

Company ID: 00128464

Fair Financial L.L.C. d/b/a MidState Telecommunications  
404 North Gallatin Road  
Madison, TN 37115

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
Nashville, TN January 25, 2000

IN RE: CASE NUMBER: 99-00907

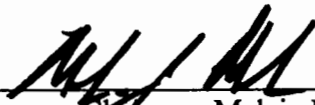

Application for Authority to Provide Operator Services and/or Resell Telecommunications Services in Tennessee Pursuant to Rule 1220-4-2-.57.

---ORDER---

This matter is before the Tennessee Regulatory Authority upon the application of the above-mentioned company for certification as a reseller or telecommunication operator service provider in Tennessee. The TRA considered this application at a Conference held on January 25, 2000 and concluded that the applicant has met all the requirements for certification and should be authorized to provide operator services and/or resell telecommunications services on an intrastate basis.


IT IS THEREFORE ORDERED:

1. That the above-mentioned company is issued a Certificate of Convenience and Necessity as an operator service provider and/or reseller of telecommunications services for state-wide service in Tennessee as specified in its application on file with the Authority.
2. That said company shall comply with all applicable state laws and TRA rules and regulations.
3. That this order shall be retained as proof of certification with this Authority, and may be used to obtain appropriately tariffed service and billing arrangements from Authority authorized telecommunications service providers.

  
Chairman Melvin Malone  
  
Director Sara Kyle

ATTEST:

  
Executive Secretary

  
Director Lynn Greer

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF TENNESSEE**

RECEIVED  
REGULATORY DIVISION

1998 NOV 29 AM 8 58

Case No.

99-00907

EXECUTIVE SECRETARY

128464

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APPLICATION OF

**FAIR FINANCIAL L.L.C. d/b/a  
MidState Telecommunications  
For Authority To Be A Reseller Of  
Telecommunications Services  
In The State Of Tennessee**  
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**APPLICATION OF  
FAIR FINANCIAL L.L.C. d/b/a MidState Telecommunications**

**I. INTRODUCTION**

FAIR FINANCIAL L.L.C. d/b/a MidState Telecommunications ("MidState") hereby requests that the Tennessee Public Service Commission ("Commission") grant it authority to provide local exchange service and Intra-LATA long distance message telecommunications service to residential and business subscribers within the State of Tennessee, as provided for in Section 251 and 252 of the Telecommunication Act. This application sets forth information called for by the Rules and Regulations of the Tennessee Regulatory Authority and applicable Tennessee Statutes, including a description of the services that MidState will furnish and its technical, managerial, and financial fitness to provide the proposed services. As described more fully below, MidState will focus its primary marketing efforts on those residential customers who have some credit difficulties and may be unable to receive service from the Incumbent Local Exchange Carrier ("ILEC"). The secondary marketing effort of MidState will focus on small business customers who have some credit difficulties and may be unable to receive service from the ILEC. Additionally, MidState requests approval to furnish service to credit worthy subscribers.

MidState requests approval of initial service terms and conditions in accordance with its proposed Tariff, which is attached as Exhibit 17 hereto. MidState requests that the Commission consider and approve this Application at an Administrative Meeting.

## **II INFORMATION PROVIDED PURSUANT TO RULE 1220-4-8-.04.**

### **A. Description Of Applicant**

1. The name and address of the applicant is:  
FAIR FINANCIAL L.L.C.  
d/b/a MidState Telecommunications  
404 North Gallatin Road  
Madison, Tennessee 37115
2. The applicant, FAIR FINANCIAL L.L.C. d/b/a MidState Telecommunications is a Tennessee Limited Liability Company. The Tennessee Secretary of State Certificate of Existence Control number is 0338121.
  - a. A copy of the "Certificate of Existence", for FAIR FINANCIAL L.L.C is attached Exhibit 1.
  - b. The "Application for Registration of Assumed Name – Limited Liability Company" request number 3759-0128 for Fair Financial L.L.C. to operate under the assumed name of MidState Telecommunications is attached as Exhibit 2.
  - c. The "Operating Agreement of Limited Liability Company" for FAIR FINANCIAL L.L.C. is attached as Exhibit 3.
3. The Federal Employer Identification Number of the Company is 62-1709870. A copy of the Federal Taxpayer Identification certificate is attached as Exhibit 4.
4. The Tennessee Department of Revenue Certificate of Registration for Sales and Use Tax is 102954038. A copy of the certificate is attached as Exhibit 5.
5. Metropolitan Nashville and Davidson County has issued the Company Business Numbers 86405 and 86406. Copies of the Business Tax License Receipts are attached as Exhibit 6.
6. FAIR FINANCIAL L.L.C. has registered the following additional assumed names with the Tennessee Secretary of State to prevent these names from being used by a competitor.
  - a. The "Application for Registration of Assumed Name – Limited Liability Company" request number 3759-0129 for FAIR FINANCIAL L.L.C. to operate under the assumed name of MidState Reconnect is attached as Exhibit 7.
  - b. The "Application for Registration of Assumed Name – Limited Liability Company" request number 3759-0130 for FAIR FINANCIAL L.L.C. to operate under the assumed name of MidState Connect is attached as Exhibit 8.
7. The Company does not have any affiliate(s) that are engaged in providing telecommunications services.
8. The Company does conduct the following other business transactions at this location:
  - a. FAIR FINANCIAL L.L.C. is licensed by the State of Tennessee Department of Financial Institutions to operate a Deferred Check Presentation business at this location. A Copy of the Deferred Check Presentation License is attached as Exhibit 9.
  - b. FAIR FINANCIAL L.L.C. is licensed by Nashville and Davidson County to operate a Title Pledge Lending business at this location. A copy of the Title Pledge License is attached as Exhibit 10.

9. The names, business, home address and chronological summary of the employment history and business experience of the Members of the LLC are included and attached.
  - a. Mr. Donald M. Estep is attached as Exhibit 11.
  - b. Mrs. LaMilla F. Estep is attached as Exhibit 12.
  - c. Mr. Bobby G. Fair is attached as Exhibit 13.
10. The applicant and the members of the LLC **HAVE NOT** been associated with any business whose authority to transact business was denied, revoked or suspended by the state or federal regulatory or law enforcement entity.
11. The Tennessee Regulatory Authority, or any other agency of the State of Tennessee, any federal agency or any agency of any other state **HAVE NOT** initiated a regulatory action or order against the applicant or any Member of the LLC.
12. The applicant and the Members of the LLC **HAVE NOT** been enjoined or restrained by order by any court or state or federal regulatory or law enforcement entity from engaging in any conduct or practice related to the telecommunications business.
13. The applicant and the Members of the LLC **HAVE NOT** been associated with a business who has ceased providing telecommunications services in any state.
14. The applicant and the Members of the LLC **HAVE NOT** been convicted of any crime or crimes, or charged in court with any fraudulent or dishonest acts in any transaction of any kind, or confined in any penal institution.
15. FAIR FINANCIAL L.L.C. currently has two of the LLC Members and one paid employee working in business. Additional employees will be added as business conditions dictate.

**B. Designated Contacts Regarding This Application And Operations**

1. The name, business address and telephone number of the contact person authorized to respond to Authority inquires regarding operations Monday through Friday is:

Mr. Donald M. Estep  
General Manager  
404 North Gallatin Road  
Madison, Tennessee 37115  
(615) 868-5727 (voice)  
(615) 868-5771 (fax)
2. The name, business address and telephone number of the contact person authorized to respond to Authority inquires regarding this filing Monday through Friday is:

Mr. Donald M. Estep  
General Manager  
404 North Gallatin Road  
Madison, Tennessee 37115  
(615) 868-5727 (voice)  
(615) 868-5771 (fax)

3. The name and address of the registered agent for service of process is:  
Mr. Donald M. Estep  
General Manager  
404 North Gallatin Road.  
Madison, Tennessee 37115  
(615) 868-5727
4. The Company does not currently have any authorized agents within the state. The Company will not attempt to authorize agents until the Commission approves the Company's application. If the Company negotiates Agency Agreements after this application is approved by the Commission, the Company will provide the Commission with the name, business address, telephone and a description of any other business conducted by the agent.

**C. Telecommunication Services To Be Provided By The Company**

1. MidState seeks authority to provide residential and small business access services, consisting of [REDACTED] consisting of voice grade service for residential and business customers.
2. MidState will not provide operator services. Operator service will be provided by the ILEC.
3. MidState is not authorized to provide telecommunications in any other state.
4. FAIR FINANCIAL L.L.C., under any operating name, **HAS NOT** been denied authority to provide telecommunications in any other state.
5. MidState seeks authority to provide local exchange and intra-LATA long distance service to all portions of the State of Tennessee served by BellSouth, Inc. and Sprint/United which are open to competition. The authority, when granted, would allow MidState to compete primarily with the ILEC (BellSouth and Sprint/United). MidState would also compete with any other CLEC that the Commission has authorized to offer similar services.
6. MidState will provide service to residential and small business customers who may have credit difficulty in obtaining service through the ILEC. Generally, these customers have had their telephone service disconnected by the ILEC for non payment of past due bills, or their past credit history will not meet the credit worthiness standards of the ILEC. These customers represent a significant risk to the ILEC if the ILEC were to provide them with service. MidState will provide these customers with telephone service that they may not otherwise be able to obtain.
7. MidState will not offer service to Aggregators (e.g. hotels, clubs, payphone etc.)
8. MidState's Tariff proposes the rate for the services that will be offered. The rates are based on MidState's estimation of the likely resale rates from the ILEC and the increased business risk of serving customers with credit difficulties and prior payment problems to the ILEC. A recap of the rates is attached as Exhibit 16.
9. MidState will provide its customers with a toll free number(s) to contact the Company. The number(s) will be established after approval of this application by

the Commission. MidState will notify the Commission of the number(s) before the Company begins telecommunications operations. The toll free number(s) will be provided to each customer upon approval of the customer's application for service. The number(s) will also be shown on each payment request sent to the customer.

10. MidState does not own, operate or maintain any facilities in the State of Tennessee. All facilities are furnished by the ILEC.
11. MidState is currently conducting negotiations with BellSouth to resale its services. MidState will open negotiations with Sprint/United after this application is approved by the Commission.
12. MidState will bill its customers directly. A sample of the payment request is attached as Exhibit 14.
13. MidState will market its services to potential customers in Tennessee via television, local newspapers, radio, and local classified ad publications which normally are distributed to potential customers for free at grocery stores and gas stations. MidState does not plan on using the services of a telemarketing firm.
14. ~~MidState does not offer interexchange toll service. MidState has no immediate plans to offer interexchange toll service.~~
15. MidState resells service from the ILEC. The ILEC provides call blocking features that MidState offers its customers. These call blocking features are described in the Tariff attached to this application.
16. MidState hereby authorizes the Authority to periodically sample MidState customer's intrastate toll call billing to verify that MidState's rate is at or below the ILEC's tariffed rate.

#### **D. Financial Information**

1. The business records of FAIR FINANCIAL L.L.C. are maintained at its secondary office located at  
FAIR FINANCIAL L.L.C.  
3213 Nolensville Road  
Nashville, Tennessee 37211  
(615) 331-3456
2. ~~FAIR FINANCIAL L.L.C. is a private company and its financial statements are confidential.~~ The audited financial statements prepared by the Certified Public Accountant are proprietary and confidential. The Company has marked each page "Confidential" and respectfully requests that the information **NOT** be published. The audit of the Company financial statements was conducted by:  
Ryan & Associates  
Certified Public Accountants  
2809 Columbine Place  
Nashville, Tennessee 37204  
(615) 292-3007
3. FAIR FINANCIAL L.L.C. does not currently have an internal audit program. The company utilizes the service of two external CPA's.

- a. For preparation of Federal, State and Local tax Filings

Mr. Jim Bandy  
Certified Public Accountant  
246 Wilson Pike Circle  
Brentwood, Tennessee 37027  
(615) 373-4349

- b. For audited financial statements required by regulatory agencies.

Ryan & Associates  
Certified Public Accountants  
2809 Columbine Place  
Nashville, Tennessee 37204  
(615) 292-3007

4. MidState's financial ability to provide telecommunications service is derived from the earning and positive cash flow generated by the existing FAIR FINANCIAL L.L.C. operations. The audited financial statements included with this filing demonstrate FAIR FINANCIAL L.L.C. ability to fund the telecommunications business.

Since MidState plans to offer services through resale of BellSouth and Sprint/United services, the cash flow generated by the other operations of FAIR FINANCIAL L.L.C. is more than sufficient to begin and maintain service.

MidState already has store locations in Nashville through which it will begin to serve customers. These existing locations are equipped with all of the necessary computer hardware (equipment and software), office equipment and supplies to begin operation of the telecommunications business. Since MidState already has functioning offices, it has a substantial start to serving its potential customers.

Since MidState is a non-facility reseller, the extraordinary cost of facilities is borne by the ILEC. The ability of the ILEC to maintain profitability, continue operations and maintain the ability to furnish service to MidState and other CLEC's is already monitored by the Commission.

#### **E. Management Personnel**

1. Two of the Members of the LLC work full time in the business to provide direct hands on management and control of the day-to-day operations of the businesses of the LLC.

2. [REDACTED]

#### **F. Technical Ability**

1. MidState in accordance with the requirements of Section 251 and 252 of the Telecommunications Act and applicable Tennessee Rules and Statutes, proposes to obtain services for its customers from the ILEC companies.
2. As noted previously, MidState will be [REDACTED] MidState will enjoy the use of the technical facilities and ability of the ILEC.

3. MidState will establish all of the proper operating practices and procedures to insure that customer problems are handled in compliance with any applicable regulatory provision.
4. MidState will rely on the ILEC to provide 911 and/or E911 systems in accordance with the applicable provisions set forth by the Commission.
5. MidState will rely on the ILEC to provide "O" operator services to its customers.
6. MidState will obtain Directory Listings for its customers from the ILEC.

#### **G. Regulatory Compliance**

FAIR FINANCIAL L.L.C. d/b/a MidState Telecommunications warrants that its Members have received read and understand the Tennessee Regulatory Authority Reseller Rules. The Company and the Members of the LLC further warrant that the Company and the Members of the LLC understand the penalties for non-compliance and that the Company will operate in compliance with the Tennessee Regulatory Authority Reseller Rules and State laws, including T.C.A. Section 65-5-206.

### **III. Tariff Schedule**

- A. As Part of this application for authority to provide telecommunications service in the State of Tennessee, MidState includes its proposed initial Tariff, rules, regulations, terms and conditions as Exhibit 17.
- B. MidState reserves the right to revise or modify its proposed Tariff language, in light of technical, market, legal or regulatory developments that may occur while this proceeding is pending. MidState will promptly provide the Commission with substitute Tariff pages as necessary. MidState will serve copies on all parties to this proceeding.
- C. MidState's proposed Tariff rates are summarized in Exhibit 16 of this filing as well as itemized within the Tariff document itself.

### **IV. Conclusion**

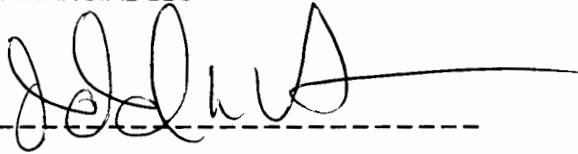
FAIR FINANCIAL L.L.C. d/b/a MidState Telecommunications hereby respectfully requests that the Commission, at an Administrative Meeting:

1. Grant MidState authority to provide telecommunications service on a resale basis;
2. Approve MidState's initial Tariff; and
3. Grant any other relief as the Commission finds appropriate.

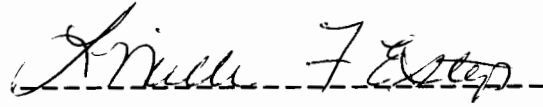


Having been duly sworn, and under the penalties of perjury, we hereby certify that the representations in this RESELLER APPLICATION and all attachments and appendices are true and correct to the best of our knowledge and belief. We further understand that omissions or inaccuracies may result in denial of the APPLICATION and grounds for revocation of Certificate of Authority.

FAIR FINANCIAL LLC



Donald M. Estep  
General Manager

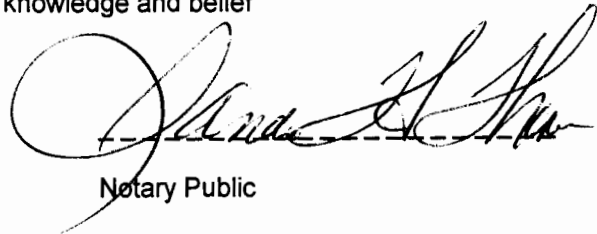


LaMilla F. Estep  
Secretary

On the 29 day of Nov 1999 before me, a Notary Public

Donald M. Estep And LaMilla F. Estep

known to me to be the persons named in, and who executed the foregoing application, being duly sworn according to law, deposes and says that the statements and representations set forth in the above application are true and correct to the best of his and her knowledge and belief



Notary Public

Seal

**Secretary of State**

**Corporations Section**

**James K. Polk Building, Suite 1800**

**Nashville, Tennessee 37243-0306**

ISSUANCE DATE: 10/27/99  
REQUEST NUMBER: 99300533  
TELEPHONE CONTACT: (615) 741-6488

CHARTER/QUALIFICATION DATE: 09/23/1997  
STATUS: ACTIVE  
CORPORATE EXPIRATION DATE: PERPETUAL  
CONTROL NUMBER: 0338121  
JURISDICTION: TENNESSEE

TO:  
DONALD ESTEP  
404 N. GALLATIN RD.  
NASHVILLE, TN 37115

REQUESTED BY:  
DONALD ESTEP  
404 N. GALLATIN RD.  
NASHVILLE, TN 37115

**CERTIFICATE OF EXISTENCE**

I, RILEY C. DARNELL, SECRETARY OF STATE OF THE STATE OF TENNESSEE DO HEREBY CERTIFY THAT

"FAIR FINANCIAL, L.L.C."

A LIMITED LIABILITY COMPANY DULY FORMED UNDER THE LAW OF THIS STATE WITH DATE OF  
FORMATION AND DURATION AS GIVEN ABOVE;  
THAT ALL FEES, TAXES, AND PENALTIES OWED TO THIS STATE WHICH AFFECT THE  
EXISTENCE OF THE LIMITED LIABILITY COMPANY HAVE BEEN PAID;  
THAT THE MOST RECENT LIMITED LIABILITY ANNUAL REPORT REQUIRED HAS BEEN FILED;  
THAT ARTICLES OF DISSOLUTION HAVE NOT BEEN FILED; AND  
THAT ARTICLES OF TERMINATION OF THE EXISTENCE HAVE NOT BEEN FILED.

FOR: REQUEST FOR CERTIFICATE

ON DATE: 10/27/99

FROM:  
FAIR FINANCIAL LLC  
404 GALLATIN RD NO.  
MADISON, TN 37115-0000

RECEIVED: FEES \$40.00 \$0.00  
TOTAL PAYMENT RECEIVED: \$40.00

RECEIPT NUMBER: 00002565353  
ACCOUNT NUMBER: 00297431



*Riley C. Darnell*

RILEY C. DARNELL  
SECRETARY OF STATE

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
MEMPHIS TN 37501

DATE OF THIS NOTICE: 09-25-1997  
NUMBER OF THIS NOTICE: CP 575 B  
EMPLOYER IDENTIFICATION NUMBER: 62-1709870  
FORM: SS-4  
4916820988 B

FAIR FINANCIAL LLC  
404 GALLATIN RD N  
MADISON TN 37115

FOR ASSISTANCE CALL US AT:  
615-834-9005 LOCAL NASHVILLE  
1-800-829-1040 OTHER TN

OR WRITE TO THE ADDRESS  
SHOWN AT THE TOP LEFT.

IF YOU WRITE, ATTACH THE  
STUB OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER (EIN)

Thank you for your Form SS-4, Application for Employer Identification Number (EIN). We assigned you EIN 62-1709870. This EIN will identify your business account, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

Use your complete name and EIN shown above on all federal tax forms, payments, and related correspondence. If you use any variation in your name or EIN, it may cause a delay in processing, incorrect information in your account, or cause you to be assigned more than one EIN.

Based on the information shown on your Form SS-4, you must file the following forms(s) by the date we show.

Form 1065

04/15/1998

If the due date has passed please complete the form and send it to us by 10-10-1997. If we don't receive the form by that date additional penalties and interest will be charged. If you weren't in business or didn't hire employees for the tax period shown, please file the form showing that you have no liability.

If you need help in determining what your tax year is, you can get Publication 538, Accounting Periods and Methods, at your local IRS office.

If you have any questions about the forms shown or the date they are due, you may call us at 1-800-829-1040 or write to us at the address shown above.

Thank you for your cooperation.

# STATE OF TENNESSEE

1734510



## DEPARTMENT OF FINANCIAL INSTITUTIONS

**DEFERRED PRESENTMENT LICENSE NO. 0000001030**

I, Bill C. Houston, Commissioner of Financial Institutions, hereby certify that:

FAIR FINANCIAL, LLC  
404 GALLATIN ROAD NORTH  
MADISON TN 37115

has complied with the provisions of Section 45-17-103, Tennessee Code Annotated, as a Licensee under the Deferred Presentment Services Act. Detailed information required by the statute is on file in the office of the Commissioner of Financial Institutions; and the said company is, therefore, permitted to do and transact business in the State of Tennessee as provided by this Act.

Effective OCTOBER 1, 1999  
Expiring on SEPTEMBER 30, 2000

  
Commissioner of Financial Institutions