

AMERITECH OPERATING COMPANIES (AMERITECH)
2010 ANNUAL FILING – PART I
DESCRIPTION AND JUSTIFICATION
May 17, 2010

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1. INTRODUCTION

This filing is being made in compliance with the following:

- In the Matter of Material to be Filed in Support of 2010 Annual Access Tariff Filings, DA 10-506 (*Tariff Review Plans*), released March 31, 2010;
- In the Matter of July 2010 Annual Access Charge Tariff Filings, DA 10-505 (*2010 TRP Order*), released March 31, 2010;
- In the Matter of Assessment and Collection of Regulatory Fees for the Fiscal Year 2010, MD Docket 10-87 (FCC 10-51), released April 13, 2010;
- Sixth Report and Order in CC Docket Nos. 96-262 and 94-1, Report and Order in CC Docket No. 99-249 and Eleventh Report and Order in CC Docket No. 96-45, (*CALLS Order*), In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low-Volume Long Distance Users and Federal-State Joint Board on Universal Service, released May 31, 2000;
- In the Matter of Thousand-Block Number Pooling, Report and Order and Second Order on Reconsideration, CC Docket No. 96-98 and CC Docket No. 99-200, released December 28, 2001;
- Public Notice, Common Carrier Bureau Provides the Format for Access Tariff Review Plans of April 2, 1999 CCB/CPD 99-10, DA 99-584, released March 25, 1999;
- In the Matter of Defining Primary Lines, Report and Order & Further Notice of Proposed Rulemaking, CC Docket No. 97-181, released March 10, 1999;
- In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure, Second Order on Reconsideration and Memorandum Opinion and Order, CC Docket Nos. 96-262, 94-1, and 91-213, released October 9, 1997;
- In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, and End User Common Line Charges, Order on Reconsideration, CC Docket Nos. 96-262, 94-1, 91-213 and 95-72, released July 10, 1997;
- In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, and End User Common Line Charges, Errata, CC Docket Nos. 96-262, 94-1, 91-213 and 95-72, released June 4, 1997;

- ❑ In the Matter of Federal-State Joint Board on Universal Service, Errata, CC Docket No. 96-45, released June 4, 1997;
- ❑ In the Matter of Federal-State Joint Board on Universal Service, Report and Order, CC Docket No. 96-45, released May 8, 1997;
- ❑ In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, and End User Common Line Charges, First Report and Order, CC Docket Nos. 96-262, 94-1, 91-213 and 95-72, released May 16, 1997;
- ❑ In the Matter of Price Cap Regulation of Local Exchange Carriers Rate-of-Return Sharing and Lower Formula Adjustment, Report and Order, CC Docket No. 93-179, released April 14, 1995;
- ❑ In the Matter of Price Cap Performance Review for Local Exchange Carriers, First Report and Order, (Price Cap Review Order), CC Docket No. 94-1, released April 7, 1995;
- ❑ In the Matter of Access Charge Reform, Notice of Proposed Rulemaking, Third Report and Order, and Notice of Inquiry CC Docket No. 96-262, released December 24, 1996, paragraph 305 (removing lower service band limits);
- ❑ In the Matter of Amendment of Part 36 of the Commission's Rules and Establishment of a Joint Board, Report and Order, CC Docket No. 80-286, released February 3, 1997;
- ❑ In the Matter of Responsible Accounting Office Letter 20, Uniform Accounting for Postretirement Benefits Other Than Pensions in Part 32, Memorandum Opinion and Order and Notice of Proposed Rulemaking, (RAO 20 Order), CC Docket No. 96-22, released March 7, 1996;
- ❑ In the Matter of Transport Rate Structure and Pricing, Second Report and Order, CC Docket No. 91-213, released January 31, 1994;
- ❑ In the Matter of Amendments of Part 69 of the Commission's Rules Relating to Creation of Access Charge Subelements for Open Network Architecture, Report and Order & Order on Further Reconsideration, CC Docket 89-79, released July 11, 1991;

- In the Matter of Policy and Rules Concerning Rates for Dominant Carriers, Order on Reconsideration, CC Docket 87-313, released April 17, 1991 (LEC Price Cap Reconsideration Order);
- The Commission's Second Report and Order, In the Matter of Policy and Rules Concerning Rates for Dominant Carriers, CC Docket 87-313, released October 4, 1990 (LEC Price Cap Order); and
- Parts 61 and 69 of the Commission's Rules as stated herein.

The *LEC Price Cap Order* requires an annual access tariff filing in which Ameritech Operating Companies (Ameritech) is required to adjust the price cap indices (PCIs) for each basket of services, based on the change in the Gross Domestic Product Price Index (GDP-PI), a transitional mechanism (x-factor) and exogenous cost changes. Ameritech has incorporated the demand and revenue/cost of those new services introduced during the 2009 base period, and has calculated the PCI for each affected basket and service category, including the new services, in accordance with the Commission's Rules and the *LEC Price Cap Order*.

2. EXOGENOUS COST DEVELOPMENT (ΔZ)

Part 61.45(a) requires that local exchange carriers (LECs) adjust their PCIs to reflect the dollar effect of the exogenous cost changes (ΔZ). According to Parts 61.45(b), this dollar effect must be measured at the base period level of operations.

In the 2010 Annual Filing, Ameritech will make the following exogenous adjustments, which are allowable in accordance with the *Code of Federal Regulations* (CFR) or were designated in Commission Orders:

- Excess Deferred Tax (EDT)
- Investment Tax Credit (ITC)
- Regulatory Fee Payment Exogenous
- Telecommunications Relay Service (TRS)

Part 61.45(d)(3) requires that exogenous cost changes be apportioned between price cap services and excluded services. Ameritech adjusted the exogenous cost changes to remove impacts associated with services that are excluded from price cap regulation, to the extent that revenues

for these services existed and were identifiable. The costs associated with non-price cap services, included in Parts 36 and 69 costs, are not identifiable. Consequently, Ameritech assumes that the costs for these services are equivalent to the revenue from these services. Ameritech excluded a percentage of exogenous costs equivalent to the percentage of total identifiable interstate access, including revenue associated with approved pricing flexibility petitions, and Interexchange services revenue that represents non-price cap service revenue. In accordance with Part 61.45(d)(3), no exogenous adjustment will be allocated to Average Traffic Sensitive (ATS) revenue.

2.A EXCESS DEFERRED TAX

The FCC, in its *LEC Price Cap Reconsideration Order*, paragraph 72, allowed exogenous treatment of the flow-through of Excess Deferred Income Tax (EDT). In this filing, Ameritech reflects the estimated exogenous cost changes associated with this item for the 2010-2011 tariff period. *Exhibit 2* provides the development of the EDT impacts for each Ameritech study area. *Exhibit 2.1* provides additional historical information for EDT and the remaining EDT available for future annual filings.

2.B INVESTMENT TAX CREDIT AMORTIZATION

The FCC, in its *LEC Price Cap Reconsideration Order*, paragraph 72, allowed exogenous treatment of the flow-through of the repeal of the Invest Tax Credit (ITC). In this filing, Ameritech reflects the estimated exogenous cost changes associated with this item in *Exhibit 2.2* for the 2010-2011 tariff period. *Exhibit 2.3* provides additional historical information for ITC and the remaining ITC available for future annual filings.

2.C COMBINED EFFECT

The combined effect of EDT and ITC is developed to determine the impact of all exogenous cost changes on the interstate revenue requirements. *Exhibit 2.4* summarizes this impact. Details pertaining to this calculation are shown in *Exhibit 2.5*.

2.D TELECOMMUNICATIONS RELAY SERVICES (TRS) FUND

The Commission has also ruled Telecommunications Relay Service (TRS) fund payments¹ may be treated as exogenous. On May 14, 2009, the Commission released FCC 09-39 (CC Docket 03-123), revising the TRS factor from .01012 to .01137, which is being employed as the basis of this exogenous change as no revised factor has yet been released. Therefore, Ameritech is estimating the total TRS contribution amount for the ensuing tariff period based on the revised factor and revenue. The development of the TRS exogenous cost for this filing is provided in *Exhibit 2.6A*, and will be updated in the June 2010 tariff filing if, in the interim, the Commission modifies the factor.

2.E REGULATORY FEE PAYMENTS EXOGENOUS ADJUSTMENTS

The filing for exogenous treatment of Regulatory Fees is consistent with Parts 61.45(a) and 61.45(d)(1)(vi) of the Commission's Rules and Regulations and the Common Carrier Bureau's October 7, 1994 Order.² On April 13, 2010, the Commission released its Order, In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2010, MD Docket 10-87 (FCC

¹ In the Matter of Telecommunications Relay Service, and the Americans with Disabilities Act of 1990, CC Docket No. 90-571, Second Order on Reconsideration and Fourth Report and Order, released September 29, 1993, paragraph 18.

² Price Cap Treatment of Regulatory Fees Imposed by Section 9 of the Communications Act Order, (DA 94-1119) (Common Carrier Bureau, released October 7, 1994), (Erratum released November 2, 1994) paragraph 6, granting a waiver to permit exogenous cost treatment of regulatory fees.

10-51), detailing the proposed factor for the Fiscal Year 2010. Ameritech is estimating regulatory fee payments and the corresponding exogenous adjustment based on the proposed factor and revenue. The exogenous adjustment is detailed in *Exhibit 2.6B*.

2.F SUMMARY OF EXOGENOUS COSTS & DISTRIBUTION

Part 61.45(d)(4) of the Rules requires that exogenous cost changes be apportioned between price cap services and excluded services. The combined exogenous cost changes have been adjusted to remove impacts associated with services that are excluded from price cap regulation, to the extent that revenues for these services existed and were identifiable. The costs associated with non-price cap services, included in Parts 36 and 69 costs, are not identifiable. It is assumed that the costs for these services are equivalent to the revenue from these services. A percentage of exogenous costs are equivalent to the percentage of total identifiable interstate access and Interexchange services revenue that represents non-price cap service revenue. Totals of all exogenous costs applied in this filing are summarized on *Exhibit 2.9*.

10. PART 69 WAIVERS

The following is a list of Part 69 waivers involving Ameritech, Southwestern Bell Telephone Company (SWBT), Pacific Bell Telephone Company (PBTC), Nevada Bell Telephone Company (NBTC), The Southern New England Telephone Company (SNET), and BellSouth Telecommunications, Inc. (BellSouth), collectively the AT&T Companies, including a citation to the Order granting the waiver and the basket and service category, if applicable, and the treatment of rate elements created by the waiver:

- SBC Companies – Order (DA 05-1607), released June 6, 2005, granting permission to waive True IP to PSTN (TIPTop) services from price caps for the 2005 Annual access tariff filing requirements.

- SNET and Ameritech - Order, released December 2, 1996, granting waiver of Parts 69.110, 69.111 and 69.112 to establish new rate elements associated with a new SONET-based switched transport service. These charges are included in the HiCap Category of the Trunking Basket.
- Ameritech - Order, released March 27, 1996, to establish unbundled rate elements for SS7 service. These rate elements are included in the Traffic Sensitive and Trunking baskets.
- SWBT - Bureau Order, released January 26, 1996, granting the establishment of a new-switched access rate element to recover the costs incurred in provisioning of file transfer in conjunction with DirectLine Custom Service. This rate element is in the Information Service Category of the Traffic Sensitive Basket.
- SWBT - Bureau M O & O, released December 6, 1994, granting the establishment of five new rate elements for Designated Operator Services (DOS). These rate elements are included in the Interexchange Basket.
- SBC Companies - Bureau Order, released November 30, 1994, granting establishment of a new rate element for 500 Access Service. SWBT, Ameritech, and PBTC include this rate element in the Local Switching Service Category of the Traffic Sensitive Basket. SNET includes this rate element in the Database Service Category of the Traffic Sensitive Basket. NBTC does not offer the service.
- SBC Companies - Bureau Order, released December 17, 1993, granting a waiver of Part 69.113, for all LECs to allow tariffing of a Nonpremium charge for the interconnection charge. This resolved a conflict between the Transport Order and the Rules. This rate element is included in the Interconnection Service Category of the Trunking Basket.
- SBC Companies - Bureau Order, released July 23, 1993, granting a blanket waiver of Part 69 of the Commission Rules to enable all Local Exchange Carriers to tariff interstate access elements that reasonably reflect facility arrangements for transport between the Telecommunications Relay Service (TRS) service bureau and associated tandem switches until October 31, 1995, when the interim local transport structure was scheduled to be replaced. These rate elements are included in the HiCap Service Category of the Trunking Basket.
- SBC Companies - Bureau Order, released February 26, 1993, granting an additional routing option for Interexchange carriers (IXCs). It allows IXCs to terminate FGB traffic to nonconverted end offices over the IXC's access tandem network FGD trunk groups at rates equal to the FGD (premium rate). Implementation of this provision affects Local Switching demand in the Traffic Sensitive Basket, Interconnection demand in the Trunking Basket and the Carrier Common Line demand in the Common Line Basket.
- Ameritech - Order, released February 12, 1992, granting permission to assess the Ameritech Directory Search (ADS) rates, formerly Electronic Directory Search. These rate elements are included in the Information Service Category of the Traffic Sensitive Basket.

- SBC Companies - Bureau MO&O, released January 30, 1992, granting establishment of sub-elements in the Switched Access transport rate element to recover the costs associated with a Dedicated Network Access Line (DNAL) Basic Service Arrangement (BSA). This rate element is included in the Local Switching Category of the Traffic Sensitive Basket.
- SBC Companies - Commission Order, released October 9, 1991, granting establishment of an Information Surcharge rate element within the Information Service Category. This rate element is included in the Traffic Sensitive Basket.
- SNET and Ameritech - Commission Order, released March 5, 1991, In the Matter of Ameritech's Petition for Waiver of Section 69.4(b) of the Commission's Rules. The Commission established a blanket waiver for all carriers who provide operator services to include Line Status Verification, Call Interruption and Operator Transfer. The Commission did not specify applicable price cap baskets or service categories in the waiver.
- SWBT - Bureau MO&O, released June 15, 1990, granting establishment of new switched access rate elements to recover the cost incurred in the provision of DirectLine Custom Service. These rate elements are included in the Information Service Category of the Traffic Sensitive Basket.
- SWBT and PBTC - Bureau MO&O, releases May 31, 1990, granting the establishment of rate elements for Operator Call Processing Service. These rate elements are included in the Interexchange Basket.
- SBC Companies - Bureau MO&O, released September 28, 1988, granting establishment of a rate element for the recovery of costs incurred in the provision of 900 Access Service. This rate element is included in the Local Switching Service Category of the Traffic Sensitive Basket.
- SBC Companies - Order, released September 3, 1987, granting permission to determine the Message Unit Credit (MUC) on a statewide basis instead of an exchange basis, as stated in Part 69.106(c). The waiver was extended via the 1989 and 1990 Waiver Orders. This charge is included in the Local Switching Service Category of the Traffic Sensitive Basket.
- SBC Companies - Bureau MO&O, released June 12, 1987, granting an additional routing option for Interexchange carriers to have their Nonpremium 800 service traffic routed over existing access tandem network Feature Group D trunk groups at premium rates. This affects the rate elements included in the Local Switching and Interconnection service categories of the Traffic Sensitive and Trunking baskets, respectively.
- SNET - Commission Order, released June 7, 1985, granting permission to disaggregate the Directory Assistance Charge into a charge "per call" and a charge "per minute of use (MOU)." This waiver was extended indefinitely "pending further order" in the Commission's

1989 Waiver Order, paragraph 6, released December 2, 1988. This charge is included in the Information Service Category of the Traffic Sensitive Basket.

- SBC Companies - Commission MO&O, released August 22, 1983, established the \$25.00 Special Access Surcharge (waiving Part 69.115 (c)) for private line subscribers who actually leak traffic into the local network. This grant was extended in the 1985 Waiver Order, released June 7, 1985, and again addressed in the 1989 Waiver Order, released December 2, 1988, granting waiver in force pending resolution of the Special Access Surcharge issues. This rate element is included in the Common Line Basket.

16. EXHIBITS

This section provides the Exhibits referenced in prior sections of the D&J.

- Exhibit 2 – Excess Deferred Tax (EDT)
- Exhibit 2.1 – Historical EDT Schedule
- Exhibit 2.2 – Investment Tax Credit (ITC)
- Exhibit 2.3 – Historical ITC Schedule
- Exhibit 2.4 – Combined Effect
- Exhibit 2.5 – EDT/ITC Adjusted for Non-Price Cap Services
- Exhibit 2.6A – Telecommunications Relay Service Exogenous
- Exhibit 2.6B – Regulatory Fee Exogenous
- Exhibit 2.9 – Summary of Exogenous Costs & Distribution
- Tariff Review Plan (TRP) – EXG-1

AMERITECH OPERATING COMPANIES
Calculation of Excess Deferred Tax (EDT) Exogenous Cost
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
Base Year Data							
Distribution of Deferred Income Taxes							
1 Interstate Allocation Factor	-	-	-	-	-	-	-
Change In Excess Deferred Tax Amounts							
RATEBASE							
2 Change in Excess DIT Payable	(1,712)	(386)	(194)	(38)	(67)	(0)	(87)
COST OF SERVICE							
3 Base Year PCI Excess DIT Amortization	1,712	386	194	38	67	0	87
4 Base Year PCI t-1 Excess DIT Amortization	2,379	535	268	53	93	0	120
5 Change in Excess DIT Amortization (L3-L4)	(667)	(149)	(75)	(15)	(26)	(0)	(33)
Calculation of Revenue Requirement Impact							
RATEBASE							
6 Annual Rate Base Impact (- L2)	N/A	N/A	194	38	67	0	87
7 Net Return (L6*.1125)	N/A	N/A	22	4	7	0	10
8 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6370	1.6413	1.6337	1.6426	1.6355
9 Excess DIT Rate Base Revenue Req. Impact (L7*L8)	N/A	N/A	36	7	12	0	16
COST OF SERVICE							
10 Excess DIT Impact on Federal Income Tax (- L5)	N/A	N/A	75	15	26	0	33
11 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6419	1.6458	1.6416	1.6457	1.6426
12 Excess DIT Revenue Requirement Impact (L10*L11)	N/A	N/A	123	24	43	0	55
13 Total Excess DIT Rev. Req. Impact (L9+L12)	N/A	315	159	31	55	0	71
(Interstate = Sum of Columns c through g)							

AMERITECH-ILLINOIS
Calculation of Excess Deferred Tax (EDT) Exogenous Cost
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
Base Year Data							
Distribution of Deferred Income Taxes							
1 Interstate Allocation Factor		21.80%	10.43%	2.98%	4.42%	0.00%	3.93%
Change In Excess Deferred Tax Amounts							
RATEBASE							
2 Change in Excess DIT Payable	(581)	(127)	(61)	(17)	(26)	-	(23)
COST OF SERVICE							
3 Base Year PCI Excess DIT Amortization	581	127	61	17	26	-	23
4 Base Year PCI t-1 Excess DIT Amortization	820	179	86	24	36	-	32
5 Change in Excess DIT Amortization (L3-L4)	(239)	(52)	(25)	(7)	(11)	-	(9)
Calculation of Revenue Requirement Impact							
RATEBASE							
6 Annual Rate Base Impact (- L2)	N/A	N/A	61	17	26	-	23
7 Net Return (L6*.1125)	N/A	N/A	7	2	3	-	3
8 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6596	1.6596	1.6596	1.6596	1.6596
9 Excess DIT Rate Base Revenue Req. Impact (L7*L8)	N/A	N/A	11	3	5	-	4
COST OF SERVICE							
10 Excess DIT Impact on Federal Income Tax (- L5)	N/A	N/A	25	7	11	-	9
11 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6596	1.6596	1.6596	1.6596	1.6596
12 Excess DIT Revenue Requirement Impact (L10*L11)	N/A	N/A	41	12	18	-	16
13 Total Excess DIT Rev. Req. Impact (L9+L12)	N/A	110	53	15	22	0	20
(Interstate = Sum of Columns c through g)							

AMERITECH-INDIANA
Calculation of Excess Deferred Tax (EDT) Exogenous Cost
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
Base Year Data							
Distribution of Deferred Income Taxes							
1 Interstate Allocation Factor		23.78%	12.87%	2.07%	2.41%	0.00%	6.41%
Change In Excess Deferred Tax Amounts							
RATEBASE							
2 Change in Excess DIT Payable	(199)	(47)	(26)	(4)	(5)	-	(13)
COST OF SERVICE							
3 Base Year PCI Excess DIT Amortization	199	47	26	4	5	-	13
4 Base Year PCI t-1 Excess DIT Amortization	222	53	29	5	5	-	14
5 Change in Excess DIT Amortization (L3-L4)	(23)	(5)	(3)	(0)	(1)	-	(1)
Calculation of Revenue Requirement Impact							
RATEBASE							
6 Annual Rate Base Impact (- L2)	N/A	N/A	26	4	5	-	13
7 Net Return (L6*.1125)	N/A	N/A	3	0	1	-	1
8 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6814	1.6814	1.6814	1.6814	1.6814
9 Excess DIT Rate Base Revenue Req. Impact (L7*L8)	N/A	N/A	5	1	1	-	2
COST OF SERVICE							
10 Excess DIT Impact on Federal Income Tax (- L5)	N/A	N/A	3	0	1	-	1
11 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6814	1.6814	1.6814	1.6814	1.6814
12 Excess DIT Revenue Requirement Impact (L10*L11)	N/A	N/A	5	1	1	-	2
13 Total Excess DIT Rev. Req. Impact (L9+L12)	N/A	18	10	2	2	-	5
(Interstate = Sum of Columns c through g)							

AMERITECH-MICHIGAN
Calculation of Excess Deferred Tax (EDT) Exogenous Cost
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
Base Year Data							
Distribution of Deferred Income Taxes							
1 Interstate Allocation Factor		20.96%	11.98%	1.64%	3.23%	0.01%	4.07%
Change In Excess Deferred Tax Amounts							
RATEBASE							
2 Change in Excess DIT Payable	(349)	(73)	(42)	(6)	(11)	(0)	(14)
COST OF SERVICE							
3 Base Year PCI Excess DIT Amortization	349	73	42	6	11	0	14
4 Base Year PCI t-1 Excess DIT Amortization	528	111	63	9	17	0	21
5 Change in Excess DIT Amortization (L3-L4)	(179)	(38)	(21)	(3)	(6)	(0)	(7)
Calculation of Revenue Requirement Impact							
RATEBASE							
6 Annual Rate Base Impact (- L2)	N/A	N/A	42	6	11	0	14
7 Net Return (L6*.1125)	N/A	N/A	5	1	1	0	2
8 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6263	1.6263	1.6263	1.6263	1.6263
9 Excess DIT Rate Base Revenue Req. Impact (L7*L8)	N/A	N/A	8	1	2	0	3
COST OF SERVICE							
10 Excess DIT Impact on Federal Income Tax (- L5)	N/A	N/A	21	3	6	0	7
11 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6263	1.6263	1.6263	1.6263	1.6263
12 Excess DIT Revenue Requirement Impact (L10*L11)	N/A	N/A	35	5	9	0	12
13 Total Excess DIT Rev. Req. Impact (L9+L12) (Interstate = Sum of Columns c through g)	N/A	74	43	6	11	0	14

AMERITECH-OHIO
Calculation of Excess Deferred Tax (EDT) Exogenous Cost
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
Base Year Data							
Distribution of Deferred Income Taxes							
1 Interstate Allocation Factor		23.59%	11.14%	1.86%	4.52%	0.00%	6.04%
Change In Excess Deferred Tax Amounts							
RATEBASE							
2 Change in Excess DIT Payable	(379)	(89)	(42)	(7)	(17)	-	(23)
COST OF SERVICE							
3 Base Year PCI Excess DIT Amortization	379	89	42	7	17	-	23
4 Base Year PCI t-1 Excess DIT Amortization	464	109	52	9	21	-	28
5 Change in Excess DIT Amortization (L3-L4)	(85)	(20)	(9)	(2)	(4)	-	(5)
Calculation of Revenue Requirement Impact							
RATEBASE							
6 Annual Rate Base Impact (- L2)	N/A	N/A	42	7	17	-	23
7 Net Return (L6*.1125)	N/A	N/A	5	1	2	-	3
8 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.5699	1.5699	1.5699	1.5699	1.5699
9 Excess DIT Rate Base Revenue Req. Impact (L7*L8)	N/A	N/A	7	1	3	-	4
COST OF SERVICE							
10 Excess DIT Impact on Federal Income Tax (- L5)	N/A	N/A	9	2	4	-	5
11 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.5699	1.5699	1.5699	1.5699	1.5699
12 Excess DIT Revenue Requirement Impact (L10*L11)	N/A	N/A	15	2	6	-	8
13 Total Excess DIT Rev. Req. Impact (L9+L12)	N/A	47	22	4	9	-	12
(Interstate = Sum of Columns c through g)							

AMERITECH-WISCONSIN
Calculation of Excess Deferred Tax (EDT) Exogenous Cost
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
Base Year Data							
Distribution of Deferred Income Taxes							
1 Interstate Allocation Factor		24.03%	11.43%	1.80%	3.74%	0.01%	7.02%
Change In Excess Deferred Tax Amounts							
RATEBASE							
2 Change in Excess DIT Payable	(204)	(49)	(23)	(4)	(8)	(0)	(14)
COST OF SERVICE							
3 Base Year PCI Excess DIT Amortization	204	49	23	4	8	0	14
4 Base Year PCI t-1 Excess DIT Amortization	345	83	39	6	13	0	24
5 Change in Excess DIT Amortization (L3-L4)	(141)	(34)	(16)	(3)	(5)	(0)	(10)
Calculation of Revenue Requirement Impact							
RATEBASE							
6 Annual Rate Base Impact (- L2)	N/A	N/A	23	4	8	0	14
7 Net Return (L6*.1125)	N/A	N/A	3	0	1	0	2
8 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6704	1.6704	1.6704	1.6704	1.6704
9 Excess DIT Rate Base Revenue Req. Impact (L7*L8)	N/A	N/A	4	1	1	0	3
COST OF SERVICE							
10 Excess DIT Impact on Federal Income Tax (- L5)	N/A	N/A	16	3	5	0	10
11 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6704	1.6704	1.6704	1.6704	1.6704
12 Excess DIT Revenue Requirement Impact (L10*L11)	N/A	N/A	27	4	9	0	17
13 Total Excess DIT Rev. Req. Impact (L9+L12)	N/A	66	31	5	10	0	19
(Interstate = Sum of Columns c through g)							

AMERITECH OPERATING COMPANIES
Computation of Excess Deferred Income Tax Available for Exogenous Treatment
2010 Annual Access Tariff Filing
(Interstate Dollars in Thousands)

	<u>Tariff Year</u>	<u>Amount</u>
1	Excess Deferred Income Tax Amortization (EDIT-A) at Price Cap Inception (Tariff Year 1990 - 1991)	1990-91 14,336
2	Annual Change in EDIT-A - Per Annual Access Tariff Filings (Prior to Tax Gross up and Excluded Services reduction)	1991-92 1,412 1992-93 1,102 1993-94 46 1994-95 1,865 1995-96 1,613 1996-97 2,582 1997-98 375 1998-99 (70) 1999-00 650 2000-01 337 2001-02 796 2002-03 184 2003-04 189 2004-05 814 2005-06 946 2006-07 138 2007-08 136 2008-09 333 2009-10 300 2010-11 149
3	Cumulative Change	<u>13,897</u>
4	Net Balance (Line 1 - Line 3)	<u><u>439</u></u>

AMERITECH OPERATING COMPANIES
Calculation of Investment Tax Credit (ITC) Exogenous Cost
for the 2010 Annual Filing

	(000)						
	Company Total (a)	Interstate (b)	Common Line (c)	Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
Base Year Data							
1 Interstate Allocation Factor	-	-	-	-	-	-	-
<u>Change In Investment Tax Credit Amounts</u>							
2 Base Year PCI ITC Amortization	3,657	896	457	85	157	-	196
3 Base Year PCI t-1 ITC Amortization	5,215	1,272	653	122	219	-	275
4 Change In ITC Amortization (L2-L3)	<u>(1,558)</u>	<u>(376)</u>	<u>(196)</u>	<u>(37)</u>	<u>(63)</u>	-	<u>(79)</u>
<u>Calculation of Revenue Requirement Impact</u>							
5 ITC-A Impact on Federal Income Tax (-L4)	N/A	376	196	37	63	-	79
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	1.6418	1.6430	1.6540	1.6544	#DIV/0!	1.6411
7 ITC-A Revenue Requirement Impact (L5*L6)	N/A	<u>617</u>	<u>322</u>	<u>61</u>	<u>104</u>	-	<u>130</u>
(Interstate = Sum of Columns c through g)							

AMERITECH-ILLINOIS
Calculation of Investment Tax Credit (ITC) Exogenous Cost
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Infomation and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
Base Year Data							
1 Interstate Allocation Factor		23.39%	11.64%	3.08%	4.60%	0.00%	4.02%
Change In Investment Tax Credit Amounts							
2 Base Year PCI ITC Amortization	1,216	284	142	37	56	-	49
3 Base Year PCI t-1 ITC Amortization	1,806	422	210	56	83	-	73
4 Change In ITC Amortization (L2-L3)	(590)	(138)	(69)	(18)	(27)	-	(24)
Calculation of Revenue Requirement Impact							
5 ITC-A Impact on Federal Income Tax (-L4)	N/A	N/A	69	18	27	-	24
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6596	1.6596	1.6596	1.6596	1.6596
7 ITC-A Revenue Requirement Impact (L5*L6)	N/A	228	114	30	45	0	39

(Interstate = Sum of Columns c through g)

AMERITECH-INDIANA
Calculation of Investment Tax Credit (ITC) Exogenous Cost
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Infomation and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
Base Year Data							
1 Interstate Allocation Factor		25.66%	14.20%	2.18%	2.52%	0.00%	6.64%
Change In Investment Tax Credit Amounts							
2 Base Year PCI ITC Amortization	236	61	34	5	6	-	16
3 Base Year PCI t-1 ITC Amortization	392	101	56	9	10	-	26
4 Change In ITC Amortization (L2-L3)	<u>(156)</u>	<u>(40)</u>	<u>(22)</u>	<u>(3)</u>	<u>(4)</u>	<u>-</u>	<u>(10)</u>
Calculation of Revenue Requirement Impact							
5 ITC-A Impact on Federal Income Tax (-L4)	N/A	N/A	22	3	4	-	10
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6814	1.6814	1.6814	1.6814	1.6814
7 ITC-A Revenue Requirement Impact (L5*L6)	N/A	<u>67</u>	<u>37</u>	<u>6</u>	<u>7</u>	<u>0</u>	<u>17</u>
(Interstate = Sum of Columns c through g)							

AMERITECH-MICHIGAN
Calculation of Investment Tax Credit (ITC) Exogenous Cost
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Infomation and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
Base Year Data							
1 Interstate Allocation Factor		22.58%	13.13%	1.81%	3.30%	0.00%	4.29%
Change In Investment Tax Credit Amounts							
2 Base Year PCI ITC Amortization	585	132	77	11	19	-	25
3 Base Year PCI t-1 ITC Amortization	967	218	127	18	32	-	41
4 Change In ITC Amortization (L2-L3)	<u>(382)</u>	<u>(86)</u>	<u>(50)</u>	<u>(7)</u>	<u>(13)</u>	<u>-</u>	<u>(16)</u>
Calculation of Revenue Requirement Impact							
5 ITC-A Impact on Federal Income Tax (-L4)	N/A	N/A	50	7	13	-	16
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6263	1.6263	1.6263	1.6263	1.6263
7 ITC-A Revenue Requirement Impact (L5*L6)	N/A	<u>141</u>	<u>82</u>	<u>11</u>	<u>21</u>	<u>0</u>	<u>27</u>
(Interstate = Sum of Columns c through g)							

AMERITECH-OHIO
Calculation of Investment Tax Credit (ITC) Exogenous Cost
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Infomation and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
Base Year Data							
1 Interstate Allocation Factor		25.82%	12.55%	1.96%	4.86%	0.00%	6.38%
Change In Investment Tax Credit Amounts							
2 Base Year PCI ITC Amortization	1,288	333	162	25	63	0	82
3 Base Year PCI t-1 ITC Amortization	1,545	399	194	30	75	0	99
4 Change In ITC Amortization (L2-L3)	(257)	(66)	(32)	(5)	(12)	0	(16)
Calculation of Revenue Requirement Impact							
5 ITC-A Impact on Federal Income Tax (-L4)	N/A	N/A	32	5	12	0	16
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.5699	1.5699	1.5699	1.5699	1.5699
7 ITC-A Revenue Requirement Impact (L5*L6)	N/A	105	51	8	20	0	26
(Interstate = Sum of Columns c through g)							

AMERITECH-WISCONSIN
Calculation of Investment Tax Credit (ITC) Exogenous Cost
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Infomation and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
Base Year Data							
1 Interstate Allocation Factor		26.10%	13.15%	1.94%	3.87%	0.00%	7.14%
Change In Investment Tax Credit Amounts							
2 Base Year PCI ITC Amortization	332	87	44	6	13	0	24
3 Base Year PCI t-1 ITC Amortization	505	132	66	10	20	0	36
4 Change In ITC Amortization (L2-L3)	(173)	(45)	(23)	(3)	(7)	0	(12)
Calculation of Revenue Requirement Impact							
5 ITC-A Impact on Federal Income Tax (-L4)	N/A	N/A	23	3	7	0	12
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6704	1.6704	1.6704	1.6704	1.6704
7 ITC-A Revenue Requirement Impact (L5*L6)	N/A	76	38	6	11	0	21
(Interstate = Sum of Columns c through g)							

AMERITECH OPERATING COMPANIES
Computation of Investment Tax Credit Available for Exogenous Treatment
2010 Annual Access Tariff Filing
(Interstate Dollars in Thousands)

	<u>Tariff Year</u>	<u>Amount</u>
1	Investment Tax Credit Amortization (ITC-A) at Price Cap Inception (Tariff Year 1990 - 1991)	17,965
2	Annual Change in ITC-A - Per Annual Access Tariff Filings (Prior to Tax Gross up and Excluded Services reduction)	0
	1991-92	1,118
	1992-93	235
	1993-94	3,257
	1994-95	3,820
	1995-96	1,179
	1996-97	361
	1997-98	(177)
	1998-99	696
	1999-00	1,281
	2000-01	622
	2001-02	552
	2002-03	(617)
	2003-04	633
	2004-05	830
	2005-06	452
	2006-07	413
	2007-08	259
	2008-09	(213)
	2009-10	376
	2010-11	376
3	Cumulative Change	<u>15,077</u>
4	Net Balance (Line 1 - Line 3)	<u><u>2,888</u></u>

AMERITECH OPERATING COMPANIES
Calculation of Combined Effect of Exogenous Cost
for the 2010 Annual Filing

(000)

Company	Total	Interstate	Common Line	Switching	Transport (Trunking)	IX	Special
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1 Ecess DIT Exogenous Rev. Req Impact (Exhibit 2)	N/A	315	159	31	55	0	71
2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1)	N/A	617	322	61	104	0	130
3 Non-Reg Exogenous Rev Req Impact	N/A	0	0	0	0	0	0
4 Combined Effect of Exogenous Costs (L1..L3)		<u>932</u>	<u>481</u>	<u>92</u>	<u>159</u>	<u>0</u>	<u>201</u>

AMERITECH-ILLINOIS
Calculation of Combined Effect of Exogenous Cost
for the 2010 Annual Filing

(000)

Company	Total	Interstate	Common	Information and Switching	Transport (Trunking)	IX	Special
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1 Ecess DIT Exogenous Rev. Req Impact (Exhibit 2)	N/A	110	53	15	22	0	20
2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1)	N/A	228	114	30	45	0	39
3 Non-Reg Exogenous Rev Req Impact	N/A	0	0	0	0	0	0
4 Combined Effect of Exogenous Costs (L1..L3)		<u>338</u>	<u>167</u>	<u>45</u>	<u>67</u>	<u>0</u>	<u>59</u>

AMERITECH-INDIANA
Calculation of Combined Effect of Exogenous Cost
for the 2010 Annual Filing

(000)

Company	Total (a)	Interstate (b)	Common Line (c)	Infomation and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
1 Ecess DIT Exogenous Rev. Req Impact (Exhibit 2)	N/A	18	10	2	2	0	5
2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1)	N/A	67	37	6	7	0	17
3 Non-Reg Exogenous Rev Req Impact	N/A	0	0	0	0	0	0
4 Combined Effect of Exogenous Costs (L1..L3)		85	47	8	9	0	22

AMERITECH-MICHIGAN
Calculation of Combined Effect of Exogenous Cost
for the 2010 Annual Filing

(000)

Company	Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
1 Ecess DIT Exogenous Rev. Req Impact (Exhibit 2)	N/A	74	43	6	11	0	14
2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1)	N/A	141	82	11	21	0	27
3 Non-Reg Exogenous Rev Req Impact	N/A	0	0	0	0	0	0
4 Combined Effect of Exogenous Costs (L1..L3)		215	125	17	32	0	41

AMERITECH-OHIO
Calculation of Combined Effect of Exogenous Cost
for the 2010 Annual Filing

(000)

Company	Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
1 Ecess DIT Exogenous Rev. Req Impact (Exhibit 2)	N/A	47	22	4	9	0	12
2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1)	N/A	105	51	8	20	0	26
3 Non-Reg Exogenous Rev Req Impact	N/A	0	0	0	0	0	0
4 Combined Effect of Exogenous Costs (L1..L3)		152	73	12	29	0	38

AMERITECH-WISCONSIN
Calculation of Combined Effect of Exogenous Cost
for the 2010 Annual Filing

(000)

Company	Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
1 Ecess DIT Exogenous Rev. Req Impact (Exhibit 2)	N/A	66	31	5	10	0	19
2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1)	N/A	76	38	6	11	0	21
3 Non-Reg Exogenous Rev Req Impact	N/A	0	0	0	0	0	0
4 Combined Effect of Exogenous Costs (L1..L3)		142	69	11	21	0	40

AMERITECH OPERATING COMPANIES
Exogenous Costs Adjusted for Non-Price Cap Services
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
<u>Assignment of Exogenous Costs to NonPrice Cap Services</u>							
1 Exogenous Costs With NonPrice Cap Services (Exhibit 2.2, L4)	N/A	932	481	92	159	0	201
2 Ratio To Adjust NonPrice Cap Services (L 7)	N/A	N/A					
3 Exogenous Costs Associated With Non Price Cap Services (L1*L2) (Interstate = Sum of Colomns c through g)	N/A	167	3	-	57	0	107
4 Exogenous Without NonPrice Cap Services (L1-L3) (Interstate = Sum of Colomns c through g)	N/A	765	478	92	102	0	94
<u>Distribution of Excluded Services Revenue</u>							
5 2009 Revenues With NonPrice Cap Services (Excl B&C)	N/A	N/A	613,052	114,096	127,546	114,161	2,071,702
6 2009 NonPrice Cap Services Revenue FCC 492 Footnote	N/A	N/A	3,880	(1)	46,439	113,708	1,086,014
7 Ratio (L6/L5)	N/A	N/A					
8 Excluded Services Ratio + Adjustments for Pricing Flexibility Relief		41.11%					

AMERITECH-ILLINOIS
Exogenous Costs Adjusted for Non-Price Cap Services
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
<u>Assignment of Exogenous Costs to NonPrice Cap Services</u>							
1 Exogenous Costs With NonPrice Cap Services (Exhibit 2.2, L4)	N/A	338	167	45	67	0	59
2 Ratio To Adjust NonPrice Cap Services (L 7)	N/A	N/A	0.007507	0.000000	0.313024	0.999928	0.499582
3 Exogenous Costs Associated With Non Price Cap Services (L1*L2) (Interstate = Sum of Colomns c through g)	N/A	52	1	0	21	0	29
4 Exogenous Without NonPrice Cap Services (L1-L3) (Interstate = Sum of Colomns c through g)	N/A	286	166	45	46	0	30
<u>Distribution of Excluded Services Revenue</u>							
5 2009 Revenues With NonPrice Cap Services (Excl B&C)	N/A	N/A	194,087	42,106	44,971	41,936	663,597
6 2009 NonPrice Cap Services Revenue FCC 492 Footnote	N/A	N/A	1,457	-	14,077	41,933	331,521
7 Ratio (L6/L5)	N/A	N/A	0.007507	0.000000	0.313024	0.999928	0.499582

AMERITECH-INDIANA
Exogenous Costs Adjusted for Non-Price Cap Services
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
<u>Assignment of Exogenous Costs to NonPrice Cap Services</u>							
1 Exogenous Costs With NonPrice Cap Services (Exhibit 2.2, L4)	N/A	85	47	8	9	-	22
2 Ratio To Adjust NonPrice Cap Services (L 7)	N/A	N/A	0.006270	0.000000	0.307990	0.999937	0.435681
3 Exogenous Costs Associated With Non Price Cap Services (L1*L2) (Interstate = Sum of Colomns c through g)	N/A	13	0	-	3	-	10
4 Exogenous Without NonPrice Cap Services (L1-L3) (Interstate = Sum of Colomns c through g)	N/A	73	47	8	6	-	12
<u>Distribution of Excluded Services Revenue</u>							
5 2009 Revenues With NonPrice Cap Services (Excl B&C)	N/A	N/A	74,321	13,062	12,679	15,939	249,515
6 2009 NonPrice Cap Services Revenue FCC 492 Footnote	N/A	N/A	466	-	3,905	15,938	108,709
7 Ratio (L6/L5)	N/A	N/A	0.006270	0.000000	0.307990	0.999937	0.435681

AMERITECH-MICHIGAN
Exogenous Costs Adjusted for Non-Price Cap Services
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
<u>Assignment of Exogenous Costs to NonPrice Cap Services</u>							
1 Exogenous Costs With NonPrice Cap Services (Exhibit 2.2, L4)	N/A	215	125	17	32	0	41
2 Ratio To Adjust NonPrice Cap Services (L 7)	N/A	N/A	0.005927	0.000000	0.439917	0.999879	0.550579
3 Exogenous Costs Associated With Non Price Cap Services (L1*L2) (Interstate = Sum of Colomns c through g)	N/A	38	1	-	14	0	23
4 Exogenous Without NonPrice Cap Services (L1-L3) (Interstate = Sum of Colomns c through g)	N/A	177	124	17	18	0	19
<u>Distribution of Excluded Services Revenue</u>							
5 2009 Revenues With NonPrice Cap Services (Excl B&C)	N/A	N/A	152,690	27,818	35,118	24,739	509,175
6 2009 NonPrice Cap Services Revenue FCC 492 Footnote	N/A	N/A	905	(1)	15,449	24,736	280,341
7 Ratio (L6/L5)	N/A	N/A	0.005927	0.000000	0.439917	0.999879	0.550579

AMERITECH-OHIO
Exogenous Costs Adjusted for Non-Price Cap Services
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
<u>Assignment of Exogenous Costs to NonPrice Cap Services</u>							
1 Exogenous Costs With NonPrice Cap Services (Exhibit 2.2, L4)	N/A	152	73	12	29	-	38
2 Ratio To Adjust NonPrice Cap Services (L 7)	N/A	N/A	0.005474	0.000000	0.385562	0.999952	0.520537
3 Exogenous Costs Associated With Non Price Cap Services (L1*L2) (Interstate = Sum of Colomns c through g)	N/A	31	0	0	11	0	20
4 Exogenous Without NonPrice Cap Services (L1-L3) (Interstate = Sum of Colomns c through g)	N/A	121	73	12	18	-	18
<u>Distribution of Excluded Services Revenue</u>							
5 2009 Revenues With NonPrice Cap Services (Excl B&C)	N/A	N/A	139,017	19,630	19,504	20,783	405,762
6 2009 NonPrice Cap Services Revenue FCC 492 Footnote	N/A	N/A	761	-	7,520	20,782	211,214
7 Ratio (L6/L5)	N/A	N/A	0.005474	0.000000	0.385562	0.999952	0.520537

AMERITECH-WISCONSIN
Exogenous Costs Adjusted for Non-Price Cap Services
for the 2010 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
<u>Assignment of Exogenous Costs to NonPrice Cap Services</u>							
1 Exogenous Costs With NonPrice Cap Services (Exhibit 2.2, L4)	N/A	142	69	11	21	0	40
2 Ratio To Adjust NonPrice Cap Services (L 7)	N/A	N/A	0.005497	0.000000	0.359303	0.958658	0.632986
3 Exogenous Costs Associated With Non Price Cap Services (L1*L2) (Interstate = Sum of Colomns c through g)	N/A	34	0	-	8	0	25
4 Exogenous Without NonPrice Cap Services (L1-L3) (Interstate = Sum of Colomns c through g)	N/A	108	69	11	14	0	15
<u>Distribution of Excluded Services Revenue</u>							
5 2009 Revenues With NonPrice Cap Services (Excl B&C)	N/A	N/A	52,937	11,480	15,274	10,764	243,653
6 2009 NonPrice Cap Services Revenue FCC 492 Footnote	N/A	N/A	291	-	5,488	10,319	154,229
7 Ratio (L6/L5)	N/A	N/A	0.005497	0.000000	0.359303	0.958658	0.632986

**AMERITECH OPERATING COMPANIES
TELECOMMUNICATION RELAY SERVICE
EXOGENOUS COST DEVELOPMENT**

	<u>FCC 499A</u>	<u>DA 09-39 5/14/2009 TRS</u>	
2008 End User Revenues	\$ 1,123,285,512	\$ 12,771,756	
Excluded Revenue	\$ 308,802,819		
Price Cap Revenue Percentage	72.51%		
FCC 2007 Price Cap Interstate End User Revenue	\$ 814,482,693		
		<u>DA 09-39 5/14/2009 TRS</u>	
		0.01137	
2009 End User Revenues	\$ 1,085,215,896	\$ 12,338,905	
Excluded Revenue	\$ 306,570,618		
Price Cap Revenue Percentage	71.75%		
FCC 2008 Price Cap Interstate End User Revenue	\$ 778,645,278		
<u>Telecom Relay Support</u>			
	<u>7/09-6/10</u>	<u>7/10-6/11</u>	
DA 09-39 - 0.01137	\$ 12,771,756	\$ -	
- 0.00000 2009/2010 Restatement		\$ 12,338,905	
DA 09-39 - 0.01137		\$ 12,338,905	\$ (432,852)
	\$ 12,771,756	\$ 12,338,905	
% Price Cap Allocation	72.51%	71.75%	
Price Cap Only	\$ 9,260,668	\$ 8,853,197	\$ (407,471)
FCC 2007 Price Cap Interstate End User Revenue	\$ 814,482,693		
FCC 2008 Price Cap Interstate End User Revenue	\$ 778,645,278		
Revenue Change (R)	-4.4%		
Price Cap Only with R Adj	\$ 8,853,197	\$ 8,853,197	\$ -
	Common Line End User 499	Special End User 499	Price Cap End User 499
2009 End User Revenues	640,761,573	137,883,705	778,645,278
Allocation Basis	82.29%	17.71%	100.00%
TRS	\$ -	\$ -	\$ -

**AMERITECH OPERATING COMPANIES
REGULATORY FEE
EXOGENOUS COST DEVELOPMENT**

	<u>FCC 499A</u> (A)	<u>FCC 09-38</u> <u>5/14/2009</u> <u>Reg Fee</u> (B)=A*B 0.00342	
2008 End User Revenues	\$ 1,123,285,512	\$ 3,841,636	
Excluded Revenue	\$ 308,802,819		
Price Cap Revenue	72.51%		
FCC 2007 Price Cap Interstate End User Revenue	\$ 814,482,693		
	<u>FCC 499A</u>	<u>FCC 10-51</u> <u>4/13/2010</u> <u>Reg Fee</u> 0.00351	
2009 End User Revenues	\$ 1,085,215,896	\$ 3,809,108	
Excluded Revenue	\$ 306,570,618		
Price Cap Revenue	71.75%		
FCC 2008 Price Cap Interstate End User Revenue	\$ 778,645,278		
<u>Regulatory Fee:</u>			
	<u>7/09-6/10</u>	<u>7/10-6/11</u>	
FCC 09-38 - 0.00342	\$ 3,841,636		
FCC 09-38 - 0.00342	\$ -		
FCC 10-51 - 0.00351		\$ 3,809,108	
	\$ 3,841,636	\$ 3,809,108	\$ (32,529)
% Price Cap Allocation	72.51%	71.75%	
Price Cap Only	\$ 2,785,531	\$ 2,733,045	\$ (52,486)
FCC 2007 Price Cap Interstate End User Revenue	\$ 814,482,693		
FCC 2008 Price Cap Interstate End User Revenue	\$ 778,645,278		
Revenue Change (R)	-4.4%		
Price Cap Only with R Adj	\$ 2,662,967	\$ 2,733,045	\$ 70,078
	Common Line End User 499	Special End User 499	Price Cap End User 499
2009 End User Revenues	640,761,573	137,883,705	778,645,278
Allocation Basis	82.29%	17.71%	100.00%
Regulatory Fees	\$ 57,669	\$ 12,410	70,078

AMERITECH OPERATING COMPANIES
SUMMARY OF EXOGENOUS COSTS AND DISTRIBUTIONS
TO NON-ATS SERVICES

Exhibit 2.9

LINE	DESCRIPTION	'R' VALUE (A)	DISTRIBUTION (B) = (A/LINE 9A)	EDT EXOG (C)	ITC EXOG (D)	TRS EXOG (E)	REG FEE EXOG (F)	TOTAL
1	INTERSTATE EXOGENOUS COST TO BE DISTRIBUTED (Exhibit 2.4 b)			315,000	617,000			
2	% OF EDT AND ITC EXOG COST W/EXCLUDED SERVICES EXHIBIT 2.5			41.11%	41.11%			
3	EXOGENOUS COSTS TO BE DISTRUBUTED (L1*(1-L2))			185,497	363,338	-	70,078	618,912
4	COMMON LINE EUCL AND PICC 'R' (Sum1 Column A, Row 100)	751,532,733	51.73%	95,959	187,959	-	57,669	341,587
5	DATABASE SERVICE CATEGORY 'R'	10,946,614	0.75%	1,398	2,738	-	-	4,135
6	BNA SERVICE CATEGORY 'R'	31,006	0.00%	4	-	-	-	4
7	INTEREXCHANGE BASKET 'R'	-	0.00%	-	-	-	-	-
8	SPECIAL ACCESS BASKET 'R'	690,257,332	47.51%	88,135	172,634	-	12,410	273,179
9	TOTAL (SUM L4 THRU L8)	1,452,767,685	100.00%	185,497	363,330	-	70,078	618,905

**Effective 10/01/2003 TRS and Reg Fee Exogenous is only spread between the Common Line and Special Access Baskets