Before the
Tennessee Regulatory Authority
Nashville, Tennessee

In Re:	)	
Generic Docket Addressing	)	**Docket No. 00-00523**
Rural Universal Service	)	

PETITION FOR EMERGENCY RELIEF AND
REQUEST FOR STANDSTILL ORDER
BY THE TENNESSEE RURAL INDEPENDENT COALITION

The Tennessee Rural Independent Coalition (the "Coalition" or the "RLECs")[1] respectfully submits this Petition, by counsel, for emergency relief and a standstill order directing BellSouth Telecommunications, Inc. ("BellSouth") to maintain all existing settlement arrangements and mechanisms currently in effect between BellSouth and the RLECs.

The Coalition brings this matter before the TRA with great reluctance; but for recent actions by BellSouth, this Petition would and should be unnecessary. The matter raised by this Petition has been addressed by the TRA in the "Initial Order of Hearing Officer" issued on December 29, 2000 in Docket No. 00-00523 wherein it was ordered that "BellSouth Telecommunications, Inc. is hereby enjoined from taking any measures to unilaterally terminate the existing intraLATA toll settlement arrangements/mechanism currently in effect between BellSouth and the Rural Carriers."

As the TRA is aware, the Coalition has invested substantial time and effort in meeting with BellSouth representatives to address and resolve related matters. The TRA has held action in Docket No. 00—00523 in abeyance based on representations by both BellSouth and the Coalition that the parties have undertaken good faith settlement negotiations and are "moving forward on numerous issues.

[1] The Coalition is a group of small and rural local exchange carriers and cooperatives providing service throughout Tennessee. The members of the Coalition are set forth in Attachment A.

As the TRA would expect, the participation by the RLECs in these good faith discussions has been based on reliance that BellSouth will fulfill its commitment pursuant to the directive of the TRA. Specifically, the RLECs have properly relied on the expectation that BellSouth would follow the TRA directive and not attempt unilaterally to terminate or alter the existing arrangements whereby BellSouth compensates the RLECs for the traffic it transports to RLEC networks for termination.

Most recently, the Coalition joined BellSouth in filing a letter before the TRA on March 4, 2003 affirming that "discussions continue to be fruitful," and informing the TRA of continued settlement discussion. Unfortunately, at the very next settlement discussion, BellSouth representatives informed the Coalition representatives that BellSouth intends unilaterally and in the absence of agreement to cease payment to the RLECs of compensation associated with certain traffic that BellSouth has undertaken to transport and terminate[2] on the RLEC networks.

Accordingly, the Coalition seeks emergency action by the TRA to require BellSouth to standstill and refrain from the unilateral action it plans to depart from existing arrangements. In support of its Petition, the Coalition states the following.

1. Each of the RLECs is a rural incumbent local exchange carrier serving rural areas of Tennessee.

2. The RLECs participate in the provision of an intraLATA telecommunications services arrangement provided over network facilities interconnected with BellSouth. The interconnection arrangements, terms, and conditions between each RLEC and BellSouth are governed by arrangements and contracts which have been implemented under the authority of, and subject to the

[2] Most recently, BellSouth confirmed its intent in correspondence dated Arpil 2, 2003, from BellSouth attorney Guy Hicks addressed to Hearing Officer Jones transmitted within the framework of this proceeding. The Coalition intends to respond subsequently in a separate filing addressing the additional matters raised by this correspondence.

supervision and oversight of the TRA and its predecessor.

3. With respect to the provision of intraLATA switched interexchange services, each RLEC has implemented intraLATA equal access. When an end user customer is provided basic local service by an RLEC, that customer may elect to utilize an intraLATA toll provider of his or her choice, including BellSouth. When the customer originates an intraLATA toll call, the RLEC provides the intraLATA toll carrier (*i.e.*, BellSouth or an alternative carrier chosen by the customer) with originating access service and charges the toll carrier for the originating access service. When BellSouth or any other intraLATA toll provider terminates a call to an end user customer served by an RLEC, that RLEC provides the toll carrier with terminating access service and assesses charges in accordance with its effective arrangements.

4. BellSouth has utilized the existing intraLATA interexchange network together with termination services it receives on RLEC networks, under existing arrangements, to provide commercial mobile radio service ("CMRS") providers with transport and terminating services throughout the LATAs in which BellSouth operates in Tennessee. By providing the CMRS carriers with this service, the CMRS providers are able to connect indirectly with the RLECs through the use of BellSouth's network and services.

5. This arrangement has rendered it unnecessary for the CMRS carriers to request interconnection terms and conditions directly with the RLECs with respect to the termination of the CMRS traffic. BellSouth has effectively provided the CMRS carriers with indirect interconnection to the RLECs on a bilateral basis negotiated between BellSouth and the CMRS providers. BellSouth apparently did not identify any need to inform or involve the RLECs in the establishment of the CMRS interconnection. BellSouth knew that it has available interconnection under existing arrangements with the RLECs that give BellSouth the ability to terminate the CMRS traffic on the

RLEC networks without any new agreement or the establishment of an arrangement directly between the RLECs and the CMRS carriers.

6. In the course of the ongoing good faith settlement discussions that the RLECs have held with BellSouth representatives, Bellsouth has indicated its desire and intent to implement a new arrangement whereby it would be relieved of any obligation to compensate the RLECs for termination of the CMRS traffic it has agreed to transport to the RLEC networks. Prior to a meeting with BellSouth representative on March 10, 2003, the RLECs understood that the parties were making progress in resolving this matter. Specifically, the RLECs understood that BellSouth was giving serious consideration to a conceptual resolution proposed by the RLECs.

7. In good faith reliance that progress toward resolution of issues between the RLECs and BellSouth was continuing, the RLECs joined BellSouth in reporting to the TRA and requesting a continued abeyance. The RLEC representatives were, accordingly, surprised to learn at the March 10, 2003 meeting with BellSouth representatives that BellSouth intends to discontinue payments to the RLECs as of May 2003 for the compensation for the termination of traffic that BellSouth designates as "CMRS" traffic. BellSouth's unilateral pronouncement is contrary to the existing arrangements between the RLECs and BellSouth, the good faith undertaking of settlement discussions, and the standing TRA Order issued on December 29, 2000.

8. The interconnection arrangements, terms and conditions between BellSouth and the RLECs have largely been established previously through mutual negotiation. While the terms and conditions were subject to oversight by the TRA and its predecessor Commission (and subject to all applicable law, rules, and regulations), there was minimal need for regulatory intervention or action in the past. Unfortunately, BellSouth's action to disregard both its commitments and the TRA's December 29, 2000 Order have given rise to a need for the action requested by the Coalition.

9. The unilateral BellSouth pronouncement that it will cease termination payments to the RLECs takes place in a context that is contrary to both the TRA's directive and the representation of good faith negotiations that BellSouth made to both the RLECs and the TRA. This framework demonstrates with clarity the egregious nature of the BellSouth action and the need for the action requested by the Coalition. Action by the TRA is necessary to alleviate the financial uncertainty and instability that has increased as a result of BellSouth's dishonoring its commitment and obligation to act in accordance with existing agreements.

WHEREFORE, THESE PREMISES CONSIDERED, the Coalition respectfully requests that the TRA issue an order to direct BellSouth to standstill and abide by all existing contractual terms and conditions, consistent with the TRA's December 29, 2000 Order in Docket No. 00-00523, pending the conclusion of all appropriate processes and procedures, either formal or informal, required to establish any new terms and conditions determined either by mutual negotiation or regulatory requirement.

April 3, 2003

Respectfully submitted,

NEAL & HARWELL, PLC

By: _____

James R. Kelley, BPR 5525
One Nashville Place
150 Fourth Avenue North, Suite 2000
Nashville, TN 37219
Phone: 615-244-1713
Fax: 615-726-0573

and

Stephen G. Kraskin
Kraskin, Lesse & Cosson, LLC
2120 L Street, N.W., Suite 520
Washington, D.C. 20037
Phone: 202-296-8890

"The Coalition of Small LECs and Cooperatives"

Ardmore Telephone Company, Inc.
Ben Lomand Rural Telephone Cooperative, Inc.
Bledsoe Telephone Cooperative
CenturyTel of Adamsville, Inc.
CenturyTel of Claiborne, Inc.
CenturyTel of Ooltewah-Collegedale, Inc.
Concord Telephone Exchange, Inc.
Crockett Telephone Company, Inc.
Dekalb Telephone Cooperative, Inc.
Highland Telephone Cooperative, Inc.
Humphreys County Telephone Company
Loretto Telephone Company, Inc.
Millington Telephone Company
North Central Telephone Cooperative, Inc.
Peoples Telephone Company
Tellico Telephone Company, Inc.
Tennessee Telephone Company
Twin Lakes Telephone Cooperative Corporation
United Telephone Company
West Tennessee Telephone Company, Inc.
Yorkville Telephone Cooperative

CERTIFICATE OF SERVICE

I hereby certify that on April 3, 2003, a copy of the foregoing document was served on the parties of record, via the method indicated:

[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Russ Minton, Esquire Citizens Communications 3 High Ridge Park Stamford, Connecticut 06905
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Charles B. Welch, Esquire Farris, Mathews, et al. 205 Capitol Blvd., #303 Nashville, Tennessee 37219
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Mr. David Espinoza Millington Telephone Company 4880 Navy Road Millington, Tennessee 38053
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Jon E. Hastings, Esquire Boult, Cummings, et al. P.O. Box 198062 Nashville, Tennessee 37219-8062
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Henry Walker, Esquire Boult, Cummings, et al. P.O. Box 198062 Nashville, Tennessee 37219-8062
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	James Wright, Esquire United Telephone - Southeast 14111 Capitol Blvd. Wake Forest, North Carolina 27587
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Dan Elrod, Esquire Miller & Martin 150 4th Avenue, #1200 Nashville, Tennessee 37219

[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	James Lamoureux, Esquire AT&T 1200 Peachtree St., NE Atlanta, Georgia 30309
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Donald L. Scholes, Esquire Branstetter, Kilgore, et al. 227 Second Ave., N Nashville, Tennessee 37219
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Timothy Phillips, Esquire Office of Tennessee Attorney General P.O. Box 20207 Nashville, Tennessee 37202
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	Guy M. Hicks, Esquire Joelle Phillips, Esquire BellSouth Telecommunications, Inc. 333 Commerce St., Suite 2101 Nashville, Tennessee 37201-3300
[ ] Hand [X] Mail [ ] Facsimile [ ] Overnight	R. Douglas Lackey, Esquire J. Phillip Carver BellSouth Telecommunications, Inc. 675 W. Peachtree St., NE Suite 4300 Atlanta, Georgia 30375

JAMES R. KELLEY, ESQUIRE

BELLSOUTH

BellSouth Telecommunications, Inc.
333 Commerce Street
Suite 2101
Nashville, TN 37201-3300

guy.hicks@bellsouth.com

Guy M. Hicks
General Counsel

615 214 6301
Fax 615 214 7406

April 2, 2003

Hon. Ron Jones, Director
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Generic Docket Addressing Rural Universal Service*
Docket No. 00-00523

Dear Director Jones:

As you know, BellSouth has been engaged in negotiations with the Coalition of Rural Independent Companies ("ICOs") to address issues relating to the primary carrier plan in the context of our competitive market in Tennessee as well as other issues, including the creation of compensation arrangements between the ICOs and CMRS providers for termination of traffic originated on their networks. We are continuing to talk, and we hope to be able to report progress to the TRA.

A particular issue has arisen and has been discussed with ICOs of which we wish to make you aware. As you may know, the ICOs and the CMRS providers have not entered into interconnection agreements regarding termination of traffic to each company's end users. In the absence of such arrangements, these parties have looked to BellSouth to act as the "bank", to manage the passing of compensation between those parties, for terminating such traffic. This traffic merely transits BellSouth's network – but originates and terminates on the CMRS or ICO networks. BellSouth has acted as the "banker" in the past, because BellSouth was unable to distinguish CMRS traffic from BellSouth's own originated traffic due to the systems BellSouth used for billing CMRS providers. As the telecommunications market has changed, including the development of more wireless traffic in Tennessee, CMRS providers have requested that BellSouth enter into meet point billing arrangements that enable CMRS providers to receive industry standard call detail records, enabling them to bill originating and terminating access to interexchange carriers (IXCs), and reciprocal compensation to other local providers. BellSouth already had meet point billing arrangements with CLECs, ICOs and IXCs, and as a matter of parity, CMRS providers were entitled to

enter into similar arrangements. Thus, BellSouth has moved to meet point billing arrangements with most of the larger CMRS providers. Notwithstanding these developments and changes in Tennessee, and despite notice from BellSouth, the ICOs and the CMRS providers have not made any arrangements for addressing termination of one another's traffic.

This issue has been raised in our discussions with the ICOs. Specifically, we have responded by letter to a query from the ICOs' attorney, which sets out BellSouth's position. A copy of our letter dated April 2, 2003, is attached.

As noted in BellSouth's letter to the ICOs' counsel, we have discussed the issue of terminating CMRS traffic with the ICOs several times in the context of our ongoing discussions, including a letter to the ICOs dated January 16, 2003. A copy of that letter is also attached. That letter details our understanding of the payment to the ICOs for terminating CMRS traffic, particularly the obligations on CMRS providers and ICOs to compensate one another for the termination of traffic under the Telecommunications Act, and the untenable position in which BellSouth finds itself – namely BellSouth funding the termination of this CMRS traffic, with no assurance of BellSouth being reimbursed by the CMRS carrier. In that January letter, BellSouth explained that the CMRS providers and ICOs needed to resolve that issue and that BellSouth could not continue to fund those payments without assurance of reimbursement from the CMRS providers. BellSouth made a significant concession, however, in order to keep our discussions moving in a productive way. BellSouth agreed to continue making those payments through February 2003 settlements (payments to be made in April as the settlements process is two months in arrears), in order to provide the ICOs and CMRS providers with ample time to find a workable solution.

Now, with the deadline drawing near, we have reiterated our position to the ICOs, but at the same time, are in discussions with the ICOs as to the best way to bring this matter before the TRA. We have proposed, and the ICOs are considering, a Joint Petition whereby both BellSouth and the ICOs request that the TRA join all CMRS providers as parties to a proceeding in order to bring the right parties to the table to address these issues. A similar issue was raised in North Carolina and the North Carolina Utility Commission has entered an Order pursuant to which BellSouth will present the CMRS providers with a bill, prepared by the ICO, for compensation for the termination of the CMRS provider's traffic. BellSouth will then remit to the ICO any payment received from the CMRS providers on such bill. For your information, a copy of the North Carolina Order is attached.

BellSouth is continuing to work with the ICOs to find a way to move forward to ensure that the ICOs have the necessary agreements in place to square their business needs with today's Tennessee market. A copy of this letter has been provided to counsel for the ICOs.

Very truly yours,

Guy M. Hicks

GMH:ch

BellSouth Corporation
Legal Department
675 West Peachtree Street, NE
Suite 4300
Atlanta, GA 30375-0001

parkey.jordan@bellsouth.com

Parkey D. Jordan
Senior Counsel

404 335 0794
Fax 404 658 9022

April 2, 2003

Steve Kraskin, Esquire
Kraskin, Lesse & Cosson, LLP
2120 L. Street, NW, Suite 520
Washington, DC 20037

Dear Steve:

Thanks for your message on March 18 regarding the status of the ongoing discussions in Tennessee. You are correct that positive, productive discussions are ongoing in Tennessee relating to the primary carrier plan issues, such as adjusting access rates with offsetting rate increases and fund distributions. We are hopeful that these discussions will continue and will ultimately result in resolution for all parties.

With respect to the particular issue of compensation for termination of CMRS traffic to ICO end users, as you know, on January 16, 2003, BellSouth sent a letter to the independent companies ("ICOs") in Tennessee to explain that BellSouth would not continue funding payments to the ICOs for CMRS traffic transiting BellSouth's network, and that it would cease making such payments in May. Specifically, we stated:

> Due to concerns raised by the ICOs that they have not begun collecting compensation for the transit Wireless traffic from the originating Wireless carrier, BST, without obligating itself to do so and reserving its rights to terminate such payments, as a show of good faith, will continue to compensation [sic] the ICOs for transit Wireless toll traffic through the April 2003 settlements (i.e., February 2003 transit Wireless toll usage. Settlement for transit Wireless usage is two months in arrears). During that time, we will work with the ICOs to reach an acceptable on-going solution regarding this issue. In the interim, each ICO should be making good-faith efforts to finalize their own agreements with the Wireless carriers.

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BellSouth has notified the ICOs as CMRS providers have converted to meet point billing arrangements, and has extended the time period that BellSouth would continue to compensate the ICOs for this traffic in an effort to allow the ICOs additional time to negotiate contracts with the CMRS providers. BellSouth provided this January 16 notice in order to ensure that the parties could focus on the issue and plan for its resolution ***before*** the ICOs felt the effect of changes in payments. As you know, BellSouth is currently funding the ICO payments relating to this CMRS traffic, with no assurance of reimbursement to BellSouth from the CMRS carrier.

The discussion at a recent meeting in Tennessee, which you refer to in your e-mail, was simply a reiteration of our already-expressed position and a good faith reminder to the ICOs that we need to address this issue and that time was becoming critical. To that end, we have prepared a proposed joint filing by which Bellsouth and the ICOs could together seek assistance from the TRA in bringing the right parties to the table to resolve this issue. Specifically, that petition requests that the TRA join the CMRS providers in the pending docket to move those parties toward reaching an appropriate interconnection agreement providing for compensation to ICOs for terminating CMRS traffic. In addition, assuming we jointly seek the relief set forth in that filing, BellSouth would agree, as an interim arrangement pending the outcome of the docket, to serve as the "middle-man" by presenting ICO-prepared bills to the CMRS providers, and remitting any payments received on those bills to the ICOs. This is consistent with a recent order on this issue by the North Carolina Utilities Commission.

BellSouth remains committed to working with the ICOs to assist them in making changes to meet the needs of our competitive environment in Tennessee.

Sincerely,

Parkey Jordan