

ORIGINAL

CLF 67bk
(Rev. 12/03/03)

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF MISSISSIPPI

Cochran U.S. Bankruptcy Courthouse
703 Highway 145 North
Aberdeen, MS 39730
Telephone: 662-369-2596

In Re: Long Distance Billing Service, Inc.
Debtor(s)

Case No.: 05-11168
Chapter: 11
Judge: David W. Houston III

PLEASE TAKE NOTICE that a hearing will be held at

Greenville Federal Building, Greenville, MS

on 7/22/05 at 09:00 AM

Responses Due: 7/12/05

to consider and act upon the following:

50 - Application for Administrative Expenses. Filed by Christopher R. Maddux on behalf of Universal Service Administrative Company. (Entered on Docket by: Hodges, Janet)

RECEIVED FPSC
JUN 20 AM 10:19
COMMISSION
CLERK

Should any party receiving this notice respond or object to said motion such response or objection is required to be filed with the Clerk of this court and served on the Attorney for Movant on or before said response due date. If any objection or response is filed, a hearing will be held on the above mentioned date; otherwise, the Court may consider said motion immediately after the objection or response due date.

CMP A copy of the motion is required to be served pursuant to Rules 9013 and 9014,
COM FRBkP. THE MOVING PARTY'S ATTORNEY IS REQUIRED BY THE STANDING ORDER
CTR ATTACHED HERETO TO PERFORM NOTICING AS TO SAID MOTION, THE NOTICE OF
HEARING, AND THE OBJECTION DEADLINE, ACCORDING TO THE TERMS OF SAID
STANDING ORDER.

ECR Dated: 6/14/05

GCL _____

OPC _____

MMS _____

RCA _____

SCR _____

SEC /

OTH Grant

Joseph Wroten
Clerk, U.S. Bankruptcy Court
BY: Janet Hodges
Deputy Clerk

DOCUMENT NUMBER - DATE
05813 JUN 20 05

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF MISSISSIPPI

STANDING ORDER DELEGATING CERTAIN NOTICING RESPONSIBILITIES

WHEREAS, Rule 2002, Rules 9013 and 9014, Federal Rules of Bankruptcy Procedure, and certain other provisions of law and language included in the Federal Rules of Bankruptcy Procedure authorize this Court to delegate certain noticing responsibilities as the Court may direct; it is

ORDERED as follows:

(1) The plan proponent shall give the debtor, the trustee, the U.S. Trustee, all creditors and indenture trustees no less than 25 days notice by mail of (a) the time fixed for filing objections and the hearing to consider approval of a **disclosure statement**; and (b) the time fixed for filing objections and hearing to consider **confirmation of a plan**;

(2) The moving party shall give the debtor, the trustee, the U.S. Trustee, all creditors and indenture trustees not less than 20 days notice by mail of (a) a proposed **use, sale or lease of property of the estate** other than in the ordinary course of business, unless the court for cause shown shortens the time or directs another method of giving notice; (b) the hearing on approval of a **compromise or settlement of a controversy**, unless the court for cause shown directs that notice not be sent; (c) the hearing on **dismissal or conversion of a case** to another chapter; (d) the time fixed to accept or reject a proposed **modification of a plan**; and (e) hearings on all **applications for compensation or reimbursement of expense** totaling in excess of \$1000;

(3) The moving party shall give the debtor, the trustee, the U.S. Trustee, all creditors and indenture trustees (except as otherwise expressly provided by law, Federal Rules of Bankruptcy Procedure, Local Bankruptcy Rules, or another order of this court), not less than 20 days notice by mail of the date when **objections** must be filed in **all contested matters** (i.e., all matters other than adversary proceedings) **except** as to motions for **relief from the automatic stay** under 11 U.S.C. Sec. 362 and motions to **avoid liens** under 11 U.S.C. Sec. 522(f); and

(4) Within five (5) business days from the issuance of the appropriate Notice of **Motion for Relief from Stay or for Adequate Protection in a Chapter 11 case**, the moving party shall serve a copy of the Chapter 11 Motion, along with said Notice (provided by the Clerk of this court) upon the debtor, the attorney of record for the debtor, the trustee, if any, the U.S. Trustee, all holders of liens on any property as to which relief is sought, all members of the unsecured creditors' committee, if any, and the attorney for said committee, if any. A copy of said motion and said notice of hearing shall be served on the twenty (20) largest unsecured creditors (**per enclosed matrix**) if there is no unsecured creditors' committee.

The moving party shall file in the office of the Clerk of this court, within five (5) business days from the date of issuance of said notice, a **certificate of service**, with a copy of the materials served, that states upon whom the materials were served and the date of service. **It is the responsibility of the moving party, not the Clerk of this court, to ascertain the names and addresses of the parties to be served.**

DATED: April 9, 2004

/S/
DAVID W. HOUSTON, III
JUDGE, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF MISSISSIPPI

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF MISSISSIPPI
(ABERDEEN DIVISION)

In re:
LONG DISTANCE BILLING SERVICE,
INC.,

Chapter 11
Case No. 05-11168-DWH

Debtor.

**MOTION FOR ALLOWANCE AND IMMEDIATE PAYMENT
OF ADMINISTRATIVE EXPENSE CLAIM**

NOW COMES Universal Service Administrative Company ("USAC") and hereby requests, pursuant to Bankruptcy Code §§ 503(a) and 503(b)(1)(A), allowance and immediate payment of USAC's administrative claim in the amount of, at least, \$52,572.18, plus additional administrative charges that continue to accrue.

In support of this motion, USAC respectfully states as follows:

FACTUAL BACKGROUND

1. On or about February 22, 2005 (the "Petition Date"), the debtor, Long Distance Billing Service, Inc. (the "Debtor"), commenced the instant case by filing a voluntary petition under Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code").
2. Prior to the Debtor's Petition Date, on July 30, 2002, ezTel, LLC, filed a voluntary petition under Chapter 11 of the Bankruptcy Code (case no. 02-14612). Upon information and belief Eziel, LLC is the parent company of the Debtor.
3. Eziel, LLC is also the parent company of several other companies which are currently Chapter 11 debtors before the Northern District of Mississippi, including MaxTel,

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Instructions") are published in the Federal Register and set forth detailed reporting requirements concerning the information carriers are required to submit to USAC on a quarterly and annual basis. *Id.*

8. Upon receiving and reviewing carriers' quarterly Telecommunications Reporting Worksheet (the "Quarterly Revenue Report"), USAC calculates each carrier's monthly USF obligation for the upcoming quarter and then invoices the carriers for their contributions to the USF on a monthly basis (the "USF Obligations"). USAC deposits the contributions into the USF, and eligible applicants may seek disbursements of funds pursuant to federal regulations governing the various universal service support mechanisms. See 47 C.F.R. §§ 54.1—54.625.

9. After calendar year-end, in April of the following year, carriers must report annual revenue data for the prior year on an annual Telecommunications Reporting Worksheet (the "Annual Revenue Report"), which USAC then uses to perform a "true-up" by comparing the Annual Revenue Report to the previously reported Quarterly Revenue Reports (the "Annual True-up"). In the event that a carrier's reported annual revenues are lower than the revenues reported previously for that year on the Quarterly Revenue Reports, USAC issues Annual True-up credits to that carrier. Alternatively, if a carrier's reported annual revenues are higher than reported previously in the carrier's Quarterly Revenue Reports, USAC issues Annual True-up adjustments to that carrier. These Annual True-up credits or adjustments appear in three equal amounts on the July, August and September invoices of that subsequent year.²

² A similar process is followed in the event a carrier revises an Annual Revenue Report, something which is permitted up until one year from the original filing due date. See *In re Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review - Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket Nos. 96-45, 98-171, 97-21, DA 04-3669 (2004) (adopting one-year revision deadline for Annual Revenue Report).

LLC, ezTel Network Services, LLC, ezTel Communications, LLC, and ezTel Networks LLC (collectively, with ezTel, LLC, the "ezTel Entities").¹

4. Pursuant to a joint plan of reorganization pending in case no. 02-14612, the ezTel Entities have requested that they be substantively consolidated at confirmation.

5. The Debtor's case is not administratively consolidated with the ezTel Entities, nor does the ezTel Entities' plan request substantive consolidation of the Debtor's estate with the ezTel Entities.

6. USAC is also a creditor in the bankruptcy proceedings of the ezTel Entities. In those proceedings, USAC has also pursued its administrative claims and, after numerous hearings in connection with USAC's administrative claims, this Court entered an Order requiring, *inter alia*, the ezTel Entities to timely pay all USAC administrative charges, failing which, USAC may request that the Court enforce its Order. See Exhibit A.

DESCRIPTION OF USAC'S INVOICING PROCEDURES

7. USAC is a Delaware not-for-profit corporation which administers the Universal Service Fund (the "USF") under the direction of the Federal Communications Commission ("FCC") 47 C.F.R. § 54.701(a) (2004). The USF is generated through mandatory contributions from all U.S. telecommunications carriers based on, *inter alia*, a percentage of their interstate and international end-use telecommunication revenues. *Id.* The FCC directs all U.S. telecommunication carriers to submit such information to USAC on a quarterly and annual basis using a "Telecommunications Reporting Worksheet." 47 C.F.R. § 54.711. The Telecommunications Reporting Worksheets and accompanying Instructions (the "Worksheet

¹ The case numbers for the ezTel entities are as follows: MaxTel USA, Inc. (case no. 02-14610), ezTel Communications, LLC (case no. 02-14611), ezTel Networks, LLC (case no. 02-14613), and ezTel Network Services, LLC (case no. 02-14614). The ezTel Entities are currently jointly administered under the ezTel LLC docket number.

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10. In the event that a carrier has filed for bankruptcy protection during the year covered by the Annual True-up, USAC will determine the amount of adjustments or credits that are appropriately associated with the pre-petition period. After all of the credits or adjustments have posted to a carrier's account (generally by September or October of each year), USAC reverses the pre-petition portion of the credits or adjustments and files a corresponding amendment to its pre-petition proof of claim.

USAC'S ADMINISTRATIVE CLAIM

11. As a telecommunications carrier, the Debtor is required, in accordance with FCC Regulations and the reporting requirements set forth in the Worksheet Instructions, to submit the Annual and Quarterly Revenue Reports, make monthly contributions to the USF, and make any additional contributions to the USF required by the Annual True-up.

12. As of the statement dated May 20, 2005, the Debtor owes USAC post-petition USF Obligations totaling \$52,572.18 (the "Administrative Claim"). The May 20, 2005 Statement of Account of USAC's post-petition outstanding charges is attached hereto as Exhibit B.

13. Notably, USAC also has a prepetition claim against the Debtor in the amount of \$672,905.75. On May 17, 2005, USAC filed a proof of claim evidencing its prepetition claim.

ARGUMENT

14. Bankruptcy Code § 503(b)(1)(A) provides that the actual and necessary costs and expenses of preserving the estate shall be allowed as administrative expenses.

15. Payment of the USF Obligations is a condition for the Debtor to maintain its authority to operate under applicable FCC law and, therefore, USAC's Administrative Claim constitutes an actual and necessary expense of preserving the Debtor's estate, entitled to first

priority payment under Bankruptcy Code §§ 503(b)(1)(A) and 507(a)(1). See, e.g., In re Burlington Motor Holdings, Inc., 235 B.R. 741, 746 (Bankr. D. Del. 1999) ("because Debtors were required to register and pay the fees under the [International Registration Plan] in order to conduct their trucking business, we conclude that the payment of the IRP fee was an ordinary course of business expense for debtors that was an actual and necessary cost of business and, therefore, an administrative expense").

16. Pursuant to governing FCC regulations, failure of a telecommunication carrier to, among other things, pay the required quarterly contributions subjects such carrier to the enforcement provisions of the Telecommunications Act of 1996 and other applicable law. See 47 C.F.R. § 54.713. Enforcement actions take one of two forms, revocation of authority or the imposition of forfeitures. On numerous occasions, the FCC has issued forfeiture orders against carriers and at times has considered revoking a carrier's authority to operate for failure of such carrier to pay required USF Obligations. See, e.g., In the matter of PTT Telecom, Inc., FCC 01-106 *Forfeiture Order*, 16 FCC Rcd 7477 (2001) (provider required to pay \$137,000 and warned that failure to pay could result in issuance of a show cause order to revoke operating authority); Intellical Operator Service, FCC 00-390, *Forfeiture Order*, 15 FCC Rcd 21771 (2000) (carrier liable for forfeiture in amount of \$99,000 for failure to make timely USF contributions in violation of Section 254 of the Telecommunications Act and 47 C.F.R. § 54.706); In the Matter of America's Tele-Network Corp., FCC 00-423, *Forfeiture Order*, 15 FCC Rcd 24391 (2000) (enforcement proceeding against carrier for failure to pay USF contributions resulted in forfeiture of \$154,000). See also, In the Matter of Publix Network Corporation, EB Docket No. 02-148, *Order to Show Cause and Notice of Opportunity for Hearing*, 17 FCC Rcd 11487 (2002) (carrier ordered to show cause why carrier's authority to

operate should not be revoked for failure to comply with rules pertaining to payments to Telecommunications Relay Service Fund).

17. Accordingly, because the Debtor's failure to pay its post-petition USF Obligations jeopardizes the continued operation of the Debtor's business, such amounts are actual and necessary costs and expenses of preserving the Debtor's estate under Bankruptcy Code § 503(b)(1)(A).

18. The Debtor is obligated to pay the USF Obligations because the Debtor continues to operate as a telecommunications carrier post-petition. Therefore, pursuant to Bankruptcy Code § 503(b)(1)(A), USAC is entitled to allowance of an administrative claim in the amount of, at least, \$52,572.18, plus any and all additional administrative charges that continue to accrue.

19. Based on the foregoing, USAC requests allowance of its administrative claim pursuant to Bankruptcy Code §§ 503(a) and 503(b)(1)(A) and entry of an order requiring the Debtor to make immediate payment of its claim and, further to pay subsequent administrative claims as they accrue.

WHEREFORE, USAC respectfully requests that this Court enter an Order:

- a. Allowing USAC's Chapter 11 Administrative Claim pursuant to Bankruptcy Code §§ 503(a) and 503(b)(1)(A) in the amount of \$52,572.18, plus additional administrative charges that continue to accrue;
- b. Ordering and directing the Debtor to immediately pay the allowed Administrative Claim;
- c. Ordering and directing the Debtor to timely pay all subsequent post-petition USAC invoices as they are billed; and

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d. Granting such other and further relief as is just.

Respectfully submitted,

UNIVERSAL SERVICE ADMINISTRATIVE
COMPANY

By its counsel,



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- and -

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Fax: (508) 791-8502

Dated: June 3, 2005

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CERTIFICATE OF SERVICE

I, Christopher R. Maddux, hereby certify that I have on this the 3rd of June, 2005 mailed a true and correct copy of the foregoing, postage prepaid, via U.S. Mail, to the following:

Craig M. Geno
Jeffrey K. Tyree
Melanie T. Vardaman
Harris & Geno, PLLC
P.O. Box 3380
Ridgeland, MS 39158

Sammye S. Tharpe
Office of the United States Trustee
100 West Capitol Street, Suite 706
Jackson, MS 39269-1601


CHRISTOPHER R. MADDUX

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF MISSISSIPPI
(ABERDEEN DIVISION)

In re:

EzTel LLC, et al.

Debtors.

Jointly Administered
Chapter 11
Case Nos. 02-14612-DWH
02-14614-DWH
To be Filed in Both Cases

**ORDER (1) SETTING DEADLINE FOR DEBTORS' DISCOVERY RESPONSES,
(2) REQUIRING PAYMENT OF MONTHLY USAC CHARGES AND SUBMISSION
OF TELECOMMUNICATIONS REPORTING WORKSHEETS, AND (3) SCHEDULING
HEARING ON APRIL 25, 2005 REGARDING VARIOUS MATTERS**

This matter having come before the Court upon the motion of the Universal Service Administrative Company ("USAC") for Allowance and Immediate Payment of Administrative Expense Claims filed on or about June 23, 2003 and supplemented by USAC on October 7, 2004 (the "USAC Administrative Claim Motion"), sufficient notice thereof having been duly given, a hearing having been conducted by this Court on March 17, 2005, and the Debtors' objection to the USAC Administrative Claim Motion having been considered, it is hereby ORDERED that:

- On or before March 25, 2005, the Debtors shall produce at the offices of USAC's Mississippi counsel (Phelps Dunbar LLP, Attention Christopher Maddux) full and complete responses to the Requests for Production of Documents served by USAC on or about February 27, 2005.
- On or before April 1, 2005, the Debtors shall deliver to the offices of USAC's Mississippi counsel full and complete responses to the Interrogatories served by USAC on or about February 27, 2005.

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3. On or before March 21, 2005, the Debtors shall pay to USAC all new charges included on USAC's February 22, 2005 invoice except the late payment fee of \$1,011.54. The new charges on the February invoice (absent the late payment fee) total \$14,096.36. Also on or before March 21, 2005, the Debtors shall pay the late payment fee (\$1,011.54) into escrow to be held by Chris Maddux of Phelps Dunbar, pending resolution of the USAC Administrative Claim Motion.

4. On or before the 15th day of each month following March 2005, the Debtors shall pay to USAC all new charges included on the invoice issued by USAC during the prior month (i.e., the Debtors shall pay in full by April 15, 2005 all new charges included on USAC's March 2005 invoice, and each month thereafter in the same manner). Monthly late payment fees shall be paid into escrow in the same manner provided in paragraph 3 above.

5. If the Debtors fail to comply with any of the deadlines and other requirements set forth in paragraphs 1 through 4 above, USAC, through its counsel, shall be entitled to file with this Court a notice of the Debtors' failure to comply with this Order and, upon receipt of such notice, this Court shall enter an Order converting the Debtors' proceedings to Chapter 7.

6. On or before April 1, 2005, the Debtors shall submit to USAC (a) the full and complete 2005 Annual Telecommunications Reporting Worksheet to be used by USAC to complete the 2005 Annual True-up (i.e., the 2005 Form 499A reporting Debtors' 2004 revenues), and (b) any and all revised Annual Telecommunications Reporting Worksheets for prior Annual True-up periods which are required to determine USAC's administrative claim in this proceeding.

7. If the Debtors fail to comply with paragraph 6 above, USAC, through its counsel, shall be entitled to file with this Court a notice of the Debtors' failure to comply with this Order

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and, absent a response by the Debtors within 3 business days of the filing of said notice demonstrating good cause for the Debtors' failure to comply with paragraph 6, this Court shall convert the Debtors' proceedings to Chapter 7.

8. Notwithstanding the provisions of paragraph 7 above, in the event that the Debtors fail to submit to USAC the Telecommunications Reporting Worksheets identified in paragraph 6 above on or before April 15, 2005, USAC, through its counsel, may file with this Court a notice of the Debtors' failure to comply with this Order and, upon receipt of such notice, this Court shall enter an Order converting the Debtors' proceedings to Chapter 7.

9. Simultaneously with the filing of any notice regarding the Debtors' failure to comply with this Order, USAC shall serve Debtors' counsel via facsimile with a copy of the notice filed.

10. This Court shall conduct an evidentiary hearing on April 25, 2005 at 10:00 a.m., in Aberdeen, Mississippi on USAC's Administrative Claim Motion, USAC's Motion to Convert Case to Chapter 7, and the Debtors' objections thereto.

Dated: April 1, 2005

David W. Houston, III
Honorable David W. Houston, III
United States Bankruptcy Judge

USAC
Universal Service Administrative Company

Statement Date: 02/26/2005
Invoice Number: USD0000149510
Form 499 ID: 02113
Balance Due USAC: \$ 52,572.18
Amount Enclosed:

Mail Payment To:
Universal Service Administrative Company
1259 Papyrus Circle
Chicago, IL 60674

Long Distance Billing Services, Inc.
P.O. Box 994,
Madison, MS, 39130
Attention: South K. W. Allen

Address Change: See reverse side for instructions. If paying by airmail, File 499 ID, please check here and complete form on back.

Send the portion of statement not pertinent to you to local copyright. Keep bottom portion for your records.

STATEMENT OF ACCOUNT

Date	Description	Charges	Credits
05/13/2005	Previous Balance	5769,214.63	
05/13/2005	High Cost Support Mechanism Charges	52,297.16	
05/13/2005	Real Health Care Support Mechanism Charges	349.80	
05/13/2005	Low Income Support Mechanism Charges	11,898.37	
05/13/2005	Schedule B Education Support Mechanism Charges	54,718.78	
05/13/2005	Late Payment Fee	11,467.59	
05/13/2005	Bankruptcy A/R Transfer		(4472,865.75)
BALANCE DUE USAC ON 04/15/2005		\$52,572.18	

Transactions occurring after 02/15/2005 are not reflected on this statement.

The Federal Debt on the Statement represents your statutory contribution to universal service support and maintenance. Debt owed to the United States as defined by 47 U.S.C. § 2101, the Debt Collection Act of 1982 (Public Law 97-365), and the Debt Collection Improvement Act of 1996 (Public Law 104-132), as amended (the DCIA), and any amendments thereto. This Statement represents a demand for payment of the Federal Debt in accordance with the provisions of Federal Communications Regulations (47 C.F.R. § 1.1711) and the DCIA. Please refer to the reverse side of the Statement for important information and not disregard of your legal rights, obligations, and responsibilities under the DCIA.

Statement Date	Invoice Number	Form 499 ID	Balance Due USAC
02/26/2005	USD0000149510	02113	\$ 52,572.18

PLEASE APPROVE DATA

This month support mechanism charges were calculated using an FCC contribution base of 0.11360 and the following revenue share:

Edison 2001-0900
LTV
12%

If the figure do not correspond with your record, please contact the 499 Data Collection Agent.

PAYMENT INFORMATION

Payment must be received by 04/15/2005 to avoid late payment charges.

Please remit ACH payments to a CCD+ account in ABA #071900027, Account #5280043822.

Payments must include your Company Name, Form 499 ID, and Invoice Number in every remittance payment.

