



Carolina Telephone  
Centel-North Carolina  
Centel-Virginia  
United Telephone-Southeast

James B. Wright  
Senior Attorney

January 27, 1997

Chairman Lynn Greer  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

RE: Docket No. 96-01423

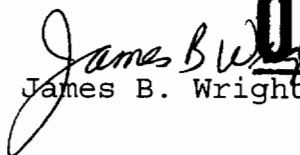
Dear Chairman Greer:

On behalf of all the parties of record in the above case, enclosed is a written Stipulation which reflects the parties' agreement regarding methodology applicable to the above case.

This Stipulation is being formally filed of record in accordance with the procedural schedule set forth in the parties' Joint Motion dated January 16, 1997.

Please contact me if you have any questions.

Very truly yours,

  
James B. Wright

JBW:er

CC: David Waddell (with 10 enclosures)  
Dianne Neal (with enclosure)  
Counsel of Record (with enclosure)  
C. Steve Parrott (with enclosure)

**OFFICIAL FILE**  
**PLEASE**  
**DO NOT REMOVE**

#9669

FILE  
SECRETARY  
JAN 27 1997  
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TN  
N. UTH.

CERTIFICATE OF SERVICE  
(UTSE Annual Price Cap Adjustment)

The undersigned hereby certifies that the foregoing Stipulation has been served upon the following counsel of record in Docket No. 96-01423 this 27th day of January, 1997, by FAX, by hand delivery or by placing a copy of the same in the United States Mail postage prepaid and addressed as follows:

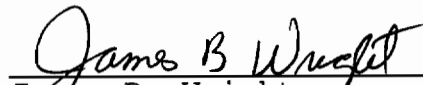
Dianne F. Neal  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505  
FAX 615-741-2336

L. Vincent Williams  
Office of the Attorney General  
Consumer Advocate Division  
426 Fifth Avenue North, 2nd Fl.  
Nashville, TN 37243-0500  
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Richard M. Tettelbaum  
Citizens Telecommunications Company  
of Tennessee, L.L.C.  
Suite 500, 1400 16th Street, N.W.  
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Guy M. Hicks  
Bennett L. Ross  
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333 Commerce St., Suite 2101  
Nashville, TN 37201-3300  
FAX 615-214-7406

John Knox Walkup  
Val Sanford (AT&T)  
230 Fourth Avenue, North, 3rd Floor  
P. O. Box 198888  
Nashville, TN 37219-8888  
FAX 615-256-6339

  
\_\_\_\_\_  
James B. Wright

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

IN RE: UNITED TELEPHONE-SOUTHEAST, INC. TARIFF NO. 96-201  
TO REFLECT ANNUAL PRICE CAP ADJUSTMENT

DOCKET NO. 96-01423

STIPULATION

This Stipulation is made this 23rd day of January, 1997 by and among United Telephone-Southeast, Inc. ("United"), BellSouth Telecommunications, Inc., Citizens Telecommunications Company of Tennessee, L.L.C., Office of the Attorney General, Consumer Advocate Division, and AT&T of the South Central States, Inc. (herein called the "Parties").

RECITALS

Each of the Parties is a party of record in Docket No. 96-01423 (the "Case") which is pending before the Tennessee Regulatory Authority ("Authority"), and together the Parties constitute all the parties of record in the case.

United is operating under a price regulation plan approved by the Tennessee Public Service Commission effective October 15, 1995.

The Parties have agreed to only those aspects of the methodology expressly stated herein to be used by United in determining its maximum price adjustments under T.C.A. Section 65-5-209(e) (the "Act"), and wish to set forth this agreement in writing.

*gaw*

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NOW THEREFORE the Parties set forth their Agreement as follows:

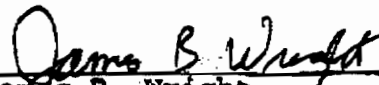
1. The Parties acknowledge that this Stipulation is subject to and conditioned on approval by the Authority or its designee.

2. The stipulated aspects of the methodology to be applied to United under the Act is set forth on the attached nine page document entitled Price Cap Annual Filing Methodology dated January 23, 1997.

3. This Stipulation applies to the stipulated aspects of the methodology only. Each Party specifically reserves the right to contest any other matter or methodology to which there is not an express agreement, including but not limited to those pertaining to the tariff(s) which are or may be filed in connection with any price adjustments proposed in this proceeding.

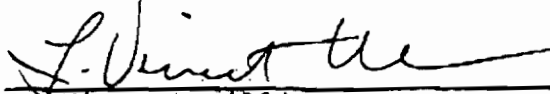
IN WITNESS WHEREOF, the parties have signed this Stipulation effective January 23, 1997.

UNITED TELEPHONE-SOUTHEAST, INC.

  
James B. Wright  
16111 Capital Boulevard  
Wake Forest, NC 27587-5900

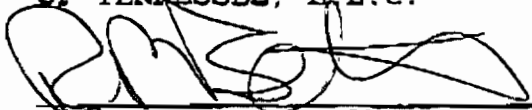
DATED: 1/23/97

OFFICE OF THE ATTORNEY GENERAL  
CONSUMER ADVOCATE DIVISION

  
L. Vincent Williams  
426 Fifth Avenue, North, 2nd Floor  
Nashville, TN 37243-0500

DATED: 1-24-97

JW

CITIZENS TELECOMMUNICATIONS COMPANY  
OF TENNESSEE, L.L.C.

Richard M. Tettelbaum  
Suite 500, 1400 16th Street, N.W.  
Washington, DC 20036

DATED: 1/24/97

## BELLSOUTH TELECOMMUNICATIONS, INC.

Guy M. Hicks  
333 Commerce St., Suite 2101  
Nashville, TN 37201-3300

DATED: \_\_\_\_\_

AT&T OF THE SOUTH CENTRAL STATES, INC.  
By its Counsel  
GULLET, SANFORD, ROBINSON & MARTIN

John Knox Walkup  
Val Sanford  
230 Fourth Avenue, North, 3rd Floor  
Nashville, TN 37219-8888

DATED: \_\_\_\_\_

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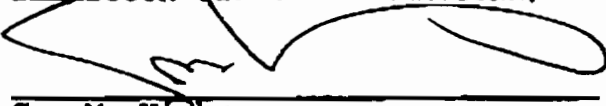
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CITIZENS TELECOMMUNICATIONS COMPANY  
OF TENNESSEE, L.L.C.

\_\_\_\_\_  
Richard M. Tettelbaum  
Suite 500, 1400 16th Street, N.W.  
Washington, DC 20036

DATED: \_\_\_\_\_

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Nashville, TN 37219-8888

DATED: \_\_\_\_\_

0002

GA jw

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Washington, DC 20036

DATED: \_\_\_\_\_

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DATED: \_\_\_\_\_

AT&T OF THE SOUTH CENTRAL STATES, INC.  
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GULLET, SANFORD, ROBINSON & MARTIN

*John Knox Walkup*  
John Knox Walkup  
Val Sanford  
230 Fourth Avenue, North, 3rd Floor  
Nashville, TN 37219-8888

except as to Item

IV. E.

DATED: \_\_\_\_\_

1/24/97

on page 4

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**Price Cap  
Annual Filing  
Methodology**

**January 23, 1997**

**United Telephone-Southeast, Inc.  
Tennessee**



## **Table of Contents**

- I. Purpose
- II. Scope
- III. Definitions
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- V. Attachments

## **I. Purpose**

On October 15, 1995, United Telephone-Southeast entered Price Regulation per Chapter 408 of the Public Acts of 1995 (the Act) for the state of Tennessee. In response to the Commission's order approving United's plan, the agreement below reflects the stipulated aspects of Price Cap methodology to be used by United in calculating indexes and any price adjustments to ensure compliance with the Act. Other filings implementing aspects of the stipulation may be made throughout the year in response to customer demand, changing market conditions, or to use any residual opportunity for price changes not incorporated into this filing.

## **II. Scope**

As defined by the Act, Basic and Non-Basic Services category revenues and pricing are governed by the Act. A comprehensive list of United's Basic and Non-Basic services, except as noted, is included as Attachment A.

## **III. Definitions**

Below are definitions of terms used throughout this document. A number of the definitions have been presented verbatim from TCA sections, as noted, to support a comprehensive explanation of the calculations.

A. Basic Local Exchange Telephone Services (Basic Services) - are telecommunications services which are comprised of an access line, dial tone, touch-tone and usage provided to the premises for the provision of two way switched voice or data transmission over voice grade facilities of residential customers or business customers within a local calling area, Lifeline, Link-Up Tennessee, 911 Emergency Services and educational discounts existing on the effective date of the price regulation act or other services required by state or federal statute. These services shall, at a minimum, be provided at the same level of quality as is being provided on the effective date of the price regulation act. Rates for these services shall include both recurring and nonrecurring charges. (Section 65-5-208)

B. Non-Basic Services - are telecommunications services which are not defined as Basic Local Exchange Telephone Services and are not exempted under section 65-5-208 (b). Rates for these services shall include both recurring and nonrecurring charges. (Section 65-5-208)

C. Price Regulation Index (PRI) - establishes a ceiling on price changes, in the aggregate, for the Basic and Non-Basic Services categories. The PRI, as of the effective date of Price Regulation, is one hundred (100). The PRI for subsequent years shall be calculated as described in IV.G. below.

D. Service Price Index (SPI) - indicates the cumulative annual percentage change in actual prices, by service category (Basic and Non-Basic), since the effective date of Price



Regulation, or since the last resetting of the Indexes by the Tennessee Regulatory Authority. The SPIs for the Basic and Non-Basic categories are calculated by category and compared to the PRI. The Service Price Index shall be calculated as described in IV.H. below.

E. Gross Domestic Product-Price Index (GDP-PI) - is the final estimate of the Chain-Weighted Gross Domestic Product-Price Index as prepared by the U.S. Department of Commerce and published in the Survey of Current Business, or its successor. (Section 65-4-101 (h)).

F. Revenues per Category - The revenues included in each category are determined as listed below:

Local (Basic and Non-Basic) - revenues are determined from the number of revenue-producing units multiplied by the corresponding per unit price.

Service Connection Charges/Nonrecurring Charges (NRC) - revenues are determined from the number of revenue-producing units multiplied by the corresponding per unit price. To the extent that detailed service volumes can not be specifically linked to a basic service or specifically linked to a non-basic service, the company will propose a method of allocation and provide documentation supporting the allocation to the Tennessee Regulatory Authority and interested parties. Any interested party may petition the Authority for a hearing on the appropriate allocation method. For United's initial filing, the parties stipulate that the Service Connection and NRC charges are properly allocated between Basic and Non-Basic Services based upon the percentage of revenues where charges are applicable for each category.

Message Toll, Switched Access, Opportunity 800, WATS - revenues are derived from minutes of use multiplied by the corresponding per minute price.

Switched Access - Dedicated, Special Access - revenues are derived from the number of units multiplied by the corresponding per unit price.

Billing and Collection, Public and Semi-Public Phone Revenue, Cellular Interconnection, Directory Compensation, Miscellaneous - revenues are determined from the number of revenue-producing units multiplied by the corresponding per unit price. To the extent that detailed service volumes are not available for any such service, the Company will propose a method for determining these revenues and provide documentation supporting its calculations to the Tennessee Regulatory Authority and interested parties. Any interested party may petition the Authority for a hearing on the proposed method for determining these revenues.

*JBW*

G. Revenue Producing Units - The units included in the service volumes are revenue-producing units only. Company official units are excluded from the service volumes.

#### IV. Methodology

A. Increases in the Basic Local Exchange category - cannot occur until October 15, 1999.

B. Call Waiting - Rates for call waiting have been set at \$3.00 for residence customers and \$3.90 for business customers until October 15, 1999 per the Act.

C. Interconnection Services - Prices for interconnection services are capped at the lesser of one-half (1/2) the percentage change in the previous year's inflation rate or the inflation rate for the previous year minus two percentage points (TCA 65-5-208). The inflation rate is defined as the percentage change in the final estimate of the Chain-Weighted GDP-PI from the most recent quarter when a final estimate is available. For this filing, the 1996 first quarter inflation rate is used. Subsequent evaluations for United Telephone-Southeast, Inc. will continue to use first quarter estimated inflation rates. Interconnection includes the ability for telecommunications carriers, including Competitive Local Exchange Companies, Cellular service providers, Wireless service providers, etc., to interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers and obtain access to network elements on a non-discriminatory basis dependent on the cost of providing the network element (per the Telecommunications Act of 1996, Section 251, Interconnection).

D. New Services - New tariffed services will be included in the SPI for the appropriate category in the first annual filing after the service has been available for six months. The price in effect for the new service when it is added to the index calculations, divided by the value of the Service Price Index for the previous anniversary date, shall be the initial index price for the new service.

E. Revenue Neutral Filings - Revenue neutral filings are defined as filings that result in no increase in aggregate revenues. Revenue neutral filings will not include SPI calculations when services within the same category are affected.

F. Promotional Pricing - The permanent approved rates shall be used in calculating revenues for services where rates are discounted for promotional purposes during the year.

G. Calculation of PRI - Per the Act, the "maximum annual adjustment...is capped at the lesser of one-half (1/2) the percentage change in inflation for the United States using the

*JBW-1*

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" (TCA 65-5-208). The Price Regulation Index is calculated annually as a) 100 plus b) the lesser of one-half (1/2) the percentage change in the previous year's inflation rate or the inflation rate for the previous year minus two percentage points c) divided by 100 and d) multiplied by the then current value of the PRI for the company. The inflation rate is defined as the percentage change in the final estimate of the Chain-Weighted GDP-PI from the most recent quarter when a final estimate is available. Attachment B reflects the calculation. Future years will use appropriately updated inflation rates.

H. Calculation of SPI for Basic and Non-Basic Services - The Service Price Index is calculated for both Basic and Non-Basic categories as 1) the annualized Proposed revenues for each category 2) divided by the annualized Base revenues for each category 3) multiplied by 100. The annualized Proposed revenues for each annual filing shall be the revenues for each category resulting from pricing out the annualized service volumes for the latest month available at the company's current prices for each service plus the net effect of any proposed price changes. The service volumes for the latest month available are for the month of June for the year of the annual filing. The annualized Base revenues for each annual filing shall be the revenues resulting from pricing out the annualized service volumes for the latest month available at the company's initial index prices for each service. The initial index prices are the service prices in effect on June 6, 1995 or as reset by the Tennessee Regulatory Authority under TCA 65-5-207. If the PRI and SPI are reset by the Authority, the same proportional relationship will exist between these two indexes before and after the resetting process. The SPI will be recalculated with each annual filing and as necessary for interim filings. The service volumes will remain constant for interim filings and will be adjusted with each annual filing.

## **V. Attachments**

A. List of Basic and Non-Basic Services as of 6/30/96

B. 1996 PRI Calculation

*JBW*

## Attachment A

## List of Basic and Non-Basic Services as of 6/30/96

Basic Services	Tariff	Section	Revenue Category
ABC Network Access Registers (NARS) (plus one line per NAR)	GSST	13.18.7 B	Local
Exchange Access and Usage (including Key/PBX trunks)	GSST	3	Local and Measured
In-classroom Computer Access	GSST	3.12.3	Local
Lifeline Service	GSST	3.10.3	Local
Link-up Tennessee	GSST	4.11	Local
Shared Tenant Service	GSST	3	Local
Touch Tone	GSST	13.7.2	Local
* Other Services required by State and Federal Statutes			
Non-Basic Services	Tariff	Section	Revenue Category
ABC Intercom Lines & Features (less one line per NAR)	GSST	13.18.7	Local
ABC Medical Community	GSST	13.18.8	Local
Analog Private Lines	GSST	22.2.1	Local
Billing and Collection	Access	8	Billing and Collection
Coin Telephone Service - Pub and Joint Oper	GSST	7	Public and Semi-Public Phone
Custom Calling Services and Packages	GSST	13.9	Local
DID Service	GSST	13.14.2	Local
Directory Assistance	Not in tariff		Local
Directory Compensation	Contract		Directory Compensation
Directory Listings (Foreign, Add'l, etc)	GSST	6	Local
E-911	GSST	21	Local
Enterprise Service (Special Reverse Toll)	GSST	13.8	Local
Express Touch Services	GSST	13.20	Local
Extension Service	GSST	13.1	Local
Frame Relay Service	New Service		Local
FX Service	GSST	9.1.2	Local
Interconnection of Mobile Service	GSST	16.10	Cellular Interconnections
ISDN BRI and PRI	GSST	12	Local
Maintenance of Service Charge	GSST	15.4	Local
Messageline	GSST	13.24	Local
MTS	IIMTS		Message Toll
Miscellaneous	Contract		Miscellaneous
N11 Service	GSST	10	Local
Operator Service	GSST	3,18	Local
Optional Calling Plans	GSST	20	Local
PBX Night, Sunday, etc. Arrangements	GSST	11.3.2	Local
Public Announcement Service	GSST	13.12	Local
Restriction Services	GSST	13.17	Local
Station Message Desk Interface (SMDI)	GSST	13.22	Local
Switched and Special Access	Access	6,7	Switched Access-Ded Switched Access Special Access
Telecommunications Service Priority System	GSST	13.21	Local
Telephone Answering Service	GSST	8.2	Local
Tie Service	GSST	13.3	Local
United DigiLink/Tranlink	GSST	22.4 & 22.5	Local
United Flexlink	GSST	22.6	Local
United Lightlink	GSST	22.7	Local
United Switchlink	GSST	13.23	Local
WATS	GSST	19.4	Local, WATS, Opportunity 800

\* Categorization as Basic or Non-Basic is an issue to be determined in this proceeding.

### 1996 PRI Calculation

**Input:**

Inflation Rate 2.4  
First Qtr 1995 vs. First Qtr 1996

**Calculation:**

**Step 1:**

Base Rate of 100 100

**Step 2:**

Plus: The lessor of:

1/2 Inflation Rate 1.2

or

Inflation Rate - 2% 0.4

= 100.4

**Step 3:**

Divided by 100 1.004

**Step 4:**

Multiplied by the current PRI (100) 100.4



26 • July 1996

## SURVEY OF CURRENT BUSINESS

## 8. Supplementary Tables

Table B.1.—Percent Change From Preceding Period in Selected Series  
[Percent]

	1994	1995	Seasonally adjusted at annual rates							1994	1995	Seasonally adjusted at annual rates				
			1994	1995				1995	1994			1995				1996
				IV	I	II	III					IV	I	1994	1995	
Gross domestic product:																
Current dollars	5.8	4.5	6.4	3.9	2.8	5.8	2.3	4.3								
Chain-type quantity index	3.5	2.0	3.2	.8	.5	3.6	.5	2.2								
Chain-type price index	2.3	2.5	2.2	3.3	2.5	2.2	2.2	2.4								
Implicit price deflator	2.3	2.4	2.2	3.2	2.3	2.2	1.8	2.1								
Personal consumption expenditures:																
Current dollars	5.5	4.8	5.3	3.4	4.1	4.2	2.6	5.8								
Chain-type quantity index	3.0	2.4	3.3	.8	3.4	2.8	1.2	3.6								
Chain-type price index	2.4	2.4	2.0	2.7	2.8	1.5	1.7	2.4								
Implicit price deflator	2.4	2.3	2.0	2.8	2.7	1.4	1.4	2.1								
Durable goods:																
Current dollars	9.5	4.4	12.4	-8.2	7.6	8.1	-2.0	8.4								
Chain-type quantity index	7.2	3.4	12.6	-8.7	7.0	9.3	.3	8.5								
Chain-type price index	2.1	1.4	-1	3.1	.8	-7	-2	1.2								
Implicit price deflator	2.1	1.0	-2	2.7	.5	-1.2	-2.3	-1								
Nondurable goods:																
Current dollars	4.4	3.9	4.4	3.5	4.2	1.2	.9	7.7								
Chain-type quantity index	3.1	2.3	3.2	2.4	1.9	.5	-3	3.8								
Chain-type price index	1.3	1.7	1.2	1.0	2.6	.7	1.3	3.9								
Implicit price deflator	1.3	1.8	1.1	1.1	2.3	.7	1.2	3.9								
Services:																
Current dollars	6.2	5.3	4.3	5.6	5.8	5.0	4.6	4.2								
Chain-type quantity index	2.1	2.3	1.4	2.1	3.4	2.6	2.2	2.5								
Chain-type price index	3.0	3.1	2.9	3.5	3.4	2.4	2.4	1.9								
Implicit price deflator	3.0	3.0	2.9	3.4	3.3	2.4	2.3	1.7								
Gross private domestic investment:																
Current dollars	10.6	5.0	6.8	8.8	-7.9	9.7	-4.0	1.9								
Chain-type quantity index	14.3	3.2	5.0	7.3	-9.7	7.4	-3.7	3.0								
Chain-type price index	1.9	1.9	1.4	1.0	3.0	2.3	.8	.4								
Implicit price deflator	1.9	1.7	1.5	1.2	2.1	2.1	-3	-1.0								
Fixed investment:																
Current dollars	12.3	7.7	9.8	9.4	.9	8.2	3.7	3.7								
Chain-type quantity index	10.1	6.1	8.4	8.8	-1.4	5.3	4.0	11.3								
Chain-type price index	1.9	1.8	1.2	.8	2.7	2.3	.7	0								
Implicit price deflator	1.9	1.5	1.2	.7	2.4	1.8	-3	-1.3								
Nonresidential:																
Current dollars	11.4	10.7	12.0	15.5	6.1	8.8	1.8	10.7								
Chain-type quantity index	9.8	9.6	12.2	15.3	3.8	5.2	3.1	12.4								
Chain-type price index	1.4	1.2	-1	1	2.8	2.0	1	1								
Implicit price deflator	1.4	.9	-2	.2	2.5	1.3	-1.3	-1.5								
Structures:																
Current dollars	4.8	10.8	18.5	12.8	8.5	10.3	2.9	9.0								
Chain-type quantity index	1.5	7.2	13.0	9.9	3.4	6.2	.9	7.9								
Chain-type price index	3.3	3.3	4.9	2.4	2.9	3.8	1.8	1.3								
Implicit price deflator	3.3	3.3	4.9	2.6	3.1	3.8	2.0	1.0								
Producers' durable equipment:																
Current dollars	14.1	10.8	9.7	16.6	6.0	5.3	1.4	11.3								
Chain-type quantity index	13.2	10.5	11.9	17.4	3.7	4.8	4.0	14.1								
Chain-type price index	.7	.4	-1.8	-.7	2.7	1.4	-.5	-.4								
Implicit price deflator	.7	.1	-2.0	-.7	2.3	.4	-2.4	-2.4								
Residential:																
Current dollars	14.3	.7	4.4	-4.2	-11.1	12.5	8.8	7.3								
Chain-type quantity index	10.8	-2.3	-1	-8.3	-13.3	9.2	6.4	7.4								
Chain-type price index	3.1	3.1	4.5	2.2	2.8	2.9	2.2	-1								
Implicit price deflator	3.1	3.1	4.5	2.2	2.5	3.0	2.2	-1								
Exports of goods and services:																
Current dollars	9.4	11.4	17.0	8.1	9.7	8.1	8.8	1.1								
Chain-type quantity index	8.3	8.3	15.3	2.6	4.8	8.0	11.0	2.0								
Chain-type price index	1.1	3.3	2.2	5.8	5.3	.8	-.8	.4								
Implicit price deflator	1.1	2.0	1.5	5.4	4.9	.1	-2.0	-.9								
Exports of goods:																
Current dollars	10.8	14.2	23.6	10.3	11.8	9.6	10.6	-.5								
Chain-type quantity index	10.1	10.8	21.3	3.7	8.8	9.6	14.1	2.1								
Chain-type price index	.6	3.6	2.9	6.9	5.3	.9	-1.6	-.5								
Implicit price deflator	.8	3.0	1.9	6.3	4.8	0	-3.1	-2.6								
Exports of services:																
Current dollars	8.2	4.9	2.4	2.7	4.7	4.3	4.5	5.6								
Chain-type quantity index	4.0	2.3	1.8	-.3	-.4	3.9	3.4	1.9								
Chain-type price index	2.1	2.6	.8	3.1	5.2	4	1.0	3.6								
Imports of services:																
Current dollars	5.8	4.8	-.8	7.0	10.1	0	4.8	11.0								
Chain-type quantity index	5.2	2.0	-4.9	11.6	-3.5	1.5	8.8	12.3								
Chain-type price index	1.5	2.8	3.9	-4.1	14.8	-1.4	-1.9	-1.3								
Implicit price deflator	1.5	2.7	4.0	-4.1	14.1	-1.4	-1.7	-1.2								
Government consumption expenditures and gross investment:																
Current dollars	1.9	3.3	1.7	3.8	4.2	1.4	-.3	6.1								
Chain-type quantity index	0	.1	-1.4	-1.1	.9	-.7	-4.1	1.8								
Chain-type price index	2.0	3.4	3.2	5.1	3.3	2.1	4.4	4.0								
Implicit price deflator	2.0	3.3	3.1	5.0	3.3	2.0	4.0	4.4								
Federal:																
Current dollars	-1.1	.1	-2.1	-.8	2.1	-.4	-.8	8.9								
Chain-type quantity index	-3.7	-3.5	-5.9	-6.3	-1.1	-5.9	-12.8	5.8								
Chain-type price index	2.7	3.9	4.2	6.2	3.2	1.7	7.6	1.8								
Implicit price deflator	2.7	3.7	4.0	5.9	3.3	1.6	7.0	2.8								
National defense:																
Current dollars	-2.8	-1.8	-13.1	-2.2	6.3	-7.3	-.5	5.2								
Chain-type quantity index	-5.1	-6.0	-16.1	-7.0	.8	-8.1	-12.0	3.8								
Chain-type price index	2.4	3.7	3.8	5.6	4.4	1.0	3.6	2.5								
Implicit price deflator	2.4	3.4	3.5	5.2	4.4	.8	2.8	4.2								
Nondefense:																
Current dollars	2.8	4.1	28.3	2.1	-4.2	1.3	-1.2	10.1								
Chain-type quantity index	-.7	-2	20.2	-4.8	-.2	-1.2	-14.6	10.1								
Chain-type price index	3.5	4.4	5.1	7.5	.7	3.2	17.0	.4								
Implicit price deflator	3.6	4.3	6.1	7.3	1.1	3.2	15.7	0								
State and local:																
Current dollars	4.0	5.4	4.2	6.8	5.5	5.1	3.8	4.5								
Chain-type quantity index	2.5	2.4	1.8	2.3	2.1	2.7	1.5	-.9								
Chain-type price index	1.5	3.0	2.5	4.4	3.3	2.3	2.3	5.5								
Implicit price deflator	1.5	3.0	2.5	4.4	3.3	2.3	2.3	5.4								
Addenda:																
Final sales of domestic product:																
Current dollars	5.2	4.0	5.8	4.0	4.2	5.6	3.6	5.4								
Chain-type quantity index	2.9	2.4														





James B. Wright  
Senior Attorney

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EXECUTIVE SECRETARY

January 27, 1997

Chairman Lynn Greer  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

RE: Docket No. 96-01423

Dear Chairman Greer:

On behalf of all the parties of record in the above case, enclosed is a written Stipulation which reflects the parties' agreement regarding methodology applicable to the above case.

This Stipulation is being formally filed of record in accordance with the procedural schedule set forth in the parties' Joint Motion dated January 16, 1997.

Please contact me if you have any questions.

Very truly yours,

A handwritten signature in cursive script that reads "James B. Wright".  
James B. Wright

JBW:er

CC: David Waddell (with 10 enclosures)  
Dianne Neal (with enclosure)  
Counsel of Record (with enclosure)  
C. Steve Parrott (with enclosure)

#9669

CERTIFICATE OF SERVICE  
(UTSE Annual Price Cap Adjustment)

The undersigned hereby certifies that the foregoing Stipulation has been served upon the following counsel of record in Docket No. 96-01423 this 27th day of January, 1997, by FAX, by hand delivery or by placing a copy of the same in the United States Mail postage prepaid and addressed as follows:

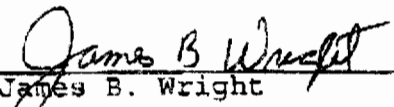
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