

TABLE 1
SMS/800 - COMPARISON of CURRENT and PROPOSED RATES

| ITEM NO. | RESPORG SERVICE/RATE ELEMENT | CURRENT RATES (a) | PROPOSED RATES (b) | \$ CHANGE (c) = (b-a) | % CHANGE (d) = (c/a) | REVENUE IMPACT (e) |
|------------|-----------------------------------|----------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| 1 | Cust. Rcrd. Admn. | \$ 0.2219 | \$ 0.1833 | -\$0.0386 | -17.38% | -\$10,963,331 |
| 2 | RESPORG Change | \$ 9.03 | \$ 11.52 | \$2.49 | 27.57% | \$218,998 |
| 3 | Access: Dial-up | \$ 108.61 | \$ 92.90 | -\$15.71 | -14.46% | -\$179,818 |
| 4 | Access: Ded. (non-MGI) | \$ 126.53 | \$ 91.23 | -\$35.31 | -27.90% | -\$28,216 |
| 5 | Access: Ded. (MGI) | \$ 344.49 | \$ 264.89 | -\$79.60 | -23.11% | -\$32,615 |
| 6 | Service Est. - First | \$ 2,117.31 | \$ 1,637.10 | -\$480.20 | -22.68% | -\$18,728 |
| 7 | Service Est. - Add'l. | \$ 74.41 | \$ 78.85 | \$4.43 | 5.96% | \$5,479 |
| 8 | Customer Reports | \$ 592.97 | \$ 345.68 | -\$247.29 | -41.70% | -\$137,364 |
| 9 | MGI - Development | \$ 342,884.00 | \$ 342,884.00 | \$0.00 | 0.00% | \$0 |
| 10 | MGI - Testing | \$ 212,015.00 | \$ 212,015.00 | \$0.00 | 0.00% | \$0 |
| 11 | MGI Additional Testing - Per Hour | \$ 214.00 | \$ 241.60 | \$27.60 | 12.90% | \$34,113 |
| Net Impact | | | | | | -\$11,135,594 |

Notes:

1. Column (b) source is Table 6, column (c).
2. Column (e) is the product of column (c) and Table 3, column (d).
3. MGI Testing Hourly rate is a "pass through" rate to an SMS/800 vendor. Change is based on contractual change with vendor.

TABLE 2
SMS/800 - REVENUE REQUIREMENT SUMMARY

| ITEM NO | BUDGET ELEMENT | Transmtl. 21 Projected Rev. Reqmnt. 6/15/02 - 6/14/03 | Past Year Actual 6/15/02 - 6/14/03 | Past Year Variance (c)=(b-a) | Future Year 6/15/03 - 6/14/04 |
|------------|---|--|--|------------------------------------|----------------------------------|
| | | (a) | (b) | (c)=(b-a) | (d) |
| 1 | <i>SMS/800 Operation & Administration</i> | 8,110,800 | 9,674,369 | 1,563,569 | 7,564,092 |
| 2 | <i>Data Center Operation</i> | 46,946,800 | 47,072,929 | 126,129 | 34,674,383 |
| 3 | <i>Software Support</i> | 21,470,800 | 18,852,838 | -2,617,962 | 17,042,221 |
| 4 | <i>Total (items 1+2+3)</i> | 76,528,400 | 75,600,136 | -928,264 | 59,280,695 |

Notes:

1. Column (a) reflects the projected revenue requirement filed with Tariff Transmittal No.21 for 12-month period of June 15, 2002 through June 14, 2003.
2. Column (b) reflects actual costs for period of June 15, 2002 through March 31, 2003 plus projected costs for period of April 1, 2003 through June 14, 2003.
3. Column (c) is the difference between Column (b) and Column (a) amounts (past year projected and actual cost).
 - a. Operation and Administration costs were higher than projected due to bad debt (uncollectible charges for services provided to bankrupt Resp. Orgs.).
 - b. Software Support costs were lower than projected due to deferred and cancelled software projects.
4. Column (d) is the revenue requirement projected for the future year period of June, 15 2003 through June 14, 2004, from Table 4.

TABLE 3
SMS/800 - DEMAND SUMMARY

| ITEM | | Past Year | Past Year | Past Year | Future Period |
|------|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| NO. | SERVICE/RATE ELEMENT | Anticipated | Actual | Variance | |
| | | 6/15/02 - 6/14/03 | 6/15/02 - 6/14/03 | 6/15/02 - 6/14/03 | 6/15/03 - 6/14/04 |
| | | (a) | (b) | (c)=(b-a) | (d) |
| 1 | <i>Cust. Rcrd. Admn.</i> | 303,846,858 | 282,298,807 | (21,548,052) | 284,306,068 |
| 2 | <i>RESPORG Change</i> | 115,668 | 88,291 | (27,377) | 87,919 |
| 3 | <i>Access: Dial-up</i> | 13,054 | 11,332 | (1,721) | 11,448 |
| 4 | <i>Access: Ded. (non-MGI)</i> | 768 | 799 | 31 | 799 |
| 5 | <i>Access: Ded. (MGI)</i> | 420 | 384 | (36) | 410 |
| 6 | <i>Service Est. - First</i> | 33 | 47 | 14 | 39 |
| 7 | <i>Service Est. - Add'l.</i> | 1,745 | 1,162 | (583) | 1,236 |
| 8 | <i>Customer Reports</i> | 430 | 613 | 183 | 555 |
| 9 | <i>MGI - Development</i> | 0 | 0 | - | 0 |
| 10 | <i>MGI - Testing</i> | 0 | 0 | - | 0 |
| 11 | <i>MGI Testing - Per Hour</i> | NA | 1,292 | NA | 1,236 |

Notes:

1. Column (a) reflects the projected demand filed with Tariff Transmittal No.21 for period of June 15, 2002 through June 14, 2003.
2. Column (b), for items 2-11, reflects actual demand through April 14, March 2003 plus projected demand through June 14, 2003. Details for Cust. Rcrd. Admn. demand (item 1) are found in Table 3A.
3. Column (c) reflects difference between the projected demand and actual demand for the period June 15, 2002 through June 14, 2003
4. Column (d) reflects projected demand for period of June 15, 2003 through June 14, 2004.

Table 3A
SMS/800: CRA Demand Data

| | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|-------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| 1993 | | | | | 3,010,536 | 3,057,738 | 3,082,959 | 3,171,217 | 3,189,910 | 3,291,276 | 3,413,024 | 3,513,029 | 25,729,689 |
| 1994 | 3,530,146 | 3,641,213 | 3,920,350 | 3,994,509 | 4,027,382 | 4,299,018 | 4,533,949 | 4,833,080 | 5,047,818 | 5,264,202 | 5,481,648 | 5,657,047 | 54,230,362 |
| 1995 | 5,780,592 | 5,976,917 | 6,143,859 | 6,353,798 | 6,577,347 | 6,781,100 | 6,829,783 | 6,845,507 | 6,883,147 | 6,941,020 | 6,981,109 | 6,980,352 | 79,074,531 |
| 1996 | 6,689,437 | 6,935,024 | 7,337,266 | 7,664,377 | 7,880,087 | 8,160,941 | 8,439,726 | 8,738,184 | 9,046,918 | 9,343,158 | 9,666,104 | 9,950,184 | 99,851,406 |
| 1997 | 10,103,675 | 10,304,718 | 10,563,886 | 10,851,251 | 11,091,599 | 11,296,361 | 11,662,373 | 11,986,080 | 12,403,293 | 12,864,596 | 13,191,511 | 13,387,120 | 139,706,463 |
| 1998 | 13,588,577 | 13,787,956 | 13,985,025 | 14,317,589 | 14,785,536 | 15,086,551 | 15,358,650 | 15,653,090 | 15,942,127 | 16,195,303 | 16,500,143 | 16,730,285 | 181,930,832 |
| 1999 | 16,880,002 | 17,047,544 | 17,288,406 | 17,676,100 | 18,047,277 | 18,377,443 | 18,607,845 | 19,034,305 | 19,414,611 | 19,679,782 | 20,085,221 | 20,465,301 | 222,603,837 |
| 2000 | 20,811,924 | 21,154,106 | 21,316,195 | 21,643,967 | 21,923,011 | 22,160,717 | 22,388,709 | 22,790,689 | 23,251,813 | 23,514,618 | 23,894,584 | 24,094,945 | 268,945,278 |
| 2001 | 24,270,379 | 24,363,754 | 24,380,714 | 24,521,736 | 24,488,361 | 24,526,559 | 24,505,838 | 24,450,819 | 24,462,339 | 24,424,360 | 24,373,791 | 24,402,684 | 293,171,334 |
| 2002 | 24,454,646 | 24,486,725 | 24,500,170 | 24,558,595 | 24,373,991 | 23,979,741 | 23,847,039 | 23,550,362 | 23,283,764 | 23,292,077 | 23,431,006 | 23,477,381 | 287,235,497 |
| 2003 | 23,530,145 | 23,516,563 | 23,577,331 | 23,616,524 | 23,440,522 | <i>23,492,444</i> | <i>23,544,365</i> | <i>23,596,287</i> | <i>23,623,670</i> | <i>23,651,054</i> | <i>23,678,437</i> | <i>23,703,516</i> | <i>282,970,858</i> |
| 2004 | <i>23,728,594</i> | <i>23,753,673</i> | <i>23,772,000</i> | <i>23,790,327</i> | <i>23,808,654</i> | <i>23,818,538</i> | <i>23,828,421</i> | <i>23,838,304</i> | <i>23,840,306</i> | <i>23,842,308</i> | <i>23,844,310</i> | <i>23,840,440</i> | <i>285,705,875</i> |

Notes:

1. Demand quantities for May 1993 through April 2003 are actual amounts.
2. Demand quantities for May 2003 are preliminary.
3. Demand quantities for June 2003 through December 2004 (in bold italics) are projected amounts.

TABLE 4
SMS/800 - DISTRIBUTION of REVENUE REQUIREMENT

| ITEM NO. | RESPORG SERVICE/RATE ELEMENTS | REVENUE REQUIREMENT | | | | | TOTAL WITHOUT | |
|--------------------------------|--------------------------------------|-------------------------------|-------------------------------|-----------------------|-------------------|-------------------|---------------------------------|-------------------|
| | | <u>SMS/800 OPER & ADM</u> | | DATA CENTER OPERATION | SOFTWARE SUPPORT | TOTAL REV REQ | <u>ALL OTHER OPER & ADM</u> | |
| | | <i>Help Desk Operation</i> | <i>All Other Oper&Adm</i> | | | | <u>\$</u> | <u>%</u> |
| | | (a) | (b) | (c) | (d) | (e)=(a+b+c+d) | (f) = (a+c+d) | (g) = (f/ftTotal) |
| | Total Rev Req = | 1,963,471 | 5,600,621 | 34,674,383 | 17,042,221 | 59,280,695 | 53,680,075 | |
| 1 | Cust. Rcrd. Admn. | 1,163,164 | 4,924,209 | 30,266,831 | 15,766,897 | 52,121,102 | 47,196,893 | 87.923% |
| 2 | RESPORG Change | 760,232 | 95,723 | 1,692 | 155,548 | 1,013,195 | 917,472 | 1.709% |
| 3 | Access: Dial-up | | 100,484 | 963,102 | | 1,063,586 | 963,102 | 1.794% |
| 4 | Access: Ded. (non-MGI) | | 6,888 | 66,015 | | 72,903 | 66,015 | 0.123% |
| 5 | Access: Ded. (MGI) | | 10,255 | 98,288 | | 108,542 | 98,288 | 0.183% |
| 6 | Service Est. - First | 40,075 | 6,032 | 7,787 | 9,954 | 63,847 | 57,815 | 0.108% |
| 7 | Service Est. - Add'l. | | 9,207 | 87,722 | 524 | 97,453 | 88,246 | 0.164% |
| 8 | Customer Reports | | 18,141 | 164,321 | 9,553 | 192,015 | 173,874 | 0.324% |
| 9 | MGI - Development | | 0 | - | - | 0 | 0 | 0% |
| 10 | MGI - Testing | | 0 | - | - | 0 | 0 | 0% |
| <u>SCP O/O ELEMENTS</u> | | | | | | | | |
| 11 | Access: Non-MGI | | 1,352 | 12,963 | - | 14,315 | 12,963 | 0.024% |
| 12 | Access: MGI | | 43,612 | 418,010 | - | 461,623 | 418,010 | 0.779% |
| 13 | Record Trans.& Valid. | | 205,596 | 1,619,025 | 351,546 | 2,176,167 | 1,970,570 | 3.671% |
| 14 | Data Base Adm. & Ntwk. Mgmt. Support | | 179,122 | 968,627 | 748,199 | 1,895,948 | 1,716,826 | 3.198% |
| | TOTAL | 1,963,471 | 5,600,621 | 34,674,383 | 17,042,221 | 59,280,695 | 53,680,075 | 100.000% |

Notes:

1. Projected Total Revenue Requirement amounts in columns (a), (b), (c), and (d) is developed from anticipated expenses.
2. Column (a) distributions calculated by applying factors from Table 5, column (a) to the revenue requirement.
3. Column (b) revenue requirement distributed proportionally to all elements by applying factors from Column (g).
4. Column (c) distributions calculated by applying factors from Table 5, column (d) to the revenue requirement.
5. Column (d) distributions calculated by applying factors from Table 5, column (e) to the revenue requirement.

TABLE 5
SMS/800 - COST DISTRIBUTION FACTORS

| ITEM NO. | RESPORG SERVICE/RATE ELEMENT | HELP DESK TASK ORIENTED ANALYSIS (a) | SMS/800 LINES OF CODE ANALYSIS (b) | SMS PROCESSOR TRANSACTIONS ANALYSIS (c) | DATA CENTER COST DISTRIBN ANALYSIS (d) | SOFTWARE COST DISTRIBN ANALYSIS (e) |
|--------------------------------|---|---|---|--|---|--|
| 1 | Cust. Rcrd. Admn. | 59.240% | 73.311% | 89.693% | 87.289% | 92.517% |
| 2 | RESPORG Change | 38.719% | 3.858% | 0.007% | 0.005% | 0.913% |
| 3 | Access: Dial-up | | | | 2.778% | |
| 4 | Access: Ded. (non-MGI) | | | | 0.190% | |
| 5 | Access: Ded. (MGI) | | | | 0.283% | |
| 6 | Service Est. - First | 2.041% | 0.130% | 0.007% | 0.022% | 0.058% |
| 7 | Service Est. - Add'l. | | 0.130% | | 0.253% | 0.003% |
| 8 | Customer Reports | | 0.237% | 0.011% | 0.474% | 0.056% |
| 9 | MGI - Development | | | | | |
| 10 | MGI - Testing | | | | | |
| <u>SCP O/O ELEMENTS</u> | | | | | | |
| 11 | Access: Non-MGI | | | | 0.037% | |
| 12 | Access: MGI | | | | 1.206% | |
| 13 | Record Trans. & Valid. | | 7.484% | 6.433% | 4.669% | 2.063% |
| 14 | Data Base Adm. & Ntwk. Mgmt. Support | | 14.850% | 3.849% | 2.793% | 4.390% |
| Total | | 100% | 100% | 100% | 100% | 100% |

Notes:

1. The development and application of distribution factors is described in part 2.1 of the Description and Justification (D & J) for this tariff filing.

TABLE 6
SMS/800 - RATE DEVELOPMENT

| ITEM NO. | RESPORG SERVICE/RATE ELEMENT | REV. REQMT. (a) | DEMAND (b) | RATE (c) = (a/b) |
|-------------|----------------------------------|--------------------|---------------|---------------------|
| 1 | Cust. Rcrd. Admn. | 52,121,102 | 284,306,068 | \$ 0.1833 |
| 2 | RESPORG Change | 1,013,195 | 87,919 | \$ 11.52 |
| 3 | Access: Dial-up | 1,063,586 | 11,448 | \$ 92.90 |
| 4 | Access: Ded. (non-MGI) | 72,903 | 799 | \$ 91.23 |
| 5 | Access: Ded. (MGI) | 108,542 | 410 | \$ 264.89 |
| 6 | Service Est. - First | 63,847 | 39 | \$ 1,637.10 |
| 7 | Service Est. - Add'l. | 97,453 | 1,236 | \$ 78.85 |
| 8 | Customer Reports | 192,015 | 555 | \$ 345.68 |
| 9 | MGI - Development (current rate) | | 0 | \$ 342,884.00 |
| 10 | MGI - Testing (current rate) | | 0 | \$ 212,015.00 |
| 11 | MGI Additional Testing per Hour | NA | 1,236 | \$ 241.60 |
| | RESPORG Rev Req | 54,732,643 | | |

Notes:

1. Source for column (a) is Table 4, column (e).
2. Source for column (b) is Table 3, column (d).
3. MGI Additional Testing per Hour rate is based on vendor contractual changes.