

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 17, 2000

IN RE:

**BELLSOUTH TELECOMMUNICATIONS INC.'S
TARIFF FOR CONTRACT SERVICE
ARRANGEMENT (TN 00-1082-03)**

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**DOCKET NO.
00-00502**

**ORDER GRANTING APPROVAL OF BELLSOUTH
CONTRACT SERVICE ARRANGEMENT (TN 00-1082-03)**

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference on July 11, 2000 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. TN 00-1082-03 ("CSA"). BellSouth filed Tariff No. 00-00502 on June 12, 2000, with a proposed effective date of July 12, 2000.

Based upon careful consideration of the tariff filing and the attachments thereto, a majority¹ of the Authority finds and concludes:

¹ Chairman Kyle and Director Greer have consistently voted to approve this specific service type of CSA. Director Greer has voted to approve such CSAs because they benefit consumers and comply with BellSouth's tariffs. Chairman Kyle has stated on the record that the CSAs she votes to approve are a benefit to the consumer who is receiving lower rates and are not harmful to competition. Director Malone voted to deny this CSA consistent with both his reasoning and his votes against approval of similar specific service CSAs. Director Malone has opined in other dockets that approval of such CSAs without a thorough review and analysis may substantially impede the development of a competitive environment because there is not sufficient information available to determine whether the CSAs may be discriminatory, anticompetitive or in violation of state and/or federal law. Director Malone remains of the opinion that termination provisions containing ninety percent (90%) or one-hundred percent (100%) buyout clauses are so potentially anticompetitive as to warrant denial.

1. The purpose of this CSA is to provide the customer a waiver of nonrecurring charges and discounts on recurring charges for Primary Rate Integrated Services Digital Network ("ISDN") service. Primary Rate ISDN supports the simultaneous transmission of voice, data, and packet services on the same exchange access line.

2. The term of this CSA is twenty-four (24) months.

3. If the customer terminates the CSA prior to the expiration of the contract term, the termination provisions require the customer to pay BellSouth the previously waived nonrecurring charges, contract preparation fees of \$616.00, and one-hundred percent (100%) of the remaining monthly contract payments.

4. 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.

5. BellSouth supplied cost data which indicates that the price of services offered under the CSA exceed their long-run incremental costs. This data indicates that BellSouth has complied with the statutory price floor established in Tenn. Code Ann. § 65-5-208(c).

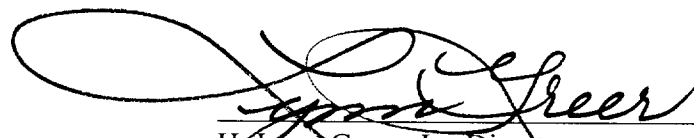
6. No parties sought to intervene in this docket.

Based upon the foregoing, a majority of the Directors determined that, in this docket, the CSA should be granted.

IT IS THEREFORE ORDERED THAT:

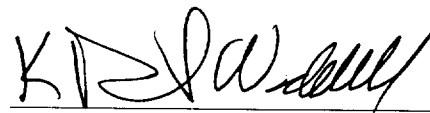
BellSouth Telecommunications, Inc.'s Tariff No. 00-00502, which seeks approval of Contract Service Arrangement No. TN 00-1082-03, is hereby granted.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director

Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary

*** Director Malone voted against approval of this specific service CSA.