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ACCEPTED
Legal 10-21-03

ezztalk
EZ Talk Communications, LLC
Home Phone Service Made Easy!

POSTED
10/21/03

S. C. PUBLIC SERVICE COMMISSION
RECEIVED
OCT 07 2003
EXECUTIVE DIRECTOR'S OFFICE

September 30, 2003

The Honorable Gary E. Walsh
Executive Director
South Carolina Public Service Commission
P.O. Drawer 11649
Columbia, SC 29211

2003-308-C

S. C. PUBLIC SERVICE COMMISSION
RECEIVED
OCT 07 2003
UTILITIES DEPARTMENT

Dear Honorable Mr. Walsh:

This letter is to inform you of the facts surrounding the unwarranted disconnection of EZ Talk Communications, L.L.C.'s ("EZ Talk") customers by BellSouth in the state of South Carolina. For a number of different reasons, BellSouth's actions are in violation of the interconnection agreement between the Parties, and EZ Talk is hereby requesting the assistance of the Commission in the resolution of this matter.

I am attaching correspondence to this letter that details the communications that have been transmitted between the companies since BellSouth's September 16, 2003 threats of disconnection. A brief review of that correspondence will reveal that considerable payments have been made to BellSouth (albeit under protest), in order to maintain service to EZ Talk's customers over the past several months. In fact, since July 15, 2003, EZ Talk has paid BellSouth $1,203,343.85, despite the fact that it believes that BellSouth has over billed EZ Talk on numerous categories of wholesale charges. In fact, a payment of $452,668.69 was sent to BellSouth on September 17, 2003, in satisfaction of a demand for payment. In addition, EZ Talk currently has approximately $212,273.68 in legitimate billing disputes against BellSouth billings across its service territory. At the time of its September 16, 2003 correspondence to EZ Talk, BellSouth was demanding payment of $664,942.37, which is the sum total of the amounts sent to BellSouth on September 17, 2003, and EZ Talk's valid disputes. These amounts satisfied any past due amounts that BellSouth was claiming to justify its September 16, 2003 disconnect notice, and invalidate any attempts by BellSouth to disconnect EZ Talk customers in the state of South Carolina.

Based upon the correspondence that EZ Talk sent to BellSouth during the month of September, BellSouth was on notice that any attempts to disconnect EZ Talk's customers would be without legal basis, given the payment of the past due amounts demanded in BellSouth's notice letters. Despite these notices, BellSouth has refused to properly apply the payments that have been made, and has taken steps to disconnect EZ Talk's customers. As EZ Talk lacks the market power to force BellSouth to comply with what

is in all respects a one sided interconnection relationship, it is hoped that the Commission will have the wherewithal to assist us in the resolution of a dispute that will ultimately destroy EZ Talk if it is not addressed.

I am available to discuss any aspect of this matter, and can be reached at (281)274-7736.

Respectfully,

_____

Doug Light
Director of Operations
EZ Talk Communications, LLC

3/30/05
circuits are
BZ!
4x in
½ hr

EZ Talk Communications, LLC
Home Phone Service Made Easy!
1245 East Diehl Road, Suite 300
Naperville, IL 60563
www.ezt.net

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Ms. Leisa Mangina
BellSouth

September 26, 2003

Dear Ms. Mangeina:

I am writing in reference to the voicemail message that you left me regarding your desire to disconnect EZ Talk's customers from their local telephone service. While your message was a bit confusing, I will attempt to work through the issues that you raised so that we can resolve this matter without any unnecessary disruption of EZ Talk's customer's services.

My biggest concern has to do with the conflict between the demands that you made in your September 24, 2003 voicemail, and those communicated to EZ Talk in the written notice sent by Gary Patterson on September 16, 2003. I am also concerned about the conflict between the amounts that you referenced in your voicemail, and those raised in Gary Patterson's letter to EZ Talk. In his letter, Mr. Patterson requested payment in the amount of $664,942.37 to satisfy payments that were due and avoid any chance of EZ Talk customers losing their service. In response, EZ Talk made payment in the amount of $452,668.89 and referenced legitimate disputes in the amount of $212,273.68, in satisfaction of the terms raised in Mr. Patterson's letter, and the interconnection agreement between EZ Talk and BellSouth.

In your voicemail, you referenced the need for an immediate payment of $959,383.99 to avoid disconnection of all of EZ Talk's customers. This amount is in conflict with any amounts that BellSouth has previously demanded of EZ Talk, and well above the amounts referenced in Mr. Patterson's letter of September 16, 2003. In addition, your verbal demands for payment and threats of disconnection are completely contrary to the terms of paragraph 6, page 2 of the interconnection agreement between EZ Talk and BellSouth, which explicitly requires that "(e)very notice, consent, approval, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered in person or given by postage prepaid mail.." to Eileen Singleton of EZ Talk Communications, L.L.C. From your threats and demands, I can only interpret your voicemail as an obvious indication that BellSouth is determined to drive EZ Talk out of business, and that you will do whatever you can to ensure that this happens.

With respect to the issue of payment for services received from BellSouth, I do not understand your request for information as to how to apply the payments that were made, in that more than sufficient information was included in both the letter that accompanied payment, as well as the individual checks themselves to allow a reasonable account manager to service a customer's account, if that was the intention. In response to a September 16, 2003 letter to EZ Talk from Gary Patterson demanding payment of $664,942.37, EZ Talk forwarded 5 separate checks to BellSouth. Each check listed the specific state for which the payment was being made. For example, check #1466 was made out in the amount of $47,482.58, with a note in the reference section of the check

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that the payment was for EZ Talk's only account in the state of Alabama (For your records, EZ Talk Account # 256Q834192). Check #1467 was made out in the amount of $27,637.38, and a notation was made that the check was for payment on EZ Talk's Kentucky accounts. (This is the only situation where I can understand any confusion with respect to the application of the payments that were made, as there are two accounts in Kentucky. Please apply the amounts as follows: $22,502.00 to Account #502Q834192; $5,444.56 to Account # 502Q801780) Check #1468 was made out in the amount of $1,435.48, and a notation was made that the check was for payment on EZ Talk's only North Carolina account (For your records, EZ Talk Account #704Q834192). Check #1469 was made out in the amount of $130,177.54, with a notation that the check was for payment on EZ Talk's only South Carolina account (For your records, EZ Talk Account #803Q834192). Check #1470 was made out in the amount of $245,935.71, with a notation that the check was for payment on EZ Talk's only Tennessee account (For your records, EZ Talk Account #615Q834192).

With the payment of these amounts, and the submission of legitimate billing disputes, EZ Talk has satisfied the terms of Mr. Patterson's September 16, 2003 letter related to all BellSouth states except Louisiana. Pursuant to the terms of §1.7.5 of the Parties' interconnection agreement, "(i)f payment is not received or satisfactory arrangements made for payment by the date given in the written notification, (EZ Talk's) services will be discontinued." Mr. Patterson's letter required that payment of all undisputed amounts be made by September 23, 2003, or service to EZ Talk customers would be discontinued. Payment and disputes totaling the amount demanded in Mr. Patterson's letter were received by September 23, 2003, as required. Under the terms of §1.4 of the Parties' interconnection agreement, "...(payment is considered to have been made when received by BellSouth." With the payment of all undisputed amounts, even under protest as the EZ Talk payments were, dissolves BellSouth's ability to disconnect EZ Talk's customers under the terms of the interconnection agreement. Any action on your part to disconnect, thus, is patently unlawful.

EZ Talk's account in Louisiana was the subject of a second letter that Mr. Patterson sent to EZ Talk on September 16, 2003, wherein he demanded payment of $265,344.96 by October 8, 2003 to avoid disconnection of any EZ Talk customers. EZ Talk has indicated to BellSouth that it intends to pay all undisputed amounts related to its Louisiana account prior to the October 8, 2003 deadline, and reiterates that commitment in this letter. At the present time, EZ Talk has submitted $27,611.87 in legitimate billing disputes to BellSouth for its Louisiana account.

For the time being, I am willing to accept the possibility that one area of BellSouth does not know what the other is doing. However, when the service of EZ Talk customers is being threatened as per your voicemail, I am duty-bound to respond. As always, EZ Talk values the services that BellSouth provides, and I am available to discuss any aspect of this matter.

Respectfully,

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Mr. Gary Patterson
Operations Assistant Vice President
BellSouth Accounts Receivable Management, Inc.
Wholesale
1 Chase Corporate Center
Suite 300
Birmingham, AL 35244

September 17, 2003

Dear Mr. Patterson:

I am writing in response to your letter of September 16, 2003 regarding amounts that you claim are due and owing from EZ Talk Communications, LLC, to BellSouth, for services provided in the states of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and Tennessee. Please understand that EZ Talk takes its obligations under the interconnection agreement between the companies very seriously, particularly with respect to the payment for services received there under, and its potential impact on EZ Talk's ability to serve its customers.

The purpose of this letter is to set forth mitigating information which impacts upon the representations made in your September 16, 2003 letters to EZ Talk, and to seek an accurate accounting of sums due and owing from EZ Talk to BellSouth. For a number of different reasons, the amounts that you claim EZ Talk owes to BellSouth are inflated, making your threats to disconnect EZ Talk's services unsupportable and inappropriate under the present circumstances. It is EZ Talk's hope that through the information conveyed in this letter, the companies can reach an understanding of the appropriate amounts to be paid, and that prompt payment by EZ Talk of said amounts will clear up this matter.

A review of the payment patterns between EZ Talk and BellSouth over the past several months reveals that EZ Talk has consistently paid all amounts that are outstanding between the companies with a receivables age of 45-60 days. The balance that has been owed has generally been equivalent to the amounts that have been disputed between the companies. BellSouth has in all cases accepted the payments of EZ Talk, and maintained the interconnection relationship intact, with no disconnections of EZ Talk customers. Given the existence of legitimate billing disputes between the companies, it is disingenuous for BellSouth to now come forward and demand complete payment of all amounts, or threaten disconnection of EZ Talk customers.

Contrary to the representations in your letter of September 16, 2003, there are considerable sums that are currently in dispute by EZ Talk. At the present time, EZ Talk has $212,273.68 in legitimate billing disputes that have been submitted to BellSouth. In addition, EZ Talk has begun the process of analyzing its UNE-P bills, and preliminary

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indications are that between inflated non recurring charges and other incorrect items, there are considerable items that will be called into dispute in the future. Of current disputed items, the amounts are broken down as follows: Alabama: $16,345.96, Florida: $11,076.27, Georgia: $7,420.39, Kentucky: $16,128.97, Mississippi: $11,041.94, North Carolina: $24,834.64, South Carolina: $54,076.79, and Tennessee: $26,663.22. The presence of these legitimate billing disputes reduces the amounts due and owing to BellSouth from the $664,942.37 to $452,668.69.

The above disputes relate to categories of billing irregularities that show a disturbingly regular pattern of occurrence in EZ Talk's BellSouth bills. In particular, instances of EZ Talk being charged for customers after they have been disconnected, or that never were EZ Talk customers are two examples. The CREX billing dispute category is another disturbingly regular item that requires the expenditure of time and resources by EZ Talk in order to rectify incorrect charges placed on EZ Talk's bills. While I understand that BellSouth does not consider CREX disputes to be billing disputes "per se", from EZ Talk's perspective, if we are required as a company to search through bills and fill out the exact same billing adjustment request form (RF 1461) that is used for other EZ Talk billing disputes, and wait for BellSouth to credit the amounts that it has incorrectly charged EZ Talk, that is a billing dispute item. In addition, there appear to be numerous instances where late charges have not been promptly credited to our accounts, where credits have been issued for CREX billing disputes. This is contrary to the policy that was explained to EZ Talk by BellSouth that credits for late charges would be applied in the month in which the credits for underlying disputes were approved.

For the past several months, EZ Talk has made great efforts to maintain a reasonable position on its accounts with BellSouth, despite the fact that EZ Talk is of the opinion that it has been overcharged in every state in which it has purchased services from BellSouth for a considerable period of time. It appears that at the present time BellSouth has taken the position that, despite the presence of credits that it owes EZ Talk, and the presence of legitimate billing disputes, BellSouth requires payment in full of all amounts outstanding. Given the facts set forth above, it is EZ Talk's position that BellSouth is taking an unreasonable attitude in this matter, and may be acting contrary to the terms and conditions of the interconnection agreement between the companies.

In consideration of the above related facts, EZ Talk will remit checks for all states in which it considers balances to exist on Friday, September 19, 2003, in the amount of $452,668.69 in currently available funds to BellSouth. These checks will be sent via overnight mail for Monday delivery. This letter is formal notice that these checks are being sent to BellSouth under protest, based upon the existence of what EZ Talk considers to be excessive and persistent billing irregularities. It is hoped that by the payment of what constitutes a considerable sum of money for a carrier the size of EZ Talk, that the relationship between the parties can be maintained, and that the threat of disconnection that has been leveled by BellSouth against the innocent customers of EZ Talk can be withdrawn.

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EZ Talk values the relationship that it has with BellSouth, particularly given the fact that EZ Talk has no other choice in suppliers for the inputs to the services that it offers its customers. EZ Talk understands that BellSouth considers it a competitor and not a customer, and that BellSouth would not offer any services to EZ Talk if it was not required to do so by Congress, the FCC and state regulatory commissions. It is EZ Talk's position that despite these factors, it is possible for the companies to reach an accommodation that acknowledges the obvious failures in BellSouth's billing systems during the consideration of outstanding disputes and BellSouth accounts receivable. This letter, and the considerable payments which EZ Talk commits to hereby, is EZ Talk's attempt to reach such an accommodation.

As always, I am available to discuss any aspect of these matters, and look forward to the amicable resolution of both the legitimate disputes that EZ Talk has submitted, as well as the determination and payment of any legitimate amounts owed between the companies.

Sincerely,

Doug Light
Director of Operations
EZ Talk Communications, LLC

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