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EXECUTIVE SECRETARY

October 12, 2001

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

RE: United Telephone-Southeast, Inc.
2001 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 2001 Annual Price Regulation Filing. This information reflects the calculation of United's 2001 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 July 20, 2001. Some of this information has been marked Proprietary and United asks that it be handled accordingly.

If you have any questions, please contact me at 919-554-7323 or Kaye Odum at 919-554-5277.

Sincerely,

Laura A. Sykora

Enclosures

C: Consumer Advocate
Kaye Odum
James B. Wright
Whitney Malone

TENNESSEE 2001 PRICE REGULATION INDEX FILING

SERVICE PRICE INDEX (SPI) CALCULATION BY CATEGORY	June 1995 Rates June 2001 <u>Volumes</u>	June <u>Annualized</u>	Current Rates June 2001 <u>Volumes</u>	June <u>Annualized</u>
<u>Basic Revenues</u>				
General Subscriber Service Tariff	\$ 4,606,424.11	\$55,277,089.33	\$ 4,585,396.42	\$ 55,024,757.05
Total Basic Services	\$ 4,606,424.11	\$55,277,089.33	\$ 4,585,396.42	\$ 55,024,757.05
<u>Non - Basic Revenues</u>				
General Subscriber Service Tariff	\$ 3,375,554.80	\$ 40,506,657.60	\$ 3,668,236.19	\$ 44,018,834.23
Access Services Tariff	\$ 1,134,676.80	\$ 13,616,121.63	\$ 627,797.16	\$ 7,533,565.87
Directory Revenues	\$ 2,329.00	\$ 27,948.00	\$ 2,329.00	\$ 27,948.00
Miscellaneous Revenues	\$ 410,979.08	\$ 4,931,748.93	\$ 410,979.08	\$ 4,931,748.93
July 20, 2001 Approved Rate Changes				
Access Services			\$ (703.99)	\$ (8,447.92)
Total Non-Basic Services	\$ 4,923,539.68	\$ 59,082,476.16	\$ 4,708,637.43	\$ 56,503,649.12
TOTAL BASIC & NON-BASIC	\$ 9,529,963.79	\$ 114,359,565.50	\$ 9,294,033.85	\$ 111,528,406.16

PRI/SPI Comparison	Basic SPI Calculation	Current	\$ 55,024,757.05
		Base	\$ 55,277,089.33
		Result	0.9954
		X 100	99.5435
		2001 PRI	102.3130
	Non-Basic SPI Calculation	Current	\$ 56,503,649.12
		Base	\$ 59,082,476.16
		Result	0.9564
		X 100	95.6352
		2001 PRI	102.2033

**TENNESSEE
2001 PRICE REGULATION
INDEX FILING**

2001 BASIC PRI CALCULATION	
<u>Input:</u>	
Inflation Rate First Qtr 2000 vs. First Qtr 2001	3.3
<u>Calculation:</u>	
Step 1:	
Base Rate of 100	100
Step 2:	
Plus: The lessor of:	
1/2 Inflation Rate	1.65
or	
Inflation Rate - 2%	+ 1.3
	= 101.3
Step 3:	
Divided by 100	1.013
Step 4:	
Multiplied by 2000 PRI (101.00)	102.3130

**TENNESSEE
2001 PRICE REGULATION
INDEX FILING**

2001 NON- BASIC PRI CALCULATION

Input:

Inflation Rate 3.3
First Qtr 2000 vs. First Qtr 2001

Calculation:

Step 1:

Base Rate of 100 100

Step 2:

Plus: The lessor of:

1/2 Inflation Rate 1.65

or

Inflation Rate - 2% + 1.3

= 101.3

Step 3:

Divided by 100 1.013

Step 4:

Multiplied by 2000 PRI (100.8917) 102.2033

