

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

<b>ITEM NO.</b>	<b>RESPORG SERVICE/RATE ELEMENT</b>	<b>CURRENT RATES</b> (a)	<b>PROPOSED RATES</b> (b)	<b>\$ CHANGE</b> (c) = (b-a)	<b>% CHANGE</b> (d) = (c/a)	<b>REVENUE IMPACT</b> (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
<b>Net Impact</b>						<b>\$19,413,670</b>

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.	Past Year		Future Year
		6/15/04 - 6/14/05 (a)	Actual 6/15/04 - 6/14/05 (b)	Past Year Variance (c)=(b-a)	6/15/05 - 6/14/06 (d)
1	<i>SMS/800 Operation &amp; 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	Past Year Actual	Past Year Variance	Projected
		Projected Demand	Demand		Demand
		6/15/04 - 6/14/05	6/15/04 - 6/14/05		6/15/05 - 6/14/06
		(a)	(b)	(c)=(b-a)	(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
<b>1993</b>					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
<b>1994</b>	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
<b>1995</b>	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
<b>1996</b>	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
<b>1997</b>	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
<b>1998</b>	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
<b>1999</b>	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
<b>2000</b>	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
<b>2001</b>	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
<b>2002</b>	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
<b>2003</b>	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
<b>2004</b>	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
<b>2005</b>	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>
<b>2006</b>	<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	TOTAL WITHOUT ALL OTHER OPER & ADM	
		Help Desk Operation (a)	All Other Oper&Adm (b)				\$ (f) = (a+c+d)	% (g) = (f/fTotal)
	<b>Total Rev Req =</b>	<b>2,091,025</b>	<b>6,195,499</b>	<b>45,233,565</b>	<b>12,379,321</b>	<b>65,899,409</b>	<b>59,703,910</b>	
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%
<b>SCP O/O ELEMENTS</b>								
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%
	<b>TOTAL</b>	<b>2,091,025</b>	<b>6,195,499</b>	<b>45,233,565</b>	<b>12,379,321</b>	<b>65,899,409</b>	<b>59,703,910</b>	<b>100.000%</b>

**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					
<b><u>SCP O/O ELEMENTS</u></b>						
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%
<b>Total</b>		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	<i>Cust. Rcrd. Admn.</i>	57,589,742	270,732,900	\$ 0.2127
2	<i>RESPORG Change</i>	1,020,784	55,093	\$ 18.53
3	<i>Access: Dial-up</i>	1,386,766	10,571	\$ 131.19
4	<i>Access: Ded. (non-MGI)</i>	95,055	784	\$ 121.27
5	<i>Access: Ded. (MGI)</i>	141,524	276	\$ 512.77
		-		
6	<i>Service Est. - First</i>	66,299	36	\$ 1,841.65
7	<i>Service Est. - Add'l.</i>	126,730	1,205	\$ 105.17
8	<i>Customer Reports</i>	244,265	445	\$ 548.91
9	<i>MGI - Development (current rate)</i>		0	\$ 342,884.00
10	<i>MGI - Testing (current rate)</i>		0	\$ 212,015.00
11	<i>MGI Additional Testing per Hour</i>	NA	390	\$ 180.00
12	<i>MGI Additional Testing per Day</i>	NA	NA	\$ 1,440.00
13	<i>Batch Update Testing per Hour</i>	NA	NA	\$ 180.00
14	<i>Batch Update Testing per Day</i>	NA	NA	\$ 1,440.00
	<i>RESPORG Rev Req</i>	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)**

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