

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

SEPTEMBER 27, 1999

IN RE:

**BELLSOUTH TELECOMMUNICATIONS, INC.
TARIFF FILING TO OFFER CONTRACT
SERVICE ARRANGEMENT (TN 98-5458-02)**

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**DOCKET NO.
99-00025**

**ORDER GRANTING APPROVAL OF BELLSOUTH
CONTRACT SERVICE ARRANGEMENT (TN 98-5458-02)**

This matter came before the Tennessee Regulatory Authority ("Authority") on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. TN 98-5458-02 ("CSA"). BellSouth filed Tariff No. 99-00025 on January 15, 1999, with a proposed effective date of February 15, 1999.

The Directors of the Authority considered this matter at the regularly scheduled Authority Conference held on February 2, 1999. Based upon careful consideration of the tariff filing and the attachments thereto, the Authority finds and concludes the following:

1. The purpose of this CSA is to provide Frame Relay Service to the customer identified in the filing. Frame Relay utilizes a special network, separate from the public switched network, for providing customers with high-speed data transport between multiple locations.

2. The term of this CSA is thirty-seven (37) months and it is designed to provide Frame Relay Service at an overall rate comparable to competitive alternatives. Through

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this CSA, BellSouth is offering the customer a total discount of 12.5% off the general tariff rate during the term of the contract plus waiver of nonrecurring charges.

3. Upon concluding that the parties to the CSA are knowledgeable in what they are doing in negotiating this contract¹ and that the customer understands the consequences of the termination liability provisions in the CSA, a majority² of the Authority determines that in this docket the CSA should be granted.

¹ During deliberations in an earlier, similar docket (98-00485), Director Greer requested that his comments from the previous agenda item (Docket 98-00430) be incorporated into the order. Some of those comments are reflected as follows: "[T]hese CSA's, I want to reiterate, apply to businesses and not individual consumers. And these are not unknowledgeable participants. These are, by and large, major corporations that are very knowledgeable and know what they're doing.

One of the things that competition is supposed to do is to bring down the cost of services rendered, either by the threat of competition or competition itself. And in this case I believe the threat of competition is bringing down the cost of the services." Transcript of February 2, 1999 Authority Conference, p. 43-44.

Director Kyle responded: "As I have said prior, even though -- on CSA's, even though this one is different, I feel we need to move more toward the world of competition, and I believe this is accomplishing it. I think these people understand the contracts that they are entering into. And I too strongly agree that what comes before us in the future, this case will not have prejudice." (*id.*, p. 46-47)

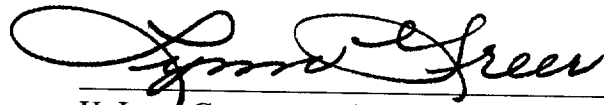
² Chairman Malone voted no, consistent with his votes on November 17, 1998, January 12, 1999, January 19, 1999 and earlier at this Conference. Chairman Malone articulated his concerns, in part, relative to similar CSAs to this, in his dissents filed in Docket Nos. 98-00612 and 98-00898.

IT IS THEREFORE ORDERED THAT:

BellSouth Telecommunications, Inc. Tariff No. 99-00025, which seeks approval of Contract Service Arrangement No. TN 98-5458-02, is hereby granted.

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Melvin J. Malone, Chairman



H. Lynn Greer, Jr., Director



Sara Kyle, Director

ATTEST:



K. David Waddell, Executive Secretary

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* * * Chairman Malone voted against approval.