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AT&T - Tennessee 333 Commerce St., Suite 2106 Nashville, TN 37201 1800

T: 615.214.4150 F: 615.214.8867 www.att.com

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T.R.A. DOCKET ROOM

July 27, 2007

Chairman Eddie Roberson Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, Tennessee

Dear Chairman Roberson:

SUBJECT: Ad Valorem Tax Equity Payments - Docket 07-00170

Based on the anticipated tax savings for the upcoming year and the continued flow through of rate reductions taken for Ad Valorem equalization, AT&T calculations indicate that no additional rate adjustment is needed at this time. The AT&T calculation worksheet is included with this filing under proprietary cover. Please call me at 615 214-4150 if you have questions or wish to discuss.

Yours truly,

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TN REGULATORY AUTHORITY UTILITIES DIVISION