VI. CONCLUSION

These reply comments have shown that the imposition of rate increases for core services proposed by many of the local and long distance companies is inconsistent with the intent of the 1996 Act, unnecessary as a matter of economics, and unjustified as a matter of public policy. These rate increases would shift the burden of cost recovery onto those residential ratepayers who are least able to pay. The proposed rate increases are based on an erroneous allocation of joint and common costs to core services that is inconsistent with Section 254(k) of the Act.

The proposed rate increases have been refuted by the evidence when they have been litigated at the state level. The manner in which the industry recommends that these increases be imposed exceeds the legal authority of the Commission under the 1996 Act.

Wherefore, Commentors urge the Commission and Federal-State Joint Board to adopt the universal service proposals contained herein.

Respectfully submitted,

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APPENDIX A: SUMMARY OF COMMENTS

	SWB	NYNEX	BELL SOUTH	GTE	USW	PACTEL
FEDERAL RATE RESTRUCTURING						
CCL	ELIMINTATED	SAME	ELIMINATED	ELIMINATED	ELIMINATE	ELIMINATED
SLC	$6.10	SAME	SLC^+ USF^	INCREASE/VARIABLE	INCREASE	
DEM. LTS. USF	ELIMINATED	ELIMINATED	ELIMINATED	ELIMINATED	ELIMINATE	ELIMINATED
LOCAL SWITCHING			REFORMED	REFORMED	REFORMED	REFORMED
STATE RATE RESTRUCTURING						
RATE REBALANCING	UNLIMITED		UNLIMITED	UNLIMITED	UNLIMITED	TO BENCH
TRANSITION FUND				STATE FUND IF NEEDED		
REVENUE REPLACEMENT	$ FOR $/DEAVG.		$ FOR $	$ FOR $	$ FOR $	$ FOR $
HISTORICAL COSTS	SPECIF /SUFFIC					
DEPRECIATION RESERVE	FULL RECOVERY		FULL RECOVERY			
AFFORDABILITY DEFINITION						
PENETRATION						
BURDEN	1% OF INCOME			TOTAL BILL		
CORE SERVICE DEFINITION						
SINGLE PARTY		Y	Y	Y	Y	Y
LOCAL USAGE			Y			
TOUCH TONE		Y		Y	Y	Y
WHITE PAGES	Y	Y	Y	Y		
E911 OR 911		Y	Y		Y	Y
411	Y		Y	Y	Y	Y
RELAY SERVICE	Y	Y	Y	Y		Y
OPERATOR		Y	Y	Y		Y
DISCOUNT LONG DIST.						
BUSINESS USERS	Y					
MODERN TECHNOLOGY						
SS7		N				
DIGITAL SWITCHES		N				
EQUAL ACCESS		Y				
NUMBER PORTABILITY						
TOLL RESTRICTION						
RESTRICTION/CONDITIONS						
PRIMARY LINE						
EXPANSION CRITERIA						
HIGH COST FUND ESTIMATION						
CALCULATION	HISTORIC	SLIDING SCALE ABOVE $50	HISTORIC	COST + COMMON	TSLRIC - $30	ACTUAL-PROXY
METHOD	ACTUAL COST	BCM	ACTUAL COST		BCM	
AREA OF COST STUDY	LEC DEFINED	LARGE CARRIER/AREA	NXX OR LEC DEF.	CBG	CBG	
HIGH COST FUND COLLECTION						
BASIS FOR TAXATION	INTER RETAIL/BILL		INTER RETAIL		TOT. REV/LINE	GROSS REV.
ESP	Y	Y				Y
HIGH COST FUND DISTRIBUTION						
TO STATES		STATE BELOW $50				
CARRIER OF LAST RESORT	NO AUCTION			AUCTION		
PORTABILITY OF SUBSIDY	LEC ONLY	COMPLETE				
AREA OF SUPPORT						
LOW INCOME ASSISTANCE						
LIFELINE	EXPAND/BELOW POV.			CUT LINK TO SLC		
LINK-UP	EXPAND/BELOW POV.			CUT LINK TO SLC		
TOLL RESTRICTION					STATE	
TOLL DISCONNECT						

	BELL ATLANTIC	PAC BELL	AMERITECH	USTA
FEDERAL RATE RESTRUCTURING				
CCL	REFORMED			ELIMINATED
SLC	INCREASE			INCREASE
DEM, LTS, USF	REFORMED		ELIMINATED	ELIMINATED
LOCAL SWITCHING	STATE NTS			REFORMED
STATE RATE RESTRUCTURING				
RATE REBALANCING	NEEDED			ALLOWED
TRANSITION FUND				Y
REVENUE REPLACEMENT			UP TO COST	$ FOR $
HISTORICAL COSTS				
DEPRECIATION RESERVE				
AFFORDABILITY DEFINITION				
PENETRATION			AVAIL	
BURDEN				$28
CORE SERVICE DEFINITION				
SINGLE PARTY	Y			Y
LOCAL USAGE				
TOUCH TONE	STATE			Y
WHITE PAGES	Y			Y
E911 OR 911	Y			Y
411	Y			Y
RELAY SERVICE	Y			Y
OPERATOR	Y			Y
DISCOUNT LONG DIST.	Y			
BUSINESS USERS				
MODERN TECHNOLOGY				
SS7			N	
DIGITAL SWITCHES			N	
EQUAL ACCESS	Y			
NUMBER PORTABILITY				
TOLL RESTRICTION				
RESTRICTION/CONDITIONS				
PRIMARY LINE				
EPANSION CRITERIA				
HIGH COST FUND ESTIMATION				
CALCULATION	STATE/NATION		ACTUAL AVG	AVG. LOOP
METHOD	ACTUAL COST			
AREA OF COST STUDY				LEC DEFINED
HIGH COST FUND COLLECTION				
BASIS FOR TAXATION				
ESP				
HIGH COST FUND DISTRIBUTION				
TO STATES				
CARRIER OF LAST RESORT			BILATERA	
PORTABILITY OF SUBSIDY			COMPLETE	
AREA OF SUPPORT				
LOW INCOME ASSISTANCE				
LIFELINE	INCREASE TO SLC			
LINK UP		EXPAND		
TOLL RESTRICTION	STATE VOI			
TOLL DISCONNECT		OPTIONAL		

	LDDS	SPRINT	MCI	AT&T
FEDERAL RATE RESTRUCTURING				
CCL	ELIMINATED	ELIMINATED	ELIMINATE	ELIMINATED
SLC	INCREASE	INCREASE	ELIMINATE	DOUBLED ($7)
DEM. LTS. USF	ELIMINATED	ELIMINATED	ELIMINATE	ELIMINATED
LOCAL SWITCHING	REFORMED	REFORMED	REFORMED	REFORMED
STATE RATE RESTRUCTURING				
RATE REBALANCING		UP TO URBAN	UP TO $20	UP TO $20
TRANSITION FUND		STATE FUND IF NEEDED	REPLACE CCL/SLC	
REVENUE REPLACEMENT	$FOR $	$ FOR $	BANNED	
HISTORICAL COSTS		ANTI-COMP./REG. PROB	ANTI COMP	ANTI COMP.
DEPRECIATION RESERVE				
AFFORDABILITY DEFINITION				
PENETRATION				
BURDEN			$20	$20
CORE SERVICE DEFINITION				
SINGLE PARTY	Y	Y	Y	Y
LOCAL USAGE		Y	Y	Y
TOUCH TONE	Y	Y	Y	Y
WHITE PAGES		N	Y	Y
E911 OR 911	Y	Y	Y	Y
411		N	Y	Y
RELAY SERVICE			Y	
OPERATOR	Y	Y	Y	Y
DISCOUNT LONG DIST		N		
BUSINESS USERS	Y			
MODERN TECHNOLOGY				
SS7		N	Y	
DIGITAL SWITCHES		N	Y	
EQUAL ACCESS	Y	N	Y	Y
NUMBER PORTABILITY		N	Y	Y
TOLL RESTRICTION	VOLUNTARY			
RESTRICTION/CONDITIONS				
PRIMARY LINE				Y
EPANSION CRITERIA			COST/BENE.	MAJORITY
HIGH COST FUND ESTIMATION				
CALCULATION	TSLRIC URBAN	TSLRIC URBAN	TSLRIC $20	TSLRIC-(LOC+ACCESS)
METHOD	BCM	BCM	BCM	BCM
AREA OF COST STUDY		CBG	CBG	CBG
HIGH COST FUND COLLECTION				
BASIS FOR TAXATION	NET REV. TAX	NET REV. TAX	NET REV. TAX	NET REV. TAX
ESP	Y			
HIGH COST FUND DISTRIBUTION				
TO STATES			BLOCK GRANT	
CARRIER OF LAST RESORT			AUCTION	
PORTABILITY OF SUBSIDY	COMPLETE	SOME FACILITIES	COMPLETE	COMPLETE
AREA OF SUPPORT			STUDY = SUBSIDY	
LOW INCOME ASSISTANCE				
LIFELINE		BETTER EDUCATION	SAME	
LINK-UP		BETTER EDUCATION	SAME	
TOLL RESTRICTION		NOT MANDATORY		
TOLL DISCONNECT		NO RULE		

APPENDIX B:
ESTIMATING INCREASES IN MONTHLY RATES FOR CORE SERVICES UNDER VARIOUS INDUSTRY PROPOSALS FOR RATE REBALANCING

This Appendix discusses the increases in monthly charges for core services explicitly recommended by various industry representatives in their initial comments. These range from a national average of $8.40 per month to $10.80 per month.

These rate impacts are derived by combining recommended pricing policies discussed in the comments of various industry representatives with the data entered into the record. Also incorporated are basic demographic and economic data from the statistical abstract of the United States. While specific price changes for individual exchanges would be based on data that is more detailed than that which is presently available, in the aggregate the estimates are consistent with the available evidence and represent a very good order-of-magnitude estimate of the likely impact of the pricing policy.

A. INCREASES OF $10.80 PER MONTH FOR CORE SERVICES RESULT FROM FULL RATE REBALANCING AND REVENUE REPLACEMENT WITH NO CAP ON RATES FOR CORE SERVICES

The highest estimate derivable from the industry in proposals set forth in their comments is $10.83. This figure is derived by starting with $13 billion of costs that would not be recovered in the high cost fund. This is AT&T's estimate of the magnitude of excess costs recovered in access charges paid by IXCs in the interlata and intralata markets. Since several of the local companies argue that they should be assured complete revenue replacement and unlimited rate rebalancing (without any affordability benchmark limits), all of this shift in cost recovery would wind up being passed on to residential ratepayers in monthly charges for core services.

This number is calculated by simple arithmetic. Divide $13 billion per year by 12 months and 100 million lines to arrive at the rate increase per month per line.

B. INCREASES BASED ON A PERCENT OF INCOME CAP AMOUNT TO $8.81 PER MONTH FOR CORE SERVICES

To derive the other estimates, we must combine several sets of data. First, Southwestern Bell (SWB) and the United States Telephone Association (USTA) suggest that 1% of income is a reasonable level to require people to pay for telephone service. SWB recommends that this payment limit be applied on a state-by-state basis. Under this approach, rate increases would be limited to the difference between current rates and the 1% of income limit.

Appendix Table B-1 derives this number. It uses the 95 urban areas for which detailed rate information is available in the FCC annual review of rates.[36] The 95 urban areas are identified by number, state, and major city in Table B-1. Column 1 gives the monthly rate for core services (including touchtone and SLC) as of October 1994. Column 2 gives the population (in millions) of the urban area.[37] Column 3 gives the median income in the state.[38] Columns 4 and 5 give the weight that each urban area constitutes in the average of income and rates. The weighted average rate is $18.89, almost precisely the published figure. Column 6 shows the maximum rate allowed under a 1% standard. The cap would be 1% of income. Column 7 shows the rate increase that would result if rates are increased to this 1% of income limit. Column 8 shows the weighted share of each urban area in the national total. The weighted national average increase for these urban areas would be $8.81 per month.

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[36]McMaster, Susan E. and James Lande, Reference Book: Rates, Price Indexes, and Household Expenditures for Telephone Service (Industry Analysis Division, Common Carrier Bureau, Federal Communications Commission, November 1995) (hereafter, Reference Book, Appendix 2).

[37]U.S. Department of Commerce, Statistical Abstract of the United States, September, 1995, Table 43 (hereafter, Statistical Abstract).

[38]Statistical Abstract, Table 44.

C. COST CAPS AND RATE REDUCTIONS RESULT IN INCREASES OF $8.02 PER MONTH FOR CORE SERVICES

In Table B-1, no rate reductions occur even if current rates are above the 1% of income limit. SWB suggests that rates might rise to the lesser of the 1% benchmark or statewide costs. If rates are above costs, they would be lowered in the aggregate. Table A-2 incorporates this aspect into the analysis.

Columns 1 through 6 are the same as in Table B-1. Column 7 displays the cost per household as reported to the FCC's ARMIS data base.[39] This is the cost figure that the local companies insist they be allowed to recover. Column 8 gives the rate change based on the lesser of the 1% benchmark or the ARMIS cost. It allows rate reductions where costs are below current rates. The weighted national average increase would be $8.01 per month.

D. INCORPORATING A SURCHARGE FOR THE DEPRECIATION RESERVE RESULTS IN INCREASES OF $8.40 PER MONTH FOR CORE SERVICE

SWB also argues that the current depreciation reserve should be recovered through a surcharge on current bills. This surcharge is not subject to the cap. In the case of SWB, it amounts to $3 per month per line. Since the surcharge would have to be paid in order to obtain service, it operates just as the SLC. Table B-3 models this impact by setting the upper limit on rates as the lesser of 1% of income and cost plus $3. The result is an average increase of $8.40.

This analysis suggests monthly rates for basic service in the range of $27 to $30 per month. This is certainly what the local exchange companies are contemplating.

E. RURAL RATE INCREASE WOULD BE $2.40 LARGER ON AVERAGE THAN URBAN AREAS

[39]The numbers are taken from the US West filing (Schedule 3).

Tables B-1 to B-3 deal only with urban areas. Under any of the above approaches to rate rebalancing, rural rates would be subject to increases up to the benchmark. Moreover, because rural areas are high cost areas, the increases would not likely be restrained by a cost limitation. Only the 1% of income limitation would restrain rate increases.

On average, rural rates for core service appear to be approximately $3 per month lower than urban rates.[40] Presumably, rural rates could rise $4 more than urban rates.

There is one caveat to this observation. To the extent that rural households have lower incomes and, therefore are more likely to live in states with lower incomes, the benchmark price in rural states would be lower.

Tables B-4 and B-5 demonstrate that this has a small effect on the likely price increase in rural areas. Table B-4 calculates the average income and average cost for the 40 states covered in the FCC's rate survey. It uses the urban population (as a percentage of the total urban population in these 40 states) as the weights. We observe a weighted average income of $32,171 and an average cost of $31.91.

In Table B-5, we do the same calculations except we use the rural population of the 40 states for purposes of weighting. We observe that the average income ($31,431) is lower than the urban weighted average; the average cost ($34.33) is higher than the urban weighted cost. We conclude that the benchmark price affecting the rural population would be approximately $.60 lower than that applied to the urban population. Thus, rural rates would rise approximately $2.40 more than urban areas ($3.00 - $.60 = $2.40). Thus, rural rate increases would be in the range of $11 to $12.

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[40]Reference Book, Table 8.

The 41 jurisdictions represented in the survey cover approximately 95% of the total population in the country. In these jurisdictions, the rural population represents approximately 24% of the total population. Since the excluded states are likely to be more rural, we give the rural population a weight of 25% in the national total in order to estimate a weighted average national increase.

It is also interesting to note that the average cost of service in this 40-state sample is $32.52, just slightly less than the national average of $32.92. The difference reflects the fact that the more rural (and more likely higher-cost) states have been excluded.

F. THE STATES NOT IN THE SURVEY

Table B-6 provides information on the states not included in Tables B-1 through B-5. These states have only 12.1 million people, just 5% of the total U.S. population. The median income of $31,501 in these states is a little below the national average. Reported costs ($43.40) are well above the national average. Thus, rate increases in these states would be constrained by the income limitation, but they would be at least as large as in the surveyed states.

Average rates are $16.84, which is below the national average but appears to be slightly higher than the national average for rural rates ($15.80). Average rates were estimated by taking a weighted average of the local rates in each category of exchange.[41] The SLC and the national average of surcharges for 911 and taxes were added to the base rates.

Because cost caps would not restrain rate increases in these states, the projected increase under a 1% of income limit would be $9.64, about $1 more than in the other states. Because these states

[41] National Association of Regulatory Utility Commissioners, Bell Operating Companies Exchange Service Telephone Rates, December 31, 1994.

have such small populations, this analysis would not change the national average figures discussed in the text by more than a few cents.

APPENDIX B TABLE B-1:
ESTIMATION OF RATE INCREASES RESULTING FROM A CAP OF 1 PERCENT OF INCOME AFFORDABILITY BENCHMARK

		COLUMN NO.	1	2	3	4	5	6	7	8
		COLUMN FORMULA				2/(1 OF 2)	3 x 4	3 x .01	6 - 1	7 x 4
URBAN AREA			CURRENT RATE	POPULATION	MEDIAN INCOME	WEIGHT IN NATIONAL POPULATION	SHARE OF NAT MONTHLY AVG. RATE	MONTHLY RATE AT 1% OF INCOME	INCREASE TO 1 % OF INCOME	SHARE OF INCREASE
1	AL	HUNTS	24.55	.32	26000	00	06	21.67	00	.00
2	AK	ANCHORAGE	14.43	.25	44000	00	03	36.67	22.24	.04
3	AZ	TUCSON	18.22	.73	31500	01	.10	26.25	8.03	.04
4	AR	WEST MEM	29.21	.15	24000	00	.03	20.00	.00	.00
5		PINE BLUFF	22.11	.05	24000	00	01	20.00	.00	.00
6	CA	ANAHEIM	12.11	2.9	35000	02	25	29.17	17.06	.36
7		BAKERSFIELD	12.11	.6	35000	00	05	29.17	17.06	.07
8		FRESNO	12.11	.8	35000	01	07	29.17	17.06	.10
9		LONG BEACH	17.37	2.5	35000	02	32	29.17	11.80	.21
10		LOS ANGELES	13.31	12.7	35000	09	1.23	29.17	15.86	1.46
11		OAKLAND	13.01	2.2	35000	02	21	29.17	16.16	.26
12		SALINA	12.83	.4	35000	00	04	29.17	16.34	05
13		SAN BERN	17.13	2.9	35000	02	36	29.17	12.04	.25
14		SAN DEIGO	12.11	2.6	35000	02	23	29.17	17.06	.32
15		SAN FRAN	12.63	2.7	35000	02	25	29.17	16.54	32
16		SAN JOSE	12.71	.5	35000	00	05	29.17	16.46	06
17	CO	BOULDER	21.38	.25	35500	00	04	29.58	8.20	01
18		COL SPRINGS	20.21	.45	35500	00	07	29.58	9.37	.03
19		DENVER	21.22	1.8	35500	01	28	29.58	8.36	11
20	CT	ANSOMIA	17.6	.5	40500	00	06	33.75	16.15	.06
21		NORWALK	16.51	.5	40500	00	06	33.75	17.24	.06
22	DC		21.87	4.5	28500	03	71	23.75	1.88	.06
23	FL	MAIMI	17.04	3.4	29500	02	42	24.58	7.54	.19
24		TAMPA	17.41	2.2	29550	02	.28	24.63	7.22	12
25		W. PALM	15.7	1	29500	01	.11	24.58	8.88	.06
26	GA	ALBANY	20.45	.05	32700	00	.01	27.25	6.80	.00
27		ATLANTA	24.34	3.3	32700	02	.58	27.25	2.91	.07
28	HI	HONOLULU	20.51	.9	43700	01	.13	36.42	15.91	.10
29	IL	CHICAGO	18	8.5	33900	06	1.11	28.25	10.25	63
30		DECATURE	22	05	33900	00	.01	28.25	6.25	.00
31		ROCK ISL	23	05	33900	00	.01	28.25	5.25	.00
32	IN	INDIANAP	20.4	1.5	35000	01	.22	29.17	8.77	.10
33		TERRE HAUTE	22.93	05	35000	00	.01	29.17	6.24	00
34	IA	FORT DODGE	14.03	05	29700	00	.01	24.75	10.72	00
35	KY	LOUISV.	24.1	1	25400	01	17	21.17	.00	.00
36	LA	BATON R.	20.95	.6	27300	00	09	22.75	1.80	01
37		NEW ORL	20.3	1.3	27300	01	19	22.75	2.45	02
38	ME	PROTLAND	18.25	.05	28400	00	.01	23.67	5.42	00
39	MD	BALTIMORE	24.88	2.5	40900	02	.45	34.08	9.20	.17
40	MA	BOSTON	23	4.5	38000	03	.75	31.67	8.67	28
41		HYANNIS	23	.05	38000	00	.01	31.67	8.67	.00
42		SPRINGFIELD	23	.05	38000	00	.01	31.67	8.67	.00
43	MI	DETROIT	19.2	5.3	33700	04	74	28.08	8.88	.34
44		GRAND R.	17.1	1	33700	01	12	28.08	10.98	.08
45		SAGINAW	16.7	.05	33700	00	.01	28.08	11.38	.00
46	MN	DET LAKES	19.71	.05	34700	00	.01	28.92	9.21	.00
47		MINNEAP	21.53	2.7	34700	02	.42	28.92	7.39	.14
48	MI	PASCAGOULA	26.33	3	23200	00	06	19.33	.00	.00
49	MO	KANSAS	18.85	1.6	29700	01	.22	24.75	5.90	.07
50		MEXICO	15.68	.05	29700	00	.01	24.75	9.07	.00
51		ST. L.	18.9	2.5	29700	02	.34	24.75	5.85	.11
52	MT	BUTTE	18.22	.05	27500	00	.01	22.92	4.70	.00
53	NE	GRAND ISL	21.84	.05	32000	00	.01	26.67	4.83	.00
54	NJ	PHILLIPS	13	.05	41500	00	.00	34.58	21.58	.01
55	NM	ALAMGORDO	20.58	05	27800	00	.01	23.17	2.59	.00
56	NY	BINGHAMTON	24.64	.3	32700	00	.05	27.25	2.61	.01
57		BUFFALO	31.81	1.2	32700	01	28	27.25	00	00
58		NYC	22.87	.05	32700	00	.01	27.25	4.38	.00
59		OGDENSBURG	26.85	8.8	32700	06	1.71	27.25	40	.03
60		ROCHESTER	23.47	.05	32700	00	01	27.25	3.78	00
61	NC	RALEIGH	18.75	1.1	32700	01	15	27.25	8.50	.07
62		ROCKINGHAM	17.87	1	29800	01	13	24.83	6.96	05
63	OH	CANTON	16.46	.05	29800	00	01	24.83	8.37	.00
64		CINCINATTI	21.24	.4	32300	00	06	26.92	5.68	.02
65		CLEVELAND	21.1	1.9	32300	01	29	26.92	5.82	.08
66		COLUMBU	21.24	2.9	32300	02	45	26.92	5.68	.12
67		TOLEDO	21.24	1.4	32300	01	22	26.92	5.68	.06
68	OR	CORVALIS	21.24	.6	32300	00	09	26.92	5.68	.02
69		PORTLAND	18.32	.05	34100	00	01	28.42	10.10	.00
70	PA	ALLENTOWN	18.37	1.7	34100	01	23	28.42	10.05	.12
71		ELMWOOD	17.77	.6	32000	00	08	26.67	8.90	.04
72		JOHNSTON	15.04	.05	32000	00	01	26.67	11.63	.00
73		NEW CASTLE	21.73	.05	32000	00	01	26.67	4.94	.00
74		PHIL	15.55	05	32000	00	01	26.67	11.12	.00
75		PHIL	19.91	.6	32000	04	87	26.67	6.76	29
76		PITTS	18.75	2.4	32000	02	33	26.67	7.92	14
77		SCRANTON	16.38	.6	32000	00	07	26.67	10.25	04
78	RI	PROVIDENCE	23.47	1.1	34500	01	19	28.75	5.28	04
79	SC	BEAUFORT	20.25	.05	27100	00	01	22.58	2.33	00
80	TN	MEMPHIS	20.15	1.1	26100	01	16	21.75	1.60	01
81		NASHVILLE	19.25	1.1	26100	01	15	21.75	2.50	02
82	TX	BROWNSVILLE	14.27	.3	29700	00	03	24.75	10.48	02
83		RPUS CHRISTI	15.81	.4	29700	00	05	24.75	8.94	03
84		DALLAS	17.83	2.9	29700	02	38	24.75	6.92	.15
85		FORT WORTH	16.61	1.5	29700	01	18	24.75	8.14	09
86		HOUSTON	18.29	.4	29700	03	53	24.75	6.46	.19
87		SAN ANTONIO	16.49	1.4	29700	01	17	24.75	8.26	08
88	UT	LOGAN	15.82	1.4	36800	01	16	30.67	14.85	15
89	VA	RICHMOND	24.43	.9	37400	01	16	31.17	6.74	.04
90		SMITHFIELD	16.64	05	37400	00	01	31.17	14.53	.01
91	WA	EVERETT	18.91	.05	36700	00	01	30.58	11.67	.00
92		SEATTLE	17.24	3.2	36700	02	40	30.58	13.34	.31
93	WVA	HUNTINGTON	28.65	.3	23400	00	06	19.50	.00	.00
94	WI	MILWAUKEE	15.9	1.6	32800	01	18	27.33	11.43	.13
95		RACINE	15.95	.05	32800	00	01	27.33	11.38	.00
TOTAL URBAN IN SAMPLE				137.8			18.89			8.81

APPENDIX B TABLE B-2:
ESTIMATION OF RATE INCREASES RESULTING FROM A CAP OF THE LESSER OF COST OR 1 PERCENT OF INCOME AFFORDABILITY BENCHMARK

		COLUMN NO.	1	2	3	4	5	6	7	8	9
		COLUMN FORMULA				2/(1 OF 2)	1 x 4	3 x .01		LESSER OF (6,7 - 1)	8 x 4
URBAN AREA			CURRENT RATE	POPULATION	MEDIAN INCOME	WEIGHT IN NATIONAL POPULATION	SHARE OF NAT AVG MONTHLY RATE	MONTHLY RATE AT 1% OF INCOME	ARMIS CAP	INCREASE TO 1 % OF INCOME	SHARE OF INCREASE
1	AL	HUNTS	24.55	32	26000	.00	.06	21.67	36.38	.00	.00
2	AK	ANCHORAGE	14.43	25	44000	.00	.03	36.67	37+	22.24	.04
3	AZ	TUCSON	18.22	73	31500	.01	.10	26.25	31.18	8.03	.04
4	AR	WEST MEM	29.21	15	24000	.00	.03	20.00	43.48	.00	.00
5		PINE BLUFF	22.11	.05	24000	.00	.01	20.00	43.48	.00	.00
6	CA	ANAHEIM	12.11	2.9	35000	.02	.25	29.17	27.97	15.86	.3[illegible]
7		BAKERSFIELD	12.11	.6	35000	.00	.05	29.17	27.97	15.86	.07
8		FRESNO	12.11	.8	35000	.01	.07	29.17	27.97	15.86	.09
9		LONG BEACH	17.37	2.5	35000	.02	.32	29.17	27.97	10.60	.19
10		LOS ANGELES	13.31	12.7	35000	.09	1.23	29.17	27.97	14.66	1.35
11		OAKLAND	13.01	2.2	35000	.02	.21	29.17	27.97	14.96	.24
12		SALINA	17.83	.4	35000	.00	.04	29.17	27.97	15.14	.04
13		SAN BERN	17.13	2.9	35000	.02	.36	29.17	27.97	10.84	.23
14		SAN DEIGO	12.11	2.6	35000	.02	.23	29.17	27.97	15.86	.30
15		SAN FRAN	12.63	2.7	35000	.02	.25	29.17	27.97	15.34	.30
16		SAN JOSE	12.71	.5	35000	.00	.05	29.17	27.97	15.26	.06
17	CO	BOULDER	21.38	.25	35500	.00	.04	29.58	35.72	8.20	.01
18		COL SPRINGS	20.21	.45	35500	.00	.07	29.58	35.72	9.37	.03
19		DENVER	21.22	1.8	35500	.01	.28	29.58	35.72	8.36	.11
20	CT	ANSOMIA	17.6	.5	40500	.00	.06	33.75	38.72	16.15	.06
21		NORWALK	16.51	.5	40500	.00	.06	33.75	38.72	17.24	.06
22	DC		21.87	4.5	28500	.03	.71	23.75	21.11	.76	.06
23	FL	MAIMI	17.04	3.4	29500	.02	.42	24.58	30.32	7.54	.19
24		TAMPA	17.04	2.2	29500	.02	.27	24.58	30.32	7.54	.12
25		W. PALM	17.41	.1	29550	.01	.13	24.63	30.32	7.22	.05
26	GA	ALBANY	15.7	.05	29500	.00	.01	24.58	37.41	8.88	.00
27		ATLANTA	20.45	3.3	32700	.02	.49	27.25	37.41	6.80	.16
28	HI	HONOLULU	24.34	.9	32700	.01	.16	27.25	29.06	2.91	.02
29	IL	CHICAGO	20.51	8.5	33900	.06	1.27	28.25	30.65	7.74	.48
30		DECATURE	.18	.05	33900	.00	.01	28.25	30.65	10.25	.00
31		ROCK ISL	.22	.05	33900	.00	.01	28.25	30.65	6.25	.00
32	IN	INDIANAP	.23	1.5	33900	.01	.25	28.25	30.50	5.25	.06
33		TERRE HAUTE	20.4	.05	35000	.00	.01	29.17	30.50	8.77	.00
34	IA	FORT DODGE	22.93	.05	35000	.00	.01	29.17	41.50	6.24	.00
35	KY	LOUISV.	14.03	.1	29700	.01	.10	24.75	35.37	10.72	.08
36	LA	BATON R.	24.1	.6	25400	.00	.10	21.17	36.37	.00	.00
37		NEW ORL	20.95	1.3	27300	.01	.20	22.75	36.37	1.80	.02
38	ME	PROTLAND	20.3	.05	27300	.00	.01	22.75	44.16	2.45	.00
39	MD	BALTIMORE	18.25	2.5	28400	.02	.33	23.67	28.48	5.42	.10
40	MA	BOSTON	24.86	4.5	40900	.03	.81	34.08	23.04	1.84	.06
41		HYANNIS	.23	.05	38000	.00	.01	31.67	23.04	.04	.00
42		SPRINGFIELD	.23	.05	38000	.00	.01	31.67	23.04	.04	.00
43	MI	DETROIT	.23	5.3	38000	.04	.88	31.67	32.87	8.67	.33
44		GRAND R	19.2	.1	33700	.01	.14	28.08	32.87	8.88	.06
45		SAGINAW	17.1	.05	33700	.00	.01	28.08	32.87	10.98	.00
46	MN	DET LAKES	16.[illegible]	.05	33700	.00	.01	28.08	39.38	11.38	.00
47		MINNEAP	19.7[illegible]	2.7	34700	.02	.39	28.92	39.38	9.21	.18
48	MI	PASCAGOULA	21.53	.3	34700	.00	.05	28.92	32.87	7.39	.02
49	MO	KANSAS	26.33	1.6	23200	.01	.31	19.33	38.35	.00	.00
50		MEXICO	18.85	.05	29700	.00	.01	24.75	38.35	5.90	.00
51		ST. L	15.68	2.5	29700	.02	.28	24.75	38.35	9.07	.16
52	MT	BUTTE	18.9	.05	29700	.00	.01	24.75	64.50	5.85	.00
53	NE	GRAND ISL	18.22	.05	27500	.00	.01	22.92	46.45	4.70	.00
54	NJ	PHILLIPS	21.84	.05	32000	.00	.01	26.67	26.78	4.83	.00
55	NM	ALAMGORDO	.13	.05	41500	.00	.00	34.58	44.59	21.58	.01
56	NY	BINGHAMTON	20.58	.3	27800	.00	.04	23.17	26.50	2.59	.01
57		BUFFALO	24.64	1.2	32700	.01	.21	27.25	26.50	1.86	.02
58		NYC	22.87	.05	32700	.00	.01	27.25	26.50	4.38	.00
59		OGDENSBURG	26.85	8.8	32700	.06	1.73	27.25	26.50	.40	.03
60		ROCHESTER	23.47	.05	32700	.00	.01	27.25	26.50	3.78	.00
61	NC	RALEIGH	18.75	1.1	32700	.01	.15	27.25	37.24	8.50	.07
62		ROCKINGHAM	17.87	.1	29800	.01	.13	24.83	37.24	6.96	.05
63	OH	CANTON	16.46	.05	29800	.00	.01	24.83	31.32	8.37	.00
64		CINCINATTI	21.24	.4	32300	.00	.06	26.92	31.32	5.68	.02
65		CLEVELAND	21.1	1.9	32300	.01	.29	26.92	31.32	5.82	.08
66		COLUMBU	21.24	2.9	32300	.03	.45	26.92	31.32	5.68	.12
67		TOLEDO	21.24	1.4	32300	.01	.21	26.92	31.32	5.68	.06
68	OR	CORVALIS	21.24	.6	32300	.00	.09	26.92	37.91	5.68	.02
69		PORTLAND	18.32	.05	34100	.00	.01	28.42	37.91	10.10	.00
70	PA	ALLENTOWN	18.37	1.7	34100	.01	.23	28.42	30.16	10.05	.12
71		ELMWOOD	17.77	.6	32000	.00	.08	26.67	30.16	8.90	.04
72		JOHNSTON	15.04	.05	32000	.00	.01	26.67	30.16	11.63	.00
73		NEW CASTLE	21.73	.05	32000	.00	.01	26.67	30.16	4.94	.00
74		PHIL	15.55	.05	32000	.00	.01	26.67	30.16	11.12	.00
75		PHIL.	19.91	.6	32000	.04	.87	26.67	30.16	6.76	.29
76		PITTS	18.75	2.4	32000	.03	.33	26.67	30.16	7.92	.14
77		SCRANTON	16.38	.6	32000	.00	.07	26.67	30.16	10.29	.04
78	RI	PROVIDENCE	23.47	1.1	34500	.01	.19	28.75	27.59	4.12	.03
79	SC	BEAUFORT	20.25	.05	27100	.00	.01	22.58	38.47	2.33	.00
80	TN	MEMPHIS	20.15	1.[illegible]	26100	.01	.15	21.75	37.19	1.60	.01
81		NASHVILLE	19.25	1.[illegible]	26100	.01	.15	21.75	37.19	2.50	.02
82	TX	BROWNSVILLE	14.27	[illegible]	29700	.00	.03	24.75	35.06	10.48	.02
83		RPUS CHRISTI	15.81	.4	29700	.00	.05	24.75	35.06	8.94	.03
84		DALLAS	17.83	2.[illegible]	29700	.03	.38	24.75	35.06	6.92	.15
85		FORT WORTH	16.61	1.[illegible]	29700	.01	.18	24.75	35.06	8.14	.09
86		HOUSTON	18.29	.4	29700	.03	.53	24.75	35.06	6.46	.19
87		SAN ANTONIO	16.49	1.4	29700	.01	.17	24.75	35.06	8.26	.08
88	UT	LOGAN	15.82	1.4	36800	.0[illegible]	.16	30.67	37.93	14.85	.15
89	VA	RICHMOND	24.43	.[illegible]	37400	.0[illegible]	.16	31.17	29.77	5.34	.03
90		SMITHFIELD	16.64	.05	37400	.00	.01	31.17	29.77	13.13	.00
91	WA	EVERETT	18.91	.05	36700	.00	.01	30.58	33.40	11.67	.00
92		SEATTLE	17.24	3.7	36700	.07	.40	30.58	33.40	13.34	.32
93	WVA	HUNTINGTON	28.65	.3	23400	.00	.06	19.50	41.36	.00	.00
94	WI	MILWAUKEE	15.9	1.6	32800	.0[illegible]	.18	27.33	37.10	11.43	.13
95		RACINE	16.9[illegible]	.05	32800	.00	.01	27.33	37.10	11.38	.00
TOTAL URBAN IN SAMPLE				137.8			18.93				8.32

APPENDIX B TABLE B-3:
ESTIMATION OF RATE INCREASES RESULTING FROM A CAP OF THE LESSER OF COST PLUS DEPRECIATION OR 1 PERCENT OF INCOME AFFORDABILITY BENCHMARK

		COLUMN NO.	1	2	3	4	5	6	7	8	9	10
		COLUMN FORMULA				2/(1 OF 2)	1 x 4	3 x .01			LESSER OF (6,8 - 1)	9 x 4
URBAN AREA			CURRENT RATE	POPULATION	MEDIAN INCOME	WEIGHT IN NATIONAL POPULATION	SHARE OF NAT AVG.	MONTHLY RATE MONTHLY RATE AT 1% OF INCOME	ARMIS CAP	ARMIS + DEP. RES	INCREASE TO 1 % OF INCOME	SHARE OF INCREASE
1	AL	HUNTS	24.55	.32	26000	00	06	21.67	36.38	39.38	.00	.00
2	AK	ANCHORAGE	14.43	.25	44000	00	03	36.67	37+	40+	22.24	04
3	AZ	TUCSON	18.22	.73	31500	01	0	26.25	31.18	34.18	8.03	04
4	AR	WEST MEM	29.21	.15	24000	00	03	20.00	43.48	46.48	.00	00
5		PINE BLUFF	22.11	.05	24000	00	01	20.00	43.48	46.48	00	00
6	CA	ANAHEIM	12.11	2.9	35000	02	25	29.17	27.97	30.97	17.06	36
7		BAKERSFIELD	12.11	.6	35000	00	05	29.17	27.97	30.97	17.06	07
8		FRESNO	12.11	.8	35000	01	07	29.17	27.97	30.97	17.06	10
9		LONG BEACH	17.37	2.5	35000	02	32	29.17	27.97	30.97	11.80	21
10		LOS ANGELES	13.31	12.7	35000	09	1.23	29.17	27.97	30.97	15.86	1.46
11		OAKLAND	13.01	2.2	35000	02	21	29.17	27.97	30.97	16.16	.26
12		SALINA	12.83	.4	35000	00	04	29.17	27.97	30.97	16.34	05
13		SAN BERN	17.13	2.9	35000	02	36	29.17	27.97	30.97	12.04	.25
14		SAN DEIGO	12.11	2.6	35000	02	23	29.17	27.97	30.97	17.06	.32
15		SAN FRAN	12.63	2.7	35000	02	25	29.17	27.97	30.97	16.54	.32
16		SAN JOSE	12.71	.5	35000	00	05	29.17	27.97	30.97	16.46	06
17	CO	BOULDER	21.38	.25	35500	00	04	29.58	35.72	38.72	8.20	01
18		COL SPRINGS	20.21	.45	35500	00	07	29.58	35.72	38.72	9.37	03
19		DENVER	21.22	1.8	35500	01	28	29.58	35.72	38.72	8.36	11
20	CT	ANSOMIA	17.6	5	40500	00	06	33.75	38.72	41.72	16.15	06
21		NORWALK	16.51	.5	40500	00	06	33.75	38.72	41.72	17.24	06
22	DC		21.87	4.5	28500	03	71	23.75	21.11	24.11	1.88	06
23	FL	MAIMI	17.04	3.4	29500	02	42	24.58	30.32	33.32	7.54	19
24		TAMPA	17.04	2.2	29500	02	27	24.58	30.32	33.32	7.54	12
25		W. PALM	17.41	1	29550	01	13	24.63	30.32	33.32	7.22	05
26	GA	ALBANY	15.7	.05	29500	00	01	24.58	37.41	40.41	8.88	00
27		ATLANTA	20.45	3.3	32700	02	49	27.25	37.41	40.41	6.80	16
28	HI	HONOLULU	24.34	.9	32700	01	16	27.25	29.06	32.06	2.91	02
29	IL	CHICAGO	20.51	8.5	33900	06	1.27	28.25	30.65	33.65	7.74	48
30		DECATURE	18	.05	33900	00	01	28.25	30.65	33.65	10.25	00
31		ROCK ISL	22	.05	33900	00	01	28.25	30.65	33.65	6.25	00
32	IN	INDIANAP	23	1.5	33900	01	25	28.25	30.50	33.50	5.25	.06
33		TERRE HAUTE	20.4	05	35000	00	01	29.17	30.50	33.50	8.77	.00
34	IA	FORT DODGE	22.93	05	35000	00	01	29.17	41.50	44.50	6.24	.00
35	KY	LOUISV.	14.03	1	29700	01	10	24.75	35.37	38.37	10.72	.08
36	LA	BATON R.	24.1	6	25400	00	10	21.17	36.37	39.37	.00	.00
37		NEW ORL	20.95	1.3	27300	01	20	22.75	36.37	39.37	1.80	.02
38	ME	PROTLAND	20.3	05	27300	00	01	22.75	44.16	47.16	2.45	.00
39	MD	BALTIMORE	18.29	2.5	28400	02	33	23.67	28.48	31.48	5.42	10
40	MA	BOSTON	24.88	4.5	40900	03	81	34.08	23.04	26.04	1.16	04
41		HYANNIS	23	05	38000	00	01	31.67	23.04	26.04	3.04	00
42		SPRINGFIELD	23	05	38000	00	01	31.67	23.04	26.04	3.04	00
43	MI	DETROIT	23	5.3	38000	04	88	31.67	32.87	35.87	8.67	33
44		GRAND R.	19.2	1	33700	01	14	28.06	32.87	35.87	8.88	06
45		SAGINAW	17.1	05	33700	00	01	28.08	32.87	35.87	10.98	00
46	MN	DET LAKES	16.1	05	33700	00	01	28.08	39.38	42.38	11.38	00
47		MINNEAP	19.7	2.7	34700	03	39	28.92	39.38	42.38	9.21	18
48	MI	PASCAGOULA	21.53	.3	34700	00	05	28.92	32.87	35.87	7.39	.02
49	MO	KANSAS	26.33	1.6	23200	01	31	19.33	38.35	41.35	.00	.00
50		MEXICO	18.85	.05	29700	00	01	24.75	38.35	41.35	5.90	.00
51		ST. L.	15.68	2.5	29700	02	28	24.75	38.35	41.35	9.07	.16
52	MT	BUTTE	18.9	.05	29700	00	01	24.75	64.50	67.50	5.85	.00
53	NE	GRAND ISL	18.23	.05	27500	00	01	22.92	46.45	49.45	4.70	.00
54	NJ	PHILLIPS	21.84	.05	32000	00	01	26.67	26.78	29.78	4.83	.00
55	NM	ALAMGORDO	12	.05	41500	00	00	34.58	44.59	47.59	21.58	.01
56	NY	BINGHAMTON	20.58	.3	27800	00	04	23.17	26.50	29.50	2.59	.01
57		BUFFALO	24.64	1.2	32700	01	21	27.25	26.50	29.50	1.86	.02
58		NYC	22.87	.05	32700	00	01	27.25	26.50	29.50	4.38	.00
59		OGDENSBURG	26.85	8.8	32700	06	1.71	27.25	26.50	29.50	.40	.03
60		ROCHESTER	23.47	.05	32700	00	01	27.25	26.50	29.50	3.78	.00
61	NC	RALEIGH	18.75	1.1	32700	01	15	27.25	37.24	40.24	8.50	.07
62		ROCKINGHAM	17.87	1	29800	01	13	24.83	37.24	40.24	6.96	.05
63	OH	CANTON	16.46	05	29800	00	01	24.83	31.32	34.32	8.37	.00
64		CINCINATTI	21.24	.4	32300	00	06	26.92	31.32	34.32	5.68	.02
65		CLEVELAND	21.1	1.9	32300	01	29	26.92	31.32	34.32	5.82	.08
66		COLUMBUS	21.24	2.9	32300	03	45	26.92	31.32	34.32	5.68	12
67		TOLEDO	21.24	1.4	32300	01	22	26.92	31.32	34.32	5.68	06
68	OR	CORVALIS	21.24	6	32300	00	09	26.92	37.91	40.91	5.68	.02
69		PORTLAND	18.32	05	34100	00	01	28.42	37.91	40.91	10.10	.00
70	PA	ALLENTOWN	18.3	1.7	34100	01	23	28.42	30.16	33.16	10.05	.12
71		ELMWOOD	17.7	6	32000	00	08	26.67	30.16	33.16	8.90	.04
72		JOHNSTON	15.04	.05	32000	00	01	26.67	30.16	33.16	11.63	.00
73		NEW CASTLE	21.73	.05	32000	00	01	26.67	30.16	33.16	4.94	.00
74		PHIL	15.55	.05	32000	00	01	26.67	30.16	33.16	11.17	.00
75		PHIL	19.91	6	32000	00	07	26.67	30.16	33.16	6.76	.29
76		PITTS	18.75	2.4	32000	01	33	26.67	30.16	33.16	7.92	.14
77		SCRANTON	16.38	6	32000	00	07	26.67	30.16	33.16	10.29	.04
78	RI	PROVIDENCE	23.4	1.1	34500	01	29	28.75	27.59	30.59	5.28	.04
79	SC	BEAUFORT	20.24	.05	27100	00	01	22.58	38.47	41.47	2.33	.00
80	TN	MEMPHIS	20.15	1.1	26100	01	.16	21.75	37.19	40.19	1.60	.01
81		NASHVILLE	19.29	1.1	26100	01	.15	21.75	37.19	40.19	2.50	.02
82	TX	BROWNSVILLE	14.23	.3	29700	00	.03	24.75	35.06	38.06	10.48	.02
83		RPUS CHRISTI	15.81	.4	29700	00	05	24.75	35.06	38.06	8.94	.03
84		DALLAS	17.83	2.9	29700	03	38	24.75	35.06	38.06	6.92	.15
85		FORT WORTH	16.63	1.5	29700	02	18	24.75	35.06	38.06	8.14	.09
86		HOUSTON	18.29	4	29700	03	53	24.75	35.06	38.06	6.46	.19
87		SAN ANTONIO	16.49	1.4	29700	01	17	24.75	35.06	38.06	8.26	.08
88	UT	LOGAN	15.87	1.4	36800	02	16	30.67	37.93	40.93	14.85	.15
89	VA	RICHMOND	24.43	.9	37400	01	16	31.17	29.77	32.77	6.74	.04
90		SMITHFIELD	16.64	.05	37400	00	01	31.17	29.77	32.77	14.53	.01
91	WA	EVERETT	18.9	.05	36700	00	01	30.58	33.40	36.40	11.67	.00
92		SEATTLE	17.24	3.2	36700	03	40	30.58	33.40	36.40	13.34	.31
93	WVA	HUNTINGTON	28.55	.3	23400	00	06	19.50	41.36	44.36	.00	00
94	WI	MILWAUKEE	15.[illegible]	1.5	32800	02	.8	27.33	37.10	40.10	11.43	.13
95		RACINE	[illegible]	.05	32800	00	01	27.33	37.10	40.10	11.38	00
TOTAL URBAN IN SAMPLE				137.8	331[illegible]		[illegible].98					8.40

APPENDIX B TABLE B-4:
ESTIMATES OF INCOME AND COSTS WEIGHTED BY STATE URBAN POPULATION

	COLUMN NO.	1	2	3	4	5	6
	COLUMN FORMULA			1/(E OF 1)			5 x 3
STATE	URBAN AREA	POPULATION	MEDIAN INCOME	WEIGHT IN NATIONAL POPULATION	WEIGHTED SHARE OF NAT. INCOME	ARMIS COST	WEIGHTED SHARE OF ARMIS COST
AL	HUNTS	2.4	26000	.01	348.80	36.38	.49
AK	ANCHORAGE	.4	44000	.00	98.38	47.00	11
AZ	TUCSON	3.2	31500	.02	563.44	31.18	56
AR	WEST MEM	1.3	24000	.01	174.40	43.48	32
CA	ANAHEIM	27.6	35000	.15	5,399.66	27.97	4.32
CO	BOULDER	2.7	35500	.02	535.77	35.72	54
CT	ANSOMIA	2.6	40500	.01	588.60	38.72	.56
FL	MAIMI	11	28500	.06	1,752.38	30.32	1.86
GA	ALBANY	4.1	29500	.02	676.08	37.41	86
HI	HONOLULU	1	32700	.01	182.78	29.06	16
IL	CHICAGO	9.7	33900	.05	1,838.07	30.65	1.66
IN	INDIANAP	3.6	33900	.02	682.17	30.50	61
IA	FORT DODGE	1.7	35000	.01	332.59	41.50	39
KY	LOUISV.	1.9	29700	.01	315.43	35.37	38
LA	BATON R.	2.9	25400	.02	411.74	36.37	59
ME	PROTLAND	.5	27300	.00	76.30	44.16	12
MD	BALTIMORE	3.9	28400	.02	619.12	28.48	62
MA	BOSTON	5.1	40900	.03	1,165.96	23.04	66
MI	DETROIT	6.6	38000	.04	1,401.90	32.87	1.21
MN	DET LAKES	3.1	33700	.02	583.96	39.38	68
MS	PASCAGOULA	1.2	34700	.01	232.76	32.87	22
MO	KANSAS	3.5	23200	.02	453.88	38.35	75
MT	BUTTE	.4	29700	.00	66.41	64.50	14
NE	GRAND ISL	1	27500	.01	153.72	46.45	26
NJ	PHILLIPS	6.9	32000	.04	1,234.21	26.78	1.03
NM	ALAMGORDO	1.1	41500	.01	255.17	44.59	27
NY	BINGHAMTON	15.2	27800	.08	2,361.99	26.50	2.25
NC	RALEIGH	3.3	32700	.02	603.19	37.24	.69
OH	CANTON	8	29800	.04	1,332.59	31.32	1.40
OR	CORVALIS	.2	32300	.01	361.10	37.91	42
PA	ALLENTOWN	8.2	34100	.05	1,563.00	30.16	1.38
RI	PROVIDENCE	.9	34500	.01	173.56	27.59	14
SC	BEAUFORT	1.9	27100	.01	287.81	38.47	41
TN	MEMPHIS	.3	26100	.02	437.67	37.19	.62
TX	BROWNSVILLE	13.7	29700	.08	2,274.40	35.06	2.68
UT	LOGAN	1.5	36800	.01	308.55	37.93	.32
VA	RICHMOND	4.3	37400	.02	898.94	29.77	.72
WA	EVERETT	3.7	36700	.02	759.03	33.40	69
WVA	HUNTINGTON	.6	23400	.00	78.48	41.36	14
WI	MILWAUKEE	3.2	32800	.02	586.70	37.12	.66
TOTAL URBAN		178.2		3.12	32,170.65		31.93

APPENDIX B TABLE B-5:
ESTIMATES OF INCOME AND COSTS USING STATE RURAL WEIGHTS

COLUMN NO.		1	2	3	4	5	6
COLUMN FORMULA				1/(E OF 1)	2 x 3		3 x 5
STATE	URBAN AREA	POPULATION	MEDIAN INCOME	WEIGHT IN NATIONAL POPULATION	SHARE OF WEIGHTED NAT. INCOME	ARMIS COST	SHARE OF WEIGHTED NAT. COST
AL	HUNTS	1.6	26000	.03	726.00	36.38	1.02
AK	ANCHORAGE	.2	44000	.00	153.58	47.00	.16
AZ	TUCSON	.5	31500	.01	274.87	31.18	.27
AR	WEST MEM	1.1	24000	.02	460.73	43.48	.83
CA	ANAHEIM	2.2	35000	.04	1,343.80	27.97	1.07
CO	BOULDER	.6	35500	.01	371.73	35.72	.37
CT	ANSOMIA	.7	40500	.01	494.76	38.72	.47
FL	MAIMI	.2	28500	.03	994.76	30.32	1.06
GA	ALBANY	2.4	29500	.04	1,235.60	37.41	1.57
HI	HONOLULU	.1	32700	.00	57.07	29.06	.05
IL	CHICAGO	1.8	33900	.03	1,064.92	30.65	.96
IN	INDIANAP	1.9	33900	.03	1,124.08	30.50	1.01
IA	FORT DODGE	1.1	35000	.02	671.90	41.50	.80
KY	LOUISV	1.8	29700	.03	932.98	35.37	1.11
LA	BATON R.	1.3	25400	.02	576.27	36.37	.83
ME	PROTLAND	.7	27300	.01	333.51	44.16	.54
MD	BALTIMORE	.9	28400	.02	446.07	28.48	.45
MA	BOSTON	.9	40900	.02	642.41	23.04	.36
MI	DETROIT	2.7	38000	.05	1,790.58	32.87	1.55
MN	DET LAKES	1.3	33700	.02	764.57	39.38	.89
MI	PASCAGOULA	1.4	34700	.02	847.82	32.87	.80
MO	KANSAS	1.6	23200	.03	647.82	38.35	1.07
MT	BUTTE	.4	29700	.01	207.33	64.50	.45
NE	GRAND ISL	.5	27500	.01	239.97	46.45	.41
NJ	PHILLIPS	.8	32000	.01	446.77	26.78	.37
NM	ALAMGORDO	.4	41500	.01	289.70	44.59	.31
NY	BINGHAMTON	2.8	27800	.05	1,358.46	26.50	1.29
NC	RALEIGH	3.3	32700	.06	1,883.25	37.24	2.14
OH	CANTON	2.8	29800	.05	1,456.20	31.32	1.53
OR	CORVALIS	.8	32300	.01	450.96	37.91	.53
PA	ALLENTOWN	3.2	34100	.06	2,201.92	30.16	1.95
RI	PROVIDENCE	.1	34500	.00	60.21	27.59	.05
SC	BEAUFORT	1.6	27100	.03	756.72	38.47	1.07
TN	MEMPHIS	1.9	26100	.03	865.45	37.19	1.23
TX	BROWNSVILLE	3.4	29700	.06	1,762.30	35.06	2.08
UT	LOGAN	.2	36800	.00	128.45	37.93	.13
VA	RICHMOND	1.9	37400	.03	1,240.14	29.77	.99
WA	EVERETT	1.1	36700	.02	704.54	33.40	.64
WVA	HUNTINGTON	.6	23400	.02	449.23	41.36	.79
WI	MILWAUKEE	1.2	32800	.03	973.12	37.14	1.16
		57.3	3311	1.00	31,430.54		34.3[illegible]

APPENDIX B TABLE B-6:
INCOME, PRICE AND COST CHARACTERISTICS OF NON SURVEYED STATES

COLUMN NO.	1	2	3	4	5	6 00	7	8	9	10	11	12
COLUMN FORMULA				(1+2)/(E 1+2	4 x 3		6 x 4	(3 x .01)/12		9 x 4	8 - 9	11 * 4
STATE	URBAN POP.	RURAL POP.	MEDIAN INCOME	SHARE OF POP	SHARE OF WEIGHTED INCOME	ARMIS COST	SHARE OF ARMIS COST	1 % OF INCOME BENCHMARK	CURRENT RATES	SHARE OF AVG. RATE	RATE INCREASE	SHARE OF RATE INCREASE
DE	.5	2	37000	.06	2,140.50	31 85	1.84	30.83	15.10	.87	15.73	.91
ID	.5	4	32000	.07	2,380.17	50 86	3.28	26.67	14.58	1.08	12.09	.90
KS	1.7	8	30800	.21	6,363.64	42 93	8.87	25.67	16.80	3.47	8.87	1.83
ND	.3	6	29100	.07	2,164.46	60.52	4.50	24.25	17.95	1.34	6.30	.47
NH	.6	5	39000	.09	3,545.45	38 23	3.48	32.50	13.56	1.23	18.94	1.72
NV	1.1	1	36800	.10	3,649.59	39 09	3.88	30.67	15.70	1.56	14.97	1.48
OK	2.1	1	27300	.26	6,994.21	36.51	9.35	22.75	17.71	4.54	5.04	1.29
SD	.3	3	28700	.05	1,423.14	60.94	3.02	23.92	19.25	95	4.67	.23
VT	2	4	32100	.05	1,591.74	45.94	2.28	26.75	20.90	1 04	5.85	29
WY	.3	2	30400	04	1,256.20	58 06	2.10	25 33	19.54	81	5.79	24
TOTAL 10 STATES	7 6	4.5			31,509 09		13 10			16 89		9.37

CERTIFICATE OF SERVICE

I, Bradley Stillman, hereby certify that copies of the foregoing "Reply Comments of the American Association of Retired Persons, Consumer Federation of America and Consumers Union have been mailed by first class United States mail, postage prepaid, on the 7th of May, 1996, to all parties of record as shown on the attached list.

Bradley Stillman, Esq.
Telecommunications Policy Director
Consumer Federation of America

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