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REGULATORY AFFAIRS
OCT 23 2000
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EXECUTIVE SECRETARY

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

00-20949

RE: United Telephone- Southeast, Inc.
2000 Annual Price Regulation Filing

Dear Mr. Waddell:

Enclosed for the Tennessee Regulatory Authority's review and approval are the original and thirteen copies of United Telephone-Southeast, Inc.'s 2000 Annual Price Regulation Filing. This information reflects the calculation of United's 2000 Price Regulation Index (PRI) and Service Price Index (SPI); no price changes are proposed in this filing.

The standard workpapers are provided in support of these calculations. In addition, United has included workpapers demonstrating the effect of the recently approved rate changes that became effective on October 12, 2000. Some of this information has been marked Proprietary and United asks that it be handled accordingly.

If you have any questions, please contact Laura Sykora (919-554-7323) or Kaye Odum (919-554-5277).

Sincerely,

C. Steve Parrott

Enclosures

C: Consumer Advocate
Laura Sykora
Kaye Odum
Dennis Wagner

**TENNESSEE
2000 PRICE REGULATION
INDEX FILING**

SERVICE PRICE INDEX (SPI) CALCULATION BY CATEGORY	June 1995 Rates June 2000 Volumes	June Annualized	Current Rates June 2000 Volumes	June Annualized
<u>Basic Revenues</u>				
General Subscriber Service Tariff	\$ 4,749,574.25	\$56,994,891.04	\$ 4,721,413.75	\$ 56,656,964.98
<i>October 12, 2000 Approved Rates</i>			<u>\$ 6,035.75</u>	<u>\$ 72,429.00</u>
Total Basic Services	\$ 4,749,574.25	\$56,994,891.04	\$ 4,727,449.50	\$ 56,729,393.98
<u>Non - Basic Revenues</u>				
General Subscriber Service Tariff	\$ 3,507,997.16	\$ 42,095,965.96	\$ 3,482,621.14	\$ 41,791,453.64
Access Services Tariff	\$ 817,072.60	\$ 9,804,871.26	\$ 754,181.89	\$ 9,050,182.72
Directory Revenues	\$ 3,012.00	\$ 36,144.00	\$ 3,012.00	\$ 36,144.00
Miscellaneous Revenues	\$ 375,517.91	\$ 4,506,214.92	\$ 375,517.91	\$ 4,506,214.92
<i>October 12, 2000 Approved Rates</i>				
General Subscriber Service Tariff			\$ 105,469.33	\$ 1,265,631.95
Access Services Tariff			\$ 80.10	\$ 961.20
Total Non-Basic Services	\$ 4,703,599.68	\$ 56,443,196.14	\$ 4,720,882.37	\$ 56,650,588.44
TOTAL BASIC & NON-BASIC	<u>\$ 9,453,173.93</u>	<u>\$113,438,087.18</u>	<u>\$ 9,448,331.87</u>	<u>\$ 113,379,982.42</u>

PRI/SPI Comparison	Basic SPI Calculation	Current	\$ 56,729,393.98
		Base	\$ 56,994,891.04
		Result	0.9953
		X 100	99.5342
		2000 PRI	101.0000
	Non-Basic SPI Calculation	Current	\$ 56,650,588.44
		Base	\$ 56,443,196.14
		Result	1.0037
		X 100	100.3674
		2000 PRI	100.8917

**TENNESSEE
2000 PRICE REGULATION
INDEX FILING**

2000 BASIC PRI CALCULATION	
<u>Input:</u>	
Inflation Rate First Qtr 1999 vs. First Qtr 2000	3.0
<u>Calculation:</u>	
Step 1:	
Base Rate of 100	100
Step 2:	
Plus: The lessor of:	
1/2 Inflation Rate	1.5
or	
Inflation Rate - 2%	+ 1.0
	= 101.0
Step 3:	
Divided by 100	1.01
Step 4:	
Multiplied by 1999 PRI (100.00)	101.0000

8. Supplemental Tables

Table 8.1.—Percent Change From Preceding Period in Selected Series
[Percent]

	1998	1999	Seasonally adjusted at annual rates							1998	1999	Seasonally adjusted at annual rates									
			1998	1999				2000				1998	1999	1998	1999				2000		
				IV	I	II	III								IV	I	IV	I		II	III
Gross domestic product:																					
Current dollars	5.5	5.7	7.0	5.7	3.3	6.8	9.4	8.6	Chain-type price index	-5.9	0	-1.2	-2.9	4.9	5.9	5.9	6.6				
Chain-type quantity index	4.3	4.2	5.9	3.7	1.9	5.7	7.3	5.5	Implicit price deflator	-5.9	.1	-1.2	-2.9	4.9	5.9	5.9	6.6				
Chain-type price index	1.2	1.4	.8	2.0	1.3	1.1	2.0	3.0													
Implicit price deflator	1.2	1.5	1.0	2.0	1.4	1.1	1.9	3.0	Imports of services:												
Personal consumption expenditures:									Current dollars	8.4	9.5	6.0	8.2	16.2	11.8	3.3	16.7				
Current dollars	5.9	7.0	5.8	8.1	7.4	6.8	8.5	11.5	Chain-type quantity index	10.8	6.9	1.6	11.9	8.9	3.6	3.4	13.5				
Chain-type quantity index	4.9	5.3	4.6	6.5	5.1	4.9	5.9	7.7	Chain-type price index	-2.2	2.4	4.4	-3.3	6.7	8.0	-2	2.8				
Chain-type price index	.9	1.6	1.1	1.5	2.2	1.8	2.5	3.5	Implicit price deflator	-2.2	2.4	4.4	-3.3	6.7	7.9	-1	2.8				
Implicit price deflator	.9	1.6	1.1	1.5	2.2	1.8	2.5	3.5	Government consumption expenditures and gross investment:												
Durable goods:									Current dollars	3.3	6.6	4.2	9.1	4.3	8.0	13.0	4.4				
Current dollars	8.6	8.7	15.7	9.3	7.0	5.6	11.1	21.9	Chain-type quantity index	1.7	3.7	2.9	5.1	1.3	4.5	9.3	-1.5				
Chain-type quantity index	11.3	11.5	20.4	12.4	9.1	7.7	13.0	24.3	Chain-type price index	1.5	2.7	1.3	3.8	2.9	3.3	3.4	5.9				
Chain-type price index	-2.4	-2.6	-3.9	-2.8	-1.9	-2.0	-1.7	-1.9	Implicit price deflator	1.5	2.7	1.3	3.8	2.9	3.3	3.4	5.9				
Implicit price deflator	-2.4	-2.6	-3.9	-2.8	-1.9	-2.0	-1.7	-1.9	Federal:												
Nondurable goods:									Current dollars	.2	5.9	5.3	8.1	3.0	6.0	17.8	-9.0				
Current dollars	4.1	7.9	6.3	10.7	8.5	6.5	11.7	11.5	Chain-type quantity index	-9	2.8	3.9	-5	2.1	4.1	14.7	-15.2				
Chain-type quantity index	4.0	5.4	5.0	8.9	3.3	3.6	7.6	5.8	Chain-type price index	1.1	3.0	1.4	8.6	.9	1.8	2.7	7.3				
Chain-type price index	0	2.3	1.3	1.6	5.1	2.8	3.8	5.4	Implicit price deflator	1.1	3.0	1.3	8.6	.9	1.8	2.7	7.3				
Implicit price deflator	.1	2.3	1.3	1.6	5.1	2.8	3.8	5.4	National defense:												
Services:									Current dollars	-1.1	4.6	-2.0	3.3	-1.6	13.1	20.2	-17.4				
Current dollars	6.2	6.2	3.7	6.5	7.0	7.2	6.5	9.5	Chain-type quantity index	-1.9	1.8	-2.9	-4.0	-2.6	11.2	17.2	-22.3				
Chain-type quantity index	4.1	4.0	1.5	4.2	5.2	5.0	3.7	5.5	Chain-type price index	.8	2.7	1.0	7.6	1.0	1.8	2.5	6.4				
Chain-type price index	2.1	2.1	2.1	2.3	1.7	2.1	2.7	3.8	Implicit price deflator	.8	2.7	1.0	7.6	1.0	1.8	2.5	6.4				
Implicit price deflator	2.1	2.1	2.1	2.3	1.7	2.1	2.7	3.8	Nondefense:												
Gross private domestic investment:									Current dollars	2.6	8.4	20.3	17.2	11.7	-5.3	13.6	7.7				
Current dollars	10.7	6.0	12.2	3.6	-2.2	13.1	10.4	9.7	Chain-type quantity index	.9	4.7	17.9	6.1	10.9	-7.1	10.3	-1.2				
Chain-type quantity index	11.7	5.8	11.5	3.6	-2.1	13.6	10.0	8.3	Chain-type price index	1.6	3.6	2.1	10.4	.7	1.8	3.1	9.0				
Chain-type price index	-9	-2	-2	.1	-4	-3	.4	1.3	Implicit price deflator	1.6	3.6	2.0	10.4	.7	1.9	3.0	9.0				
Implicit price deflator	-9	.1	.7	0	-1	-4	.3	1.2	State and local:												
Fixed investment:									Current dollars	5.1	6.9	3.7	9.7	4.9	9.1	10.5	12.2				
Current dollars	11.0	8.1	13.6	9.4	6.5	6.9	3.2	20.5	Chain-type quantity index	3.2	4.2	2.4	8.2	.9	4.8	6.4	6.7				
Chain-type quantity index	11.8	8.1	13.8	9.1	6.6	6.8	2.6	18.7	Chain-type price index	1.8	2.5	1.2	1.4	4.0	4.2	3.8	5.2				
Chain-type price index	-8	0	-2	.3	.1	.1	.5	1.5	Implicit price deflator	1.8	2.6	1.2	1.4	4.0	4.2	3.8	5.2				
Implicit price deflator	-8	0	-2	.3	.1	.1	.5	1.5	Addenda:												
Nonresidential:									Final sales of domestic product:												
Current dollars	10.7	6.9	13.2	6.8	5.5	9.4	2.9	24.5	Current dollars	5.5	6.0	7.2	6.7	4.8	5.7	8.1	10.4				
Chain-type quantity index	12.7	8.3	15.3	7.8	7.0	10.9	2.9	23.7	Chain-type quantity index	4.3	4.5	6.3	4.6	3.4	4.5	6.0	7.1				
Chain-type price index	-1.8	-1.3	-1.8	-9	-1.4	-1.3	0	.6	Chain-type price index	1.2	1.4	.8	2.1	1.4	1.1	2.0	3.1				
Implicit price deflator	-1.8	-1.3	-1.8	-9	-1.4	-1.3	0	.6	Implicit price deflator	1.2	1.4	.8	2.1	1.4	1.2	2.0	3.1				
Structures:									Gross domestic purchases:												
Current dollars	7.4	.2	9.5	-4.6	-3.2	-6	2.9	26.1	Current dollars	6.2	6.7	6.6	7.5	5.2	8.1	9.6	10.0				
Chain-type quantity index	4.1	-2.4	5.8	-5.8	-3.8	-5	-5	20.6	Chain-type quantity index	5.4	5.1	5.5	5.8	3.2	6.2	7.2	6.2				
Chain-type price index	3.1	2.6	3.5	1.3	2.2	3.4	3.5	4.6	Chain-type price index	.7	1.5	.9	1.6	1.9	1.7	2.3	3.5				
Implicit price deflator	3.1	2.6	3.5	1.3	2.2	3.4	3.5	4.6	Implicit price deflator	.7	1.5	1.1	1.6	1.9	1.7	2.3	3.5				
Equipment and software:									Final sales to domestic purchasers:												
Current dollars	11.8	9.1	14.4	10.8	8.4	12.6	2.9	24.1	Current dollars	6.2	7.1	6.8	8.5	6.7	7.0	8.4	11.7				
Chain-type quantity index	15.8	12.0	18.6	12.5	11.2	15.7	4.0	24.7	Chain-type quantity index	5.4	5.5	5.8	6.7	4.7	5.1	5.9	7.8				
Chain-type price index	-3.4	-2.5	-3.5	-1.6	-2.5	-2.7	-1.1	-5	Chain-type price index	.8	1.5	.9	1.7	2.0	1.8	2.3	3.6				
Implicit price deflator	-3.4	-2.5	-3.5	-1.6	-2.5	-2.7	-1.1	-5	Implicit price deflator	.8	1.5	.9	1.7	2.0	1.8	2.3	3.6				
Residential:									Gross national product:												
Current dollars	12.0	11.5	14.7	17.3	9.3	.2	4.0	9.7	Current dollars	5.4	5.6	7.4	5.8	3.3	6.8	8.4	8.9				
Chain-type quantity index	9.2	7.4	9.8	12.9	5.5	-3.8	1.8	5.2	Chain-type quantity index	4.1	4.0	6.3	3.8	1.9	5.6	6.4	5.8				
Chain-type price index	2.6	3.9	4.5	4.0	3.6	4.1	2.2	4.2	Chain-type price index	1.2	1.4	.9	2.0	1.3	1.1	1.9	3.0				
Implicit price deflator	2.6	3.9	4.5	4.0	3.6	4.1	2.2	4.2	Implicit price deflator	1.2	1.5	1.0	2.0	1.4	1.1	1.9	3.0				
Exports of goods and services:									Command-basis gross national product:												
Current dollars	-2	3.3	14.5	-5.9	4.7	13.0	12.9	8.3	Chain-type quantity index	4.5	3.9	6.3	4.1	1.4	5.0	6.1	5.3				
Chain-type quantity index	2.2	3.8	16.3	-5.5	4.0	11.5	10.1	6.2	Disposable personal income:												
Chain-type price index	-2.3	-5	-1.5	-5	.7	1.3	2.6	2.0	Current dollars	5.1	5.6	6.0	5.6	5.5	4.8	7.3	5.0				
Implicit price deflator	-2.3	-4	-1.5	-5	.7	1.3	2.6	2.0	Chained (1996) dollars	4.1	4.0	4.8	4.1	3.2	2.9	4.7	1.5				
Exports of goods:									Final sales of computers ¹ :												
Current dollars	-1.1	2.6	16.6	-10.5	3.7	17.7	14.0	7.3	Current dollars	10.7	6.3	-3	-6.1	21.4	24.0	-6.6	53.4				
Chain-type quantity index	2.1	4.0	19.4	-9.3	4.3	16.9	11.1	6.0	Chain-type quantity index	53.9	44.1	44.4	31.6	44.2	53.2	15.4	87.0				
Chain-type price index	-3.1	-1.4	-2.3	-1.4	-6	.7	2.6	1.2	Chain-type price index	-28.0	-27.2	-31.2	-28.6	-15.8	-19.0	-19.1	-18.0				
Implicit price deflator	-3.1	-1.4	-2.3	-1.4	-6	.7	2.6	1.2	Implicit price deflator	-28.0	-26.2	-30.9	-28.6	-15.8	-19.1	-19.1	-18.0				
Exports of services:									Gross domestic product less final sales of computers:												

**TENNESSEE
2000 PRICE REGULATION
INDEX FILING**

2000 NON- BASIC PRI CALCULATION	
<u>Input:</u>	
Inflation Rate First Qtr 1999 vs. First Qtr 2000	3.0
<u>Calculation:</u>	
Step 1:	
Base Rate of 100	100
Step 2:	
Plus: The lessor of:	
1/2 Inflation Rate	1.5
or	
Inflation Rate - 2%	+ 1.0
	= 101.0
Step 3:	
Divided by 100	1.01
Step 4:	
Multiplied by 1999 PRI (99.8928)	100.8917

NOTE.—Contributions to the percent change in real gross domestic product are shown in table 8.2