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July 6, 2011

J. Richard Collier, Esq.
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: AT&T letters concerning possible disconnection of service
of Angles and other resellers
Docket No. ~~PP~~ 10-00008

Dear Mr. Collier:

I am writing on behalf of BLC Management LLC d/b/a Angles Communication Solutions to ask that the June 28 letter from AT&T threatening disconnection of Angles be added to the TRA's conference agenda for July 11, 2011 for a report from the parties as to AT&T's intentions. I believe that AT&T has issued similar letters to a number of other resellers in Tennessee threatening disconnection on July 19 and recommend that all of those matters be noticed for discussion on July 11, 2011.

AT&T sent the TRA a second letter dated July 1, 2011, describing in more detail the basis for AT&T's proposed disconnection of Angles. AT&T lists two areas of dispute: the "Lifeline Credit" issue and the "Lifeline Certification" problem. AT&T also refers in passing to AT&T's belief that Angles is not paying its bills. I would like to respond briefly.

The substance of the "State Lifeline Credit" dispute between AT&T and the resellers concerns whether the "interim" policy adopted by the TRA eleven years ago (Complaint of Discount Communications, Inc., Docket 00-00230, ordered issued Sept. 20, 2000) is still controlling today. As you may recall, the TRA decided by a two-to-one vote that BellSouth was not required to pass on to resellers the \$3.50 Lifeline subsidy that had been built into BellSouth's rate structure at the time of deregulation. BellSouth, in other words, got a \$3.50 windfall every time a Lifeline customer left BellSouth and switched to a reseller. Implicitly acknowledging that this decision might, in the long run, raise concerns about whether resellers could compete for Lifeline customers, the majority emphasized that this was only an "interim" decision and that the \$3.50 subsidy "shall be funded from the state Universal Service Fund once the fund is established and becomes operations." Order at 11. Chairman Kyle, however, dissented and held that BellSouth should be required to pass on the \$3.50 subsidy to resellers because the subsidy "has been built into BellSouth's rates." Dissent, at 1.

Today, AT&T insists that Angles and the other resellers, all of whom have ICAs which allow them to withhold disputed charges, are acting in bad faith by disputing the Lifeline subsidy issue in Tennessee. AT&T demands that unless the resellers immediately pay all the Lifeline subsidy money that they have withheld, AT&T will disconnect the service of all of the resellers' Tennessee customers.

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Chairman Kyle remains at the TRA. The two Directors who adopted the "interim" policy in 2000 are no longer there. For various reasons, the TRA never created the Universal Service Fund to provide the \$3.50 subsidy as anticipated eleven years ago. It is certainly not "bad faith" on the part of the resellers to believe that if this dispute were presented to the TRA today, the agency might well reach a different conclusion. The agency might also rule that, in the absence of a universal service fund, the "interim" decision adopted in 2000 should not have remained in effect for eleven years.¹


AT&T's letter also refers to a "Lifeline certification" issue. Since AT&T's letter was written, AT&T and Angles have been discussing an audit of Angles' compliance with USAC's Lifeline certification requirements. The parties should be directed to report to the Authority on June 11 concerning the status of this audit and AT&T's threatened termination.

Finally, it should be noted that AT&T and Angle have been working for nearly six months on an audit of AT&T's bills and Angles' pending requests for promotional credits (money owed to Angles by AT&T). The purpose of the audit is to determine how much money, if any, Angles owes to AT&T after subtracting these disputed promotional credits. At this time, it appears that AT&T may owe more money to Angles than Angles owes to AT&T. That audit is still in progress.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

By:


Henry Walker

HW/dnr

cc: Guy Hicks

¹ Had such a fund been created, BellSouth would have been by far the largest contributor. Funding the Lifeline subsidy from such a fund would have had about the same economic impact on BellSouth as if the TRA had ordered BellSouth to pass on the subsidy to resellers.