

STATE OF TENNESSEE

Office of the Attorney General



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ANDY D. BENNETT
CHIEF DEPUTY ATTORNEY GENERAL

LUCY HONEY HAYNES
ASSOCIATE CHIEF DEPUTY
ATTORNEY GENERAL

PAUL G. SUMMERS
ATTORNEY GENERAL AND REPORTER

MAILING ADDRESS

P.O. BOX 20207
NASHVILLE, TN 37202

MICHAEL E. MOORE
SOLICITOR GENERAL

CORDELL HULL AND JOHN SEVIER
STATE OFFICE BUILDINGS

TELEPHONE 615-741-3491
FACSIMILE 615-741-2009

Reply to:
Consumer Advocate and Protection Division
Post Office Box 20207
Nashville, TN 37202

January 26, 2004

Honorable Deborah Taylor Tate
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

IN RE: TARIFF TO RECLASSIFY RATE GROUPING OF CERTAIN BELLSOUTH
EXCHANGES - Tariff No. 2004-055, DOCKET NO. 04-00015

Dear Chairman Tate:

Enclosed is an original and thirteen copies of the Consumer Advocate and Protection Division's *Complaint and Petition To Intervene*, in regards to the above referenced case involving Docket No. 04-00015. Kindly file same in this docket. Copies are being sent to all parties of record. If you have any questions, kindly contact me at (615)532-2590. Thank you.

Sincerely,

A handwritten signature in cursive script, reading "Joe Shirley".

JOE SHIRLEY

Assistant Attorney General

cc: All Parties of Record

#66649

**IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

**TARIFF TO RECLASSIFY RATE)
GROUPING OF CERTAIN BELL SOUTH)
EXCHANGES — TARIFF NO. 2004-0055)
)**

DOCKET NO. 04-00015

COMPLAINT AND PETITION TO INTERVENE

Comes now Paul G. Summers, Attorney General and Reporter for the State of Tennessee, through the Consumer Advocate and Protection Division of the Office of the Attorney General (hereinafter “Consumer Advocate”), pursuant to Tenn. Code Ann. § 65-4-118(c)(2)(A), and complains against the above-styled tariff and petitions the Tennessee Regulatory Authority (“TRA”) to convene a contested case proceeding and grant the Consumer Advocate’s intervention in this docket on behalf of the public interest because consumers may be adversely affected by the proposed tariff as it seeks to increase the rates for basic local telephone service in violation of state law.

In particular, BellSouth Telecommunications, Inc. (“BellSouth”) seeks permission to reclassify certain telephone exchanges from a lower-rated group to a higher-rated one. This rate group reclassification would cause an increase in the amount that many residential and business customers currently pay to BellSouth for basic local telephone service. The Consumer Advocate alleges that BellSouth’s “reclassification” proposal violates state law because it would increase basic telephone rates and aggregate revenues by more than the amounts permitted by Tenn. Code Ann. § 65-5-209 and BellSouth’s price regulation plan. *See, e.g.,* Paragraphs 21-23, *infra*.

For cause, the Consumer Advocate would show unto the TRA as follows:

1. It is the Consumer Advocate’s statutory duty to represent the interests of Tennessee consumers of public utilities services. *See* Tenn. Code Ann. § 65-4-118 (c)(2)(A) (Supp. 2003). In

carrying out this duty, the Consumer Advocate is authorized to participate or intervene as a party in any matter or proceeding before the TRA and initiate such proceeding, in accordance with the Uniform Administrative Procedures Act (“UAPA”) and TRA rules. *See Id.*

2. If the TRA approves the above-styled tariff, the amount that many consumers currently pay to BellSouth for basic local telephone service would increase. This proposed increase would cause certain rates for basic local telephone service to rise above the legally-prescribed limit for such service.

3. BellSouth is a price-regulated incumbent local exchange telephone company operating in the State of Tennessee, regulated by the TRA, and offering basic local telephone service to Tennessee consumers. BellSouth has its principal offices at 333 Commerce Street, Nashville, Tennessee 37201-3300.

4. On December 2, 2003, BellSouth filed Tariff No. 2003-1339, seeking the TRA’s approval to increase the rates for residential and business basic local telephone service. Tariff No. 2003-1339 proposed a general rate increase of up to 1.6% for residential basic service, and it further proposed a “reclassification” rate increase for residential and business basic service in selected telephone exchanges. When the general rate increase and the “reclassification” rate increase are considered together, BellSouth proposed increases in the range of 4.1% to 21.7% for certain residential rates, and increases in the range of 1.7% to 21.1% for certain business rates. BellSouth requested an effective date of December 31, 2003, for the proposed rate increases. *See* Tariff 2003-1339, TRA Docket No. 03-00619 (Dec. 2, 2003) (www.state.tn.us/tra/orders/2003/0300619c.pdf).

5. On December 8, 2003, the Consumer Advocate filed a complaint against Tariff No. 2003-1339, alleging that the rate increases proposed therein violated Tenn. Code Ann. § 65-5-209 and BellSouth’s price regulation plan. *See Complaint and Petition to Intervene*, TRA Docket No.

03-00619 (Dec. 8, 2003) (www.state.tn.us/tra/orders/2003/0300619b.pdf). At the TRA conference held on December 15, 2003, the Directors voted to suspend the proposed effective date of Tariff No. 2003-1339 for 30 days. *See Order Suspending Tariff Thirty Days*, TRA Docket No. 03-00619 (Jan. 6, 2004) (www.state.tn.us/tra/orders/2003/0300619g.pdf). Thereafter, on December 19, 2003, BellSouth submitted a letter requesting to withdraw Tariff No. 2003-1339. *See Letter from Kathy Sager, BellSouth Regulatory Manager, to Darlene Standley, TRA Deputy Chief of Telecommunications*, TRA Docket No. 03-00619 (Dec. 19, 2003) (www.state.tn.us/tra/orders/2003/0300619f.pdf).

6. On January 7, 2004, BellSouth filed Tariff No. 2004-0010, which seeks the TRA's approval to increase the rates for residential basic local telephone service. Tariff No. 2004-0010 proposes a general rate increase of up to 1.6% for residential basic service on the proposed effective date of February 6, 2004. *See Tariff No. 2004-0010* (Jan. 15, 2004) (Currently, there is no TRA docket number assigned to this matter, nor is this tariff available on the TRA's Internet website).

7. On January 15, 2004, BellSouth filed Tariff No. 2004-0055, which seeks the TRA's approval to increase the rates for residential and business basic local telephone service. Tariff No. 2004-0055 proposes a "reclassification" rate increase for residential and business basic service in selected telephone exchanges on the proposed effective date of February 20, 2004. *See Tariff No. 2004-0055*, TRA Docket No. 04-00015 (Jan. 15, 2004) (www.state.tn.us/tra/orders/2004/0400015.pdf).

8. As illustrated in the attached **EXHIBIT**, if the TRA approves Tariff Nos. 2004-0010 and 2004-0055, rates for residential basic local telephone service in certain areas would increase in

the range of 4.1% to 21.7%.¹ Additionally, if the TRA approves Tariff No. 2004-0055, rates for business basic local telephone service in certain areas would increase in the range of 1.7% to 21.1%.²

9. When viewed together, Tariff Nos. 2004-0010 and 2004-0055 achieve essentially the same rate increases in residential and business basic local telephone service as Tariff No. 2003-1339 would have accomplished alone had it been approved. *See* Paragraph 4, *supra*.

10. BellSouth's proposed Tariff Nos. 2004-0010 and 2004-0055 seek such general and "reclassification" rate increases for flat-rate, message-rate, and measured-rate basic local telephone service.

11. On October 27, 1998, the TRA voted to approve BellSouth's application for a price regulation plan. *See Order Approving BellSouth Telecommunications, Inc.'s Application for Price Regulation Plan*, TRA Docket No. 95-02614, at 21 (Dec. 9, 1998) ("*Price Regulation Order*"). In the *Price Regulation Order*, the TRA, *inter alia*, approved BellSouth's price regulation plan with an effective date of October 1, 1995; approved BellSouth's rates existing on June 6, 1995, as the initial rates for basic local telephone service; and ordered that increases in such basic rates shall not occur until December 1, 2002, consistent with Tenn. Code Ann. § 65-5-209(f). *See Id.*

12. Pursuant to the *Price Regulation Order*, the price freeze on basic local telephone

¹ For example, residential customers in Petersburg would experience a basic local telephone rate increase of 21.7%; residential customers in Newport, Shelbyville, and Savannah would see a rate increase of 14.1%; the residential rates in Tullahoma, Columbia, and Milan would increase by 8.1%; and residential customers in Chattanooga and Knoxville would pay 4.1% more than they currently pay in basic local telephone rates. (See attached **EXHIBIT**).

² For example, business customers in Petersburg would experience a basic local telephone rate increase of 21.1%; business customers in Newport, Shelbyville, and Savannah would see a rate increase of 13.9%; the business rates in Tullahoma, Columbia, and Milan would increase by 6.3%; and business customers in Chattanooga and Knoxville would pay 1.7% more than they currently pay in basic local telephone rates. (See attached **EXHIBIT**).

service expired on December 1, 2002; accordingly, BellSouth currently may increase the rates for basic local telephone service, provided that any such increase complies with applicable law and BellSouth's price regulation plan. BellSouth's proposed Tariff Nos. 2003-1339, 2004-0010, and 2004-0055 represent the first instances that BellSouth has sought the TRA's approval for a price increase in basic local telephone service since expiration of the *Price Regulation Order's* price freeze on such basic services.

13. As a price-regulated telecommunications company, BellSouth's rates must be regulated in accordance with Tenn. Code Ann. § 65-5-209. Utilizing the procedures outlined in this statute, the TRA established just, reasonable and affordable initial rates when the agency approved BellSouth's application for a price regulation plan. *See Price Regulation Order* at pp. 18, 20-22; *see also* Tenn. Code Ann. §§ 65-5-209(a) and 65-5-209(c) (Supp. 2003); *BellSouth Telecomm. Inc. v. Greer*, 972 S.W.2d 663, 674-675 (Tenn. Ct. App. 1997).

14. After affordable initial rates were established pursuant to Tenn. Code Ann. §§ 65-5-209(a) and 65-5-209(c), BellSouth's "price regulation plan shall maintain affordable basic and non-basic rates". Tenn. Code Ann. § 65-5-209(e) (Supp. 2003). Accordingly, upon approval of BellSouth's price regulation application, BellSouth "shall charge and collect only such rates that are less than or equal to the maximum permitted by [section 209]". Tenn. Code Ann. § 65-5-209(b) (Supp. 2003). The maximum rates that shall be charged and collected by BellSouth are determined by Tenn. Code Ann. §§ 65-5-209(e), 65-5-209(f), and 65-5-209(g). *See* Tenn. Code Ann. § 65-5-209(b) (Supp. 2003); *see also Consumer Advocate Div. v. Tennessee Regulatory Auth.*, 2000 WL 1514324 at *1-2 (Tenn. Ct. App. 2000) ("Once a company enters price regulation under the statutory scheme, T.C.A. § 65-5-209(e)-(g) govern the amount by which the company is permitted to change its rates.").

15. Tenn. Code Ann. § 65-5-209(e) states:

A price regulation plan shall maintain affordable basic and non-basic rates by permitting a maximum annual adjustment that is capped at the lesser of one half (1/2) the percentage change in inflation for the United States using the gross domestic product-price index (GDP-PI) from the preceding year as the measure of inflation, or the GDP-PI from the preceding year minus two (2) percentage points. An incumbent local exchange telephone company may adjust its rates for basic local exchange telephone services or non-basic services only so long as its aggregate revenues for basic local exchange telephone services or non-basic services generated by such changes do not exceed the aggregate revenues generated by the maximum rates permitted by the price regulation plan.

Tenn. Code Ann. § 65-5-209(e) (Supp. 2003).

16. Accordingly, as a price-regulated incumbent telephone company, changes in BellSouth's basic and non-basic telephone rates are limited by an overall maximum annual rate adjustment which is determined by reference to a formula incorporating the national inflation rate. *See* Tenn. Code Ann. § 65-5-209(e) (Supp. 2003); *see also Consumer Advocate Div. v. Tennessee Regulatory Auth.*, 2000 WL 1514324 at *1 (Tenn. Ct. App. 2000). Additionally, subsection 209(e) does not permit BellSouth to adjust its basic and non-basic telephone rates if the change in rates would cause BellSouth's aggregate revenues to exceed the amount of aggregate revenues permitted by BellSouth's price regulation plan. *See* Tenn. Code Ann. § 65-5-209(e) (Supp. 2003).

17. Tenn. Code Ann. § 65-5-209(f) states:

Notwithstanding the annual adjustments permitted in subsection (e), the initial basic local exchange telephone service rates of an incumbent local exchange telephone company subject to price regulation shall not increase for a period of four (4) years from the date the incumbent local exchange telephone company becomes subject to such regulation. At the expiration of the four-year period, an incumbent local exchange telephone company is permitted to adjust annually its rates for basic local exchange telephone services in accordance with the method set forth in subsection (e) provided that in no event shall the rate for residential basic local exchange telephone service be increased in any one (1) year by more than the percentage change in inflation for the United States using the gross domestic product-price index

(GDP-PI) from the preceding year as the measure of inflation.

Tenn. Code Ann. § 65-5-209(f) (Supp. 2003).

18. Thus, while price regulation is designed to give BellSouth more flexibility to adjust its rates for local exchange telephone service, “that flexibility is limited with regard to basic services”. *United Telephone-Southeast, Inc. v. Tennessee Regulatory Auth.*, 2001 WL 266051 at *1 (Tenn. Ct. App. 2001) (*citing* Tenn. Code Ann. § 65-5-209(f)). Specifically, pursuant to subsection 209(f), BellSouth shall in no event adjust the rate for residential basic local telephone service if the adjustment causes such rate to increase in any one year by more than the national inflation rate, using the GDP-PI from the preceding year as the measure of inflation. *See* Tenn. Code Ann. § 65-5-209(f) (Supp. 2003).

19. For purposes of applying Tenn. Code Ann. §§ 65-5-209(e) and 65-5-209(f) to the circumstances presented in this matter, the applicable GDP-PI from the preceding year is no greater than 1.7%.

20. BellSouth’s proposed Tariff No. 2004-0010 requests the TRA’s approval to institute a general rate increase of up to 1.6% for residential basic local telephone service. The Consumer Advocate’s preliminary review of Tariff No. 2004-0010, standing alone, did not reveal any inconsistencies between this tariff proposal and applicable law, particularly Tenn. Code Ann. § 65-5-209(f). The Consumer Advocate, however, awaits the TRA’s findings with regard to the agency’s review of Tariff No. 2004-0010.

21. BellSouth’s proposed Tariff No. 2004-0055 requests the TRA’s approval to institute “reclassification” rate increases for residential and business basic local telephone service in selected telephone exchanges. The term “reclassification” refers to BellSouth’s request to change the classification of selected telephone exchanges from a lower-rated group to a higher-rated one. Thus,

as a direct and sole result of this “reclassification,” many residential and business customers across Tennessee would experience an increase in the amount that they currently pay to BellSouth for basic local telephone service. *See* **EXHIBIT** attached hereto. Additionally, as a direct and sole result of this “reclassification,” BellSouth would experience an increase in the amount of aggregate revenues that it currently bills and collects for basic local telephone service. *See Id.*

22. While BellSouth may have a right to a general increase in the rate for residential basic local telephone service by as much as the 1.6% increase requested in proposed Tariff No. 2004-0010, BellSouth would be in violation of controlling price-regulation law if it imposed the additional “reclassification” increase requested in proposed Tariff No. 2004-0055. In particular, if the TRA approves BellSouth’s proposed Tariff No. 2004-0055, the rate for residential basic local telephone service would increase in any one year by more than the percentage change in inflation for the United States using the GDP-PI from the preceding year as the measure of inflation. Accordingly, Tariff No. 2004-0055 violates Tenn. Code Ann. § 65-5-209(f). *See* Tenn. Code Ann. § 65-5-209(f) (Supp. 2003).

23. Additionally, BellSouth’s proposed Tariff No. 2004-0055 could violate Tenn. Code Ann. § 65-5-209(e) and BellSouth’s price regulation plan. In its filing, BellSouth has not demonstrated whether or how the proposed “reclassification” rate increase fits within subsection 209(e) requirements or its price regulation plan. If the TRA approves Tariff No. 2004-0055 without such support, BellSouth’s aggregate regulated revenues could exceed the amount of aggregate revenues permitted by BellSouth’s price regulation plan, especially since the rate of increase requested in Tariff No. 2004-0055 exceeds the rate of the maximum annual adjustment provided by the subsection 209(e) formula. Accordingly, Tariff No. 2004-0055, as currently submitted, is not consistent with price-regulation requirements. *See* Tenn. Code Ann. § 65-5-209(e) (Supp. 2003).

24. In support of the “reclassification” rate increase proposed in Tariff No. 2004-0055, BellSouth states:

In accordance with GSST A3.4, which states “*When the number of main station lines and private branch exchange trunks in the local service area of an exchange increases or decreases to the extent that such exchange moves into a different rate group, the Company shall file a revised tariff in accordance with the statutory provisions and rules and regulations of the Commission, making effective the rates for the appropriate higher or lower group after a waiting period of six months from the last day of the month in which the exchange moved into the different group*”; the following BellSouth Exchanges will be reclassified to different rate groups due to area growth. Each of the following Exchanges has qualified for the rate group reclassification for a period greater than six months.

See Tariff 2004-0055, TRA Docket No. 04-00015, at Executive Summary (Jan. 15, 2004) (www.state.tn.us/tra/orders/2004/0400015.pdf) (*emphasis added*).

25. Contrary to the tariff GSST A3.4 language relied upon by BellSouth, Tariff No. 2004-0055 is not filed in accordance with controlling statutory provisions. In particular, the “reclassification” rate increase requested in this tariff does not comply with the plain and unequivocal language of Tenn. Code Ann. § 65-5-209. *See, e.g.*, Paragraphs 21-23, *supra*. As a price-regulated telephone company operating in this State, to the extent that BellSouth desires to “reclassify” telephone exchanges from one rate group to another, any increase in aggregate revenues generated by such reclassification must fit within BellSouth’s price regulation plan, and any rate changes imposed as a result of such reclassification must comply with Tenn. Code Ann. § 65-5-209. *See* Tenn. Code Ann. §§ 65-5-209(b), 65-5-209(e), and 65-5-209(f) (Supp. 2003); *see also United Telephone-Southeast, Inc. v. Tennessee Regulatory Auth.*, 2001 WL 266051 at *1 (Tenn. Ct. App. 2001) (“After the initial qualification for a price regulation plan, a provider’s ability to increase rates for services is subject to limitations established by statute.”) (*citing* Tenn. Code Ann. § 65-5-209).

26. Moreover, BellSouth’s present Tariff GSST A3.4 cannot be used to set aside the

requirements of Tenn. Code Ann. § 65-5-209. The rate groups depicted in BellSouth's general tariff are based on a value-of-service rate design concept instituted by the Tennessee Public Service Commission when BellSouth's rates were regulated pursuant to the traditional rate-of-return method of rate regulation. For instance, BellSouth's present Tariff GSST A3.7 contains tariff pages indicating that BellSouth's rate-group rate design was in effect as early as 1990.³ In 1995, however, the General Assembly enacted Public Chapter 408, the Telecommunication Reform Act of 1995, which is now codified in Title 65. "The passage of chapter 408 has truly reformed the provision and regulation of local telecommunications services Instead of the traditional rate of return method, incumbents [such as BellSouth]. . . may elect to have their rates regulated through a price regulation plan." *AT&T Comm., Inc. v. Greer*, 1996 WL 697945 at *3 (Tenn. Ct. App. 1996) (citing Tenn. Code Ann. §§ 65-5-208 and 65-5-209). The procedures for regulation of rates through a price regulation plan are clearly set out in Tenn. Code Ann. § 65-5-209. In order to assure the State's goal of maintaining just, reasonable and affordable telephone rates under price regulation, the General Assembly was careful to spell out the specific procedures that must be applied when setting the initial rates of a company's price regulation plan (*see* subsections 209(a) and 209(c)) and when considering subsequent rate adjustments under that plan (*see* subsections 209(b) and 209(e)-(g)). *See also BellSouth Telecomm., Inc. v. Greer*, 972 S.W.2d 663, 674-675, 680 (Tenn. Ct. App. 1997); *United Telephone-Southeast, Inc. v. Tennessee Regulatory Auth.*, 2001 WL 266051 at *3, *5 (Tenn. Ct. App. 2001). Thus, a BellSouth tariff depicting a rate design established under an outmoded method of rate regulation cannot be used to undermine the General Assembly's price-regulation policies and procedures.

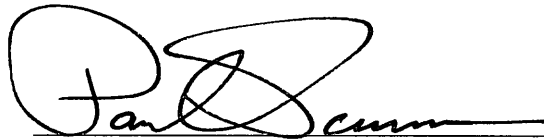
³ *See, e.g.*, present Tariff GSST A3.7 at pages 6RP 30, 16RP 32, 15RP 33, 4RP 33.0.1, OrigP 33.2, 15RP 34, OrigP 34.2, 3RP 37.2, OrigP 41.0.1.

27. Accordingly, the TRA should not approve BellSouth's proposed Tariff No. 2004-0055 as it would impose rates for basic local telephone service in excess of that permitted by law.

28. Only by initiating, intervening, and participating in this proceeding can the Consumer Advocate work effectively to protect the interests of consumers of basic local telephone service.

WHEREFORE, the Consumer Advocate prays that the TRA will suspend BellSouth's proposed Tariff No. 2004-0055; convene a contested case proceeding so that Tennessee consumers may challenge the validity of Tariff No. 2004-0055; grant the Consumer Advocate's Complaint and Petition to Intervene in this matter; and grant such other relief as may be deemed appropriate under the law.

RESPECTFULLY SUBMITTED,



PAUL G. SUMMERS, B.P.R. #6285
Attorney General
State of Tennessee




JOE SHIRLEY, B.P.R. #022287
Assistant Attorney General
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202
(615) 532-2590

Dated: January 26, 2004

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via facsimile or first-class U.S. Mail, postage prepaid, on January 26, 2004, upon:

Guy M. Hicks, Esq.
BellSouth Telecommunications, Inc.
333 Commerce Street
Suite 2101
Nashville, Tennessee 37201-3300



JOE SHIRLEY
Assistant Attorney General

72077

EXHIBIT

1/23/2004

BellSouth Telecommunications, Inc.

Schedule of Proposed Increases in Residential and Business Basic Local Telephone Rates For Selected Areas

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
Line	Exchange Name	Present Residential Rate	Present Business Rate	Tariff 2004-0010 Residential Rate	Tariff 2004-0010 Business Rate	(E-C)/C Percent Increase per 2004-0010	(F-D)/D Percent Increase per 2004-0010	Tariff 2004-0055 Residential Rate	Tariff 2004-0055 Business Rate	(I-C)/C Percent Total Increase	(J-D)/D Percent Total Increase
1	Athens	\$ 8 50	\$ 30 80	\$ 8 62	\$ 30 80	1 4%	0 0%	\$ 9 19	\$ 32 75	8 1%	6 3%
2	Bethel Springs	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
3	Bolivar	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
4	Chattanooga, TN	11 85	39 05	12 03	39 05	1 5%	0 0%	12 34	39 70	4 1%	1 7%
5	Columbia	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
6	Copper Basin	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
7	Culleoka	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
8	Dyer	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
9	Elkton	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
10	Etowah	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
11	Fayetteville	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
12	Flintville	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
13	Gibson	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
14	Gleason	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
15	Grand Junction	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
16	Greenback	11 85	39 05	12 03	39 05	1 5%	0 0%	12 34	39 70	4 1%	1 7%
17	Greenfield	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
18	Hampshire	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
19	Hornbeak	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
20	Humboldt	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
21	Huntland	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
22	Knoxville	11 85	39 05	12 03	39 05	1 5%	0 0%	12 34	39 70	4 1%	1 7%
23	Lewisburg	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
24	Lexington	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
25	Lynnville	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
26	Madisonville	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
27	Manchester	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
28	Mascot-Strwbrry Plns	11 85	39 05	12 03	39 05	1 5%	0 0%	12 34	39 70	4 1%	1 7%
29	McKenzie	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
30	Medina	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
31	Middleton	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
32	Milan	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
33	Mt Pleasant	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
34	Newport	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
35	Normandy	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
36	Oliver Springs	11 85	39 05	12 03	39 05	1 5%	0 0%	12 34	39 70	4 1%	1 7%
37	Petersburg	7 55	27 05	7 67	27 05	1 6%	0 0%	9 19	32 75	21 7%	21 1%
38	Pulaski	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
39	Rogersville	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
40	Santa Fe	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
41	Savannah	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
42	Selmer	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
43	Sewanee	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
44	Shelbyville	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
45	Solway	11 85	39 05	12 03	39 05	1 5%	0 0%	12 34	39 70	4 1%	1 7%
46	Spring Hill	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
47	Surgionsville	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
48	Sweetwater	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
49	Trenton	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
50	Troy	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
51	Tulahoma	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
52	Union City	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
53	Wartrace	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
54	Whiteville	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%
55	Williamsport	8 50	30 80	8 62	30 80	1 4%	0 0%	9 19	32 75	8 1%	6 3%
56	Winchester	7 55	27 05	7 67	27 05	1 6%	0 0%	8 62	30 80	14 2%	13 9%

* Source: Present Tariff GSST A3 7 1, proposed Tariff 2004-0010 (requested effective date of 2/6/04), and proposed Tariff 2004-0055 (requested effective date of 2/20/04)

IMPORTANT NOTE This exhibit is not intended to represent an all-inclusive list of the rate increases/changes that the Consumer Advocate may oppose. For example, the Consumer Advocate opposes all similar increases in Flat Rate, Message Rate and Measured Rate services, and after additional investigation and review, the Consumer Advocate may oppose rate increases/changes for telephone exchanges not listed in this exhibit.