BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 17, 2000

IN RE:	)	
	)	
BELLSOUTH TELECOMMUNICATIONS INC.'S	)	**DOCKET NO.**
TARIFF FOR CONTRACT SERVICE	)	**00-00085**
ARRANGEMENT (TN 99-6480-00)	)	

ORDER GRANTING APPROVAL OF BELLSOUTHCONTRACT SERVICE ARRANGEMENT (TN 99-6480-00)

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference on February 29, 2000 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. TN 99-6480-00 ("CSA"). BellSouth filed Tariff No. 00-00085 on February 7, 2000, with a proposed effective date of March 8, 2000.

Based upon careful consideration of the tariff filing, the Authority finds and concludes as follows:

1. The purpose of this CSA is to provide a Volume and Term Discount to the customer identified in the filing. Through this arrangement, the customer agrees to purchase $730,500 of local and private line services over the course of the first contract year throughout BellSouth's region in exchange for a six percent (6%) annual discount of eligible services.

2. The term of this CSA is two (2) years and will automatically renew for an additional one (1) year term unless the customer provides BellSouth with written

notification to cancel the renewal term not less than sixty (60) days prior to the end of the original two (2) year term.

3. This CSA contains provisions for incentive awards and commitment shortfalls. The parties pay the incentive awards or commitment shortfalls during the annual true-up period. BellSouth provided an addendum executed by the customer clarifying the fact that the commitment shortfalls do not apply upon the customer's early termination of the CSA.

4. This CSA contains two termination provisions. The first relates to the termination of the underlying specific service and is linked to the tariff provision applicable to the underlying service. The second applies to the termination of the Volume and Term agreement. This termination provision requires the customer to pay a termination charge equal to the discounts received for the life of the contract or for the previous twelve (12) months, whichever is less, plus a prorated portion of the contract implementation and tracking costs. Because the first termination provision is contained in the underlying, previously approved tariff, it is only the second termination provision that is before the Authority in this docket.

5. BellSouth provided an addendum executed by the customer stating that the customer was aware of competitive alternatives available to it in Tennessee and that the customer and BellSouth have agreed on the termination provisions and that the termination charges represent a reasonable estimate of BellSouth's damages in the event of termination.

6. BellSouth supplied cost data which indicates that the price of services offered under the CSA exceed their long-run incremental costs. Based on this information,

BellSouth has complied with the statutory price floor established in Tenn. Code Ann. § 65-5-208(c).

7. No parties sought to intervene in this docket.

Based on the foregoing findings and conclusions, the Directors unanimously determined that the CSA in this docket should be granted.[1]

IT IS THEREFORE ORDERED THAT:

BellSouth Telecommunications, Inc.'s Tariff No.00-00085, which seeks approval of Contract Service Arrangement No. TN 99-6480-00, is hereby granted.

Melvin J. Malone, Chairman

H. Lynn Greer, Jr., Director

Sara Kyle, Director

ATTEST:

K. David Waddell, Executive Secretary

[1] Chairman Malone noted that, generally, the underlying tariff termination provisions with respect to the specific services that may be used to meet the volume and term requirements of a Volume and Term CSA contain buyout clauses, sometimes amounting to a ninety percent (90%) or one-hundred percent (100%) buyout. Notwithstanding Chairman Malone's approval of this Volume and Term CSA, he remains of the opinion that tariff termination provisions, however triggered, containing such buyouts are so potentially anticompetitive as to warrant modification by the agency on a going-forward basis.