

BOULT  
CUMMINGS  
CONNERS  
& BERRY  
PLC

LAW OFFICES  
414 UNION STREET, SUITE 1600  
POST OFFICE BOX 198062  
NASHVILLE, TENNESSEE 37219

Henry Walker  
(615) 252-2363  
Fax: (615) 252-6363  
Email: hwalker@bccb.com

RECEIVED

JAN 24 2000

TO: REGULATORY AUTHORITY  
TELEPHONE (615) 244-1387  
FACSIMILE (615) 252-0871  
GENERAL COUNSEL'S OFFICE  
INTERNET WEB <http://www.bccb.com/>

January 21, 2000

John Connors  
Consumer Services Division  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Re: Investigation of U. S. Republic, Docket No. 99-0793

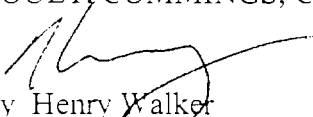
Dear John:

As I mentioned yesterday, U. S. Republic has authorized me to reinstate the original settlement offer we made to the TRA last fall. The terms of that offer, which include payment of \$45,200, are contained in the attached settlement proposal. In addition, U.S. Republic has also proposed to transfer its intrastate operating authority to another carrier and, thereafter, will no longer be providing intrastate telecommunications in Tennessee. Please note that this settlement agreement does not apply to the state Consumer Affairs office.

As I told you earlier, my client's initial reluctance to agree to such a large settlement amount was based on their concern that other jurisdictions would impose similar penalties per complaint. That remains a concern. Therefore, U.S. Republic asks that this settlement, while a matter of public record, not be affirmatively publicized by the TRA through newsletters, press releases, or other similar announcements. Should anyone ask about the case, the TRA could, of course, provide information from the public record.

Sincerely,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

  
By Henry Walker

HW/nl  
c: Melissa Smith  
Attachment

BEFORE THE TENNESSEE REGULATORY AUTHORITY

IN RE: INVESTIGATION OF U.S. REPUBLIC COMMUNICATIONS, INC.  
DOCKET NO. 99-0793

---

SETTLEMENT AGREEMENT

---

The purpose of this document is to memorialize a settlement agreement between U. S. Republic Communications, Inc. ("U.S. Republic") and the Consumer Services Division of the Tennessee Regulatory Authority. U. S. Republic was issued a Certificate of Authority on March 25, 1998 authorizing it as an operator services provider and/or reseller of telecommunications services in Tennessee.<sup>1</sup> U.S. Republic is subject to the applicable laws of the State of Tennessee and to the rules promulgated by the Tennessee Regulatory Authority ("Authority").

Based on the receipt of a number of written complaints from Tennessee customers of U.S. Republic alleging that U.S. Republic was billing customers for Internet website services on their local exchange phone bill which the customer had not agreed to purchase, the Consumer Services Division petitioned the Authority on October 1, 1999, to open a docket for the purpose of further investigation to determine whether grounds existed for the issuance of a show cause order. The Authority approved the opening of a docket on October 12, 1999.

The Consumer Service Division conducted an extensive investigation of each written complaint against U.S. Republic. In an attempt to resolve this matter, U.S. Republic has

---

<sup>1</sup> Docket No. 96-01737.

issued refunds or credits to each consumer who has complained to the Authority regardless of whether U. S. Republic agrees that the complaint has merit.

\* Effective March 7, 1999, U.S. Republic discontinued the business of marketing LEC-billed Internet website services in Tennessee. Effective October 5, 1999, U.S. Republic sold its entire website business and related assets. Thus, U. S. Republic has ceased its website business throughout the United States including Tennessee. In the event U.S. Republic reconsiders this decision, it agrees to provide the Consumer Services Division a sixty (60) day notice. This notice shall include the name(s) under which U. S. Republic plans to conduct business and the details of the proposed service, including but not limited to the product name and cost of the service and the method of billing the customer. U. S. Republic agrees as a precondition for re-instituting any Internet website service in Tennessee to not bill for such service(s) on the end users local telephone bill.

Furthermore, U.S. Republic has agreed to transfer its intrastate operating authority to another interexchange carrier, Alliance Network, Inc., (application pending, TRA docket 99-00563). Following this transfer, U.S. Republic will no longer be authorized to provide telecommunications services in Tennessee.

In order to resolve the outstanding complaints, U. S. Republic and the Consumer Services Division have agreed to the terms of the settlement described below. This is not an admission of wrongdoing by U. S. Republic.

A. The Stipulated Final Order for Permanent Injunction and Other Equitable Relief with the Federal Trade Commission filed in the United States District Court for the Southern District of Texas, Civil Action No. H-99-3657, is incorporated into this Settlement Agreement and

~~Agreed Order~~ as Exhibit A. U. S. Republic agrees to be bound by all the terms set forth in Exhibit A as part of this Agreement. In accordance with the aforementioned order between U. S. Republic and the Federal Trade Commission, U.S. Republic will provide written notice to Tennessee Internet website customers and provide full and prompt refunds upon request as provided in Exhibit A.

B. Beyond the <sup>time limitations in the Final Order of</sup> ~~requirements of~~ the Federal Trade Commission ("FTC") <sup>[Exhibit A]</sup>, ~~agreement~~, U. S. Republic agrees to make a full refund to any Tennessee customer billed for Internet website services before May 20, 1999, upon written <sup>notification</sup> ~~complaint~~ by the customer.

C. For purposes of settlement, U.S. Republic agrees to pay the Authority the sum of Forty-Five Thousand Two Hundred and <sup>00</sup>/100 (\$45,200.00) to be used for consumer education, TRA regulatory expenses, or such other public purpose as the TRA shall determine. <sup>U.S. Rep. is agrees to pay the sum of Forty-Five Thousand Two Hundred and 00/100 (\$45,200.00) to be used for consumer education, TRA regulatory expenses, or such other public purpose as the TRA shall determine.</sup>

D. Within six months of the date of this agreement, U. S. Republic shall file with the Authority a list of Tennessee customers (name, address, and telephone numbers) who have requested refunds pursuant to the FTC Agreement and pursuant to <sup>Paragraph</sup> ~~Section B~~, *supra*.

E. U. S. Republic must within ten (10) days of receipt of a written request from the Consumer Services Division, provide any documents, books and/or records reasonably necessary to establish to the satisfaction of the Chief of the Consumer Services Division of the Tennessee Regulatory Authority, that U. S. Republic has complied with this Settlement. <sup>Agreement.</sup> This paragraph shall in no way limit the Attorney General's office, the Tennessee Regulatory Authority or the Division of Consumer Affairs' right to obtain documents, record and/or testimony through any other state or federal law, regulation or rule.

F. U.S. Republic further agrees to be in full compliance with Tenn. Code Ann. § 65-4-125 *et seq.* and the rules and regulations of the Authority.

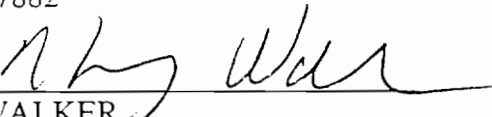
z. The parties acknowledge this Agreement is subject to the approval of the Directors of the Tennessee Regulatory Authority.

ENTERED INTO THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2000.

Signature: \_\_\_\_\_

Print name: Michael G. Hoffman

Title: Secretary/Corporate Officer  
U. S. Republic Communications, Inc.  
200 West Pleasant Run Rd.  
Lancaster, TX 75146  
(972) 274-7882

  
HENRY WALKER  
Counsel for U. S. Republic Communications, Inc.  
Boult, Cummings, Conners & Berry PLC  
414 Union Street, Suite 1600  
Nashville, TN 37219  
(615) 252-2363

\_\_\_\_\_  
EDDIE ROBERSON  
Chief, Consumer Services Division  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0500  
(615) 747-2904