider to its own end-users, must do likewise. That Image Access has this obligation is a matter of clear, unambiguous law and is required by tariff and the parties' interconnection agreement.

¹ AT&T's records show that Image Access has submitted similar disputes regarding state lifeline subsidies for other states. As explained in my November 22 letter, those disputes are equally without merit. AT&T fully intends to pursue recovery of those amounts from Image Access.

This issue has already been definitively addressed by the Tennessee Regulatory Authority ("TRA") and the Tennessee Court of Appeals.² In *Discount Communications*, the Court of Appeals affirmed a TRA decision refusing to require AT&T Tennessee to credit a CLEC the amount of the state Lifeline subsidy. In affirming the order, the Court found that ". . . BellSouth was not required to pass through the state Lifeline credit to [CLEC]," and further, in two arbitrations for ICAs, that ". . . it is the policy of this state that each individual reseller fully fund the state portion of the Lifeline assistance program from the reseller's internal sources."³ This decision unequivocally rejects Image Access's position.

Similarly, section A3.31.2.A 9 of AT&T Tennessee's General Subscriber Services Tariff unambiguously states:

The non-discounted federal Lifeline credit amount will be passed along to resellers ordering local service at the prescribed resale discount from this Tariff, for their eligible end users. *The additional credit to the end user will be the responsibility of the reseller.* Eligible Telecommunications Carriers, as defined by the FCC, are required to establish their own Lifeline programs. (emphasis added).

Image Access has contractually agreed that this tariff provision and the TRA decision are binding terms and conditions in connection with services that AT&T Tennessee sells to Image Access for resale. Section 3.1, Attachment 1 (Resale) of the interconnection agreement provides:

Subject to effective and applicable FCC and Commission rules and orders, BellSouth shall make available to Image Access] for resale those telecommunications services BellSouth makes available, *pursuant to its General Subscriber Services Tariff and Private Line Services Tariff*, to customers who are not telecommunications carriers. (emphasis added).

In light of the clear authorities noted above, Image Access's continued disputes associated with its claim that AT&T Tennessee must credit Image Access for the state portion of the lifeline program is not in good faith and its withholding of payment due to AT&T Tennessee for services rendered under the interconnection agreement is a blatant breach of the parties' interconnection agreement.

AT&T Tennessee would like to resolve this issue without formal regulatory or legal action. Through this letter, AT&T Tennessee is granting one final opportunity to Image Access to try to resolve this issue with regard to Image Access's disputes on the Lifeline program on its Tennessee accounts on a business to business

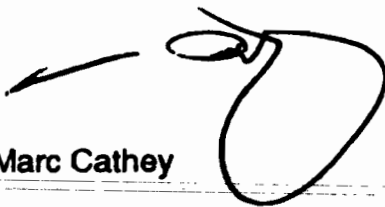
² See *Discount Comm'ns, Inc. v. BellSouth Telecomms., Inc.*, Case No. M2000-02924-COA-R12-CV, TRA No. 00-00230 (Tenn. Ct. App. Jan. 7, 2002).

³ *Id.* at 10-11.

Mr. Dry
May 18, 2011
Page 3 of 3

basis. Please contact me with respect to the issues raised herein by May 27, 2011 to begin discussions. If we have not heard from you by this date, we reserve our right to pursue any and all appropriate remedies.

Sincerely,


Marc Cathey

attachment



Marc Cathey
Executive Director-Wholesale

AT&T
600 19th St. North, 9th Floor
Birmingham, AL 35203
Phone: 205.321.4900
Fax: 205.321.4334
Email: marcus.cathey@att.com

November 22, 2010

Gene Dry
Image Access Inc
3525 N. Causeway Blvd., Ste 501
Metairie, LA 70002

Re: Lifeline Subsidy in states of Alabama, Florida, Georgia, Kentucky and Tennessee

Dear Mr. Dry:

I am writing on behalf of AT&T¹ regarding the disputes submitted by Image Access Inc. ("Image Access") in connection with AT&T's denial of Image Access's request that AT&T pass through to the state component of the Lifeline subsidy for Image Access's accounts in the states referenced in the footnote below. Our records show that, through October 10, 2010, Image Access has disputed at least Redacted in connection with this issue. We do not believe that Image Access has adequate justification for disputing these sums. Our position in denying these disputes is supported by court precedent, the parties' interconnection agreement, and the applicable tariffs.

In each of the below-noted states, telecommunications service providers are required to self-fund the state portion of the Lifeline subsidy (\$3.50) for their end-user customers. Unlike the federal portion of the Lifeline program, there is no fund in these states to reimburse the service provider for this subsidy; instead, providing this subsidy is an unreimbursed cost to the service provider. Consistent with the applicable state requirements, AT&T self-funds the state subsidy to its end-users at a loss to AT&T. Image Access, as the service provider to its end-users, must do likewise. Put another way, while AT&T passes through the federal portion of the Lifeline subsidy to Image Access and is reimbursed by the USF program in doing so, AT&T has no obligation to pass on the state portion, because that subsidy is Image Access's obligation to fund on behalf of its own end-users.

The outcome Image Access appears to suggest through its disputes on this issue would effectively require AT&T to subsidize Image Access's customers' Lifeline service. That is clearly not intended or required under the Lifeline program, the

¹ BellSouth Telecommunications, Inc., doing business in the states listed above as AT&T Alabama, AT&T Florida, AT&T Georgia, AT&T Kentucky, and AT&T Tennessee ("AT&T").

Mr. Dry
November 22, 2010
Page 2 of 2

tariffs, or the parties' interconnection agreement. In short, there is no legal authority to support Image Access's position that AT&T must subsidize Image Access's participation in this program.

We direct your attention to a 2002 decision of the Tennessee Court of Appeals, *Discount Communications, Inc. v. BellSouth Telecommunications, Inc.*, Case No. M2000-02924-COA-R12-CV, 2002 WL 1255674 (Tenn. Ct. App. Jun. 7, 2002) (a copy is attached for your convenience). In *Discount Communications*, the court upheld a decision of the Tennessee Regulatory Authority ("TRA") which refused to require AT&T to credit a CLEC the amount of the state Lifeline subsidy. In reaching that decision, the court agreed that the TRA's "policy of placing the burden of the state subsidy on the carriers that sell the services to the Lifeline customers" was a valid interpretation of the federal Lifeline program. *Id.* at *3.

Image Access's position is likewise contrary to the parties' interconnection agreement and AT&T's tariffs, all of which clearly indicate that Image Access is responsible for the portion of the subsidy at issue. Your resale attachment clearly points to the tariffs, which in turn clearly indicate that the state portion of the subsidy is the responsibility of Image Access, as the reseller.

AT&T would like to resolve this issue without formal regulatory or legal action. I would like to discuss this matter with you at your very earliest convenience. Please understand that AT&T stands willing to discuss reasonable payment arrangements with Image Access with respect to this issue.

Please call me to discuss, and I ask that you do so by Friday, December 3, 2010. I look forward to speaking with you.

Sincerely,

Marc Cathey

attachment

OneTone



Marc Cathey
Executive Director-Wholesale

AT&T
600 19th St. North 9th Floor
Birmingham, AL 35203
Phone: 205.321.4900
Fax: 205.321.4334
Email: marcus.cathey@att.com

May 18, 2011

Scott Loggins, President
One Tone Telecom Inc.
100 Century Plaza, Ste. 9-1
Seneca, SC 29672

Re: Lifeline Subsidy disputes; final request for discussions in an effort to avoid legal proceedings

Dear Mr. Loggins:

This letter follows my November 22, 2010 letter (copy attached), which sought discussion and resolution with One Tone Telecom Inc. ("One Tone") regarding disputes raised by One Tone pertaining to the various state Lifeline programs. As I explained in my November 22 letter and repeat below, One Tone's disputes in connection with these state Lifeline programs, particularly in the State of Tennessee, have no legitimate basis in the law. To date, one Tone has not responded to that letter and has continued to submit claims and disputes regarding these programs.

AT&T Tennessee's records show that through March 2011, One Tone has filed disputes of at least Redacted relating to this issue for its Tennessee accounts and that One Tone is withholding payment due AT&T Tennessee of a commensurate amount.¹ One Tone has no legitimate contractual or legal basis for raising these disputes or withholding payment.

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¹ AT&T's records show that One Tone has submitted similar disputes regarding state lifeline subsidies for other states. As explained in my November 22 letter, those disputes are equally without merit. AT&T fully intends to pursue recovery of those amounts from One Tone.

This issue has already been definitively addressed by the Tennessee Regulatory Authority ("TRA") and the Tennessee Court of Appeals.² In *Discount Communications*, the Court of Appeals affirmed a TRA decision refusing to require AT&T Tennessee to credit a CLEC the amount of the state Lifeline subsidy. In affirming the order, the Court found that "... BellSouth was not required to pass through the state Lifeline credit to [CLEC]," and further, in two arbitrations for ICAs, that "... it is the policy of this state that each individual reseller fully fund the state portion of the Lifeline assistance program from the reseller's internal sources."³ This decision unequivocally rejects One Tone's position.

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One Tone has contractually agreed that this tariff provision and the TRA decision are binding terms and conditions in connection with services that AT&T Tennessee sells to One Tone for resale. Section 3.1, Attachment 1 (Resale) of the interconnection agreement provides:

Subject to effective and applicable FCC and Commission rules and orders, BellSouth shall make available to [One Tone] for resale those telecommunications services BellSouth makes available, *pursuant to its General Subscriber Services Tariff and Private Line Services Tariff*, to customers who are not telecommunications carriers. (emphasis added).

In light of the clear authorities noted above, One Tone's continued disputes associated with its claim that AT&T Tennessee must credit One Tone for the state portion of the lifeline program is not in good faith and its withholding of payment due to AT&T Tennessee for services rendered under the interconnection agreement is a blatant breach of the parties' interconnection agreement.

AT&T Tennessee would like to resolve this issue without formal regulatory or legal action. Through this letter, AT&T Tennessee is granting one final opportunity to One Tone to try to resolve this issue with regard to One Tone's disputes on the Lifeline program on its Tennessee accounts on a business to business basis.

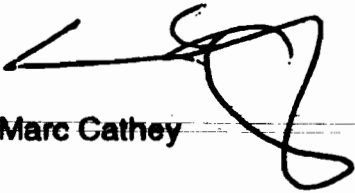
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³ *Id.* at 10-11.

Mr. Loggins
May 18, 2011
Page 3 of 3

Please contact me with respect to the issues raised herein by May 27, 2011 to begin discussions. If we have not heard from you by this date, we reserve our right to pursue any and all appropriate remedies.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marc Cathey', with a large, stylized loop at the end.

Marc Cathey

attachment



Marc Cathey
Executive Director

AT&T
600 19th St. North, 9th Floor
Birmingham, AL 35203
Phone: 205.321.4900
Fax: 205.321.4334
email: marcus.cathey@att.com

November 22, 2010

Scott Loggins, President
One Tone Telecom Inc.
100 Century Plaza, Ste. 9-1
Seneca, SC 29672

Re: Lifeline Subsidy in states of Alabama, Florida, Georgia, Kentucky and Tennessee

Dear Mr. Loggins:

I am writing on behalf of AT&T¹ regarding the disputes submitted by OneTone Telecom Inc. ("OneTone") in connection with AT&T's denial of OneTone's request that AT&T pass through to the state component of the Lifeline subsidy for OneTone's accounts in the states referenced in the footnote below. Our records show that, through October 10, 2010, OneTone has disputed at least \$ Redacted in connection with this issue. We do not believe that OneTone has adequate justification for disputing these sums. Our position in denying these disputes is supported by court precedent, the parties' interconnection agreement, and the applicable tariffs.

In each of the below-noted states, telecommunications service providers are required to self-fund the state portion of the Lifeline subsidy (\$3.50) for their end-user customers. Unlike the federal portion of the Lifeline program, there is no fund in these states to reimburse the service provider for this subsidy; instead, providing this subsidy is an unreimbursed cost to the service provider. Consistent with the applicable state requirements, AT&T self-funds the state subsidy to its end-users at a loss to AT&T. OneTone, as the service provider to its end-users, must do likewise. Put another way, while AT&T passes through the federal portion of the Lifeline subsidy to OneTone and is reimbursed by the USF program in doing so, AT&T has no obligation to pass on the state portion, because that subsidy is OneTone's obligation to fund on behalf of its own end-users.

The outcome OneTone appears to suggest through its disputes on this issue would effectively require AT&T to subsidize OneTone's customers' Lifeline service. That is clearly not intended or required under the Lifeline program, the tariffs, or the parties' interconnection agreement. In short, there is no legal authority to support OneTone's position that AT&T must subsidize OneTone's participation in this program.

¹ BellSouth Telecommunications, Inc., doing business in the states listed above as AT&T Alabama, AT&T Florida, AT&T Georgia, AT&T Kentucky, and AT&T Tennessee ("AT&T").

Mr. Loggins
November 22, 2010
Page 2 of 2

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OneTone's position is likewise contrary to the parties' interconnection agreement and AT&T's tariffs, all of which clearly indicate that OneTone is responsible for the portion of the subsidy at issue. Your resale attachment clearly points to the tariffs, which in turn clearly indicate that the state portion of the subsidy is the responsibility of OneTone, as the reseller.

AT&T would like to resolve this issue without formal regulatory or legal action. I would like to discuss this matter with you at your very earliest convenience. Please understand that AT&T stands willing to discuss reasonable payment arrangements with OneTone with respect to this issue.

Please call me to discuss, and I ask that you do so by Friday, December 3, 2010. I look forward to speaking with you.

Sincerely,

Marc Cathey

attachment

Exhibit B



Marc Cathey
Executive Director-Wholesale

AT&T
600 19th St. North 9th Floor
Birmingham, AL 35203
Phone: 205.321.4900
Fax: 205-321-4334
Email: marcus.cathey@att.com

June 28, 2011

**BY FEDERAL EXPRESS
IMMEDIATE ATTENTION REQUIRED**

Mr. Brian Cox
Angles Communications Solutions
7850 Stage Hills Blvd. Suite 108
Memphis, TN 38133

Mr. Thomas Biddix
BLC Management LLC d/b/a Angles Communications
6905 N. Wickham Road
Suite 405
Melbourne, FL 32940

Re: Termination of Interconnection Agreement with BellSouth Telecommunications, Inc.
– Notice of Suspension and Disconnection

Dear Sirs:

This letter notifies you that, pursuant to Section 1.7.1 of Attachment 7 (Billing) of your January 30, 2004 Interconnection Agreement with BellSouth Telecommunications, Inc. (the "Interconnection Agreement"), BellSouth Telecommunications, Inc. d/b/a AT&T Alabama, AT&T Kentucky, AT&T Louisiana, AT&T Mississippi, AT&T North Carolina and AT&T Tennessee ("AT&T") hereby suspends BLC Management LLC's d/b/a Angles Communications' ("BLC's") access to AT&T's ordering systems (other than for submission of disconnect orders) effective on July 7, 2011, and terminates the Interconnection Agreement effective July 19, 2011, due to BLC's prohibited, unlawful or improper use of AT&T's services and BLC's material breach of the Interconnection Agreement.

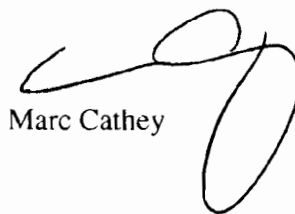
As indicated in my May 24, 2011 letter to BLC (the "May 24 Letter") (copy attached), evidence discovered by the Staff of the Florida Public Service Commission indicates that BLC's affiliated companies apparently violated numerous requirements applicable to the Federal Universal Service Fund ("USF") in connection with the ordering of Lifeline and Link-Up services from AT&T. The May 24 Letter expressed AT&T's concerns in this regard and offered BLC an opportunity to provide AT&T with information by June 20 demonstrating that BLC fulfilled its contractual obligations not to use AT&T services for unlawful purposes and its separate certification that BLC "fully complies with all FCC requirements governing the Lifeline/Link-Up programs in every state in which [it] resells AT&T Lifeline services." BLC provided no information. In fact, BLC failed even to respond to AT&T's May 24 Letter despite Mr. Biddix's

Mr. Brian Cox
Mr. Thomas Biddix
June 28, 2011
Page 2 of 2

acknowledgement to me that BLC had received it and despite being afforded a reasonable time to provide the records and data requested.¹

BLC's failure to respond and to provide AT&T with access to any of the requested information leads AT&T to believe that BLC has used AT&T's Lifeline and Link-Up services improperly. Because of BLC's material breaches of the terms of the interconnection agreement and its failure to document eligibility of its end users for Lifeline and Link-Up services from AT&T, AT&T is exercising its contractual rights to suspend acceptance of all BLC service orders effective July 7, 2011. Further, AT&T hereby terminates the Interconnection Agreement in its entirety effective July 19 and shall discontinue providing any services to BLC on that date. AT&T encourages BLC to utilize the time provided to notify its end users of the discontinuance of service and/or arrange for an alternative service provider.

Yours truly,


Marc Cathey

Attachment

¹ To verify eligibility of new subscribers, AT&T also requested BLC to start providing copies of the signed certifications of end users claiming eligibility for Lifeline and Link-Up support. Despite the request, BLC has continued to order Lifeline access lines without providing the requested certifications.



Marc Cathey
Executive Director-Wholesale

AT&T
600 19th St. North 9th Floor
Birmingham, AL 35203
Phone: 205.321.4900
Fax: 205.321.4334
Email: marcus.cathey@att.com

May 24, 2011

**BY FEDERAL EXPRESS
IMMEDIATE ATTENTION REQUIRED**

Brian Cox
Angles Communication Solutions
7850 Stage Hills Blvd, Suite 108
Memphis, Tennessee 38133

Mr. Thomas Biddix
BLC Management LLC d/b/a Angles Communications
6905 N. Wickham Road
Suite 403
Melbourne, FL 32940

Re: Potential Violations of Interconnection Agreement with BellSouth
Telecommunications, Inc.

Dear Sirs:

I write on behalf of BellSouth Telecommunications, Inc. d/b/a AT&T Alabama, AT&T Kentucky, AT&T Louisiana, AT&T Mississippi, AT&T North Carolina and AT&T Tennessee (collectively "AT&T") with regard to the Interconnection Agreement between AT&T and BLC Management LLC d/b/a Angles Communications ("BLC"), which was executed on or about January 30, 2004 and approved by the public utility commissions of each of the above states (the "ICA").

According to BLC's public website, BLC promotes the availability of Lifeline and Link-Up services to low income customers. BLC has also submitted numerous orders to AT&T for the provisioning of resale lines for which BLC has sought, and AT&T has provided, in connection with the applicable interconnection agreement, Lifeline and Link-Up discounts. Specifically, in good faith reliance upon BLC's representation and certification that it was in compliance with the FCC's rules associated with those programs, AT&T provided Lifeline and Link-Up discounts to BLC and, in turn, sought reimbursement of those discounts from the Federal Universal Service Fund ("USF").

AT&T understands that, since the effective date of the above agreement, BLC was acquired by, and is operated as a subsidiary of, Associated Telecommunications Management Services, LLC ("ATMS"). AT&T further understands that the activities of ATMS' operating competitive local

exchange companies, including BLC, are commonly managed by employees of ATMS and other affiliates with offices in Melbourne, Florida.

AT&T has reviewed with concern the March 29, 2011 Memorandum prepared by the Staff of the Florida Public Service Commission ("Florida Staff") regarding the activities of BLC's ATMS affiliates operating in the State of Florida. The Florida Staff Memorandum states that after extensive research, the Florida Staff concluded that there is evidence that ATMS' Florida affiliates apparently violated numerous requirements applicable to the Federal USF and received nearly \$2 million in improper payments from that fund. Among the apparent violations identified by the Florida Staff was that ATMS' affiliates had not received written certifications from customers of their eligibility for benefits from the Federal Lifeline and Link-Up programs before enrolling them in those programs and placing service orders on their behalf. *See* 47 C.F.R. §§ 54.410 & 54.416.

Given the common ownership and management of all ATMS' competitive local exchange companies, including BLC and its Florida affiliates, AT&T is concerned whether BLC, like its Florida affiliates may have violated USF requirements. This is of particular concern because AT&T relies upon BLC's representation and certification in providing BLC Lifeline and Link-Up credits and seeking reimbursement of those credits from the USF, and violation of USF requirements by or on behalf of BLC with regard to end user lines that it orders from AT&T would constitute violations of the ICA. Specifically, if the apparent violations identified by the Florida Staff apply to BLC, DTM would be in violation of at least § 3.5 of Attachment 1 (Resale) of the ICA, which provides that "Service is furnished subject to the condition that it will not be used for any unlawful purpose." It would also be in violation of BLC's October 5, 2010 Certification to AT&T affirming that BLC "fully complies with all FCC requirements governing the Lifeline/Link-Up programs in every state in which BLC Management, LLC resells AT&T's Lifeline services."

In addition, when AT&T "has grounds to believe that service will be used in violation of law," AT&T has the right to "refuse service," *see* ICA, § 3.11, Attachment 1 (Resale), and, further, has the right "to suspend or terminate service in the event of prohibited, unlawful or improper use" of AT&T facilities or service. *See* ICA, § 1.7.1, Attachment 7 (Billing).

In light of the above, and in order to assure that the resale services that AT&T has provided to BLC have not been and are not being used unlawfully, AT&T requests that BLC provide the following information to AT&T no later than June 20, 2011:

1. A list of all customers (including name, address and billing telephone number) to whom BLC sold Lifeline and/or Link-Up service it purchased from AT&T during the period from January 1, 2010 to date;
2. Copies of the Lifeline and Link-Up certifications received from the customers identified in response to Request #1 above and the dates on which those certifications were received;

3. If any of the customers identified in response to Request #1 above were transferred to BLC from other carriers, a copy of the Letter of Authorization or other documentation that granted BLC the right to make such transfer;
4. A statement identifying which, if any, of the customers identified in response to Request #1 above was served in whole or in part by BLC owned and operated facilities and how such BLC owned and operated facilities were used to provide the service; and
5. A list of all customers identified in response to Request #1 above for whom BLC sought reimbursement directly from the USAC, the federal USF administrator, including the month(s) for which DTM sought such reimbursement.

The above information should be provided to:

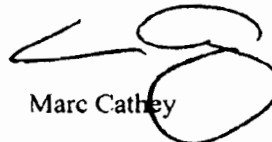
Nicole Bracy, Sr. Product Marketing Mgr.
AT&T
675 W PEACHTREE ST NW
Atlanta, GA 30375-0001

Please contact Ms. Bracy at (404) 927-7596 to discuss the most convenient and efficient means of transmitting the requested data, including, where possible, the use of e-mail or other electronic means

AT&T will carefully review any information BLC provides and will contact BLC to discuss the matter further once that review is complete. Depending upon the results of AT&T's review of the material provided in response to the above requests, AT&T reserves all of its rights to take appropriate legal or other action, including termination of the ICA pursuant to § 1.7.1 of Attachment 7.

Finally, given the seriousness of these matters, AT&T will not entertain any requests for an extension of time to respond to the above requests. Moreover, if BLC and/or its agent(s) do not provide the requested information by June 20, 2011, AT&T will cease honoring new requests from BLC for Lifeline and/or Link-Up discounts on resold lines unless and until BLC has faxed to AT&T a copy of the written customer certification(s) BLC has received for the applicable order at (404) 529-7839. This is in addition to, and not in lieu of, any other rights AT&T may have, including termination of the ICA pursuant to § 1.7.1 of Attachment 7.

Yours truly,



Marc Cathey