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August 7, 2002
TN REGULATORY AUTHORITY
DOCKET ROOM

Richard Collier, Esquire
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Dear General Collier:

As you requested, BellSouth and the Tennessee Attorney General through the Consumer Advocate and Protection Division (the "Attorney General") have prepared the following joint statement regarding contract service arrangements ("CSAs"):

BellSouth and the Attorney General have reached an agreement addressing certain issues pertaining to CSAs. That agreement provides that the Attorney General has no objection to allowing the 71 pending CSAs to go into effect, subject to being revisited after further TRA consideration in the docket convened on this matter. BellSouth, in return, has agreed that it does not object to the opening of a contested case docket addressing the pending CSAs.

At the August 5, 2002 Agenda Conference, questions were raised concerning an appropriate procedural manner in which to address a proceeding, either rulemaking or contested case, on this matter, in a fashion designed to best ensure consistent rulings. The recently enacted T.C.A. Section 65-1-201 provides that the Chair shall assign matters to panels of three directors and that the procedures for assigning such panels shall "ensure that all voting members of the authority serve on an equal number of panels in a random fashion, **to the extent practicable.**" (emphasis added.) This instance may present a situation in which random assignment of the various pending CSAs to different 3-director panels is simply not practicable. Accordingly, BellSouth and the Attorney General would agree that the pending CSA dockets be reassigned, as a single matter, to one randomly selected panel. This panel could then entertain the Attorney General's motion to convene a contested case and could also consider the parties' suggested

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treatment of CSAs (namely, allowing them to go into effect subject to a further ruling at the conclusion of this matter).

With respect to new CSAs that are filed while this matter is pending, the Attorney General and Bellsouth agree that those CSAs should also be permitted to go into effect subject to further review at the conclusion of the CSA docket. To ensure that customers understand the situation governing their agreement, BellSouth agrees to notify customers that their CSA has been permitted to become effective subject to further review by the TRA and that Bellsouth will notify the customer when such further review has been completed. BellSouth and the Attorney General as defined herein, will submit a proposed customer notice letter to the Authority for its review. Upon approval of the format for customer notice letters, such notice letters shall be filed with the TRA in a fashion that will ensure ease of reference between the notice letter and the CSA to which it pertains, and such notice letters shall be filed in the appropriate CSA docket.

Please let us know whether you are comfortable with the foregoing. Thanks for working with us to get this resolved. We appreciate your help.

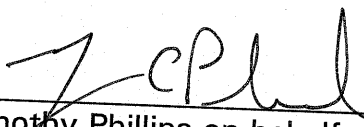
Cordially,



Joelle Phillips

JP/jej

AGREED:



Timothy Phillips on behalf of
the Tennessee Attorney General
Through the Consumer Advocate and
Protection Division