

**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	\$ 3,572	
7	Special Access Reg. Fees	Line 5 * Ratio	\$ 3,348	
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	0.5161
	Interstate Special Access Revenues (t-1)	Form Sum 1 line 340	\$ 60,999,337	0.4839
	Total		\$126,065,037	1.00

## Development of Excess Deferred Taxes

<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>	<u>D=(A+B)*-.5</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>51.61%</b>	<b>48.39%</b>		
		<b><u>Common Line</u></b>	<b><u>Special Access</u></b>	<b><u>Total</u></b>	
3 Excess Deferred Tax	Note 3	(\$2,755)	(\$2,583)	(\$5,338)	
4 Excess Deferred Tax Reserve	Note 3	(\$13,056)	(\$12,240)	(\$25,297)	
5 Net Rate base	Line 4 *-1.0	\$13,056	\$12,240	\$25,297	
6 Return	Line 5 * 0.1125	\$1,469	\$1,377	\$2,846	
7 Federal Income Tax Change	(Ln6-Ln3)*0.35/(1.0-.35)-Ln3	\$5,030	\$4,715	\$9,745	
8 Revenue Impact	Line 6 + Line 7	\$6,499	\$6,092	\$12,591	
		<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>Total</u></b>	<b><u>Midpoint</u></b>
		\$115,454	\$116,941	\$232,395	\$116,198

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

**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>51.61%</b>	<b>48.39%</b>	
		<b><u>Common Line</u></b>	<b><u>Special Access</u></b>	<b><u>Total</u></b>
3 Investment Tax Credit	Note 3	(\$36,441)	(\$34,163)	(\$70,604)
4 Federal Income Tax	Line 3/(1-.35)*-1	\$56,063	\$52,559	\$108,622
8 Revenue Impact		\$56,063	\$52,559	\$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

<u>Corporate Tax</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>	<u>Midpoint</u>
	\$702,744	\$685,628	\$1,388,372	\$694,186

## 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	\$3,572	\$3,348	\$6,920
2	ITC Amortization	EXG-ITC	\$56,063	\$52,559	\$108,622
3	Excess Deferred Taxes	EXG-EDT	\$6,499	\$6,092	\$12,591
4	Telecom Relay Services (TRS)	EXG-TRS	\$1,975	\$1,852	\$3,827
5	North American Numbering Plan (NANP)	EXG-NANP	\$ 116	\$ 109	\$225
	Total Exogenous	Sum (Line 1.... Line 5)	\$68,225	\$63,960	\$132,185