

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

December 4, 2000

IN RE:

**BELLSOUTH TELECOMMUNICATIONS, INC.
TARIFF TO OFFER CONTRACT SERVICE
ARRANGEMENT (TN00-0710-02)**

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**DOCKET NO.
00-00721**

**ORDER GRANTING APPROVAL OF BELLSOUTH
CONTRACT SERVICE ARRANGEMENT (TN00-0710-02)**

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference on September 12, 2000 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. TN00-0710-02 ("CSA"). BellSouth filed Tariff No. 00-00721 on August 14, 2000, with a proposed effective date of September 13, 2000.

Based upon careful consideration of the tariff filing and the attachments thereto, the Authority makes the following findings and conclusions:

1. The purpose of this CSA is to provide the customer identified in the filing with reduced per-minute Aggregated WatsSaver service usage charges. Aggregated WatsSaver service provides business customers with a guaranteed per minute toll rate that is based upon the customer's commitment to a certain volume of toll usage.

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

3. If the customer disconnects any of the services prior to the expiration of the CSA, the termination provisions require that the customer pay BellSouth the remaining monthly recurring contract payments.

4. On September 11, 2000, BellSouth filed a letter in response to an Authority data request issued in Docket No. 00-00627. In the letter, BellSouth agreed to waive any termination charges which exceed the lesser of:

- A. The amounts specified in the CSA the customer signed;
- B. The total of the repayment of discounts received during the previous [sic] twelve (12) months of service, the repayment of the prorated amount of any waived or discounted non-recurring charges, and the repayment of the prorated amount of any documented contract preparation, implementation and tracking or similar charges; or
- C. Six percent (6%) of the total CSA amount.¹

(footnote not in original)

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. This data indicates that 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.

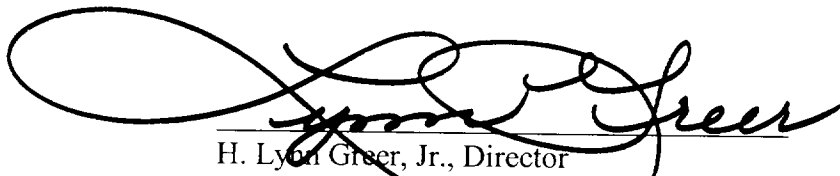
¹ At the August 15, 2000 Authority Conference, BellSouth agreed to waive any right to collect termination charges greater than the lesser of the CSA termination provisions or the termination charges established in Docket No. 00-00702, *Rulemaking Proceeding - Regulations for Term Arrangements for Telecommunications Services*. Docket No. 00-00702 was opened by the Directors to establish rules to regulate the use of CSAs and tariff term plans by Independent and Competing Local Exchange Carriers. The proposal contained in BellSouth's September 11, 2000 letter differs from the August 15th proposal in that the September 11th proposal applies the termination provisions delineated in the proposed rules rather than the termination provisions that would result upon completion of the rulemaking.

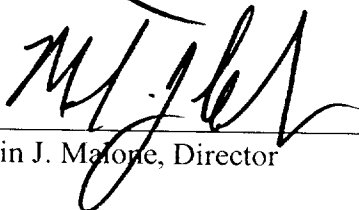
Based upon the foregoing, the Authority unanimously determined that the CSA in this docket should be granted.

IT IS THEREFORE ORDERED THAT:

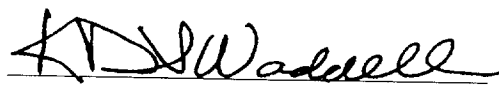
BellSouth Telecommunications, Inc.'s Tariff No. 00-00721, which seeks approval of Contract Service Arrangement No. TN00-0710-02, is hereby granted subject to BellSouth notifying the customer in writing upon receipt of this order that BellSouth has agreed to waive any right to collect termination charges in excess of the lesser of: 1) the amounts specified in the CSA the customer signed; 2) the total of the repayment of discounts received during the previous twelve (12) months of service, the repayment of the prorated amount of any waived or discounted non-recurring charges, and the repayment of the prorated amount of any documented contract preparation, implementation and tracking or similar charges; or 3) six percent (6%) of the total CSA amount. A copy of such notification shall be filed with the Office of the Executive Secretary.


Sara Kyle, Chairman


H. Lyon Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary