

**LEXCOM TELEPHONE COMPANY
REVISIONS TO ACCESS TARIFF FCC NO. 1
LOCAL NUMBER PORTABILITY CHARGES
TRANSMITTAL NO. 13
June 8, 2004**

**SUPPLEMENTAL
DESCRIPTION AND JUSTIFICATION**

1. INTRODUCTION

Lexcom Telephone Company (Lexcom) proposes to modify its Access Tariff F.C.C. No. 1 to reflect the addition of Local Number Portability (LNP) End User Charges and Query Service Charges. The purpose of this supplemental Description and Justification is to clarify two issues.

2. LNP DEMAND, COST AND RATE DEVELOPMENT

LNP End User Charges were set to equate the present value of revenues to the present value of cost outlays. Present values of total costs were obtained using a discount factor of 15.21%, which is the after-tax cost of money (11.25%) grossed up for the tax rate of (35%). This gross-up is only applied to the equity portion of the cost of money, because the debt portion is already tax-deductible, but the equity portion is taxable.

The column entitled "Current" in Exhibit 1 and Exhibit 2 contain Lexcom's LNP nonrecurring start up costs.