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October 14, 1999

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: United Telephone-Southeast, Inc.
1999 Annual Price Regulation Filing 99-00798

Dear Mr. Waddell:

Enclosed for the Tennessee Regulatory Authority's review and approval are the original and thirteen copies of United Telephone-Southeast, Inc.'s 1999 Annual Price Regulation Filing. This information reflects the calculation of United's 1999 Price Regulation Index (PRI) and Service Price Index (SPI); no price changes are proposed in this filing.

The standard workpapers are provided in support of these calculations. Some of this information has been marked Proprietary and United asks that it be handled accordingly.

If you have any questions, please contact me (919-554-7039) or Laura Sykora (919-554-7323).

Sincerely,

C. Steve Parrott

C. Steve Parrott

Enclosures

C: Consumer Advocate
Laura Sykora
Dennis Wagner

FILE

UNITED TELEPHONE-SOUTHEAST, INC.

1999 ANNUAL PRICE REGULATION FILING

99-00798

October 14, 1999

FILE

TENNESSEE
1999 PRICE REGULATION FILING

1999 PRI CALCULATION

Input:		
Inflation Rate First Qtr 1998 vs. First Qtr 1999		1.6
Calculation:		
Step 1:		
Base Rate of 100		100
Step 2:		
Plus: The lessor of:		
1/2 Inflation Rate		0.8
or		
Inflation Rate - 2%	+	-0.4
	=	99.6
Step 3:		
Divided by 100		0.996
Step 4:		
Multiplied by 1998 PRI (100.2940)		99.8928

8. Supplemental Tables

Table 8.1.—Percent Change From Preceding Period in Selected Series

[Percent]

	1997	1998	Seasonally adjusted at annual rates					
			1997	1998				1999
			IV	I	II	III	IV	I
Gross domestic product:								
Current dollars	5.9	4.9	4.2	6.4	2.7	4.7	6.9	6.0
Chain-type quantity index	3.9	3.9	3.0	5.5	1.8	3.7	6.0	4.3
Chain-type price index	1.9	1.0	1.1	.9	.9	1.0	.8	1.6
Implicit price deflator	1.9	1.0	1.2	.8	.9	1.0	.8	1.6
Personal consumption expenditures:								
Current dollars	5.3	5.7	3.9	6.1	7.0	5.2	6.2	8.0
Chain-type quantity index	3.4	4.9	2.8	6.1	6.1	4.1	5.0	6.7
Chain-type price index	1.9	.8	1.1	0	.9	1.0	1.1	1.2
Implicit price deflator	1.9	.8	1.1	0	.9	1.0	1.1	1.2
Durable goods:								
Current dollars	4.6	7.7	.6	14.1	8.7	–.6	21.4	9.1
Chain-type quantity index	6.8	10.2	3.1	15.8	11.2	2.4	24.5	12.9
Chain-type price index	–2.0	–2.3	–2.4	–1.4	–2.2	–3.0	–2.5	–3.3
Implicit price deflator	–2.0	–2.3	–2.4	–1.4	–2.2	–3.0	–2.5	–3.3
Nondurable goods:								
Current dollars	4.0	3.9	.5	5.0	5.5	3.6	5.2	11.0
Chain-type quantity index	2.4	3.9	–.4	7.4	5.3	2.1	4.2	9.5
Chain-type price index	1.5	0	.9	–2.2	.2	1.5	.9	1.4
Implicit price deflator	1.5	0	.9	–2.2	.2	1.5	.9	1.4
Services:								
Current dollars	6.2	6.2	6.3	5.0	7.4	7.2	3.7	6.4
Chain-type quantity index	3.2	4.3	4.3	3.5	5.4	5.4	1.7	4.1
Chain-type price index	2.9	1.9	1.9	1.4	1.9	1.7	1.9	2.2
Implicit price deflator	2.9	1.9	1.9	1.4	1.9	1.7	1.9	2.2
Gross private domestic investment:								
Current dollars	11.0	8.8	8.6	25.2	–6.2	5.9	8.5	7.4
Chain-type quantity index	11.3	10.3	8.9	28.3	–4.5	7.9	9.0	8.5
Chain-type price index	–.3	–1.3	–.5	–2.3	–1.8	–1.9	–.6	–.8
Implicit price deflator	–.3	–1.3	–.3	–2.4	–1.7	–1.9	–.5	–1.0
Fixed investment:								
Current dollars	8.1	10.0	3.0	17.8	11.4	.5	12.6	9.6
Chain-type quantity index	8.3	11.4	3.6	20.4	13.4	2.2	13.2	10.5
Chain-type price index	–.2	–1.2	–.5	–2.1	–1.8	–1.6	–.6	–.8
Implicit price deflator	–.2	–1.2	–.5	–2.1	–1.8	–1.6	–.6	–.8
Nonresidential:								
Current dollars	9.2	9.0	.2	18.6	9.3	–4.3	11.8	6.3
Chain-type quantity index	10.7	11.8	1.8	22.2	12.8	–.7	14.6	8.5
Chain-type price index	–1.3	–2.4	–1.6	–3.0	–3.1	–3.6	–2.5	–2.0
Implicit price deflator	–1.3	–2.5	–1.6	–3.0	–3.1	–3.6	–2.5	–2.0
Structures:								
Current dollars	10.7	2.8	4.3	–2.3	.7	1.4	7.9	6.6
Chain-type quantity index	7.1	–.1	.9	–4.9	–2.3	.2	6.0	5.7
Chain-type price index	3.4	2.8	3.3	2.7	3.1	1.2	1.8	.9
Implicit price deflator	3.4	2.9	3.3	2.7	3.1	1.2	1.8	.9
Producers' durable equipment:								
Current dollars	8.7	11.4	–1.3	27.6	12.5	–6.3	13.2	6.2
Chain-type quantity index	12.1	16.5	2.2	34.3	18.8	–1.0	17.8	9.5
Chain-type price index	–3.0	–4.3	–3.3	–5.0	–5.2	–5.3	–4.0	–3.0
Implicit price deflator	–3.0	–4.4	–3.5	–5.0	–5.3	–5.3	–4.0	–3.0
Residential:								
Current dollars	5.2	12.7	10.9	15.6	17.0	13.9	14.6	18.0
Chain-type quantity index	2.5	10.4	8.2	15.6	15.0	9.9	10.0	15.4
Chain-type price index	2.6	2.1	2.4	0	1.7	3.7	4.2	2.2
Implicit price deflator	2.6	2.1	2.4	0	1.7	3.7	4.2	2.2
Exports of goods and services:								
Current dollars	10.5	–.7	2.9	–6.0	–9.4	–5.5	18.5	–5.6
Chain-type quantity index	12.8	1.5	4.4	–2.8	–7.7	–2.8	19.7	–5.1
Chain-type price index	–2.0	–2.2	–1.6	–3.4	–1.8	–2.8	–.9	–.6
Implicit price deflator	–2.0	–2.2	–1.5	–3.4	–1.8	–2.8	–.9	–.6
Exports of goods:								
Current dollars	11.3	–1.1	5.1	–7.9	–14.0	–3.3	21.7	–10.4
Chain-type quantity index	15.4	2.2	7.9	–3.4	–11.3	.6	24.6	–8.7
Chain-type price index	–3.5	–3.3	–2.7	–4.7	–3.0	–3.8	–2.4	–1.9
Implicit price deflator	–3.5	–3.2	–2.7	–4.7	–3.0	–3.8	–2.4	–1.9
Exports of services:								
Current dollars	8.4	.4	–2.5	–1.3	2.9	–10.8	11.1	7.0
Chain-type quantity index	6.6	–.2	–4.0	–1.2	1.7	–10.4	8.3	4.3
Chain-type price index	1.8	.6	1.5	0	1.1	–.4	2.6	2.6
Implicit price deflator	1.8	.6	1.5	0	1.1	–.4	2.6	2.6
Imports of goods and services:								
Current dollars	9.7	4.9	4.1	3.6	4.4	–2.6	11.9	9.7
Chain-type quantity index	13.9	10.6	6.3	15.7	9.3	2.3	12.0	13.5
Chain-type price index	–3.7	–5.3	–2.3	–10.4	–4.5	–4.8	–.2	–3.3
Implicit price deflator	–3.7	–5.2	–2.0	–10.4	–4.5	–4.8	–.2	–3.3
Imports of goods:								
Current dollars	9.8	5.0	4.4	3.8	4.8	–3.0	12.4	10.0
Chain-type quantity index	14.7	11.5	6.4	17.0	11.4	2.9	14.1	13.8
Chain-type price index	–4.2	–6.0	–2.2	–11.3	–5.9	–5.8	–1.4	–3.4
Implicit price deflator	–4.2	–5.9	–1.9	–11.3	–5.9	–5.8	–1.4	–3.4
Imports of services:								
Current dollars	9.3	4.3	3.0	2.9	2.0	–.2	8.8	8.4
Chain-type quantity index	9.9	5.8	5.8	9.3	–.6	–.6	2.0	11.8
Chain-type price index	–.6	–1.4	–2.6	–5.8	2.7	.4	6.7	–3.1
Implicit price deflator	–.6	–1.4	–2.6	–5.8	2.7	.4	6.7	–3.1
Government consumption expenditures and gross investment:								
Current dollars	3.5	2.2	2.4	–.9	4.5	3.0	4.9	7.4
Chain-type quantity index	1.3	.9	.1	–1.9	3.7	1.5	3.3	4.2
Chain-type price index	2.2	1.3	2.2	1.1	.8	1.5	1.5	3.1
Implicit price deflator	2.2	1.3	2.3	1.1	.8	1.5	1.5	3.1
Federal:								
Current dollars	.3	.1	–.7	–6.4	7.3	–1.0	9.0	4.5
Chain-type quantity index	–1.6	–1.0	–2.1	–8.8	7.3	–1.4	7.3	–1.9
Chain-type price index	2.0	1.1	1.4	2.7	0	.4	1.5	6.6
Implicit price deflator	2.0	1.1	1.5	2.6	0	.4	1.5	6.6
National defense:								
Current dollars	–1.4	–1.6	–.7	–16.1	10.3	4.7	3.1	–1.0
Chain-type quantity index	–3.2	–2.7	–2.0	–18.5	9.9	4.3	1.3	–6.6
Chain-type price index	1.8	1.1	1.2	2.9	.3	.4	1.8	6.0
Implicit price deflator	1.8	1.2	1.3	2.9	.3	.4	1.7	6.0
Nondefense:								
Current dollars	4.1	3.4	–.5	15.5	2.1	–11.1	21.2	15.5
Chain-type quantity index	1.7	2.4	–2.3	13.1	2.6	–11.5	19.8	7.4
Chain-type price index	2.4	1.0	1.8	2.2	–.6	.5	1.1	7.6
Implicit price deflator	2.4	1.0	1.8	2.1	–.5	.4	1.2	7.5
State and local:								
Current dollars	5.4	3.4	4.1	2.3	3.0	5.3	2.7	9.0
Chain-type quantity index	3.1	2.0	1.3	2.1	1.8	3.1	1.3	7.7
Chain-type price index	2.2	1.4	2.7	.2	1.2	2.1	1.5	1.3
Implicit price deflator	2.2	1.4	2.7	.2	1.2	2.1	1.5	1.3
Addenda:								
Final sales of domestic product:								
Current dollars	5.4	5.1	3.3	5.3	5.5	3.8	7.5	6.3
Chain-type quantity index	3.5	4.0	2.1	4.3	4.6	2.8	6.6	4.6
Chain-type price index	1.9	1.1	1.2	.9	.9	1.0	.8	1.6
Implicit price deflator	1.9	1.0	1.1	.9	.9	1.0	.8	1.6
Gross domestic purchases:								
Current dollars	5.8	5.6	4.3	7.6	4.4	4.9	6.3	7.8
Chain-type quantity index	4.2	5.0	3.2	7.8	3.9	4.2	5.4	6.6
Chain-type price index	1.6	.6	1.0	–.2	.4	.7	.9	1.2
Implicit price deflator	1.6	.6	1.1	–.2	.5	.7	.9	1.2
Final sales to domestic purchasers:								
Current dollars	5.4	5.7	3.5	6.5	7.2	4.1	6.9	8.2
Chain-type quantity index	3.7	5.1	2.4	6.6	6.7	3.3	6.0	6.8
Chain-type price index	1.6	.6	1.0	–.1	.5	.7	.9	1.2
Implicit price deflator	1.6	.6	1.0	–.1	.5	.7	.9	1.2
Gross national product:								
Current dollars	5.6	4.8	3.6	6.7	2.5	4.3	7.2	6.1
Chain-type quantity index	3.7	3.7	2.4	5.8	1.7	3.3	6.3	4.4
Chain-type price index	1.8	1.0	1.1	.9	.8	1.0	.8	1.6
Implicit price deflator	1.8	1.0	1.2	.8	.9	1.0	.8	1.6
Command-basis gross national product:								
Chain-type quantity index	3.9	4.2	2.5	6.9	2.0	3.5	6.3	4.7
Disposable personal income:								
Current dollars	4.7	4.0	4.0	4.0	3.5	4.3	5.4	4.8
Chained (1992) dollars	2.8	3.2	2.9	4.0	2.6	3.2	4.3	3.5

NOTE.— Contributions to the percent change in real gross domestic product are shown in table 8.2.