

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.	\$ 0.1833	\$ 0.1461	-\$0.0373	-20.33%	-\$10,346,719
2	RESPORG Change	\$ 11.52	\$ 9.85	-\$1.67	-14.50%	-\$135,356
3	Access: Dial-up	\$ 92.90	\$ 76.20	-\$16.71	-17.98%	-\$183,717
4	Access: Ded. (non-MGI)	\$ 91.23	\$ 73.17	-\$18.06	-19.79%	-\$14,174
5	Access: Ded. (MGI)	\$ 264.89	\$ 243.67	-\$21.23	-8.01%	-\$7,450
6	Service Est. - First	\$ 1,637.10	\$ 1,322.14	-\$314.97	-19.24%	-\$11,969
7	Service Est. - Add'l.	\$ 78.85	\$ 54.64	-\$24.21	-30.70%	-\$34,013
8	Customer Reports	\$ 345.68	\$ 288.66	-\$57.02	-16.49%	-\$29,820
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	\$ 241.60	\$ 180.00	-\$61.60	-25.50%	-\$82,733
12	MGI Additional Testing per Day	\$ 1,605.00	\$ 1,440.00	-\$165.00	-10.28%	\$0
13	Batch Update Testing per Hour	\$ 214.00	\$ 180.00	-\$34.00	-15.89%	\$0
14	Batch Update Testing per Day	\$ 1,605.00	\$ 1,440.00	-\$165.00	-10.28%	\$0
Net Impact						-\$10,763,217

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. The hourly and daily rates for MGI Additional Testing and Batch Update Testing are "pass through" rates to an SMS/800 vendor and thus have no impact on revenue. The rate changes are based on contractual changes with the vendor.

TABLE 2
SMS/800 - REVENUE REQUIREMENT SUMMARY

ITEM NO	BUDGET ELEMENT	Transmtl. 24 Projected Rev. Reqmnt. 6/15/03 - 6/14/04	Past Year Actual 6/15/03 - 6/14/04	Past Year Variance (c)=(b-a)	Future Year 6/15/04 - 6/14/05
		(a)	(b)	(c)=(b-a)	(d)
1	<i>SMS/800 Operation & Administration</i>	7,564,092	6,032,820	-1,531,272	5,813,176
2	<i>Data Center Operation</i>	34,674,383	31,029,835	-3,644,548	27,391,541
3	<i>Software Support</i>	17,042,221	13,191,703	-3,850,518	12,947,596
4	<i>Total (items 1+2+3)</i>	59,280,695	50,254,358	-9,026,338	46,152,313

Notes:

1. Column (a) reflects the projected revenue requirement filed with Tariff Transmittal No.24 for 12-month period of June 15, 2003 through June 14, 2004.
2. Column (b) reflects actual costs for period of June 15, 2003 through March 31, 2004 plus projected costs for period of April 1, 2004 through June 14, 2004.
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 lower than projected due to cancelled help desk special projects, lower bad debt than expected
 - b. Data Center operations costs were lower than projected due to deferred projects and renegotiation of contracts
 - c. Software Support costs were lower than projected due to cancelled projects
4. Column (d) is the revenue requirement projected for the future year period of June 15, 2004 through June 14, 2005, from Table 4
5. SMS/800 Operation & Administration includes Help Desk.

TABLE 3
SMS/800 - DEMAND SUMMARY

ITEM NO.	SERVICE/RATE ELEMENT	Transmtl. 24 Projected Demand	Past Year Actual Demand	Past Year Variance	Projected Demand
		6/15/03 - 6/14/04 (a)	6/15/03 - 6/14/04 (b)	(c)=(b-a)	6/15/04 - 6/14/05 (d)
1	<i>Cust. Rcrd. Admn.</i>	284,306,068	265,996,468	(18,309,600)	277,618,969
2	<i>RESPORG Change</i>	87,919	74,248	(13,671)	81,008
3	<i>Access: Dial-up</i>	11,448	10,804	(645)	10,998
4	<i>Access: Ded. (non-MGI)</i>	799	772	(27)	785
5	<i>Access: Ded. (MGI)</i>	410	331	(78)	351
6	<i>Service Est. - First</i>	39	34	(5)	38
7	<i>Service Est. - Add'l.</i>	1,236	1,372	136	1,405
8	<i>Customer Reports</i>	555	481	(74)	523
9	<i>MGI - Development</i>	0	0	0	0
10	<i>MGI - Testing</i>	0	0	0	0
11	<i>MGI Additional Testing per Hour</i>	1,236	698	(538)	1,343
12	<i>MGI Additional Testing per Day</i>	NA	0	NA	0
13	<i>Batch Update Testing per Hour</i>	NA	0	NA	0
14	<i>Batch Update Testing per Day</i>	NA	0	NA	0

Notes:

1. Column (a) reflects the projected demand filed with Tariff Transmittal No.24 for period of June 15, 2003 through June 14, 2004.
2. Column (b) reflects actual demand for data through April 2004 and projected demand for May and June 2004. 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, 2003 through June 14, 2004
4. Column (d) reflects projected demand for period of June 15, 2004 through June 14, 2005.

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		10,851,251	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	23,429,077	23,274,761	22,950,144	22,497,523	22,200,086	21,852,694	21,864,645	21,962,635	274,272,128
2004	21,938,762	21,901,686	21,971,389	22,117,504	<i>22,286,000</i>	<i>22,453,400</i>	<i>22,573,350</i>	<i>22,693,300</i>	<i>22,813,250</i>	<i>22,937,275</i>	<i>23,061,300</i>	<i>23,185,325</i>	<i>269,932,541</i>
2005	<i>23,264,163</i>	<i>23,343,000</i>	<i>23,421,838</i>	<i>23,474,319</i>	<i>23,526,800</i>	<i>23,579,281</i>	<i>23,601,241</i>	<i>23,623,200</i>	<i>23,645,159</i>	<i>23,649,280</i>	<i>23,653,400</i>	<i>23,657,520</i>	<i>282,439,200</i>

Notes:

1. Demand quantities for May 1993 through April 2004 are actual amounts.
2. Demand quantities for May 2004 through December 2005 (in bold italics) are projected amounts.

TABLE 4
SMS/800 - DISTRIBUTION of REVENUE REQUIREMENT

ITEM NO.	RESPORG SERVICE/RATE ELEMENTS	REVENUE REQUIREMENT					TOTAL WITHOUT ALL OTHER OPER & ADM	
		SMS/800 OPER & ADM		DATA CENTER OPERATION	SOFTWARE SUPPORT	TOTAL REV REQ	\$	%
		Help Desk Operation	All Other Oper&Adm					
		(a)	(b)	(c)	(d)	(e)=(a+b+c+d)	(f) = (a+c+d)	(g) = (f/fTotal)
	Total Rev Req =	1,563,007	4,250,169	27,391,541	12,947,596	46,152,313	41,902,143	
1	Cust. Rcrd. Admn.	925,928	3,734,110	23,909,731	11,978,686	40,548,454	36,814,345	87.858%
2	RESPORG Change	605,177	73,506	1,337	118,176	798,195	724,689	1.729%
3	Access: Dial-up		77,170	760,817		837,987	760,817	1.816%
4	Access: Ded. (non-MGI)		5,290	52,150		57,439	52,150	0.124%
5	Access: Ded. (MGI)		7,875	77,644		85,519	77,644	0.185%
6	Service Est. - First	31,901	4,627	6,151	7,562	50,241	45,615	0.109%
7	Service Est. - Add'l.		7,069	69,297	398	76,764	69,695	0.166%
8	Customer Reports		13,903	129,808	7,258	150,969	137,066	0.327%
9	MGI - Development		0	-	-	0	0	0%
10	MGI - Testing		0	-	-	0	0	0%
SCP O/O ELEMENTS								
11	Access: 9.6 Kbps		1,039	10,240	-	11,279	10,240	0.024%
12	Access: 56 Kbps		33,494	330,213	-	363,707	330,213	0.788%
13	Record Trans.& Valid.		156,818	1,278,972	267,082	1,702,872	1,546,055	3.690%
14	Data Base Adm. & Ntwk. Mgmt. Support		135,270	765,181	568,434	1,468,885	1,333,615	3.183%
	TOTAL	1,563,007	4,250,169	27,391,541	12,947,596	46,152,313	41,902,143	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.	40,548,454	277,618,969	\$ 0.1461
2	RESPORG Change	798,195	81,008	\$ 9.85
3	Access: Dial-up	837,987	10,998	\$ 76.20
4	Access: Ded. (non-MGI)	57,439	785	\$ 73.17
5	Access: Ded. (MGI)	85,519	351	\$ 243.67
6	Service Est. - First	50,241	38	\$ 1,322.14
7	Service Est. - Add'l.	76,764	1,405	\$ 54.64
8	Customer Reports	150,969	523	\$ 288.66
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	1,343	\$ 180.00
12	MGI Additional Testing per Day	NA	NA	\$ 1,440.00
13	Batch Update Testing per Hour	NA	NA	\$ 180.00
14	Batch Update Testing per Day	NA	NA	\$ 1,440.00
	RESPORG Rev Req	42,605,570		

Notes:

1. Source for column (a) is Table 4, column (e).
2. Source for column (b) is Table 3, column (d).
3. The hourly and daily rates for MGI Additional Testing and Batch Update Testing are based on a contractual change with an SMS/800 vendor.