

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

September 22, 2000

IN RE:)
)
UNIVERSAL SERVICE) **DOCKET NO. 97-00888**
PROCEEDING)

**PHASE II ORDER RE: DETERMINATION OF COST MODEL
AND REVENUE BENCHMARKS**

This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on August 15, 2000 for determination of the appropriate cost model and revenue benchmarks to be used by BellSouth Telecommunications, Inc. ("BellSouth") and United Telephone-Southeast ("UTSE") in calculating Universal Service funding.

BACKGROUND

The Authority convened the Universal Service Docket to establish an intrastate Universal Service funding mechanism pursuant to Tenn. Code Ann. § 65-5-207; 47 U.S.C. § 214 of the Communications Act of 1934, as amended; the federal Telecommunications Act of 1996; and Federal Communications Commission ("FCC") Order 97-157, 12 FCC Rcd 8776 to 9616 (1997).

At the second Pre-Hearing Conference held on September 23, 1997, the Hearing Officer admitted several entities as parties to this proceeding with full rights of

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9-22-00