



COMMUNICATIONS SOLUTIONS

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TRA DOCKET ROOM

August 23, 2006

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Ms. Sara Kyle, Chairman
c/o Ms. Sharla Dillon, Document Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

TN REGULATORY AUTHORITY
UTILITIES DIVISION

Dear Chairman Kyle:

Re: Docket No. 06-00181

Enclosed are four copies of Frontier's electronic filing of calculations for CTC-TN and CTC-VS associated with our planned business rate adjustment related to tax equity payments received in 2006 pursuant to TN Code 65-7-222. Once TRA staff has concurred with our calculation, we will submit tariff revisions to put the adjusted rates in effect October 1, 2006.

Please let me know if you have any questions, 304-325-1216.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Michael Swatts".

J. Michael Swatts, Director
State Government Affairs

Enclosures

Tax Offset Rate Reduction Estimate - Tennessee
October 1, 2006 through September 30, 2007

**CTC - VOLUNTEER STATE
SUMMARY REPORT**

Feature	ASOC ID	QTY	10/1/2006 MRC	MRC 2001	MRC Difference	MRC REDUCTION	12 Month REDUCTION	
*One-Party Business Line, Key System	KBL	200	\$ 50.75	\$ 61.45	\$ 10.70	\$ 2,140.00	\$ 25,680.00	
*Hotel/Motel P(A)BX Trunks	HBTk	-	\$ 50.75	\$ 61.45	\$ 10.70	\$ -	\$ -	
*Commercial P(A)BX Trunks	PTK	27	\$ 50.75	\$ 61.45	\$ 10.70	\$ 288.90	\$ 3,466.80	
Touch Tone	TCB	2,880	\$ 1.10	\$ 1.50	\$ 0.40	\$ 1,152.00	\$ 13,824.00	
TOTAL							\$ 42,970.80	= Net Flow 10/06 to 9/07
*Claxton (865-945) and Powell (865-362, 947, 938) only							\$ 42,907.64	= Need to Flow 10/06 to 9/07
							\$ (63.16)	= Under/(Over)

**CTC - TENNESSEE
SUMMARY REPORT**

Feature	ASOC ID	QTY	10/1/2006 MRC	MRC 2001	MRC Difference	MRC REDUCTION	12 month REDUCTION	
Rotary Line Hunt 1-Party***	RNHB	1,750	\$ 14.59	\$20.00	\$ 5.41	\$ 9,467.50	\$ 113,610.00	
Rotary Line Hunt Manual Access***	RLBM	750	\$ 14.59	\$20.00	\$ 5.41	\$ 4,057.50	\$ 48,690.00	
Touch Tone	TCB	11,700	\$ -	\$ 0.75	\$ 0.75	\$ 8,775.00	105,300.00	
Touch Tone Each Trunk	TCPTK	250	\$ -	\$ 0.75	\$ 0.75	187.50	2,250.00	
TOTAL							\$ 269,850.00	= Net Flow 10/06 to 9/07
							\$ 267,361.84	= Need to Flow 10/06 to 9/07
							\$ (2,488.16)	= Under/(Over)

***Exception: McMinnville (931-473, 506), Sparta (931-836), and Crossville (931-456, 484, 707, 459) not included in rate reduction / increase

CTC-Tennessee
Ad Valorem True-up

Year	Check Amount	Flow Through Credits	Difference Check Amt - Credits Flowed		Balance To Date
2002/2003	\$ 341,665.31	\$ 679,459.92	\$ (337,794.61)		
2004	\$ 376,437.02	\$ 212,051.06	\$ 164,385.96	\$	(173,408.65)
2005	\$ 371,173.76	\$ 173,443.50	\$ 197,730.26	\$	24,321.61
2006	\$ 417,647.85	\$ 174,607.62	\$ 243,040.23	\$	267,361.84
2007			\$ -	\$	267,361.84
2008			\$ -	\$	267,361.84
2009			\$ -	\$	267,361.84
2010			\$ -	\$	267,361.84

**CTC-Volunteer
Ad Valorem True-up**

Year	Check Amount	Flow Through		Difference		Balance To Date
		Credits		Check Amt -	Credits Flowed	
2002/2003	\$ 59,418.90	\$ 125,513.69		\$ (66,094.79)		
2004	\$ 60,439.90	\$ 13,381.48		\$ 47,058.42		\$ (19,036.37)
2005	\$ 59,532.69	\$ 32,175.25		\$ 27,357.44		\$ 8,321.07
2006	\$ 67,715.21	\$ 33,128.64		\$ 34,586.57		\$ 42,907.64
2007				\$ -		\$ 42,907.64
2008				\$ -		\$ 42,907.64
2009				\$ -		\$ 42,907.64
2010				\$ -		\$ 42,907.64