BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE:	)	
PETITION TO REQUIRE BELLSOUTH	)	
TELECOMMUNICATIONS, INC. TO APPEAR	)	
AND SHOW CAUSE THAT CERTAIN	)	**DOCKET NO.**
SECTIONS OF ITS GENERAL SUBSCRIBER	)	**00-00170**
SERVICES TARIFF AND PRIVATE LINE	)	
SERVICES TARIFF DO NOT VIOLATE	)	
CURRENT STATE AND FEDERAL LAW	)	

THE STAFF TEAM'S COLLECTIVE RESPONSE TO: THE CONSUMER ADVOCATE'S PETITION TO INTERVENE, OBJECT TO THE PROPOSED SETTLEMENT AND TO CONSOLIDATE WITH DOCKET 99-00246; NEXTLINK AND SECCA'S JOINT LETTER TO THE AUTHORITY OF JUNE 14, 2000; NEXTLINK'S PETITION TO INTERVENE; SECCA'S PETITION TO INTERVENE; AND BELLSOUTH'S MEMORANDUM IN OPPOSITION (TO THE AFORE LISTED FILINGS)

Procedural History

On July 13, 1999, the Tennessee Regulatory Authority ("Authority" or "TRA") directed certain members of the TRA staff to investigate whether the tariffs of BellSouth Telecommunications, Inc. ("BellSouth") presently conform to current public telecommunications policy as expressed by recent enactments of state and federal law. The specific purpose of such investigation was to determine whether the termination liability provisions in BellSouth's General Subscriber Services Tariff ("GSST") and Private Line Services Tariff ("PLST") are punitive in nature and have an anti-competitive effect on the local telecommunications market.[1]

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[1] At the regularly scheduled Authority Conference of July 13, 1999, the Directors of the Authority considered the Fourth Report and Recommendation of the Pre-Hearing Officer, issued July 8, 1999 in Docket No. 98-00559 -- *In Re: Proceeding for the Purpose of Addressing Competitive Effects of Contract Service Arrangements Filed by BellSouth Telecommunications, Inc. in Tennessee* (hereafter "CSA Docket"). After discussion and deliberations, a majority of the Directors approved and adopted this Report, which specifically included the Pre-Hearing Officer's recommendation to authorize and institute the instant investigation.

After conducting a preliminary investigation, the Staff Investigative Team ("Staff Team") determined that there was and is sufficient cause to justify the commencement of a show cause proceeding pursuant to Tenn. Code Ann. § 65-2-106. On March 6, 2000, the Staff Team filed a *Petition to Require BellSouth Telecommunications, Inc. to Appear and Show Cause that Certain Sections of its General Subscriber Services Tariff and Private Line Services Tariff Do Not Violate Current State and Federal Law* ("Show Cause Petition"), with an attached *(Proposed) Order to Show Cause* ("Show Cause Order"). Shortly thereafter, representatives of BellSouth contacted the Staff Team and requested a meeting so as to address the concerns raised in the Show Cause Petition. After numerous meetings, on May 9, 2000, the Staff Team and BellSouth jointly filed a *Proposed Settlement Agreement* ("Agreement") with the sole intent to expeditiously resolve the concerns raised in the Show Cause Petition.

On June 13, 2000, the Consumer Advocate Division ("CAD") filed a *Petition to Intervene, Object to the Proposed Settlement and to Consolidate with Docket 99-00246* ("CAD's Petition"). On June 14, 2000, NEXTLINK, Tennessee Inc. ("NEXTLINK") and the Southeastern Competitive Carriers Association ("SECCA") filed a joint letter of comments ("NEXTLINK/SECCA Letter"). Later that day, NEXTLINK and SECCA each filed a *Petition to Intervene* (whether singularly or collectively, hereafter they will be referred to as the "Petition of NEXTLINK/SECCA"). On June 19, 2000, BellSouth responded to the afore listed filings with *BellSouth's Memorandum in Opposition to NEXTLINK'S "Petition to Intervene;" SECCA'S "Petition to Intervene;" and the CAD's "Petition to Intervene, Object to the Proposed Settlement Agreement and to Consolidate with Docket 99-00246"* ("BellSouth's Memorandum"). After putting all of these filings in perspective, it is the Staff Team's intent to address the substance of these filings via this *Collective Response.*

Certain Conclusions of the Staff Investigative Team

Pursuant to the Authority's directive, the Staff Team spent over seven months analyzing and investigating the termination provisions in all of BellSouth's tariffs. As one of its resources, the Staff Team availed itself of thousands of pages of documents filed as discovery material by all of the parties in the CSA Docket (No. 98-00559). This generic "study docket" has provided the Authority and the Staff Team with a wealth of information relative to the competitive effects and potentially punitive nature of termination provisions in contract service arrangements, and by extension, termination provisions in any **term** plan, contract or tariff. From a purely economic standpoint, it has become clear to the Staff Team that termination provisions not related to the remaining customer-specific costs are nothing more than a method for locking-up customers, and inherently anti-competitive.[2] Furthermore, this conclusion is applicable to any and all such egregious termination provisions, whether in tariffs or CSAs, and whether proposed by incumbent local exchange carriers ("ILECs") or competitive local exchange carriers ("CLECs"). The Staff Team is ready, willing and able to put on proof to that end.

The Staff Team does not contend that this conclusion relative to egregious termination provisions is applicable to mature, non-regulated, highly competitive commercial ventures, such as the automotive or real estate industry. Yet, as the Federal Telecom Act is barely four years old, the competitive telecommunications industry is hardly out of its infancy -- "competition" is a young adolescent at most. Both Congress and our General Assembly imposed upon the Authority the obligation to nurture this adolescent, giving it time to grow and develop, protecting it from bullies but at the same time not allowing it to become a bully itself. The Staff Team

[2] So as not to be redundant, please see the section entitled "Economic Analysis of Long-Term Contracts" from page 10-13 of the Show Cause Petition. While this analysis presents a conclusion that is admittedly "ideal", as shown later in this *Collective Response*, the Proposed Settlement Agreement is a reasonable surrogate for this conclusion, as it addresses the administration of termination provisions in a practical manner.

maintains that at some point in the future, competition will have evolved to the extent that all parties will be able to fend for themselves, and the market place will provide any necessary regulation. But until the industry gets to that point, the Authority will have to make the tough decisions, just as a parent does for any adolescent.

A second point to make clear -- this conclusion of the Staff Team is limited, and does not intend to suggest that competition in the telecommunications industry has grown to the point where BellSouth and the CLECs should be treated equally in all instances. The Federal Telecom Act is clear in its distinctions between the RBOCs (BellSouth) and the CLECs, so until competition is sufficiently mature, there are many instances that demand disparate regulatory treatment. However, in this matter before the Authority, the Staff Team maintains that whether imposed by ILEC or CLEC, egregious termination provisions are anti-competitive and detrimental to the ultimate end-user/consumer. It is this end user/consumer that the Authority has been charged to protect. Just as it did in the first Toll Free Dialing Tariff (Docket No. 99-00406), as the surrogate for this contracting consumer, the Authority has the duty to negotiate and approve reasonable termination provisions on the consumers' behalf.

Requested Action of the Authority on all Outstanding Filings in this Docket

The Authority should consider the Show Cause Petition, the Show Cause Order and the Proposed Settlement Agreement in light of the Staff Team's conclusions, and then address the filings of the CAD, NEXTLINK, SECCA, and BellSouth accordingly. To best address those filings as well as to further the over-arching purpose of this docket, the Staff Team respectfully requests (as more fully explained below) that the Authority take the following actions:

1. Hold all Petitions to Intervene in abeyance, pending the outcome of the Proposed Settlement Agreement;

2. Modify Paragraph 3 of the (Proposed) Order to Show Cause to stay such a proceeding for the duration of the Proposed Settlement Agreement;

3. Approve the Show Cause Petition and issue the (Modified) Order to Show Cause; and

4. Approve the Proposed Settlement Agreement.[3]

The Staff Team respectfully submits that the following discussion will demonstrate this requested course of action to be both lawful and reasonable, as well as the Authority's most prudent and effective means to positively resolve the controversy relative to egregious termination provisions.

1. Hold all Petitions to Intervene in abeyance, pending the outcome of the Proposed Settlement Agreement

The Staff Team agrees with the CAD, NEXTLINK, SECCA and BellSouth about one thing from the outset -- presently, there is no contested case in which to intervene. Paragraph 3 of the CAD's Petition states: "That to the best of the Consumer Advocate Division's knowledge the Tennessee Regulatory Authority has not approved the show cause." The second page of the NEXTLINK/SECCA Letter says: "At this time, however, the Authority has still not taken any official action regarding the Staff's Petition. No show cause proceeding has yet been opened...." Page 9 of BellSouth's Memorandum states: "Because no contested case proceeding exists, the Petitions for intervention filed by NEXTLINK, SECCA, and the CAD are premature." Until the

[3] After approval by the Authority, the Proposed Settlement Agreement **binds only** the Staff Team and BellSouth. As discussed later, CLECs are merely **requested** to file compliant tariffs.

Authority approves the Show Cause Petition, there is simply no show cause/contested case in which to intervene.

That is not to suggest that a contested case will not be convened in the future, either due to a failure of the Proposed Settlement Agreement, or if the Authority, in its sole discretion, chooses to open a contested case. At such a time, the appropriateness of petitions to intervene may become much more evident. In the mean time, the Proposed Settlement Agreement provides CLECs with the opportunity to comment, either by filing compliant tariffs or objections thereto, if warranted.[4] Further, the Agreement allows the Authority time and additional information to determine the necessity of proceeding with any show cause. Therefore, before opening the floodgates to multiple parties and multiple delay, the Staff Team simply requests that the Authority hold the petitions to intervene in abeyance, pending the outcome of the Proposed Settlement Agreement.

2. Modify Paragraph 3 of the (Proposed) Order to Show Cause to stay such a proceeding for the duration of the Proposed Settlement Agreement

Currently, Paragraph 3 of the (Proposed) Order to Show Cause reads:

> 3. This proceeding be stayed for thirty (30) days to allow BellSouth Telecommunications, Inc. to voluntarily modify all tariff sections specified in 1 & 2, above, in a manner to satisfy any objections raised herein.

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[4] In the NEXTLINK/SECCA Letter (at page 2), their counsel asked to "be granted the opportunity to comment on the proposed settlement." On August 17, 1999, that same counsel stated the following in his opening argument at the hearings in Dockets Nos. 99-00210 and 99-00244: "...let's make it easy for everybody to move from one carrier to another without unfair, onerous termination penalties or without these take-or-pay provisions. You know, if that affects NEXTLINK too, so be it." In Re: Proceeding for the Purpose of Addressing the Competitive Effects of Contract Service Arrangements Filed by BellSouth Telecommunications, Inc in Tennessee, Docket Nos. 98-00559, 99-00210 and 99-00244, Transcript at 28 (August 17, 1999).

The Staff Team maintains that the Proposed Settlement Agreement accomplishes all of that and more. For practical purposes, it is unlikely that this Agreement could have been negotiated by multiple parties.

The Staff Team requests that prior to issuing this order, the Authority delete Paragraph 3 of the (Proposed) Order to Show Cause and substitute the following:

> 3. This proceeding be stayed unless and until the Staff Investigative Team provides BellSouth Telecommunications, Inc. with at least 30 days written notice of its intent to take action in Docket No. 00-00170, pursuant to Paragraph 12 of the Proposed Settlement Agreement.

The Staff Team believes that this language speaks for itself, and that its intent is self-evident. Additionally, the Staff Team acknowledges that BellSouth has entered into the Proposed Settlement Agreement rather than respond to the merits of the Show Cause Petition. As such, if the stay ordered by Paragraph 3 is vacated for any reason, the Staff Team agrees that BellSouth be allowed twenty (20) days to file a reply, and the Authority then determine whether to proceed with a contested case.

3. Approve the Show Cause Petition and Issue the (Modified) Order to Show Cause

The first document that was filed in this docket was the Show Cause Petition, and the Staff Team stands behind it 100%. The Show Cause Petition is the basis for any action taken in this docket, and the Staff Team requests that the Authority consider it very carefully. Pursuant to Tenn. Code Ann. § 65-2-106, the Authority must now determine whether the Staff Team's investigation and the resulting Show Cause Petition have demonstrated that sufficient cause exists to justify and commence a show cause proceeding. Let us be perfectly clear -- such a determination is **not** a finding of guilt, it is simply a finding that sufficient cause warrants a regulated public utility to appear and demonstrate (show cause) that it has not violated either the Authority's rules or state or federal law.

In this case, the Staff Team has made no recommendation of sanctions to be imposed on BellSouth if any such violation is found, but rather, has simply recommended that its tariffs be modified to conform to laws that have been changed since many of the tariffs were first filed. BellSouth has voluntarily agreed to do just that, provided that its competitors make a similar display of good faith. If the Agreement is approved and the CLECs choose to abide by it, some very contentious litigation will be avoided, and the Staff Team will move to dismiss the Show Cause Petition without prejudice. But as a procedural necessity, the Show Cause Petition must first be approved and a show cause order issued. The Staff Team requests that the Authority modify (as suggested above) and issue the (Proposed/Modified) Order to Show Cause, which was attached to the Show Cause Petition. With such Petition approved and a (Modified) Order to Show Cause issued but **stayed**, this docket would be in the proper procedural posture to consider the Proposed Settlement Agreement.

4. Approve the Proposed Settlement Agreement

After approving the Show Cause Petition, the Staff Team respectfully requests that the Authority approve the Proposed Settlement Agreement. This Agreement not only promotes competition, it protects consumers and is certainly in the public interest. The Agreement should be approved for the following reasons: the terms of the Agreement are consistent with positions advocated by CLECs; approving the Agreement is the most expeditious manner for implementing pro-competitive termination provisions to **all consumers**; and the Agreement represents a reasonable surrogate for customer specific termination provisions. We will elaborate on each of these points below.

A. The terms of the settlement are consistent with positions advocated by CLECs

CLECs have long been concerned with the long-term service commitments and the harsh and unreasonable termination provisions found in BellSouth's Contract Service Arrangements ("CSAs"). These carriers claim that such provisions effectively prevent customers from considering any of the emerging competitive alternatives. At the urging of the CLECs, the Authority opened numerous dockets and conducted hearings to examine these issues.

The Proposed Settlement Agreement achieves exactly that which the CLECs have been seeking to achieve themselves, and while the Agreement does not bind the CLECs to anything, it proposes nothing more than they have already proposed. The Agreement embodies a single set of termination provisions, whose maximum is applicable to all carriers, incumbents and competitors alike. Moreover, the provision proposed in the Agreement that generally requires the repayment of up to twelve months of discounts does not penalize consumers who wish to switch services from one carrier to another.[5] Counsel for NEXTLINK/SECCA proposed essentially the same general termination provision that is contained in the Settlement Agreement.[6]

During the proceedings on the Bank and the Store CSAs in August and September 1999[7], CLECs were strong advocates of the principle that consumers should be able to move service

[5] In addition, the agreement contains capping provisions that further limit the amount of termination charges that a carrier can assess the consumer for early termination without cause. See Proposed Settlement Agreement at ¶ 4.

[6] "In the long run everybody is better off if we allow customers to make decisions based on their current needs and not on arguably illegal or onerous long-term contracts. That's the way to spur competition. That's what you ought to do. So if a customer is getting a volume discount and he backs out of the contract, **well, okay, let him refund the discount** or let him pay some, you know, fee that's reasonably related to the carrier's damages. If he wants to move part of his service to another carrier, let him do it . . ." (emphasis added). In Re: Proceeding for the Purpose of Addressing Competitive Effects of Contract Service Arrangements Filed by BellSouth Telecommunications, Inc. in Tennessee, Docket Nos. 98-00559, 99-00210, and 99-00244, Transcript at 28-29 (August 17, 1999).

[7] Docket No. 99-00210, the "Bank", and Docket No. 99-00244, the "Store".

freely between carriers without paying unreasonable termination penalties.[8] CLECs did not claim that they were entitled to special treatment.[9] On the contrary, they argued that there should be one set of termination standards for everybody, and in doing so, acknowledged that even some CLECs may have to change their practices in this area. Counsel for NEXTLINK/SECCA, stated that: "The principle should be it allows customers to move freely among competitors without unreasonable restrictions. **And I think that applies to everybody**. And if that means that some of these CSAs entered into by CLECs have to be changed, then I think let's do it. Because I think take or pay is a take or pay. We shouldn't encourage, much less approve, long-term take or pay contracts that prohibit -- that inhibit competition. **So if it falls on the CLECs to change somebody's termination and shortfall provisions, so be it.**" (Emphasis added.)[10]

The CLECs' acknowledgement of the validity of the Proposed Settlement Agreement is further evidenced by the recent settlement of BellSouth's tariff to introduce the Welcome Back! Win Back Program (Docket No. 00-00391).[11] As part of the settlement in that case, the termination liability provisions in BellSouth's original tariff were revised[12] to make them

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[8] Counsel for NEXTLINK/SECCA: "It is not just and reasonable to have long-term take or pay contracts by the monopoly provider. That is not the way to move competition. **If you [the TRA] would just follow this one principle, we will not approve contracts which make it unreasonably difficult for consumers to switch carriers**. I can't imagine anything that would be a more pro-competitive thing for you to do. It's clearly within your power. It's your mandate to promote competition. Let them sign the contract, but if they decide they want to get out of the contract and switch some business somewhere else, don't make it economically impossible or improbable for them to do that." (Emphasis added.) Special Authority Conference Transcript at 92 (September 2, 1999).

[9] Counsel for AT&T: "[I]t is for the benefit of those 200,000 business customers, all, not some select few, that the laws of this state prohibit unjust discrimination and undue preferences and prohibit anti-competitive practices. **And these intervenors are not entitled to any special standards and don't claim it.** What we are entitled to is to speak for the development of competition . . . " (Emphasis added.) Special Authority Conference Transcript at 45 (September 2, 1999).

[10] Special Authority Conference Transcript at 100-101 (September 2, 1999).

[11] Intervenors included NEXTLINK, SECCA, Time Warner, and New South.

[12] See Joint Petition for Approval of Revised Tariff Embodying Settlement Agreement, Docket No. 00-00391 (June 14, 2000).

explicitly consistent with the terms of the Proposed Settlement Agreement submitted to the TRA for approval in this docket (Docket No. 00-00170). Thus, based on the record before the Authority in the several proceedings which have addressed the potential anti-competitive impact of harsh termination provisions, it would be inconsistent for CLECs to now come forward with arguments that the termination provisions contained in the Proposed Settlement Agreement are anything other than that which they have long sought to implement themselves.

B. Approving the settlement is the most expeditious manner for implementing pro-competitive termination provisions to all consumers.

A settlement process is clearly the most expeditious manner for removing these severe termination provisions and implementing a solution that will benefit all consumers. This particular Agreement gives all providers, incumbents and CLECs, the opportunity to eliminate egregious termination provisions from their tariffs without protracted contested hearings. Further, the Agreement does not delay a thing, as it requests compliant tariffs to be filed within 45 days. If they are not, the Authority will know exactly how to proceed.

Let us make it clear, however -- there is nothing in the Agreement that is binding upon any provider other than BellSouth. If the Agreement is approved, the Authority would send a letter to CLECs **requesting** that they amend their termination provisions.[13] If a CLEC elects not to amend its tariffs, paragraph 9 of the Agreement authorizes the Staff Team to "investigate and **seek** to initiate a show cause proceeding." [emphasis added] If the Staff Team's investigation

[13] Paragraph 8 of the Agreement states that "Upon approval of this agreement pursuant to Paragraph 1 (above), the Authority shall notify in writing all incumbent local exchange telephone companies not exempt from telecommunications competition under T.C.A. § 65-4-201(d) and all facilities-based competing telecommunications service providers as defined under T.C.A. § 65-4-101(e), of the substance of this agreement. Such notification shall **request** that, within forty-five days of its issuance, each such entity file with the Authority tariff amendments that will bring all of its existing tariffs into compliance with the terms of Paragraphs 2, 3, 4, 5 and 6 of this agreement (above)." [emphasis added]

finds sufficient cause exists to justify the commencement of a show cause proceeding, the Authority **may** issue such an order. But if a CLEC's tariff does not violate current state and federal law, it has nothing to worry about because: the Staff Team's investigation may not find sufficient cause, or the Authority may not issue an order, and if it goes to that point, the CLEC will be given an adequate opportunity to demonstrate to the Authority that its tariffs do conform to current law.

While the Agreement calls for a rulemaking to memorialize the Authority's policy on termination provisions, such rulemaking is not mandatory at this time and is not the appropriate forum for addressing egregious termination provisions that are in effect today. The Agreement is directed at termination provisions that were previously approved by the PSC or TRA but are no longer consistent with today's laws and regulatory goals. Since these provisions are legally effective, it is the duty of the Authority to initiate show cause proceedings against any provider with offending provisions in its tariffs. Approval of the Agreement, which would resolve many of the concerns expressed by CLECs in the CSA proceedings, could accomplish the same goal as multiple show cause proceedings in a much more cost effective and efficient manner.

A rulemaking to implement these or similar termination provisions would also take an extended period of time. The onerous procedures and multiple approvals required to promulgate rules generally takes well over a year to complete. In the meantime, consumers of all providers will face an ever-increasing number of penalizing termination provisions. Since 1996, BellSouth has filed 225 contract service arrangements, many of which rely on the egregious termination provisions in this proceeding. BellSouth has filed 22 CSAs in the last six months; there are five BellSouth CSAs pending approval. The longer it takes to modify these harsh provisions in the

tariffs, the longer it will take for consumers to begin reaping the full benefits of telephone competition.

C. The proposed settlement represents a reasonable surrogate for customer specific termination provisions.

The Consumer Advocate Division alleges throughout its Petition that the termination provisions embodied in the Proposed Settlement Agreement are unlawful, unreasonable, discriminatory, and anti-competitive. (See CAD Petition at ¶¶ 27-34.) If the CAD's reasoning were correct, the tariff that the Authority recently approved in Docket No. 99-00683, Toll Free Dialing Service, would also be unlawful, unreasonable, discriminatory, and anti-competitive. Why? -- because the termination provision contained in the Toll Free Dialing tariff is essentially the same as the provision described in paragraph 2 of the Proposed Settlement Agreement (i.e., repayment of discounts received during the previous 12 months of the service.) Interestingly, the CAD **did not** petition to intervene in BellSouth's Toll Free Dialing tariff even though it was considered and approved in October 1999, directly on the heels of the proceedings on the Bank and the Store CSAs in which the CAD was a party.

Furthermore, the CAD chose not to intervene in BellSouth's Welcome Back! Win Back tariff approved by the Authority less than two weeks ago (Docket No. 00-00391). To satisfy the objections and concerns of those who did intervene, the Welcome Back! Win Back tariff was revised to adopt the **exact same** termination provisions as those that are proposed in the Proposed Settlement Agreement. If such provisions are so unlawful and so against the interests of Tennessee consumers, why did the CAD not petition to intervene in these tariffs? Where has the CAD's new-found concern come from?

Paragraph 28 of the CAD's Petition specifically argues that "the changes in GSST and PLST termination provisions proposed by the staff and BellSouth in their proposed settlement impose termination costs which are unreasonably greater than the expense actually incurred by BellSouth for serving the customer." There is simply no basis for this allegation. No comprehensive cost studies have been completed to determine the customer specific cost of termination. Nevertheless, it is the Staff Team's position[14] that in certain instances, the formula included in the Proposed Settlement Agreement will result in termination charges less than the cost of termination, while in other instances, application of the same formula could result in charges greater than the cost of termination. The cost of termination depends on the complexity of the services installed, the labor involved to install the service, the location of the service and numerous other factors. Cost of termination will vary by service and by customer. On the average, however, the Staff Team believes the Proposed Settlement Agreement represents a **reasonable surrogate** for customer specific costs.[15]

It is important to point out that the Authority does not have an accepted cost methodology for defining the cost of termination. Such a methodology would have to be adopted in order to use cost of termination as a benchmark. There is undoubtedly an abundance of interpretations and approaches for estimating these termination costs. As the Authority has seen in other "cost dockets", defining the cost of any telecommunications service is a very contentious and lengthy exercise that most often results in protracted hearings.

For these reasons, we strongly urge the Authority to adopt the Proposed Settlement Agreement, so as to protect all consumers while furthering competition in Tennessee.

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[14] Based on extensive experience with numerous tariffs and contract service arrangements.

[15] This averaging approach is quite common in the telecommunications industry. Many of BellSouth's tariffed services include a single rate that applies to the entire state regardless of cost differentials.

Conclusion

The Staff Investigative Team respectfully requests that the Authority:

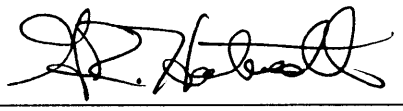
1. Hold all Petitions to Intervene in abeyance, pending the outcome of the Proposed Settlement Agreement;

2. Modify Paragraph 3 of the (Proposed) Order to Show Cause to stay such a proceeding for the duration of the Proposed Settlement Agreement;

3. Approve the Show Cause Petition and issue the (Modified) Order to Show Cause pursuant to Tenn. Code Ann. § 65-2-106; and

4. Approve the Proposed Settlement Agreement.

Respectfully submitted,



Gary R. Hotvedt, Counsel
STAFF INVESTIGATIVE TEAM

CERTIFICATE OF SERVICE

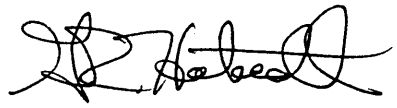
I hereby certify that on this 27th day of June, 2000, a true and accurate copy of the foregoing document was served by hand-delivery, facsimile or U.S. Mail, first class postage prepaid, to:

Richard Collier, Esq., Tennessee Regulatory Authority,
460 James Robertson Parkway, Nashville, TN 37243-0500;

Patrick Turner, Esq., BellSouth Telecommunications, Inc.,
333 Commerce Street, Suite 2101, Nashville, TN 37201-3300;

Henry Walker, Esq., Boult, Cummings, Conners & Berry,
414 Union Avenue, Suite 1600, Post Office Box 198062, Nashville, TN 37219-8062;

Vince Williams, Esq., Consumer Advocate Division,
426 Fifth Avenue North, Nashville, TN 37243-0500.



Gary R. Hotvedt