

## Development of Reg. Fees

	<u>Description</u>	<u>Source</u>	<u>Exog. Adjust.</u>	
1	End-User Interstate Revenues Jan. thru Dec. 2001	FCC Form 499	\$ 75,370,526	
2	Factor	MD Docket No. 01-76	0.00132	
3	7/02 Amount	Line 1 * Line 2	\$ 99,489	
4	7/01 Amount	Transmittal No. 764	\$ 92,569	
5	Change	Line 3 - Line 4	\$ 6,920	
6	Common Line Reg. Fees	Line 5 * Ratio	\$ 3,569	
7	Special Access Reg. Fees	Line 5 * Ratio	\$ 3,351	
8	Total	Line 6 + Line 7	\$ 6,920	
				<u>Ratio</u>
	Interstate Common Line Revenues (t-1)	Form Sum 1 line 120	\$ 65,065,700	0.5157
	Interstate Special Access Revenues (t-1)	Form Sum 1 line 340	\$ 61,099,237	0.4843
	Total		\$126,164,937	1.00

## Development of Excess Deferred Taxes

		<u>A</u>	<u>B</u>	<u>C=B-A</u>	<u>D=(A+B)*.5</u>
		<u>7/01-6/02</u>	<u>7/02-6/03</u>	<u>Delta</u>	<u>Reserve Change</u>
1	Total Company	Note 1			
		\$151,332	\$116,198	(\$35,135)	(\$133,765)
2	Interstate	Note 2			
		\$27,966	\$22,628	(\$5,338)	(\$25,297)
		<b>51.57%</b>	<b>48.43%</b>		
		<b><u>Common Line</u></b>	<b><u>Special Access</u></b>	<b><u>Total</u></b>	
3	Excess Deferred Tax	Note 3			
		(\$2,753)	(\$2,585)	(\$5,338)	
4	Excess Deferred Tax Reserve	Note 3			
		(\$13,046)	(\$12,251)	(\$25,297)	
5	Net Rate base	Line 4 *-1.0			
		\$13,046	\$12,251	\$25,297	
6	Return	Line 5 * 0.1125			
		\$1,468	\$1,378	\$2,846	
7	Federal Income Tax Change	(Ln6-Ln3)*0.35/(1.0-.35)-Ln3			
		\$5,026	\$4,719	\$9,745	
8	Revenue Impact	Line 6 + Line 7			
		\$6,493	\$6,098	\$12,591	

Note 1: Column A from Transmittal No. 764 Form EXG-EDT. Column B from corporate tax.

Note 2: ARMIS 43-01 row 1840 interstate ratios = 0.19474

Note 3: SUM1Col. A used for Basket allocations

Corporate Tax

<u>2002</u>	<u>2003</u>	<u>Total</u>	<u>Midpoint</u>
\$115,454	\$116,941	\$232,395	\$116,198

## Development of Investment Tax Credit (ITC)

<u>Description</u>		<u>Source</u>	<u>A</u> <u>7/01-6/02</u>	<u>B</u> <u>7/02-6/03</u>	<u>C=B-A</u> <u>Delta</u>
1	Total Company	Note 1	\$764,006	\$694,186	(\$69,820)
2	Interstate	Note 2	\$226,243	\$155,639	(\$70,604)
			<b>51.57%</b> <b><u>Common Line</u></b>	<b>48.43%</b> <b><u>Special Access</u></b>	<b><u>Total</u></b>
3	Investment Tax Credit	Note 3	(\$36,412)	(\$34,192)	(\$70,604)
4	Federal Income Tax	Line 3/(1-.35)*-1	\$56,018	\$52,604	\$108,622
8	Revenue Impact		\$56,018	\$52,604	\$108,622

Note 1: Column A from Transmittal No. 764 Form EXG-ITC. Column B from corporate tax.  
Note 2: EXD-ITC. CBT internal worksheet used to calculate interstate amounts = 0.22420  
Note 3: SUM1 Col A used Basket for allocations

Corporate Tax	<b><u>2001</u></b> \$702,744	<b><u>2002</u></b> \$685,628	<b><u>Total</u></b> \$1,388,372	<b><u>Midpoint</u></b> \$694,186
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## Summary of Exogenous Changes

EXG-SUM  
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	<u>Description</u>	<u>Source</u>	<u>Common Line</u>	<u>Special Access</u>	<u>Total</u>
1	Regulatory Fee	EXG-REGFEE	\$3,569	\$3,351	\$6,920
2	ITC Amortization	EXG-ITC	\$56,018	\$52,604	\$108,622
3	Excess Deferred Taxes	EXG-EDT	\$6,493	\$6,098	\$12,591
4	Telecom Relay Services (TRS)	EXG-TRS	\$1,974	\$1,853	\$3,827
5	North American Numbering Plan (NANP)	EXG-NANP	\$ 116	\$ 109	\$225
	Total Exogenous	Sum (Line 1.... Line 5)	\$68,170	\$64,016	\$132,186