

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. | \$ 0.1461 | \$ 0.2127 | \$0.0667 | 45.64% | \$18,047,052 |
| 2 | RESPORG Change | \$ 9.85 | \$ 18.53 | \$8.68 | 88.04% | \$477,937 |
| 3 | Access: Dial-up | \$ 76.20 | \$ 131.19 | \$54.99 | 72.17% | \$581,303 |
| 4 | Access: Ded. (non-MGI) | \$ 73.17 | \$ 121.27 | \$48.09 | 65.73% | \$37,699 |
| 5 | Access: Ded. (MGI) | \$ 243.67 | \$ 512.77 | \$269.10 | 110.44% | \$74,272 |
| 6 | Service Est. - First | \$ 1,322.14 | \$ 1,841.65 | \$519.51 | 39.29% | \$18,702 |
| 7 | Service Est. - Add'l. | \$ 54.64 | \$ 105.17 | \$50.53 | 92.49% | \$60,893 |
| 8 | Customer Reports | \$ 288.66 | \$ 548.91 | \$260.25 | 90.16% | \$115,812 |
| 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 | \$ 180.00 | \$ 180.00 | \$0.00 | 0.00% | \$0 |
| 12 | MGI Additional Testing per Day | \$ 1,440.00 | \$ 1,440.00 | \$0.00 | 0.00% | \$0 |
| 13 | Batch Update Testing per Hour | \$ 180.00 | \$ 180.00 | \$0.00 | 0.00% | \$0 |
| 14 | Batch Update Testing per Day | \$ 1,440.00 | \$ 1,440.00 | \$0.00 | 0.00% | \$0 |
| Net Impact | | | | | | \$19,413,670 |

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. 27 Projected Rev. Reqmnt. 6/15/04 - 6/14/05 | Past Year Actual 6/15/04 - 6/14/05 | Past Year Variance (c)=(b-a) | Future Year 6/15/05 - 6/14/06 |
|------------|---|--|--|------------------------------------|----------------------------------|
| | | (a) | (b) | (c)=(b-a) | (d) |
| 1 | <i>SMS/800 Operation & Administration</i> | 5,813,176 | 5,509,382 | -303,794 | 8,286,524 |
| 2 | <i>Data Center Operation</i> | 27,391,541 | 27,869,022 | 477,481 | 45,233,565 |
| 3 | <i>Software Support</i> | 12,947,596 | 11,876,692 | -1,070,904 | 12,379,321 |
| 4 | <i>Total (items 1+2+3)</i> | 46,152,313 | 45,255,096 | -897,216 | 65,899,409 |

Notes:

1. Column (a) reflects the projected revenue requirement filed with Tariff Transmittal No.27 for 12-month period of June 15, 2004 through June 14, 2005.
2. Column (b) reflects actual costs for period of June 15, 2004 through April 30, 2005 plus projected costs for period of May 1, 2005 through June 14, 2005.
3. Column (c) is the difference between Column (b) and Column (a) amounts (past year projected and actual cost).
 - a. Software Support costs were lower than projected due to reduced software consulting costs
4. Column (d) is the revenue requirement projected for the future year period of June 15, 2005 through June 14, 2006, from Table 4
 - a. SMS/800 Operation & Administration costs are projected to be higher than in past due to increases in website development and testing required to support the implementation of the Next Generation SMS/800 system
 - b. Projected Data Center operations costs increase due to simultaneous maintenance of existing system and design and development of new system
5. SMS/800 Operation & Administration includes Help Desk.

TABLE 2A

SMS/800 - REVENUE REQUIREMENT DETAIL (CONFIDENTIAL/REDACTED)

TABLE 3
SMS/800 - DEMAND SUMMARY

| ITEM NO. | SERVICE/RATE ELEMENT | Transmtl. 27 Projected Demand | Past Year Actual Demand | Past Year Variance | Projected Demand |
|-------------|--|-------------------------------------|----------------------------|-----------------------|--------------------------|
| | | 6/15/04 - 6/14/05 (a) | 6/15/04 - 6/14/05 (b) | (c)=(b-a) | 6/15/05 - 6/14/06 (d) |
| 1 | <i>Cust. Rcrd. Admn.</i> | 277,618,969 | 275,708,238 | (1,910,731) | 270,732,900 |
| 2 | <i>RESPORG Change</i> | 81,008 | 50,837 | (30,171) | 55,093 |
| 3 | <i>Access: Dial-up</i> | 10,998 | 10,509 | (488) | 10,571 |
| 4 | <i>Access: Ded. (non-MGI)</i> | 785 | 801 | 16 | 784 |
| 5 | <i>Access: Ded. (MGI)</i> | 351 | 295 | (56) | 276 |
| 6 | <i>Service Est. - First</i> | 38 | 35 | (3) | 36 |
| 7 | <i>Service Est. - Add'l.</i> | 1,405 | 1,248 | (157) | 1,205 |
| 8 | <i>Customer Reports</i> | 523 | 424 | (99) | 445 |
| 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> | 1,343 | 322 | (1,021) | 390 |
| 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.27 for period of June 15, 2004 through June 14, 2005.
2. Column (b) reflects actual demand for data through April 2005 and projected demand for May and June 2005. Details for Cust. Rcrd. A 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, 2004 through June 14, 2005.
4. Column (d) reflects projected demand for period of June 15, 2005 through June 14, 2006.

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 | 23,429,077 | 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 | 22,055,083 | 22,200,549 | 22,340,281 | 22,498,495 | 22,644,552 | 22,835,924 | 22,966,963 | 23,064,354 | 268,535,542 |
| 2005 | 23,229,089 | 23,346,549 | 23,201,081 | 23,134,450 | <i>23,218,000</i> | <i>23,228,500</i> | <i>23,026,900</i> | <i>22,825,300</i> | <i>22,623,700</i> | <i>22,565,800</i> | <i>22,507,900</i> | <i>22,450,000</i> | <i>275,357,269</i> |
| 2006 | <i>22,431,750</i> | <i>22,413,500</i> | <i>22,395,250</i> | <i>22,446,425</i> | <i>22,497,600</i> | <i>22,548,775</i> | <i>22,585,188</i> | <i>22,621,600</i> | <i>22,658,013</i> | <i>22,670,706</i> | <i>22,683,400</i> | <i>22,696,094</i> | <i>270,648,300</i> |

Notes:

1. Demand quantities for May 1993 through April 2005 are actual amounts.
2. Demand quantities for May 2005 through December 2006 (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) | | | | (f) = (a+c+d) | (g) = (f/fTotal) |
| | Total Rev Req = | 2,091,025 | 6,195,499 | 45,233,565 | 12,379,321 | 65,899,409 | 59,703,910 | |
| 1 | Cust. Rcrd. Admn. | 1,238,727 | 5,414,270 | 39,483,808 | 11,452,937 | 57,589,742 | 52,175,472 | 87.390% |
| 2 | RESPORG Change | 809,619 | 95,968 | 2,207 | 112,989 | 1,020,784 | 924,815 | 1.549% |
| 3 | Access: Dial-up | | 130,376 | 1,256,390 | - | 1,386,766 | 1,256,390 | 2.104% |
| 4 | Access: Ded. (non-MGI) | | 8,937 | 86,119 | - | 95,055 | 86,119 | 0.144% |
| 5 | Access: Ded. (MGI) | | 13,305 | 128,219 | - | 141,524 | 128,219 | 0.215% |
| 6 | Service Est. - First | 42,678 | 6,233 | 10,158 | 7,230 | 66,299 | 60,066 | 0.101% |
| 7 | Service Est. - Add'l. | - | 11,914 | 114,435 | 381 | 126,730 | 114,816 | 0.192% |
| 8 | Customer Reports | - | 22,964 | 214,361 | 6,939 | 244,265 | 221,300 | 0.371% |
| 9 | MGI - Development | | 0 | - | - | 0 | 0 | 0% |
| 10 | MGI - Testing | | 0 | - | - | 0 | 0 | 0% |
| SCP O/O ELEMENTS | | | | | | | | |
| 11 | Access: 9.6 Kbps | - | 1,755 | 16,910 | - | 18,665 | 16,910 | 0.028% |
| 12 | Access: 56 Kbps | - | 56,586 | 545,304 | - | 601,891 | 545,304 | 0.913% |
| 13 | Record Trans. & Valid. | - | 245,668 | 2,112,056 | 255,360 | 2,613,084 | 2,367,416 | 3.965% |
| 14 | Data Base Adm. & Ntwk. Mgmt. Suppport | - | 187,522 | 1,263,597 | 543,485 | 1,994,604 | 1,807,082 | 3.027% |
| | TOTAL | 2,091,025 | 6,195,499 | 45,233,565 | 12,379,321 | 65,899,409 | 59,703,910 | 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 | | 100.0% | 100.0% | 100.0% | 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. | 57,589,742 | 270,732,900 | \$ 0.2127 |
| 2 | RESPORG Change | 1,020,784 | 55,093 | \$ 18.53 |
| 3 | Access: Dial-up | 1,386,766 | 10,571 | \$ 131.19 |
| 4 | Access: Ded. (non-MGI) | 95,055 | 784 | \$ 121.27 |
| 5 | Access: Ded. (MGI) | 141,524 | 276 | \$ 512.77 |
| | | - | | |
| 6 | Service Est. - First | 66,299 | 36 | \$ 1,841.65 |
| 7 | Service Est. - Add'l. | 126,730 | 1,205 | \$ 105.17 |
| 8 | Customer Reports | 244,265 | 445 | \$ 548.91 |
| 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 | 390 | \$ 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 | 60,671,166 | | |

Notes:

1. Source for column (a) is Table 4, column (e).
2. Source for column (b) is Table 3, column (d).

TABLE 7
SMS/800 - EXPENSE SUMMARY (CONFIDENTIAL/REDACTED)
