

STATE OF TENNESSEE

Office of the Attorney General



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March 2, 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. 2004-0055**

Docket 04-00015

Dear Chairman Tate:

Enclosed is an original and thirteen copies of the Consumer Advocate and Protection Division's Affidavit of Mark H. Crocker, C.P.A., in regards to 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) 741-1671. Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe Shirley".

Joe Shirley
Assistant Attorney General

CC: All Parties of Record.

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

IN RE:)
)
TARIFF TO RECLASSIFY RATE)
GROUPING OF CERTAIN) **DOCKET NO. 04-00015**
BELLSOUTH EXCHANGES)
TARIFF NO. 2004-0055)

AFFIDAVIT OF MARK H. CROCKER, C.P.A.

STATE OF TENNESSEE

DAVIDSON COUNTY

After having been duly sworn, I, Mark H. Crocker, do hereby depose and aver as follows:

1. I have been employed with the Consumer Advocate as a Regulatory Analyst since July of 2001. My duties include review of tariffs, reports, providing expert testimony when needed, extensive review of proposed rate schedules and providing accounting support in other areas as required by the Attorney General. The purpose of this affidavit is to document my findings and conclusions in this docket regarding the increase in local exchange rates as a result of BellSouth's regrouping proposal.

2. I have been employed in the CAPD since July of 2001. Prior to my employment with the Attorney General, I was employed in private practice for approximately two and one-half years; as the CFO of a private company for approximately one year; as the Vice-President of Finance and Chief Operating Officer of the Cumberland Science Museum for five years; as an Internal Revenue Agent with the Internal Revenue Service for five years; and as an auditor for the Division of

Municipal Audit of the State Comptroller's Office for a little over a year. I have also served as an adjunct professor of accounting at Middle Tennessee State University for approximately ten years. I have a Bachelor of Fine Arts degree from Middle Tennessee State University with a major in American History and later completed the requirements to add accounting as a second undergraduate major in August of 1986. I have a Master of Arts degree from Middle Tennessee State University in American History with an emphasis in Historic Preservation. I am also a Tennessee Certified Public Accountant, a member of the American Institute of Certified Public Accountants ("AICPA"), and a member of the Tennessee Society of Certified Public Accountants ("TSCPA").

3. Pursuant to TRA Tariff No. 2004-0010 which became effective on February 6, 2004, BellSouth implemented a general telephone rate increase of approximately 1.6% per access line for residential basic local exchange telephone service in all BellSouth telephone exchanges. *See* TRA Tariff No. 2004-0010. *See also* column (E) of **EXHIBIT 1**, attached hereto and incorporated herein by reference.

4. Pursuant to the instant TRA Tariff No. 2004-0055, BellSouth seeks to reclassify 56 telephone exchanges from a lower-rated rate group to a higher-rated rate group. This rate group reclassification proposal, if approved and allowed to become effective, would cause affected residential and business customers to pay more money to BellSouth in order to purchase basic local exchange telephone service. *See* Tariff No. 2004-0055.

5. With respect to the purchase of residential basic local exchange telephone service in the 56 telephone exchanges referenced in Tariff No. 2004-0055, the percentage increase in the amount that customers would pay for Residential 1 party telephone service

that is directly attributable to the proposed reclassification of rate groups is in the range of 2.6% to 19.8%, with an average increase of 9.6% per rate group. See TRA Tariff No. 2004-0055, see also column (G) of **EXHIBIT 1**, attached hereto and incorporated herein by reference; see also, BellSouth's January 30, 2004 Response to TRA Staff's January 27, 2004 Data Request, Docket No. 04-00015, Item No. 4, Page 1 of 1.

6. When the general price increase implemented pursuant to Tariff No. 2004-0010 and the reclassification price increase proposed pursuant to Tariff No. 2004-0055 are considered together, the amount that affected customers would pay for residential basic local exchange telephone service would increase in the range of 4.1% to 21.7%, with an average increase of 11.3% per rate group. See Tariff Nos. 2004-0010 and 2004-0055, see also column (H) of **EXHIBIT 1**, attached hereto and incorporated herein by reference.

7. For purposes of calculations under Tenn. Code Ann. § 65-5-209(f), the relevant 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 is 1.6%.

8. If the proposed reclassification of rate groups outlined in Tariff No. 2004-0055 is approved and allowed to become effective, the amount paid for residential basic local exchange telephone service would increase in any one year (since February 5, 2004) by more than 1.6% for the residential customers located in the telephone exchanges reclassified pursuant to Tariff No. 2004-0055. In particular, for the residential customers located in these exchanges, the total percentage increase that is in excess of 1.6% attributable to both Tariff

Nos. 2004-0010 and 2004-0055 would be in the range of 2.5% to 20.1%, with the average increase in excess of 1.6% being 9.7% (11.3% - 1.6%) per rate group. See column (G) of **EXHIBIT 2**, attached hereto and incorporated herein by reference. Furthermore, for such residential customers, the percentage increase that is in excess of 1.6% attributable only to Tariff No. 2004-0055 would be in the range of 1.0% to 18.2%, with the average increase in excess of 1.6% being 8.0% (9.6% - 1.6%) per rate group. See column (F) of **EXHIBIT 2**, attached hereto and incorporated herein by reference.

9. If Tariff No. 2004-0055 is approved and allowed to become effective, BellSouth will experience at least an estimated \$1,970,019 annual revenue increase as a result of the proposed reclassification of rate groups for residential customers, assuming there is no change in demand. See BellSouth's January 30, 2004 Response to TRA Staff's January 27, 2004 Data Request, Docket No. 04-00015, Item No. 1, Page 1 of 1.

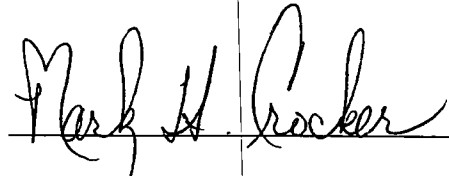
10. If Tariff No. 2004-0055 is approved and allowed to become effective, BellSouth will experience an estimated \$154,475 annual revenue decrease as a result of the proposed reclassification of rate groups for business and all other non-residential customers, assuming there is no change in demand. See BellSouth's January 30, 2004 Response to TRA Staff's January 27, 2004 Data Request, Docket No. 04-00015, Item No. 2, Page 1 of 1.

11. If Tariff No. 2004-0055 is approved and allowed to become effective, BellSouth will not offset any annual revenue adjustments referenced in Paragraphs 9 and 10,

hereinabove, against existing headroom per BellSouth's price regulation plan. See BellSouth's January 30, 2004 Response to TRA Staff's January 27, 2004 Data Request, Docket No. 04-00015, Item No. 3, Page 1 of 2 and Page 2 of 2.

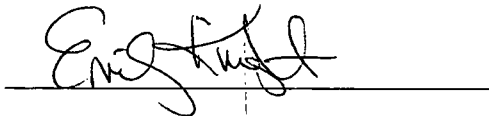
12. I affirm that the statements contained in this affidavit and the accompanying exhibits are true and accurate based on my personal knowledge and expert opinion.

FURTHER THE AFFIANT SAITH NOT.



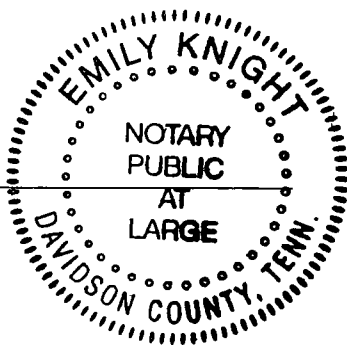
MARK H. CROCKER

Sworn to and subscribed before me
this 1st day of March, 2004



NOTARY PUBLIC

My commission expires:



My Commission Expires SEPT 22, 2007

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Initials 

EXHIBIT 1

3/2/2004

**BellSouth Telecommunications, Inc
Schedule of Changes in Monthly Per Line Rates for Residential Basic Local Exchange Telephone Service**

(A)	(B) 3/	(C) 1/	(D) 2/	(E) (D-C)/C Percent	(F) 3/	(G) (F-D)/D Percent	(H) (F-C)/C Total Percent
Line	Name of Exchange BellSouth Proposes To Reclassify From A Lower-Rated Group To A Higher-Rated Rate Group	Prior Residential Rate On 2/5/2004 Per Prior Tariff	Current Residential Rate Since 2/6/2004 Per Current Tariff Filed In 2004-0010	Increase In Amount Paid For Residential Basic Local Service Per 2004-0010	Proposed Residential Rate After Regrouping Per Proposed Tariff Filed In 2004-0055	Increase In Amount Paid For Residential Basic Local Service Per 2004-0055	Increase In Amount Paid For Residential Basic Local Service
1	Athens	\$ 8 50	\$ 8 62	1 4%	\$ 9 19	6 6%	8 1%
2	Bethel Springs	7 55	7 67	1 6%	8 62	12 4%	14 2%
3	Bolivar	7 55	7 67	1 6%	8 62	12 4%	14 2%
4	Chattanooga, TN	11 85	12 03	1 5%	12 34	2 6%	4 1%
5	Columbia	8 50	8 62	1 4%	9 19	6 6%	8 1%
6	Copper Basin	7 55	7 67	1 6%	8 62	12 4%	14 2%
7	Culleoka	8 50	8 62	1 4%	9 19	6 6%	8 1%
8	Dyer	8 50	8 62	1 4%	9 19	6 6%	8 1%
9	Elkton	7 55	7 67	1 6%	8 62	12 4%	14 2%
10	Etowah	8 50	8 62	1 4%	9 19	6 6%	8 1%
11	Fayetteville	7 55	7 67	1 6%	8 62	12 4%	14 2%
12	Flintville	7 55	7 67	1 6%	8 62	12 4%	14 2%
13	Gibson	8 50	8 62	1 4%	9 19	6 6%	8 1%
14	Gleason	7 55	7 67	1 6%	8 62	12 4%	14 2%
15	Grand Junction	7 55	7 67	1 6%	8 62	12 4%	14 2%
16	Greenback	11 85	12 03	1 5%	12 34	2 6%	4 1%
17	Greenfield	7 55	7 67	1 6%	8 62	12 4%	14 2%
18	Hampshire	8 50	8 62	1 4%	9 19	6 6%	8 1%
19	Hornbeak	7 55	7 67	1 6%	8 62	12 4%	14 2%
20	Humboldt	8 50	8 62	1 4%	9 19	6 6%	8 1%
21	Huntland	7 55	7 67	1 6%	8 62	12 4%	14 2%
22	Knoxville	11 85	12 03	1 5%	12 34	2 6%	4 1%
23	Lewisburg	7 55	7 67	1 6%	8 62	12 4%	14 2%
24	Lexington	7 55	7 67	1 6%	8 62	12 4%	14 2%
25	Lynnville	7 55	7 67	1 6%	8 62	12 4%	14 2%
26	Madisonville	7 55	7 67	1 6%	8 62	12 4%	14 2%
27	Manchester	8 50	8 62	1 4%	9 19	6 6%	8 1%
28	Mascot-Strawberry Plns	11 85	12 03	1 5%	12 34	2 6%	4 1%
29	McKenzie	7 55	7 67	1 6%	8 62	12 4%	14 2%
30	Medina	8 50	8 62	1 4%	9 19	6 6%	8 1%
31	Middleton	7 55	7 67	1 6%	8 62	12 4%	14 2%
32	Milan	8 50	8 62	1 4%	9 19	6 6%	8 1%
33	Mt Pleasant	8 50	8 62	1 4%	9 19	6 6%	8 1%
34	Newport	7 55	7 67	1 6%	8 62	12 4%	14 2%
35	Normandy	8 50	8 62	1 4%	9 19	6 6%	8 1%
36	Oliver Springs	11 85	12 03	1 5%	12 34	2 6%	4 1%
37	Petersburg	7 55	7 67	1 6%	9 19	19 8%	21 7%
38	Pulaski	7 55	7 67	1 6%	8 62	12 4%	14 2%
39	Rogersville	7 55	7 67	1 6%	8 62	12 4%	14 2%
40	Santa Fe	8 50	8 62	1 4%	9 19	6 6%	8 1%
41	Savannah	7 55	7 67	1 6%	8 62	12 4%	14 2%
42	Selmer	7 55	7 67	1 6%	8 62	12 4%	14 2%
43	Sewanee	7 55	7 67	1 6%	8 62	12 4%	14 2%
44	Shelbyville	7 55	7 67	1 6%	8 62	12 4%	14 2%
45	Solway	11 85	12 03	1 5%	12 34	2 6%	4 1%
46	Spring Hill	8 50	8 62	1 4%	9 19	6 6%	8 1%
47	Surgionsville	7 55	7 67	1 6%	8 62	12 4%	14 2%
48	Sweetwater	7 55	7 67	1 6%	8 62	12 4%	14 2%
49	Trenton	8 50	8 62	1 4%	9 19	6 6%	8 1%
50	Troy	7 55	7 67	1 6%	8 62	12 4%	14 2%
51	Tullahoma	8 50	8 62	1 4%	9 19	6 6%	8 1%
52	Union City	7 55	7 67	1 6%	8 62	12 4%	14 2%
53	Wartrace	7 55	7 67	1 6%	8 62	12 4%	14 2%
54	Whiteville	7 55	7 67	1 6%	8 62	12 4%	14 2%
55	Williamsport	8 50	8 62	1 4%	9 19	6 6%	8 1%
56	Winchester	7 55	7 67	1 6%	8 62	12 4%	14 2%
57	Average	8 32	8 44	1 5%	9 21	9 6%	11 3%

- 1/ Source is GSST A3 7 1 tariff pages that were previously in effect as of February 5, 2004
(See prior GSST A3 7 1 tariff pages in TRA file for Tariff No 2004-0010)
- 2/ Source is GSST A3 7 1 tariff pages that are currently in effect per Tariff No 2004-0010 which became effective February 6, 2004
(See current GSST A3 7 1 tariff pages in TRA tariff book)
- 3/ Source is GSST A3 7 1 tariff pages that are proposed to become effective per the instant Tariff No 2004-0055
(See proposed GSST A3 7 1 tariff pages in TRA file for Tariff No 2004-0055)

EXHIBIT 2

3/2/2004

**BellSouth Telecommunications, Inc
Schedule of Residential Basic Local Exchange Telephone Price Increases Exceeding 1 6%**

(A)	(B) 1/	(C) 2/ Percent Increase In Amount Paid For Residential Basic Local Service Per 2004-0055	(D) 3/ Total Percent Increase In Amount Paid For Residential Basic Local Service	(E) GDP-PI	(F) C - E 2004-0055 Increase In Amount Paid For Residential Basic Local Service In Excess of 1 6%	(G) D - E Total Increase In Amount Paid For Residential Basic Local Service In Excess of 1 6%
1	Athens	6 6%	8 1%	1 6%	5 0%	6 5%
2	Bethel Spngs	12 4%	14 2%	1 6%	10 8%	12 6%
3	Bolivar	12 4%	14 2%	1 6%	10 8%	12 6%
4	Chattanooga, TN	2 6%	4 1%	1 6%	1 0%	2 5%
5	Columbia	6 6%	8 1%	1 6%	5 0%	6 5%
6	Copper Basin	12 4%	14 2%	1 6%	10 8%	12 6%
7	Culleoka	6 6%	8 1%	1 6%	5 0%	6 5%
8	Dyer	6 6%	8 1%	1 6%	5 0%	6 5%
9	Elkton	12 4%	14 2%	1 6%	10 8%	12 6%
10	Etowah	6 6%	8 1%	1 6%	5 0%	6 5%
11	Fayetteville	12 4%	14 2%	1 6%	10 8%	12 6%
12	Flintville	12 4%	14 2%	1 6%	10 8%	12 6%
13	Gibson	6 6%	8 1%	1 6%	5 0%	6 5%
14	Gleason	12 4%	14 2%	1 6%	10 8%	12 6%
15	Grand Junction	12 4%	14 2%	1 6%	10 8%	12 6%
16	Greenback	2 6%	4 1%	1 6%	1 0%	2 5%
17	Greenfield	12 4%	14 2%	1 6%	10 8%	12 6%
18	Hampshire	6 6%	8 1%	1 6%	5 0%	6 5%
19	Hornbeak	12 4%	14 2%	1 6%	10 8%	12 6%
20	Humboldt	6 6%	8 1%	1 6%	5 0%	6 5%
21	Huntland	12 4%	14 2%	1 6%	10 8%	12 6%
22	Knoxville	2 6%	4 1%	1 6%	1 0%	2 5%
23	Lewisburg	12 4%	14 2%	1 6%	10 8%	12 6%
24	Lexington	12 4%	14 2%	1 6%	10 8%	12 6%
25	Lynnville	12 4%	14 2%	1 6%	10 8%	12 6%
26	Madisonville	12 4%	14 2%	1 6%	10 8%	12 6%
27	Manchester	6 6%	8 1%	1 6%	5 0%	6 5%
28	Mascot-Strwbry Plns	2 6%	4 1%	1 6%	1 0%	2 5%
29	McKenzie	12 4%	14 2%	1 6%	10 8%	12 6%
30	Medina	6 6%	8 1%	1 6%	5 0%	6 5%
31	Middleton	12 4%	14 2%	1 6%	10 8%	12 6%
32	Milan	6 6%	8 1%	1 6%	5 0%	6 5%
33	Mt Pleasant	6 6%	8 1%	1 6%	5 0%	6 5%
34	Newport	12 4%	14 2%	1 6%	10 8%	12 6%
35	Normandy	6 6%	8 1%	1 6%	5 0%	6 5%
36	Oliver Spngs	2 6%	4 1%	1 6%	1 0%	2 5%
37	Petersburg	19 8%	21 7%	1 6%	18 2%	20 1%
38	Pulaski	12 4%	14 2%	1 6%	10 8%	12 6%
39	Rogersville	12 4%	14 2%	1 6%	10 8%	12 6%
40	Santa Fe	6 6%	8 1%	1 6%	5 0%	6 5%
41	Savannah	12 4%	14 2%	1 6%	10 8%	12 6%
42	Selmer	12 4%	14 2%	1 6%	10 8%	12 6%
43	Sewanee	12 4%	14 2%	1 6%	10 8%	12 6%
44	Shelbyville	12 4%	14 2%	1 6%	10 8%	12 6%
45	Solway	2 6%	4 1%	1 6%	1 0%	2 5%
46	Spng Hill	6 6%	8 1%	1 6%	5 0%	6 5%
47	Surgionsville	12 4%	14 2%	1 6%	10 8%	12 6%
48	Sweetwater	12 4%	14 2%	1 6%	10 8%	12 6%
49	Trenton	6 6%	8 1%	1 6%	5 0%	6 5%
50	Troy	12 4%	14 2%	1 6%	10 8%	12 6%
51	Tullahoma	6 6%	8 1%	1 6%	5 0%	6 5%
52	Union City	12 4%	14 2%	1 6%	10 8%	12 6%
53	Wartrace	12 4%	14 2%	1 6%	10 8%	12 6%
54	Whiteville	12 4%	14 2%	1 6%	10 8%	12 6%
55	Williamsport	6 6%	8 1%	1 6%	5 0%	6 5%
56	Winchester	12 4%	14 2%	1 6%	10 8%	12 6%
57	Average	9 6%	11 3%	1 6%	8 0%	9 7%

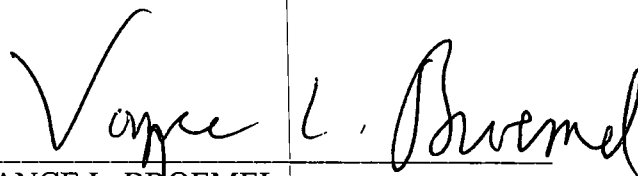
1/ Source is Exhibit 1, column B
2/ Source is Exhibit 1, column G
3/ Source is Exhibit 1, column H

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 March 2, 2004, upon:

Guy M. Hicks, Esq.
BellSouth Telecommunications, Inc.
333 Commerce Street, Suite 2101
Nashville, Tennessee 37201-3300
Facsimile: 615-214-7406

James B. Wright, Esq.
United Telephone-Southeast, Inc.
14111 Capital Boulevard
Wake Forest, North Carolina 27587-5900
Facsimile: 919-554-7913



VANCE L. BROEMEL
Assistant Attorney General

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