

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

July 12, 2006

Joe Miller
Williams Communications, LLC
1 Technology Center
Mail Drip TC15L
Tulsa, OK 74103

RE: DOCKET NO. 06-00181

Dear Sir/ Madam:

According to the State Comptroller's Office your company was sent a tax equity payment in June/July 2006 resulting from Tennessee Code Annotated § 67-6-222. While this legislation entitles your company to receive such payments, it also requires that your company flow through the savings in the form of price reductions to business and/or interconnection customers. Specifically Tenn. Code Ann. § 67-6-222 (c) states in pertinent part:

To the extent that a person engaged in the business of providing telecommunications services subject to tax under title 67, chapter 6 experiences a net tax savings solely as a result of receiving a payment under subsection (b), such net tax savings shall inure to the benefit of business customers of such person through an adjustment in the price of telecommunications services provided by such person, including business interconnection services....Subsequent price adjustments shall be effective as of October 1, 2003, and as of October 1 of each year thereafter, based on the actual payment received by each company under subsection (b) with respect to the immediately preceding June 30 payment date taking into account the cumulative amount of price adjustments previously implemented.

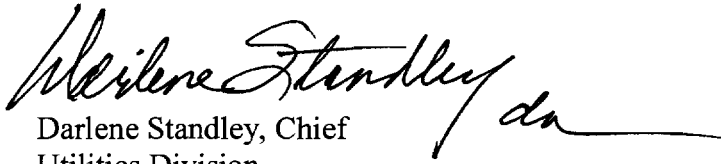
In essence, this statutory provision requires your company to reduce rates for business and/or interconnection services by the net amount of the tax equity payment received from the State Comptroller's Office in June/July. Since these annual rate adjustments are required to become effective October 1, 2006 please file appropriate tariffs reflecting such annual price reductions with the Tennessee Regulatory Authority no later than August 7, 2006. The reductions can be in the form of promotions, waived recurring charges, rate reductions, etc., but must be made during the period of October 1, 2006 through September 30, 2007. If the reductions (promotions, waived charges, reduced

rates ...) placed into effect for last year's tax equity payments are still in place, then continuing those reductions may satisfy the revenue reductions required for the period October 1, 2006 thru September 30, 2007.

These filings should also include a detailed price-out (units * prices) of the calculations used in determining the flow-through amount of the tax equity payment received. Again the tariffs are required by statute to become effective October 1, 2006. It is requested that this information be provided no later than 2:00 P.M. on August 7, 2006 and reference Docket No. 06-00181 on the response. In accordance with TRA rules, submit either thirteen (13) written copies of your response or four (4) written copies and an electronic version.

If you have any questions concerning this matter, contact Roger Knight at (615) 741-2904 extension 208 or Pasty Fulton at extension 193.

Sincerely,


Darlene Standley, Chief
Utilities Division

C: Docket File