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Regulatory Vice President

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March 16, 2004

Hon. Pat Miller, Director
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Tariff to Reclassify Rate Grouping of Certain BellSouth Exchanges*
Docket No. 04-00015

Dear Director Miller:

BellSouth files this letter in response to your request made during the Friday, March 12, 2004, oral argument. You have requested that BellSouth provide an example, based on the Knoxville area, of how the regrouping would be handled for purposes of BellSouth's yearly price regulation filing.

As you have requested, we have put together the attached example. As you know, BellSouth makes only a statewide filing – so this example, using the Knoxville exchange, looks as BellSouth's state-wide filing would look if the state included only the Knoxville exchange and only the local exchange services. It is important to keep this in mind, as a real filing would include other areas and other services, which, when combined with this information, could result in a different outcome. The example reflects the December 2003 demand after regrouping.

As you also know, the annual price regulation filing is used each year to provide the information from which headroom is determined. Headroom is calculated at the market basket level. It is the aggregate of applying the following formula for each individual rate element:

(Current Rate – Reference Rate) x Demand = Headroom

This formula is applied to each individual rate element, and the aggregate total of all those computations is the headroom, if any, for that year.

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Because of the demand factor in the formula, year-to-year changes in demand can affect headroom when the current rate and reference rate is not the same – that is, whenever the current rate for a particular service differs from the reference rate established in 1998.

In the Knoxville Rate Group 5 example provided, there are two different instances in which there has been a rate change – (1) the hunting rate reduction in Rate Group 5 and (2) the residential rate increase established by Tariff No. 2004-011. (These rate changes are completely unrelated to the regrouping.) To the extent these rate changes would affect headroom, that effect is increased by the increased demand factor in Rate Group 5 resulting from regrouping.

As we have said throughout the case, the effect on the price regulation filings is the same as it would have been if a comparable number of people had moved from a Rate Group 4 location to a Rate Group 5 location. The result of such a situation would also be an increase in the demand reflected in the filing due to the increase in lines within Rate Group 5.

As always, all the lines are accounted for in the filing. There is no exclusion from the filing of the revenue associated with the lines that are regrouped. There is no "tracking" of the lines subject to regrouping other than the change in "demand" for the various rate groups. There is no change to the reference rate for any service as a result of regrouping.

If the attached example were a complete price regulation filing, then the headroom for the next year would be reflected as:

Basic – Headroom decreased by $151,421
Non-Basic – Headroom increased by $129,468

Please let me know if you have any questions.

Sincerely,

Charlie Howorth

Charles L. Howorth

Knoxville Only
Regrouping Summaries

Rate Group 5 Rates with reference rates as if regrouping were effective on 12/1/2003 AND the 1.6% Residence increase has been applied.

BASIC		$151,421
NON-BASIC	$	(129,468)

RECURRING RATES

Tariff Section/ Page # (1)	Service Description (2)	Present In-Service (3)	Proposed In-Service (4)	Reference Rate (5)	Current Rate (6)	$ Change (7)	% Change (8)	Reference Annual Revenue (9)	Projected Current Annual Revenue (10)	Annual Revenue Change (11)	Svc I D (12)
	KNOXVILLE										
A3/1 1	RES 1-PARTY FLAT	64,868	64,868	$12.15	$12.34	$0.19	1.56%	$9,457,754	$9,605,653	$147,899	1001
A3/59	RES TRK FLAT	0	0	$21.26	$21.59	$0.33	1.55%	$0	$0	$0	1001
A3/59	RES TRK MEAS	0	0	$8.50	$8.50	$0.00	0.00%	$0	$0	$0	1002
A3/4	RES STD MESS	3,104	3,104	$6.10	$6.19	$0.09	1.48%	$227,213	$230,565	$3,352	1002
A3/2	RES STD MEAS	0	0	$8.50	$8.63	$0.13	1.53%	$0	$0	$0	1002
A3/2	RES LOW USE MEAS	202	202	$4.85	$4.92	$0.07	1.44%	$11,756	$11,926	$170	1002
A3/1 1	BUS 1-PARTY FLAT	13,850	13,850	$39.70	$39.70	$0.00	0.00%	$6,598,140	$6,598,140	$0	1003
A3/4 1	BUS STD MESS	78	78	$29.75	$29.75	$0.00	0.00%	$27,846	$27,846	$0	1003
A3/2	BUS STD MEAS	44	44	$27.80	$27.80	$0.00	0.00%	$14,678	$14,678	$0	1003
A3/59 1	TRK FLAT-IN	221	221	$39.70	$39.70	$0.00	0.00%	$105,284	$105,284	$0	1006
A3/59 1	TRK FLAT-OUT	53	53	$39.70	$39.70	$0.00	0.00%	$25,249	$25,249	$0	1006
A3/59 1	TRK FLAT-2W	519	519	$39.70	$39.70	$0.00	0.00%	$247,252	$247,252	$0	1006
A3/59 1	TRK FLAT-PREMIUM	0	0	$59.55	$59.55	$0.00	0.00%	$0	$0	$0	1006
A3/59 1	TRK DID COMBO	0	0	$109.18	$109.18	$0.00	0.00%	$0	$0	$0	1006
A3/60	TRK MESS-OUT 1ST	0	0	$29.75	$29.75	$0.00	0.00%	$0	$0	$0	1006
A3/60	TRK MESS-OUT ADDL	0	0	$22.25	$22.25	$0.00	0.00%	$0	$0	$0	1006
A3/60	TRK MESS-2W 1ST	7	7	$29.75	$29.75	$0.00	0.00%	$2,499	$2,499	$0	1006
A3/60	TRK MESS-2W ADDL	19	19	$22.25	$22.25	$0.00	0.00%	$5,073	$5,073	$0	1006
A3/60	TRK MEAS-IN	0	0	$27.80	$27.80	$0.00	0.00%	$0	$0	$0	1006
A3/60	TRK MEAS-OUT	0	0	$27.80	$27.80	$0.00	0.00%	$0	$0	$0	1006
A3/60	TRK MEAS-2W	0	0	$27.80	$27.80	$0.00	0.00%	$0	$0	$0	1006
A3/54	NAR ESSX FLAT-IN	1	1	$52.25	$52.25	$0.00	0.00%	$627	$627	$0	1005
A3/54	NAR ESSX FLAT-OUT	0	0	$52.25	$52.25	$0.00	0.00%	$0	$0	$0	1005
A3/54	NAR ESSX FLAT-2W	45	45	$52.25	$52.25	$0.00	0.00%	$28,215	$28,215	$0	1005
A3/54	NAR ESSX MEAS-IN	0	0	$33.75	$33.75	$0.00	0.00%	$0	$0	$0	1005
A3/54	NAR ESSX MEAS-OUT	0	0	$33.75	$33.75	$0.00	0.00%	$0	$0	$0	1005
A3/54	NAR ESSX MEAS-2W	18	18	$33.75	$33.75	$0.00	0.00%	$7,290	$7,290	$0	1005
A3/54	NAR ML/LG FLAT-IN	53	53	$30.00	$30.00	$0.00	0.00%	$19,080	$19,080	$0	1005
A3/54	NAR ML/LG FLAT-OUT	24	24	$30.00	$30.00	$0.00	0.00%	$8,640	$8,640	$0	1005
A3/54	NAR DID COMBO	0	0	$60.00	$60.00	$0.00	0.00%	$0	$0	$0	1005
A3/54	NAR ML/LG FLAT-2W	55	55	$30.00	$30.00	$0.00	0.00%	$19,800	$19,800	$0	1005

Present and Proposed In-Service numbers are the same and include regrouping

RECURRING RATES

Tariff Section/ Page # (1)	Service Description (2)	Present In-Service (3)	Proposed In-Service (4)	Reference Rate (5)	Current Rate (6)	$ Change (7)	% Change (8)	Reference Annual Revenue (9)	Projected Current Annual Revenue (10)	Annual Revenue Change (11)	Svc I D (12)
A3/71	NAP ML/LG VU MEAS-IN	0	0	$20 00	$20 00	$0 00	0 00%	$0	$0	$0	1005
A3/71	NAR ML/LG VU MEAS-OUT	0	0	$20 00	$20 00	$0 00	0 00%	$0	$0	$0	1005
A3/65	NAR ML/LG VU MEAS-2W	0	0	$20 00	$20 00	$0 00	0 00%	$0	$0	$0	1005
A3/71 1	NAR ML/LG MEAS IN - ESSX	0	0	$20 00	$20 00	$0 00	0 00%	$0	$0	$0	1005
A3/71 1	NAR ML/LG MEAS OUT - ESSX	0	0	$20 00	$20 00	$0 00	0 00%	$0	$0	$0	1005
A3/71 1	NAR ML/LG MEAS 2W - ESSX	0	0	$20 00	$20 00	$0 00	0 00%	$0	$0	$0	1005
A3/72	NAS ML/LG TRK IN	0	0	$38 50	$38 50	$0 00	0 00%	$0	$0	$0	1006
A3/72	NAS ML/LG TRK OUT	0	0	$38 50	$38 50	$0 00	0 00%	$0	$0	$0	1006
A3/65	NAS ML/LG TRK 2W	0	0	$38 50	$38 50	$0 00	0 00%	$0	$0	$0	1006
A3/54	NAR MULTISERV PLUS FLAT 2W	432	432	$52 25	$52 25	$0 00	0 00%	$270,864	$270,864	$0	1005
A3/54	NAR MULTISERV PLUS FLAT OUT	0	0	$52 25	$52 25	$0 00	0 00%	$0	$0	$0	1005
A3/54	NAR MULTISERV PLUS FLAT IN	0	0	$52 25	$52 25	$0 00	0 00%	$0	$0	$0	1005
A3/54	NAR MULTISERV PLUS MEAS 2W	431	431	$10 00	$10 00	$0 00	0 00%	$51,720	$51,720	$0	1005
A3/54	NAR MULTISERV PLUS MEAS OUT	68	68	$10 00	$10 00	$0 00	0 00%	$8,160	$8,160	$0	1005
A3/54	NAR MULTISERV PLUS MEAS IN	9	9	$10 00	$10 00	$0 00	0 00%	$1,080	$1,080	$0	1005
A7/9	COCOT-MEAS	935	935	$13 78	$13 78	$0 00	0 00%	$154,612	$154,612	$0	1117
A7/11 1	SMARTLINE SERVICE-FIXED USG EQ	0	0	$60 00	$20 94	($39 06)	-65 10%	$0	$0	$0	1117
A7/11 1	SMARTLINE SERVICE-PLAN	0	0	$49 00	$20 94	($28 06)	-57 27%	$0	$0	$0	1117
A7/11 1	SMARTLINE SERVICE-PLAN W/DISC	0	0	$50 00	$20 94	($29 06)	-58 12%	$0	$0	$0	1117
A13/44	911 ACCESS	0	0	$39 70	$39 70	$0 00	0 00%	$0	$0	$0	1992
A3/73 1	TRUNK SIDE ACCESS FACILITY	0	0	$50 00	$50 00	$0 00	0 00%	$0	$0	$0	1007
A3/78	IN-CLASSROOM SVC - BUS	78	78	$11 00	$11 00	$0 00	0 00%	$10,296	$10,296	$0	1017
	KNOXVILLE					SUBTOTAL		$17,303,129	$17,454,550	$151,421	

Present and Proposed In-Service numbers are the same and include regrouping

TOTALS BY SERVICE CODES

Service Description (1)	Reference Annual Revenue (2)	Projected Current Annual Revenue (3)	Annual Revenue Change (4)
RESIDENCE SERVICE	$9,696,724	$9,848,145	$151,421
BUSINESS SERVICE	$7,451,794	$7,451,794	$0
COIN SERVICE	$154,612	$154,612	$0
RESIDENCE VERTICAL SERVICE	$0	$0	$0
BUSINESS VERTICAL SERVICE	$0	$0	$0
TOTAL	$17,303,129	$17,454,550	$151,421

TOTALS BY CLASS OF SERVICE

Service Description (1)	Present In-Service (2)	Proposed In-Service (3)	Average Reference Rate (4)	Average Current Rate (5)	$ Change (6)	% Change (7)	Reference Annual Revenue (8)	Projected Current Annual Revenue (9)	Annual Revenue Change (10)
CLASSES OF SERVICE									
RES 1-PARTY FLAT	64,868	64,868	$12 15	$12 34	$0 19	1 56%	$9,457,754	$9,605,653	$147,899
RES TRK FLAT	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
RES TRK MEAS	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
RES STD MESS	3,104	3,104	$6 10	$6 19	$0 09	1 48%	$227,213	$230,565	$3,352
RES STD MEAS	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
RES LOW USE MEAS	202	202	$4 85	$4 92	$0 07	1 44%	$11,756	$11,926	$170
BUS 1-PARTY FLAT	13,850	13,850	$39 70	$39 70	$0 00	0 00%	$6,598,140	$6,598,140	$0
BUS STD MESS	78	78	$29 75	$29 75	$0 00	0 00%	$27,846	$27,846	$0
BUS STD MEAS	44	44	$27 80	$27 80	$0 00	0 00%	$14,678	$14,678	$0
TRK FLAT-IN	221	221	$39 70	$39 70	$0 00	0 00%	$105,284	$105,284	$0
TRK FLAT-OUT	53	53	$39 70	$39 70	$0 00	0 00%	$25,249	$25,249	$0
TRK FLAT-2W	519	519	$39 70	$39 70	$0 00	0 00%	$247,252	$247,252	$0
TRK FLAT-PREMIUM	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
TRK DID COMBO	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
TRK MESS-OUT 1ST	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
TRK MESS-OUT ADDL	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
TRK MESS-2W 1ST	7	7	$29 75	$29 75	$0 00	0 00%	$2,499	$2,499	$0
TRK MESS-2W ADDL	19	19	$22 25	$22 25	$0 00	0 00%	$5,073	$5,073	$0
TRK MEAS-IN	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
TRK MEAS-OUT	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
TRK MEAS-2W	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAR ESSX FLAT-IN	1	1	$52 25	$52 25	$0 00	0 00%	$627	$627	$0
NAR ESSX FLAT-OUT	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAR ESSX FLAT-2W	45	45	$52 25	$52 25	$0 00	0 00%	$28,215	$28,215	$0
NAR ESSX MEAS-IN	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAR ESSX MEAS-OUT	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAR ESSX MEAS-2W	18	18	$33 75	$33 75	$0 00	0 00%	$7,290	$7,290	$0
NAR ML/LG FLAT-IN	53	53	$30 00	$30 00	$0 00	0 00%	$19,080	$19,080	$0
NAR ML/LG FLAT-OUT	24	24	$30 00	$30 00	$0 00	0 00%	$8,640	$8,640	$0
NAR DID COMBO	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0

Present and Proposed In-Service numbers are the same and include regrouping

TOTALS BY CLASS OF SERVICE

Service Description (1)	Present In-Service (2)	Proposed In-Service (3)	Average Reference Rate (4)	Average Current Rate (5)	$ Change (6)	% Change (7)	Reference Annual Revenue (8)	Projected Current Annual Revenue (9)	Annual Revenue Change (10)
CLASSES OF SERVICE									
NAR ML/LG FLAT-2W	55	55	$30 00	$30 00	$0 00	0 00%	$19,800	$19,800	$0
NAR ML/LG VU MEAS-IN	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAR ML/LG VU MEAS-OUT	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAR ML/LG VU MEAS-2W	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAR ML/LG MEAS IN - ESSX	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAR ML/LG MEAS OUT - ESSX	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAR ML/LG MEAS 2W - ESSX	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAS ML/LG TRK IN	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAS ML/LG TRK OUT	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAS ML/LG TRK 2W	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAR MULTISERV PLUS FLAT 2W	432	432	$52 25	$52 25	$0 00	0 00%	$270,864	$270,864	$0
NAR MULTISERV PLUS FLAT OUT	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAR MULTISERV PLUS FLAT IN	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
NAR MULTISERV PLUS MEAS 2W	431	431	$10 00	$10 00	$0 00	0 00%	$51,720	$51,720	$0
NAR MULTISERV PLUS MEAS OUT	68	68	$10 00	$10 00	$0 00	0 00%	$8,160	$8,160	$0
NAR MULTISERV PLUS MEAS IN	9	9	$10 00	$10 00	$0 00	0 00%	$1,080	$1,080	$0
COCOT-MEAS	935	935	$13 78	$13 78	$0 00	0 00%	$154,612	$154,612	$0
SMARTLINE SERVICE-FIXED USG EQ	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
SMARTLINE SERVICE-PLAN	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
SMARTLINE SERVICE-PLAN W/DISC	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
911 ACCESS	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
TRUNK SIDE ACCESS FACILITY	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
IN-CLASSROOM SVC - BUS	78	78	$11 00	$11 00	$0 00	0 00%	$10,296	$10,296	$0
Classes of Service Total							$17,303,129	$17,454,550	$151,421

Present and Proposed In-Service numbers are the same and include regrouping

State Tennessee
BASIC
WITH RES 1.6% INCREASE

Present and Proposed Rates and Revenues
A3 LOCAL EXCHANGE

TOTAL REVENUES SUMMED BY MARKET BASKET

M B Segment (1)	Service Description (2)	Reference Annual Revenue (3)	Projected Current Annual Revenue (4)	Annual Revenue Change (5)
1001	FLAT RATE RESIDENTIAL	$9,457,754	$9,605,653	$147,899
1002	RESIDENTIAL (MEASURED, MESSAGE)	$238,969	$242,491	$3,522
1003	BUSINESS (FLAT, MEASURED, MESSAGE)	$6,640,664	$6,640,664	$0
1005	NETWORK ACCESS REGISTERS (FLAT, MEASURED, MESSAGE)	$415,476	$415,476	$0
1006	TRUNK LINES (FLAT, MEASURED, MESSAGE)	$385,357	$385,357	$0
1007	TRUNK SIDE ACCESS FACILITY	$0	$0	$0
1017	CLASSROOM COMMUNICATION SERVICE	$10,296	$10,296	$0
1117	ACCESS LINE SVC FOR CUST PROVIDED TELEPHONE	$154,612	$154,612	$0
1992	911 & E911 SERVICE - TN	$0	$0	$0

Present and Proposed In-Service numbers are the same and include regrouping

RECURRING RATES

Tariff Section/ Page # (1)	Service Description (2)	Present In-Service (3)	Proposed* In-Service (4)	Reference Rate (5)	Current Rate (6)	$ Change (7)	% Change (8)	Reference Annual Revenue (9)	Projected Current Annual Revenue (10)	Annual Revenue Change (11)	Svc I.D. (12)
	KNOXVILLE										
A42/15	RES FLAT ISDN, M TO M	462	462	$26.00	$26.19	$0.19	0.73%	$144,144	$145,197	$1,053	2076
A42/15	RES MEAS ISDN	10	10	$19.35	$19.35	$0.00	0.00%	$2,322	$2,322	$0	2076
A3/5.0.2	RES PLAN LINE W/DISC	40	40	$6.50	$6.50	$0.00	0.00%	$3,120	$3,120	$0	2169
A3/5.0.2	RES PLAN LINE	719	719	$5.50	$5.50	$0.00	0.00%	$47,454	$47,454	$0	2169
A3/59.1	RES PLAN TRK W/DISC	0	0	$6.50	$6.50	$0.00	0.00%	$0	$0	$0	2169
A3/59.1	RES PLAN TRK	0	0	$5.50	$5.50	$0.00	0.00%	$0	$0	$0	2169
A3/59	RES PLAN HTG	0	0	$4.13	$4.13	$0.00	0.00%	$0	$0	$0	2169
A3/58.1	BUS FLAT HTG	3,806	3,806	$16.90	$16.90	$0.00	0.00%	$771,857	$771,857	$0	2105
A3/58.1	BUS FLAT HTG-NAR	196	196	$22.50	$22.50	$0.00	0.00%	$52,920	$52,920	$0	2105
A3/58.1	BUS MESS HTG	20	20	$22.31	$22.31	$0.00	0.00%	$5,354	$5,354	$0	2105
A3/58.1	BUS MEAS HTG	79	79	$22.31	$22.31	$0.00	0.00%	$21,150	$21,150	$0	2105
A3/5.0.2	BUS PLAN LINE W/DISC	3,401	3,401	$28.50	$28.50	$0.00	0.00%	$1,163,142	$1,163,142	$0	2169
A3/5.0.2	BUS PLAN LINE	2,018	2,018	$27.50	$27.50	$0.00	0.00%	$665,940	$665,940	$0	2169
A3/59	BUS PLAN HTG	4,179	4,179	$20.63	$20.63	$0.00	0.00%	$1,034,553	$1,034,553	$0	2169
A3/79	BUS BACK-UP LINE	213	213	$19.85	$19.85	$0.00	0.00%	$50,737	$50,737	$0	2094
A3/85	BUS COMPLETE CHOICE 1-LN	814	814	$61.39	$61.00	($0.39)	-0.64%	$599,658	$595,848	($3,810)	2221
A3/85	BUS COMPLETE CHOICE 2-LN	233	233	$113.73	$113.00	($0.73)	-0.64%	$317,959	$315,948	($2,011)	2221
A3/85	BUS COMPLETE CHOICE 3-LN	264	264	$184.18	$183.00	($1.18)	-0.64%	$583,482	$579,744	($3,738)	2221
A3/85	BUS COMPLETE CHOICE 1-LN OPT 2	580	580	$62.00	$62.00	$0.00	0.00%	$431,520	$431,520	$0	2221
A3/85	BUS COMPLETE CHOICE 2-LN OPT 2	131	131	$114.00	$114.00	$0.00	0.00%	$179,208	$179,208	$0	2221
A3/85	BUS COMPLETE CHOICE 3-LN OPT 2	253	253	$184.00	$184.00	$0.00	0.00%	$558,624	$558,624	$0	2221
A3/85	BUS COMPLETE CHOICE 4-LN	144	144	$238.52	$237.00	($1.52)	-0.64%	$412,163	$409,536	($2,627)	2221
A3/85	BUS COMPLETE CHOICE 4-LN OPT 2	105	105	$265.69	$238.00	($27.69)	-10.42%	$334,773	$299,880	($34,893)	2221
A3/85	BUS COMPLETE CHOICE 5-LN	113	113	$287.84	$286.00	($1.84)	-0.64%	$390,311	$387,816	($2,495)	2221
A3/85	BUS COMPLETE CHOICE 5-LN OPT 2	52	52	$321.90	$287.00	($34.90)	-10.84%	$200,864	$179,088	($21,776)	2221
A3/85	BUS COMPLETE CHOICE 6-LN	55	55	$357.28	$335.00	($22.28)	-6.24%	$235,805	$221,100	($14,705)	2221
A3/85	BUS COMPLETE CHOICE 6-LN OPT 2	26	26	$386.28	$336.00	($50.29)	-13.02%	$120,518	$104,832	($15,686)	2221
A3/85	BUS COMPLETE CHOICE 7-LN	23	23	$386.47	$384.00	($2.47)	-0.64%	$106,666	$105,984	($682)	2221
A3/85	BUS COMPLETE CHOICE 7-LN OPT 2	10	10	$451.68	$385.00	($66.68)	-14.76%	$54,201	$46,200	($8,001)	2221
A3/85	BUS COMPLETE CHOICE 8-LN	12	12	$436.79	$434.00	($2.79)	-0.64%	$62,898	$62,496	($402)	2221
A3/85	BUS COMPLETE CHOICE 8-LN OPT 2	6	6	$516.06	$435.00	($81.06)	-15.71%	$37,156	$31,320	($5,836)	2221

*Present and Proposed In-Service numbers are the same and include regrouping

RECURRING RATES

Tariff Section/ Page # (1)	Service Description (2)	Present* In-Service (4)	Proposed* In-Service (4)	Reference Rate (6)	Current Rate (6)	$ Change (7)	% Change (8)	Reference Annual Revenue (9)	Projected Current Annual Revenue (10)	Annual Revenue Change (11)	Svc I D (12)
A3/85	BUS COMPLETE CHOICE 9-LN	26	26	$486 10	$483 00	($3 10)	-0 64%	$151,663	$150,696	($967)	2221
A3/85	BUS COMPLETE CHOICE 9-LN OPT 2	11	11	$581 46	$484 00	($97 46)	-16 76%	$76,752	$63,888	($12,864)	2221
A3/60	TRK PLAN IN W/DISC	161	161	$28 50	$28 50	$0 00	0 00%	$55,062	$55,062	$0	2169
A3/60	TRK PLAN IN	112	112	$27 50	$27 50	$0 00	0 00%	$36,960	$36,960	$0	2169
A3/60	TRK PLAN OUT W/DISC	43	43	$28 50	$28 50	$0 00	0 00%	$14,706	$14,706	$0	2169
A3/60	TRK PLAN OUT	20	20	$27 50	$27 50	$0 00	0 00%	$6,600	$6,600	$0	2169
A3/60	TRK PLAN 2W W/DISC	412	412	$28 50	$28 50	$0 00	0 00%	$140,904	$140,904	$0	2169
A3/60	TRK PLAN 2W	206	206	$27 50	$27 50	$0 00	0 00%	$67,980	$67,980	$0	2169
A3/59 1	TRK FLAT HUNTING	793	793	$16 90	$16 90	$0 00	0 00%	$160,820	$160,820	$0	2105
A3/54	NAR ESSX PLAN IN W/DISC	11	11	$11 00	$11 00	$0 00	0 00%	$1,452	$1,452	$0	2169
A3/54	NAR ESSX PLAN IN	0	0	$10 00	$10 00	$0 00	0 00%	$0	$0	$0	2169
A3/54	NAR ESSX PLAN OUT W/DISC	38	38	$11 00	$11 00	$0 00	0 00%	$5,016	$5,016	$0	2169
A3/54	NAR ESSX PLAN OUT	0	0	$10 00	$10 00	$0 00	0 00%	$0	$0	$0	2169
A3/54	NAR ESSX PLAN 2W W/DISC	208	208	$11 00	$11 00	$0 00	0 00%	$27,456	$27,456	$0	2169
A3/54	NAR ESSX PLAN 2W	8	8	$10 00	$10 00	$0 00	0 00%	$960	$960	$0	2169
A111/5	NAR ESSX-1/SPL FLAT-IN	0	0	$56 60	$56 60	$0 00	0 00%	$0	$0	$0	2012
A111/5	NAR ESSX-1/SPL FLAT-OUT	0	0	$56 60	$56 60	$0 00	0 00%	$0	$0	$0	2012
A111/5	NAR ESSX-1/SPL FLAT-2W	0	0	$56 60	$56 60	$0 00	0 00%	$0	$0	$0	2012
A3/72	NAR ML/LG PLAN VU IN	351	351	$20 00	$20 00	$0 00	0 00%	$84,240	$84,240	$0	2169
A3/72	NAR ML/LG PLAN VU OUT	365	365	$20 00	$20 00	$0 00	0 00%	$87,600	$87,600	$0	2169
A3/72	NAR ML/LG PLAN VU 2W	606	606	$20 00	$20 00	$0 00	0 00%	$145,440	$145,440	$0	2169
A3/72	NAR ML/LG PLAN IN - ESSX	0	0	$20 00	$20 00	$0 00	0 00%	$0	$0	$0	2169
A3/72	NAR ML/LG PLAN OUT - ESSX	0	0	$20 00	$20 00	$0 00	0 00%	$0	$0	$0	2169
A3/72	NAR ML/LG PLAN 2W - ESSX	50	50	$20 00	$20 00	$0 00	0 00%	$12,000	$12,000	$0	2169
A3/73	NAS ML/LG PLAN TRK IN	29	29	$38 50	$38 50	$0 00	0 00%	$13,398	$13,398	$0	2169
A3/73	NAS ML/LG PLAN TRK OUT	29	29	$38 50	$38 50	$0 00	0 00%	$13,398	$13,398	$0	2169
A3/73	NAS ML/LG PLAN TRK 2W	263	263	$38 50	$38 50	$0 00	0 00%	$121,506	$121,506	$0	2169
A103/1 2	JU BUS FLAT	1	1	$19 85	$19 85	$0 00	0 00%	$238	$238	$0	2120
A103/1 2	JU BUS MESS	0	0	$14 88	$14 88	$0 00	0 00%	$0	$0	$0	2120
A103/1 2	JU BUS MEAS	0	0	$13 90	$13 90	$0 00	0 00%	$0	$0	$0	2120
A103/1 2	JU TKS FLAT	4	4	$29 30	$28 30	$0 00	0 00%	$1,358	$1,358	$0	2120
A103/1 2	JU TKS MESS	0	0	$14 83	$14 85	$0 00	0 00%	$0	$0	$0	2120

*Present and Proposed In-Service numbers are the same and include regrouping

RECURRING RATES

Tariff Section/ Page # (1)	Service Description (2)	Present* In-Service (4)	Proposed* In-Service (4)	Reference Rate (6)	Current Rate (6)	$ Change (7)	% Change (8)	Reference Annual Revenue (9)	Projected Current Annual Revenue (10)	Annual Revenue Change (11)	Svc I D (12)
A103/1 2	JU TAS MEAS	52	52	$13.90	$13.90	$0.00	0.00%	$8,674	$8,674	$0	2120
A103/1 2	JU HOTEL MESS	0	0	$2.98	$2.98	$0.00	0.00%	$0	$0	$0	2120
A103/1 2	JU HOTEL MEAS	0	0	$2.78	$2.78	$0.00	0.00%	$0	$0	$0	2120
A13/10	DORM SERVICE	0	0	$12.15	$12.34	$0.19	1.56%	$0	$0	$0	2145
A13/11	TOLL TERM	17	17	$39.70	$39.70	$0.00	0.00%	$8,099	$8,099	$0	2024
A13/11	TOLL TERM PLAN	0	0	$27.50	$27.50	$0.00	0.00%	$0	$0	$0	2169
A13/49	PUB ANN	0	0	$27.80	$27.80	$0.00	0.00%	$0	$0	$0	2029
A13/49	PUB ANN PLAN	0	0	$27.50	$27.50	$0.00	0.00%	$0	$0	$0	2169
A13/49	PUB ANN PLAN -TG	0	0	$20.63	$20.63	$0.00	0.00%	$0	$0	$0	2169
A29/1 3	DIAL DATA ACCESS	1	1	$16.00	$16.00	$0.00	0.00%	$192	$192	$0	2054
	KNOXVILLE					SUBTOTAL		$9,831,002	$9,701,534	($129,468)	

*Present and Proposed In-Service numbers are the same and include regrouping

TOTALS BY SERVICE CODES

Service Description (1)	Reference Annual Revenue (2)	Projected Current Annual Revenue (3)	Annual Revenue Change (4)
RESIDENCE SERVICE	$197,040	$198,093	$1,053
BUSINESS SERVICE	$7,587,307	$7,456,786	($130,522)
COIN SERVICE	$0	$0	$0
RESIDENCE VERTICAL SERVICE	$0	$0	$0
BUSINESS VERTICAL SERVICE	$2,046,655	$2,046,655	$0
TOTAL	$9,831,002	$9,701,534	($129,468)

TOTALS BY CLASS OF SERVICE

Service Description (1)	Present In-Service (2)	Proposed In-Service (3)	Average Reference Rate (4)	Average Current Rate (5)	$ Change (6)	% Change (7)	Reference Annual Revenue (8)	Projected Current Annual Revenue (9)	Annual Revenue Change (10)
CLASSES OF SERVICE									
RES FLAT ISDN, M TO M	462	462	$26 00	$26 19	$0 19	0 73%	$144,144	$145,197	$1,053
RES MEAS ISDN	10	10	$19 35	$19 35	$0 00	0 00%	$2,322	$2,322	$0
RES PLAN LINE W/DISC	40	40	$6 50	$6 50	$0 00	0 00%	$3,120	$3,120	$0
RES PLAN LINE	719	719	$5 50	$5 50	$0 00	0 00%	$47,454	$47,454	$0
RES PLAN TRK W/DISC	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
RES PLAN TRK	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
RES PLAN HTG	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
BUS FLAT HTG	3,806	3,806	$16 90	$16 90	$0 00	0 00%	$771,857	$771,857	$0
BUS FLAT HTG-NAR	196	196	$22 50	$22 50	$0 00	0 00%	$52,920	$52,920	$0
BUS MESS HTG	20	20	$22 31	$22 31	$0 00	0 00%	$5,354	$5,354	$0
BUS MEAS HTG	79	79	$22 31	$22 31	$0 00	0 00%	$21,150	$21,150	$0
BUS PLAN LINE W/DISC	3,401	3,401	$28 50	$28 50	$0 00	0 00%	$1,163,142	$1,163,142	$0
BUS PLAN LINE	2,018	2,018	$27 50	$27 50	$0 00	0 00%	$665,940	$665,940	$0
BUS PLAN HTG	4,179	4,179	$20 63	$20 63	$0 00	0 00%	$1,034,553	$1,034,553	$0
BUS BACK-UP LINE	213	213	$19 85	$19 85	$0 00	0 00%	$50,737	$50,737	$0
BUS COMPLETE CHOICE 1-LN	814	814	$61 39	$61 00	($0 39)	-0 64%	$599,658	$595,848	($3,810)
BUS COMPLETE CHOICE 2-LN	233	233	$113 73	$113 00	($0 73)	-0 64%	$317,989	$315,948	($2,041)
BUS COMPLETE CHOICE 3-LN	264	264	$184 18	$183 00	($1 18)	-0 64%	$583,482	$579,744	($3,738)
BUS COMPLETE CHOICE 1-LN OPT 2	580	580	$62 00	$62 00	$0 00	0 00%	$431,520	$431,520	$0
BUS COMPLETE CHOICE 2-LN OPT 2	131	131	$114 00	$114 00	$0 00	0 00%	$179,208	$179,208	$0
BUS COMPLETE CHOICE 3-LN OPT 2	253	253	$184 00	$184 00	$0 00	0 00%	$558,624	$558,624	$0
BUS COMPLETE CHOICE 4-LN	144	144	$238 52	$237 00	($1 52)	-0 64%	$412,163	$409,536	($2,627)
BUS COMPLETE CHOICE 4-LN OPT 2	105	105	$265 69	$238 00	($27 69)	-10 42%	$334,773	$299,880	($34,893)
BUS COMPLETE CHOICE 5-LN	113	113	$287 84	$286 00	($1 84)	-0 64%	$390,311	$387,816	($2,495)
BUS COMPLETE CHOICE 5-LN OPT 2	52	52	$321 90	$287 00	($34 90)	-10 84%	$200,864	$179,088	($21,776)
BUS COMPLETE CHOICE 6-LN	55	55	$357 28	$335 00	($22 28)	-6 24%	$235,805	$221,100	($14,705)
BUS COMPLETE CHOICE 6-LN OPT 2	26	26	$386 28	$336 00	($50 28)	-13 02%	$120,519	$104,832	($15,686)
BUS COMPLETE CHOICE 7-LN	23	23	$386 47	$384 00	($2 47)	-0 64%	$106,666	$105,984	($682)
BUS COMPLETE CHOICE 7-LN OPT 2	10	10	$451 68	$385 00	($66 68)	-14 76%	$54,201	$46,200	($8,001)
BUS COMPLETE CHOICE 8-LN	12	12	$436 79	$434 00	($2 79)	-0 64%	$62,898	$62,496	($402)

Present and Proposed In-Service numbers are the same and include regrouping

TOTALS BY CLASS OF SERVICE

Service Description (1)	Present In-Service (2)	Proposed In-Service (3)	Average Reference Rate (4)	Average Current Rate (5)	$ Change (6)	% Change (7)	Reference Annual Revenue (8)	Projected Current Annual Revenue (9)	Annual Revenue Change (10)
CLASSES OF SERVICE									
BUS COMPLETE CHOICE 8-LN OPT 2	6	6	$516.06	$435.00	($81.06)	-15.71%	$37,156	$31,320	($5,836)
BUS COMPLETE CHOICE 9-LN	26	26	$486.10	$483.00	($3.10)	-0.64%	$151,663	$150,696	($967)
BUS COMPLETE CHOICE 9-LN OPT 2	11	11	$581.46	$484.00	($97.46)	-16.76%	$76,752	$63,888	($12,864)
TRK PLAN IN W/DISC	161	161	$28.50	$28.50	$0.00	0.00%	$55,062	$55,062	$0
TRK PLAN IN	112	112	$27.50	$27.50	$0.00	0.00%	$36,960	$36,960	$0
TRK PLAN OUT W/DISC	43	43	$28.50	$28.50	$0.00	0.00%	$14,706	$14,706	$0
TRK PLAN OUT	20	20	$27.50	$27.50	$0.00	0.00%	$6,600	$6,600	$0
TRK PLAN 2W W/DISC	412	412	$28.50	$28.50	$0.00	0.00%	$140,904	$140,904	$0
TRK PLAN 2W	206	206	$27.50	$27.50	$0.00	0.00%	$67,980	$67,980	$0
TRK FLAT HUNTING	793	793	$16.90	$16.90	$0.00	0.00%	$160,820	$160,820	$0
NAR ESSX PLAN IN W/DISC	11	11	$11.00	$11.00	$0.00	0.00%	$1,452	$1,452	$0
NAR ESSX PLAN IN	0	0	$0.00	$0.00	$0.00	0.00%	$0	$0	$0
NAR ESSX PLAN OUT W/DISC	38	38	$11.00	$11.00	$0.00	0.00%	$5,016	$5,016	$0
NAR ESSX PLAN OUT	0	0	$0.00	$0.00	$0.00	0.00%	$0	$0	$0
NAR ESSX PLAN 2W W/DISC	208	208	$11.00	$11.00	$0.00	0.00%	$27,456	$27,456	$0
NAR ESSX PLAN 2W	8	8	$10.00	$10.00	$0.00	0.00%	$960	$960	$0
NAR ESSX-1/SPL FLAT-IN	0	0	$0.00	$0.00	$0.00	0.00%	$0	$0	$0
NAR ESSX-1/SPL FLAT-OUT	0	0	$0.00	$0.00	$0.00	0.00%	$0	$0	$0
NAR ESSX-1/SPL FLAT-2W	0	0	$0.00	$0.00	$0.00	0.00%	$0	$0	$0
NAR ML/LG PLAN VU IN	351	351	$20.00	$20.00	$0.00	0.00%	$84,240	$84,240	$0
NAR ML/LG PLAN VU OUT	365	365	$20.00	$20.00	$0.00	0.00%	$87,600	$87,600	$0
NAR ML/LG PLAN VU 2W	606	606	$20.00	$20.00	$0.00	0.00%	$145,440	$145,440	$0
NAR ML/LG PLAN IN - ESSX	0	0	$0.00	$0.00	$0.00	0.00%	$0	$0	$0
NAR ML/LG PLAN OUT - ESSX	0	0	$0.00	$0.00	$0.00	0.00%	$0	$0	$0
NAR ML/LG PLAN 2W - ESSX	50	50	$20.00	$20.00	$0.00	0.00%	$12,000	$12,000	$0
NAS ML/LG PLAN TRK IN	29	29	$38.50	$38.50	$0.00	0.00%	$13,398	$13,398	$0
NAS ML/LG PLAN TRK OUT	29	29	$38.50	$38.50	$0.00	0.00%	$13,398	$13,398	$0
NAS ML/LG PLAN TRK 2W	263	263	$38.50	$38.50	$0.00	0.00%	$121,506	$121,506	$0
JU BUS FLAT	1	1	$19.85	$19.85	$0.00	0.00%	$238	$238	$0
JU BUS MESS	0	0	$0.00	$0.00	$0.00	0.00%	$0	$0	$0

*Present and Proposed In-Service numbers are the same and include regrouping

TOTALS BY CLASS OF SERVICE

Service Description (1)	Present In-Service (2)	Proposed In-Service (3)	Average Reference Rate (4)	Average Current Rate (5)	$ Change (6)	% Change (7)	Reference Annual Revenue (8)	Projected Current Annual Revenue (9)	Annual Revenue Change (10)
CLASSES OF SERVICE									
JU BUS MEAS	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
JU TKS FLAT	4	4	$28 30	$28 30	$0 00	0 00%	$1,358	$1,358	$0
JU TKS MESS	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
JU TKS MEAS	52	52	$13 90	$13 90	$0 00	0 00%	$8,674	$8,674	$0
JU HOTEL MESS	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
JU HOTEL MEAS	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
DORM SERVICE	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
TOLL TERM	17	17	$39 70	$39 70	$0 00	0 00%	$8,099	$8,099	$0
TOLL TERM PLAN	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
PUB ANN	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
PUB ANN PLAN	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
PUB ANN PLAN FTG	0	0	$0 00	$0 00	$0 00	0 00%	$0	$0	$0
DIAL DATA ACCESS	1	1	$16 00	$16 00	$0 00	0 00%	$192	$192	$0
Classes of Service Total							$9,831,002	$9,701,534	($129,468)

Present and Proposed In-Service numbers are the same and include regrouping

TOTAL REVENUES SUMMED BY MARKET BASKET

M B Segment (1)	Service Description (2)	Reference Annual Revenue (3)	Projected Current Annual Revenue (4)	Annual Revenue Change (5)
2012	ESSX SERVICE	$0	$0	$0
2024	TOLL TRUNKS (TOLL TERMINALS)	$8,099	$8,099	$0
2029	ANNOUNCEMENT FACILITIES	$0	$0	$0
2054	DATA TRANSPORT SERVICE ACCESS CHANNEL SERVICE	$192	$192	$0
2076	ISDN INDIVIDUAL SERVICES	$146,466	$147,519	$1,053
2094	BACK-UP LINE	$50,737	$50,737	$0
2105	GROUPING SERVICE	$1,012,101	$1,012,101	$0
2120	JOINT USER SERVICE	$10,270	$10,270	$0
2145	DORMITORY COMMUNICATIONS SERVICE	$0	$0	$0
2169	REGIONSERV	$3,748,987	$3,748,987	$0
2221	COMPLETE CHOICE FOR BUSINESS PACKAGE	$4,854,250	$4,723,728	($130,522)

Present and Proposed In-Service numbers are the same and include regrouping

CERTIFICATE OF SERVICE

I hereby certify that on March 16, 2004, a copy of the foregoing document was served on the following, via the method indicated:

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