

Citizens Telecommunications Companies - Group #5
Summary of Exogenous Costs
Excluding ATS Targeting

5/20/08 Letter Filing
Exhibit 1.5-1
Page 1 of 1

	<u>Quantity</u>	<u>Source / Comments</u>	
CMT Basket			
1	Regulatory Fees	664	Exhibit 1.5-4, Line 14
2	TRS Costs	1,290	Exhibit 1.5-5, Line 14
3	NANPA	0	Exhibit 1.5-6, Line 14
4	Total Common Line	1,954	Sum of Lines 1..3
Traffic Sensitive Basket			
5	Regulatory Fees	0	Exhibit 1.5-4, Line 17
6	TRS Costs	0	Exhibit 1.5-5, Line 17
7	NANPA	0	Exhibit 1.5-6, Line 17
8	Total Traffic Sensitive	0	Sum of Lines 5..7
Special Access Basket			
9	Regulatory Fees	0	Exhibit 1.5-4, Line 18
10	TRS Costs	0	Exhibit 1.5-5, Line 18
11	NANPA	0	Exhibit 1.5-6, Line 18
12	Total Special Access	0	Sum of Lines 9..11

Citizens Telecommunications Companies - Group #5
 Summary of Exogenous Costs Targeted to SBIs
 Excluding ATS Targeting

5/20/08 Letter Filing
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	<u>Quantity</u>	<u>Source / Comments</u>
Traffic Sensitive Basket		
Database Access Band Undesignated		
1 Reg Fees	0	Exhibit 1.5-4, Line 15
2 TRS	0	Exhibit 1.5-5, Line 15
3 NANPA	0	Exhibit 1.5-6, Line 15
4 Total Database Access Undesignated	0	Sum of Lines 1..3
Billing Name and Address Band		
5 Reg Fees	0	Exhibit 1.5-4, Line 16
6 TRS	0	Exhibit 1.5-5, Line 16
7 NANPA	0	Exhibit 1.5-6, Line 16
8 Total Billing Name and Address Band	0	Sum of Lines 5..7
9 Total Traffic Sensitive Targeting	0	Line 4 + Line 8
10 Total Traffic Sensitive Exogenous Costs	0	Exhibit 1.5-1, Line 8
11 Non-Targeted TS Exogenous Costs	0	Line 10 - Line 9

Citizens Telecommunications Companies - Group #5
Summary of Exogenous Costs Targeted to SBIs
Excluding ATS Targeting

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	Quantity	Source / Comments
Special Access Basket		
12 Voice Grade Band	0	no targeting below basket level
13 Audio/Video Band	0	no targeting below basket level
14 HiCap & DDS Band	0	no targeting below basket level
15 Total Special Access Targeting	0	Sum of lines 12,13,14
16 Total Special Access Exogenous Costs	0	Exhibit 1.5-1, Line 12
17 Non-Targeted Special Acc. Exog. Costs	0	Line 16 - Line 15

Citizens Telecommunications Companies - Group #5
 Summary of Average Traffic Sensitive Rate Targeting to SBIs

5/20/08 Letter Filing
 Exhibit 1.5-3
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	<u>Quantity</u>	<u>Source / Comments</u>
Traffic Sensitive Basket		
1 Local Switching Band	June Filing	June Filing
2 Information	June Filing	June Filing
3 Trunk Ports Band	June Filing	June Filing
4 STP Ports Band	June Filing	June Filing
5 Total Traffic Sensitive Targeting	0	Sum of lines 1..4
Trunking Basket		
6 Tandem Transport Band	June Filing	June Filing
7 Voice Grade Band	June Filing	June Filing
8 DS1 Sub-Band	June Filing	June Filing
9 DS3 Sub-Band	June Filing	June Filing
10 HiCap - Other	June Filing	June Filing
11 Total Trunking Targeting	0	Sum of lines 6..10

Citizens Telecommunications Companies - Group #5Calculation of Exogenous Adjustment
For Federal Regulatory Fees5/20/08 Letter Filing
Exhibit 1.5-4
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	<u>Quantity</u>	<u>Source / Comments</u>
1 Reg. Fee rate paid during 2007	\$0.00266	R&O & FNPRM, FCC 07-140 released August 6, 2007
2 Regulatory Fees in 2007 Revenue Req.	3,465	Line 1 * Line 5
3 Reg Fee Funding Base--Interstate EU Rev.	1,302,607	Contribution Base from Form 499-A for 2005 records
4 Non-Price Cap Percentage	0.0000%	
5 Price Cap Portion of Funding Base	1,302,607	Line 3 * (1 - Line 4)
6 Reg. Fee rate per Revenue Dollar	\$0.00317	NPRM & Order, FCC 08-125 released May 8, 2008
7 Regulatory Fees Attributable to Price Caps	4,129	Line 6 * Line 5
8 Regulatory Fees Exogenous Cost Change	664	Line 7 - Line 2
Price Cap End User Revenues		
9 CMT Basket--Per Line Only	1,196,302	end user demand rated out
10 Database Access	0	end user demand rated out
11 Bill Name & Address	0	end user demand rated out
12 Special Access	0	end user demand rated out
13 Total Price Cap End User Revenues	1,196,302	Sum of Lines 9..12

Citizens Telecommunications Companies - Group #5
Calculation of Exogenous Adjustment
For Federal Regulatory Fees

5/20/08 Letter Filing
Exhibit 1.5-4
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	<u>Quantity</u>	<u>Source / Comments</u>
Reg Fees Exogenous Change Allocation:		
14 CMT Basket	664	Line 8 * Line 9 / Line 13
15 Database Access--Undesignated	0	Line 8 * Line 10 / Line 13
16 Billing Name and Address	0	Line 8 * Line 11 / Line 13
17 Total Traffic Sensitive	0	Sum of Lines 15..16
18 Special Access	0	Line 8 * Line 12 / Line 13
19 Total Reg Fees Exogenous	664	Line 14 + Line 17 + Line 18

Citizens Telecommunications Companies - Group #5Calculation of Exogenous Adjustment
For Telecommunications Relay Service

5/20/08 Letter Filing

Exhibit 1.5-5

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	<u>Quantity</u>	<u>Source / Comments</u>
1 TRS Contr. Rate paid in 2007	0.00720	Order, DA 07-2904, released June 29, 2007
2 TRS Costs in 2007 Revenue Requirement	9,379	Line 1 * Line 5
3 2004 TRS Funding Base	1,302,607	Contribution Base from Form 499-A for 2005
4 2004 Non-Price Cap Percentage	0.0000%	records
5 Price Cap Portion of 2004 Funding Base	1,302,607	Line 3 * (1 - Line 4)
6 TRS Contr. per IS End User Billed Revenue	0.00819	Order, DA 08-303, released February 6, 2008
7 TRS Costs for Price Caps	10,668	Line 6 * Line 5
8 TRS Exogenous Cost Change	1,290	Line 7 - Line 2
Price Cap End User Revenues		
9 CMT Basket--Per Line Only	1,196,302	end user demand rated out
10 Database Access	0	end user demand rated out
11 Bill Name & Address	0	end user demand rated out
12 Special Access	0	end user demand rated out
13 Total Price Cap End User Revenues	1,196,302	Sum of Lines 9..12

Citizens Telecommunications Companies - Group #5
Calculation of Exogenous Adjustment
For Telecommunications Relay Service

5/20/08 Letter Filing
Exhibit 1.5-5
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	<u>Quantity</u>	<u>Source / Comments</u>
TRS Exogenous Cost Change Allocation:		
14 CMT Basket	1,290	Line 8 * Line 9 / Line 13
15 Database Access--Undesignated	0	Line 8 * Line 10 / Line 13
16 Bill Name & Address	0	Line 8 * Line 11 / Line 13
17 Total Traffic Sensitive	0	Sum of Lines 15..16
18 Special Access	0	Line 8 * Line 12 / Line 13
19 Total Distributed TRS Exogenous	1,290	Line 14 + Line 17 + Line 18

Citizens Telecommunications Companies - Group #5
 Calculation of Exogenous Adjustment
 For NANPA Payments

5/20/08 Letter Filing
 Exhibit 1.5-6
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	<u>Quantity</u>	<u>Source / Comments</u>
1 NANPA Contribution Factor paid in 2007	0.0000193	Public Notice, DA 07-2078, released May 15, 2007
2 NANPA Payments in 2007 Revenue Req.	25	Line 1 * Line 5
3 NANPA Funding Base--Interstate EU Reven	1,302,607	Contribution Base from Form 499-A for 2005
4 Non-Price Cap Percentage	0.0000%	records
5 Price Cap Portion of Funding Base	1,302,607	Line 3 * (1 - Line 4)
6 NANPA Contribution Factor	0.0000193	Public Notice, DA 07-2078, released May 15, 2007
7 NANPA Costs Attributable to Price Caps	25	Line 6 * Line 5
8 NANPA Exogenous Cost Change	0	Line 7 - Line 2
Price Cap End User Revenues		
9 CMT Basket--Per Line Only	1,196,302	end user demand rated out
10 Database Access	0	end user demand rated out
11 Bill Name & Address	0	end user demand rated out
12 Special Access	0	end user demand rated out
13 Total Price Cap End User Revenues	1,196,302	Sum of Lines 9..12

Citizens Telecommunications Companies - Group #5
Calculation of Exogenous Adjustment
For NANPA Payments

5/20/08 Letter Filing
Exhibit 1.5-6
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	<u>Quantity</u>	<u>Source / Comments</u>
NANPA Exogenous Change Allocation:		
14 CMT Basket	0	Line 8 * Line 9 / Line 13
15 Database Access--Undesignated	0	Line 8 * Line 10 / Line 13
16 Billing Name and Address	0	Line 8 * Line 11 / Line 13
17 Total Traffic Sensitive	0	Sum of Lines 15..16
18 Special Access	0	Line 8 * Line 12 / Line 13
19 Total Distributed NANPA Exogenous	0	Line 14 + Line 17 + Line 18

Citizens Telecommunications Companies - Group #5
CMT Exogenous Cost Change Factor

5/20/08 Letter Filing
Exhibit 2.5-1

	<u>Quantity</u>	<u>Source / Comments</u>
1 Total exogenous changes (delta Z)	1,954	Exhibit 1.5-1, Line 4
2 Total EUCL Lines	170,329	Base Period Demand
3 CMT Exogenous per line	0.011471	Line 1 / Line 2
4 CMT Revenue per Line at time t-1	7.053440	new
5 Exogenous Cost Change Factor	1.00162635	1 + (Line 3 / Line 4)
6 CMT Revenue per Line at time t	7.064911	Line 4 * Line 5

Citizens Telecommunications Companies - Group #5
Price Cap Index Calculation

5/20/08 Letter Filing
Exhibit 2.5-2

		(A) Traffic Sensitive	(B) Trunking	(C) Inter- exchange	(D) Special Access
1	GDP-PI	Not an annual filing	2.6383%	2.6383%	2.6383%
2	Productivity factor (X)	47 CFR 61.45	6.5000%	6.5000%	2.6383%
3	GDP-PI - X	Line 1 - Line 2	-3.8617%	-3.8617%	0.0000%
4	Existing PCI [PCI(t-1)]	new	100.0000	100.0000	100.0000
5	Exogenous Changes (delta Z)	Exhibit 1.5-1	\$0	\$0	\$0
6	Revenues (R)	Base Period Demand rated out (Revenues at Last PCI Update)	\$135,584	\$60,434	\$213,642
7	Delta Z / R	Line 5 / Line 6	0.0000	0.0000	0.0000
8	$W = (R + \text{Delta } Z) / R$	(Line 6 + Line 5) / Line 6	1.0000	1.0000	1.0000
9	$W * (\text{GDP-PI} - X)$	Line 8 * Line 3	-0.0386	-0.0386	0.0000
10	Targeted Revenue Differential		0	0	0
11	Proposed PCI (Non-Exog Only)	Line 4 - or - Line 4 * (1 + Line 3)	100.0000	100.0000	100.0000
12	Proposed PCI	Line 4 * (1 + Line 7 + (Line 10 / Line 6))	100.0000	100.0000	100.0000
13	% Change in PCI	(Line 12 / Line 4) - 1	0.0000%	0.0000%	0.0000%

Citizens Telecommunications Companies - Group #5
Calculation of g factor

5/20/08 Letter Filing
Exhibit 2.5-3

	<u>Quantity</u>	<u>Source / Comments</u>
1 Prior Base Period CCL MOU	33,170,423	Prior Base Period Demand
2 Prior Base Period Lines	13,941	Prior Base Period Demand / 12
3 Prior Base Period MOU per Line	2,379	Line 1 / Line 2
4 Base Period CCL MOU	26,251,334	Base Period Demand
5 Base Period Lines	14,194	Base Period Demand / 12
6 Base Period MOU per Line	1,849	Line 4 / Line 5
7 Access Line Change Factor	101.8166%	Line 5 / Line 2
8 g factor	-22.2712%	(Line 6 / Line 3) - 1
9 g factor used for targeting	-22.27%	zero if no CCL allowed or no targeting, else Line 8

Citizens Telecommunications Companies - Group #5
 Calculation of Transport Minutes for ATS Rate

5/20/08 Letter Filing
 Exhibit 2.5-4

	<u>Quantity</u>	<u>Source / Comments</u>
1 ILEC Only TIC MOU	26,251,334	Base Period Demand
2 Less: MOU on detariffed facilities only	0	Base Period Demand
3 Connecting Co. Tandem MOU	0	Base Period Demand
4 Connecting Co. Direct MOU	0	Line 8 * Line 9
5 Total ILEC Transport MOU	26,251,334	Line 1 - Line 2 + Line 3 + Line 4
6 DS1's Direct to Conn. Co. Offices (PIU'd)	0.00	Base Period Demand in Price Caps
7 DS3's Direct to Conn. Co. Offices (PIU'd)	0.00	Base Period Demand in Price Caps
8 Conn. Co. VG Equiv. Direct Trunks	0	24 * Line 6 + 672 * Line 7
9 Assumed MOU per Direct Trunk	3,038	Records

Citizens Telecommunications Companies - Group #5
Calculation of Current ATS Rate and Aggregate Target

5/20/08 Letter Filing
Exhibit 2.5-5
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		(A) Total	(B) CMT	(C) Traffic Sens.	(D) Trunking
100	Local Switching	Base Period Demand Rated Out		68,300	
105	LS Trunk Ports	Base Period Demand Rated Out		32,995	
110	Info Surcharge	Base Period Demand Rated Out		0	
115	STP Ports	Base Period Demand Rated Out		0	
130	Tandem Switched Transport	Base Period Demand Rated Out			50,782
160	VG Switched Transport	Base Period Demand Rated Out			0
220	High Cap & Other Switched Transport	Base Period Demand Rated Out			9,652
400	Total Traffic Sensitive-Related Revenue	Sum of Lines 100..220		101,296	60,434
410	Switched TS Revenue	Line 400, Col. C		101,296	
415	Switched Transport Revenue	Line 400, Col. D		60,434	
420	Local Switching MOU	Exhibit 3.5-3, Lines 1..5, Col. A		26,251,334	
430	LEC Transport MOU	Exhibit 2.5-4, Line 5		26,251,334	
440	Switched TS Revenue per MOU	Line 410 / Line 420		0.003859	
450	Switched Transport Revenue per MOU	Line 415 / Line 430		0.002302	
460	ATS Revenue per MOU	Line 440 + Line 450		0.006161	
470	Original Target Avg TS MOU Rate	47 C.F.R 61.3(qq)(3)		0.006500	
475	ATS Target Met in Prior Filing	Input		No	
478	Target Avg TS MOU Rate			0.006500	
480	Amount Above Target	If Line 475 = "Yes" then 0, else Line 460 - Line 470, but max 0		0.000000	

Citizens Telecommunications Companies - Group #5
Calculation of Initial Targeting Amount

5/20/08 Letter Filing
Exhibit 2.5-6
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		(A) Total	(B) CMT	(C) Traffic Sens.	(D) Trunking
490	Maximum Revenue to Target	Line 480 * max of Ln 420 or 430, subj. to LS reduction rule	0		
500	GDP-PI	Not an annual filing	2.6383%	2.6383%	2.6383%
510	X	47 CFR 61.45	0.065000	0.065000	0.065000
520	g factor	Exhibit 2.5-3, Line 9	-22.2712%		
530	CL MOU Revenue, excl. Marketing	Base period Demand rated out	0		
540	R	Base period Demand rated out	1,392,320	1,196,302	135,584
547	Reversal of Prior Yr Pooling Jurisdictions	Exhibit H-1	0	0	
550	Initial Target Reduction	GDP-PI - X & g impacts	(53,767)	(46,198)	(5,236)
555	Transfer Targeting Revenue	None	0	0	(2,334)
560	Actual Available Targeting Reduction	Ln 550 + Ln 555 (limited to - Ln 490)	0		
570	Revenue Remaining to Target	Line 490 + Line 560	0		
595	Percentage Reduction in LS	Initial CALLS filing only	0.00%		
600	Specified LS Revenue Reduction	Initial Restructure Only	0		
610	Amount of Calculated LS Reduction	Min(Line 600, Line 570)	0		
620	Final Revenue Remaining to Target	Line 570 - Line 610	0		
700	Required TIC Reduction	No remaining TIC	0		
710	Required Info Surcharge Reduction	No remaining Info Surcharge	0		
715	Residual Amount	Ln 560 - Ln 610 - Ln 700 - Ln 710	0		
720	Minimum Amount for Local Switching	Ln 715 * Exhibit 2.5-5, (Ln 100 / Ln 400)	0		
730	Max. Availa. for Other ATS Ratemaking	Line 715 - Line 720	0		

Citizens Telecommunications Companies - Group #5
 TRP Form IND-1 Source References

5/20/08 Letter Filing
 Exhibit 3.5-1
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	EXISTING API (F)	EXISTING SBI (G)	EXISTING SBI LIMIT (H)	6/30/2007 PCI (I)	6/30/2007 SBI (J)
<u>Common Line Basket</u>					
100 Total Common Line	N/A	N/A	N/A	N/A	N/A
<u>Traffic Sensitive Basket</u>					
200 Local Switching	N/A	new	new	N/A	new
220 Database Access	N/A	new	new	N/A	new
230 800 DB VertSvcs Sub-Cat	N/A	new	new	N/A	new
240 Billing Name and Address	N/A	new	new	N/A	new
250 Local Switching Trunk Ports	N/A	new	new	N/A	new
260 STP Port Terminations	N/A	new	new	N/A	new
299 Total Traffic Sensitive	new	N/A	N/A	new	N/A
<u>Trunking Basket</u>					
310 Tandem Switched Transport	N/A	new	new	N/A	new
320 VoiceGrade - Switched	N/A	new	new	N/A	new
340 High Cap & Other - Switched	N/A	new	new	N/A	new
350 DS-1 SubCat - Switched	N/A	new	new	N/A	new
360 DS-3 SubCat - Switched	N/A	new	new	N/A	new
499 Total Trunking	new	N/A	N/A	new	N/A
<u>Special Access Basket</u>					
720 VG/WATS, Met, Tgh - Special	N/A	new	new	N/A	new
730 Audio & Video	N/A	new	new	N/A	new
740 High Cap & DDS - Special	N/A	new	new	N/A	new
750 DS-1 SubCat - Special	N/A	new	new	N/A	new
760 DS-3 SubCat - Special	N/A	new	new	N/A	new
899 Total Special Access	new	N/A	N/A	new	N/A

Citizens Telecommunications Companies
COSAs: CTC1, CTC2, CTC3, CTC4, CTC5

5/20/08 Letter Filing
Exhibit 4-1

Services Outside of Price Cap

Company Name: Citizens Telecommunications Companies

Filing Date: 05/20/08

Rate Element Detail

Tariff Section

Special Construction/ICBs

Special Construction Charge--NonRecurring

FCC #1 10.2.8(C)

Collocation/Interconnection

EIS - Physical Collocation - Recurring and NonRecurring
Switched Access Cross Connect

FCC #1 20.1.9, 20.2.9, 20.3.9, 20.4.9
FCC #1 20.1.4

Packet Services

Frame Relay - Recurring & NonRecurring
IDAS - Recurring & NonRecurring
DIAS - Recurring & NonRecurring

FCC #1 20.1.15, 20.2.10, 20.4.10
FCC #1 20.1.11, 20.2.11, 20.4.11
FCC #1 20.4.13

Switched Access Elements

Special Access Elements

End User Charges

Local Number Portability End User Charge - Recurring
End User Presubscription - NonRecurring (PIC Change Charge)
Federal USF End User Surcharge - Percentage Surcharge

FCC #1 20.1.2.3(b), 20.2.2.3(b), 20.4.2.3(b)
FCC #1 20.1.7, 20.2.7, 20.3.7, 20.4.7
FCC #1 20.1.2.1.1, 20.2.2.1.1, 20.3.2.1.1, 20.4.2.1.1

Gov't Services

Miscellaneous/Other

Grandfathered Services -Recurring

FCC #1 18.2

Citizens Telecommunications Companies
COSAs: CTC1, CTC2, CTC3, CTC4, CTC5

5/20/08 Letter Filing
Exhibit 4-2

Services Outside of Price Cap

Company Name: Citizens Telecommunications Companies

Filing Date: 04/30/04

Rate Element Detail	Tariff Section	Order Allowing Removal
<u>Service that were in PC and have been removed</u>		
<u>Interexchange services</u> Interstate IntraLATA toll	FCC #5 (all sections)	FCC 99-206 Fifth Report and Order and Further Notice of Proposed Rulemaking (Pricing Flexibility Order)
<u>Trunking</u> Citizens has no Trunking services removed from Price Caps.		
<u>Special Access</u> Citizens has no Special Access services removed from Price Caps.		

Citizens Telecommunications Companies - Group #5
 Global Valley 2007 Revenue Requirement

5/20/08 Letter Filing
 Exhibit GVN-1
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	<u>Source / Comments</u>	<u>Quantity</u>	
1	BFP Loop-Based Revenue Requirement	2007 Part 69 Cost Study	1,597,485
2	Federal Universal Service Support	records	138,864
3	NTS Port Costs from Local Switching	Line 9	55,716
4	69.156 Marketing Costs for CMT	Line 12 + Line 15 + Line 18	9,333
5	CMT RRQ for Ratemaking	Ln 1 - Ln 2 + Ln 3 + Ln 4	1,523,670
6	Local Switching Revenue Gross RRQ	2007 Part 69 Cost Study	565,321
7	Local Switching Support	2007 Pt 69 LSS Algorithm	379,600
8	Local Switching RRQ excluding LSS	Line 6 - Line 7	185,721
9	NTS Port Costs for Common Line	Line 8 * 30%	55,716
10	Marketing Costs in Local Switching	2007 Part 69 Cost Study detail	12,089
11	NTS Port Marketing Costs	Line 10 * 30%	3,627
12	Marketing Costs to Shift to CMT	Line 10 - Line 11	8,462
13	Local Switching RRQ for Ratemaking	Line 8 - Line 9 - Line 12	121,543
14	Information Surcharge RRQ	2007 Part 69 Cost Study	14,041
15	Marketing Costs to Shift to CMT	2007 Part 69 Cost Study detail	0
16	Information Surch. RRQ for Ratemaking	Line 14 - Line 15	14,041
17	Switched Transport RRQ	2007 Part 69 Cost Study	61,305
18	Marketing Costs to Shift to CMT	2007 Part 69 Cost Study detail	871
19	Switched Transport RRQ for Ratemaking	Line 17 - Line 18	60,434
20	Total Switched Access RRQ	Line 13 + Line 16 + Line 19	196,018
21	Special Access Revenue Requirement	2007 Part 69 Cost Study	459,674
22	DSL Revenue Requirement	Exhibit GVN-DSL	246,031
23	Special Access RRQ for Ratemaking	Line 21 - Line 22	213,643
24	Billing and Collection RRQ	2007 Part 69 Cost Study	187,852
25	LSS + Univ Svc Support	Line 7 + Line 2	518,464
26	Total Interstate RRQ	Ln 5 + Ln 20 + Ln 21 + Ln 24 + Ln 25	2,885,678

Citizens Telecommunications Companies - Group #5
Development of Initial CMT per Line and Switched Access Rates

5/20/08 Letter Filing
Exhibit GVN-2
Page 1 of 1

	<u>Source / Comments</u>	<u>Quantity</u>	
1	2007 SLC Revenue	Exhibit GVN-3, Line 16	1,192,072
2	Marketing Expense Shifted to CMT	Exhibit GVN-1, Line 4	9,333
3	Initial CMT Revenues	Line 1 + Line 2	1,201,405
4	2007 Base Period Access Lines	Historical Demand Quantities	170,329
5	Initial CMT per Line for Price Cap Filing	Line 3 / Line 4	7.053440

Citizens Telecommunications Companies - Group #5
Development of Initial CMT Basket Rates

5/20/08 Letter Filing
Exhibit GVN-3
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	<u>Source / Comments</u>	<u>Base Period Demand</u>	<u>Rates</u>	<u>Revenue</u>	
2007 SLC Revenue at Rule Caps					
1	EUCL - Primary Residence & SLB	2007 demand, rate at rule cap	81,647	6.50	530,706
2	EUCL - Lifeline	2007 demand, rate at rule cap	48,139	6.50	312,904
3	EUCL - Secondary Residence	2007 demand, rate at rule cap	8,971	6.50	58,312
4	EUCL - BRI ISDN	2007 demand, rate at rule cap	115	6.50	748
5	EUCL - MLB & Centrex	2007 demand, rate at rule cap	30,612	9.20	281,630
6	EUCL - PRI ISDN	2007 demand, rate at rule cap	169	46.00	7,774
7	Total 2007 SLC Revenue at Rule Caps	Sum of Lines 1..6			1,192,072
8	2007 CMT Rev. Req. Excl. Marketing Exp.	Exhibit GVN-1, Line 5 - Exhibit GVN-1, Line 4			1,514,337
9	Reduction to Avoid Over-Recovery	Max of (Line 7 - Line 8), zero			0
2007 SLC Revenue at 1/1/08 Rates					
10	EUCL - Primary Residence & SLB		81,647	6.50	530,706
11	EUCL - Lifeline		48,139	6.50	312,904
12	EUCL - Secondary Residence		8,971	6.50	58,312
13	EUCL - BRI ISDN		115	6.50	748
14	EUCL - MLB & Centrex	see Note 1	30,612	9.20	281,630
15	EUCL - PRI ISDN	rate = 5 * Line 14	169	46.00	7,774
16	2007 SLC Revenues	Line 7 - Line 9			1,192,072

Note 1: Rate for Line 14 = (Revenue Line 5 + Revenue Line 6 - Revenue Line 9) / (Demand Line 14 + 5 * Demand Line 15)

Global Valley Network, Inc.
DSL Cost Allocation for Special Access Ratemaking
Part 69 Allocation Basis

5/20/08 Letter Filing
 Exhibit GVN-DSL

Part 69
2007 GVNI

Exchange Line Wideband Investment:		4.11 DSL	4.11 InterSt Wideband	4.11 Total
Central Office Equipment Cat. 4.11 - DSL Only	752,216	752,216	67,297	819,513
Cable & Wire Facilities Cat. 2.1	0			
General Support - DSL Allocation	211,659			
Total DSL Investment	963,875			

Plant in Service:	Special Access
General Support investment	428,826
Total COE-SW investment	0
Total COE-TR investment	883,998
Total COE investment	883,998
IOT investment	0
CWF investment	640,006
Tangible assets	0
Intangible assets	191
Total	1,953,021

Big Three Expense Factor:	Special Access	DSL Only	DSL %
Network Support Expense	74	37	
General Support Expense	8,607	4,248	
COE-Switching Expense	0	0	
COE-Transmission Expense	24,426	20,785	
IOT Expense	0	0	
CWF Expense	20,491	0	
Other PP&E Expense	320	158	
Network Operations Expense	20,740	10,237	
Access Charge Expense (Universal Service Contribution)	0	0	
Marketing Expense	6,672	3,293	
Services Expense	16,834	8,309	
Total	98,164	47,066	0.479466

Interstate Special Access Revenue Requirement	459,674
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Global Valley Network, Inc.
 DSL Cost Allocation for Special Access Ratemaking
 Part 69 Allocation Basis

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Part 69 Overhead Costs:

		Part 69 Interstate Special Access			
Account	Account Description	Allocation Basis	SP Access	Allocation Factor	DSL Allocation
Investment Accounts					
2110	General Support Facilities Investment	COE + IOT + CWF Investment	428,826	0.493579	211,659
2690	Intangibles	Plnt in Svc Excl Tang & Intang	191	0.493579	94
2002	Plant Held for Future Use	Total Plnt in Svc	0	0.493579	0
2003	Plant Under Construction	Total Plnt in Svc	33,270	0.493579	16,421
2005	Telephone Plant Adjustment	Total Plnt in Svc	0	0.493579	0
1220	Material and Supplies	Total Plnt in Svc	5,733	0.493579	2,830
1402	RTB Stock	Total Plnt in Svc	0	0.493579	0
	Cash Working Capital	Total Plnt in Svc	23,562	0.493579	11,630
Reserve Accounts					
3100-3600	Depreciation Reserve - General Support	General support Investment	285,183	0.493579	140,760
	Depreciation Reserve - COE Transmission	COE-Transmission Investment	618,452	0.850925	526,256
	Depreciation Reserve - Cable & Wire Facilities	CWF Investment	562,839	0.000000	0
	Accumulated Amortization - Tangibles	Total Plnt in Svc	0	0.493579	0
a	Accumulated Amortization - Intangibles	Total Plnt in Svc	141	0.493579	70
4040	Customer Deposits	Total Plnt in Svc	44	0.493579	22
4310	Other Long Term Liabilities	Total Plnt in Svc	0	0.493579	0
4340	Net Noncurrent Deferred Oper. Inc. Taxes	Total Plnt in Svc	(12,093)	0.493579	(5,969)
Expense Accounts					
6110	Network Support Expense	Plnt in Svc Excl Tang & Intang	74	0.493579	37
6120	General Support Expense	General Support Investment	8,607	0.493579	4,248
6210	COE-Switching Expense	COE-SW Investment	0	0.000000	0
6230	COE-Transmission Expense	COE-TR Investment	24,426	0.850925	20,785
6410	Cable & Wire Facilities Expense	CWF Investment	20,491	0.000000	0
6510	Other Property, Plant & Equip. Expense	COE + IOT + CWF Investment	320	0.493579	158
6530	Network Operations Expense	COE + IOT + CWF Investment	20,740	0.493579	10,237
6560-6565	Depreciation Expense - General Support	General Support Investment	29,338	0.493579	14,481
	Depreciation Expense - COE-Transmission	COE-Transmission Investment	106,371	0.850925	90,514
	Depreciation Expense - Cable & Wire Facilities	CWF Investment	47,049	0.000000	0
	Amortization Expense - Tangibles	Total Plnt in Svc	0	0.493579	0
	Amortization Expense - Intangibles	Total Plnt in Svc	106	0.493579	52
	Amortization Expense - Tel. Plant Adjustment	Total Plnt in Svc	0	0.493579	0
6610	Marketing Expense	Total Plnt in Svc	6,672	0.493579	3,293

Global Valley Network, Inc.
DSL Cost Allocation for Special Access Ratemaking
Part 69 Allocation Basis

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6620	Customer Operations Expense	Total PInt in Svc	16,834	0.493579	8,309
6720	Corporate Operations - G & A Expense	Big Three Expense Factor	57,439	0.479466	27,540
Other Income Accounts					
7240	Taxes	Total PInt in Svc	6,523	0.493579	3,220
7340	AFUDC	Total PInt in Svc	13	0.493579	6
7370	Special Charges	Total PInt in Svc	0	0.493579	0
7500	Interest & Related Charges	Total PInt in Svc	0	0.493579	0
Miscellaneous					
	Rent Revenue - General Support	General Support Investment	179	0.493579	88
	Rent Revenue - Central Office Equipment	Total COE Investment	0	0.850925	0
	Rent Revenue - Cable and Wire Facilities	CWF Investment	114	0.000000	0
	Rent Revenue - Undistributed	Total PInt in Svc	0	0.493579	0
	Amortization of ITC	Total PInt in Svc	0	0.493579	0
	Other Income Adjustments	Big Three Expense Factor	307	0.479466	147
	MAG Impact - Allocation of TIC Revenues	DSL Rev. Req./ SA Rev. Req.	0	0.535229	0

DSL Revenue Requirement Calculation:

Net Investment	333,711
Rate of Return	11.25%
Return on Investment	37,543
AFUDC	6
Net Return on Investment	37,536
Operating Expenses and Taxes	182,784
Federal Income Taxes	20,132
State Income Taxes	5,578
DSL Revenue Requirement	246,031

Income Tax Calculation:

FIT Base	
Net Return	37,536
Other Income Adjustments	147
Fixed Charges	0
Amortization of ITC	0
FIT Base	37,389
FIT Factor (FIT rate / (1-FIT Rate))	0.538462
Federal Income Tax Expense	20,132
SIT Base (FIT Base + FIT Expense)	57,521
SIT Factor (SIT Rate / (1-SIT Rate))	0.096972
State Income Tax Expense	5,578

SIT Rate: **8.84%**