

**AMERITECH OPERATING COMPANIES (AMERITECH)**  
**2003 ANNUAL FILING – PART I ERRATA**  
**DESCRIPTION AND JUSTIFICATION**  
**MAY 30, 2003**

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## **1. OVERVIEW AND INTRODUCTION**

### **1.A. OVERVIEW**

This Errata Filing is being made to modifying certain calculations included in the Part I Annual Filing submitted May 1, 2003. The Errata includes the following revisions:

- ❑ A revised Telecommunications Relay Service (TRS) exogenous amount to reflect the recently proposed TRS factor,
- ❑ Revised TRS and Regulatory Fee obligations to ensure the Interstate End User Revenue base used to develop the obligation includes revenue collected for Universal Service Fund (USF) surcharges consistent with the FCC's Form 159,
- ❑ Revised exogenous amounts and revenue levels to reflect pricing flexibility petition approval received May 15, 2003.

This filing is being re-filed in its entirety as the above revisions impacted several calculations.

### **1.B. INTRODUCTION**

This filing is being made in compliance with the following:

- ❑ In the Matter of Material to be Filed in Support of 2003 Annual Access Tariff Filings, DA 03-1176 (*2003 TRP Order*), released April 18, 2003;
- ❑ In the Matter of July 1, 2003, Annual Access Charge Tariff Filings, DA 03-1175 (*2003 Annual Filing Order*), released April 18, 2003;
- ❑ 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, 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*), released May 31, 2000;
- ❑ In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Interexchange Carrier Purchases of Switched Access Services Offered by Competitive Local Exchange Carriers, and Petition of U S West Communications, Inc. for Forbearance from Regulation as a Dominant Carrier in the Phoenix, Arizona MSA, Fifth Report and Order and Further Notice of Proposed Rulemaking (*Pricing Flexibility Order*), CC Docket Nos. 96-262, and 94-1, CCB/CPD File No. 98-63, and CC Docket No. 98-157, released August 27, 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 (MO&O), 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 (*USF Order Errata*), released June 4, 1997;
- In the Matter of Federal-State Joint Board on Universal Service, Report and Order, CC Docket No. 96-45 (*USF Order*), 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 (*Access Reform Order*), 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 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 (*LEC Price Cap Reconsideration Order*), released April 17, 1991;
- ❑ In the Matter of Policy and Rules Concerning Rates for Dominant Carriers, Second Report and Order, CC Docket 87-313 (*LEC Price Cap Order*), released October 4, 1990; 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 indexes (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 2002 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 ( $\Delta Z$ )**

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

In the 2003 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 has 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. BASE YEAR DATA**

The Price Cap rules require that exogenous cost changes be measured at base period level of operations. For development of exogenous cost changes, revenue requirements were developed based on an 11.25 percent authorized Rate of Return (ROR). The federal and state tax rates used in the computations were the applicable statutory rates. The SBC Companies utilized the most recent ARMIS reported amounts to determine Part 36 jurisdictional cost allocations and Part 69 access cost amounts.

## **2.B. 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 has reflected the estimated exogenous cost changes associated with this item for the tariff period. ***Exhibit 2*** provides the development of the EDT impacts for each Ameritech study area.

## **2.C. 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 has reflected the estimated exogenous cost changes associated with this item for the tariff period. ***Exhibit 2.1*** provides the development of the ITC impacts that Ameritech anticipates for 2002-03 tariff period.

## **2.D. COMBINED EFFECT**

Ameritech combined the effect of EDT and ITC to determine the impact of both exogenous cost changes on Ameritech's interstate revenue requirements. *Exhibit 2.2* summarizes this impact. Details pertaining to this calculation are shown in *Exhibit 2.3*.

## **2.E. TELECOMMUNICATIONS RELAY SERVICES (TRS) FUND**

The Commission has also ruled Telecommunications Relay Service (TRS) fund payments may be treated as exogenous. On May 1, 2003, the National Exchange Carrier Association (NECA) submitted its proposal for the factor applicable for the 2003-2004 tariff period. On May 5, 2003, NECA amended the proposal to reflect a factor of .00171. This factor is used to determine the TRS exogenous adjustment. As noted in NECA's proposal, the factor represents a significant increase over the current factor and is due in part to the increase in demand for relay services, and the decrease in the interstate revenue base used to fund the program.<sup>1</sup>

The development of the TRS exogenous cost for this filing is provided on *Exhibit 2.4* and will be updated in the June 2003 tariff filing, if in the interim, the Commission modifies the factor.

## **2.F. REGULATORY FEE PAYMENTS**

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 the Wireline Competition Bureau's

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<sup>1</sup> [In the Matter of Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990 \(Interstate Telecommunications Relay Service Fund Payment Formula and Fund Size Estimate, CC Docket 98-67.](#)

October 7, 1994 Order<sup>2</sup>. On March 26, 2003, the Commission released its Order, In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2003, MD Docket 03-83 (FCC 03-64) detailing the proposed factor for the Fiscal Year 2003. Ameritech is estimating regulatory fee payments and the corresponding exogenous adjustment based on the proposed factor and the preliminary change in revenue. The exogenous adjustment is detailed in *Exhibit 2.5*.

## **2.G. INTERSTATE RATE OF RETURN**

Earnings during the 2002 base period are provided in *Exhibit 2.6*. The final form 492 detailing 2001 base period earnings is provided in *Exhibit 2.7*.

## **2.H. SUMMARY OF EXOGENOUS COSTS & DISTRIBUTION**

Totals of all exogenous costs applied in this filing are summarized in *Exhibit 2.8*.

## **3. OTHER PRICE CAP INDEX FACTORS/VARIABLES DEVELOPMENT**

The annual filing adjustments to the PCI, detailed in Part 61.45(a), require the identification or development of the factors<sup>3</sup> contained in the PCI formulas. The development of these factors, except for  $\Delta Z$ , is described in this section. The development of the  $\Delta Z$  factor is described in Section 2.

These factors are used to calculate a new PCI for each of the price cap baskets. The new PCIs are the benchmark against which the price cap basket Actual Price Indices (APIs) associated with the proposed prices are measured. The change in the PCI also affects the

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<sup>2</sup> [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.

<sup>3</sup> The required factors are  $PCI_{t-1}$ , GDP-PI, X, R, g, and  $\Delta Z$ .



calculation of the allowable Service Band Index (SBI) upper limits, used to demonstrate that the proposed service category rates are in-band for the Traffic Sensitive, Trunking, and Special Access baskets. The change in the PCI also affects the allowable Sub-Index upper limits for 800 Database Vertical Services, Trunking and Special Access DS1, DS3 and Zone Density Pricing (ZDP) categories.

The calculations of the PCIs are detailed on form PCI-1 of the Tariff Review Plan (TRP).

### **EXISTING PCI**

The  $PCI_{t-1}$  is described in Part 61.45(b)(1)(i) as "the immediately preceding PCI value." For purposes of the 2003 Annual Filing, the immediately preceding PCIs are identified in the existing PCI column of the TRP. The reference document, which is required to identify the transmittal associated with each of the existing PCIs, is provided as *Exhibit 13*.

### **GDP-PI**

The GDP-PI factor is described in Part 61.45(c) as "the percentage change in the GDP-PI between the quarter ending six months prior to the effective date of the new annual tariff and the corresponding quarter of the previous year."

The change in the GDP-PI for the 2003 Annual Filing is 1.3661 percent.

### **TRANSITIONAL MECHANISM (X-Factor)**

Part 61.45(b)(1) specifies that price cap LECs shall apply a transitional mechanism of 6.5% to the Common Line, Traffic Sensitive, and Trunking basket revenues to lower switched and switched transport access charges until the specified target is met. The X-

factor for the Special Access basket for the 2003 Annual Filing is 6.5% pursuant to 61.45 (b)(1)(iv).

### **'R' VARIABLE**

The 'R' variable as described in Part 61.45 (b)(1)(i) is calculated by multiplying base period quantities by the rates that were in effect at the time of the last PCI update.

The base period is defined in Part 61.3 (g) as "the 12-month period ending six months prior to the effective date of annual price cap tariffs." For purposes of this filing, the base period is the calendar year 2002.

The calculation of the 'R' variable for the Common Line, Traffic Sensitive, Trunking and Special Access Baskets will be provided as part of the June 2003 tariff filing.

### **COMMON LINE USAGE GROWTH (g)**

Ameritech is no longer required to develop a 'g' factor since it no longer assesses Minutes of Use (MOU) Carrier Common Line (CCL) charges.

## **4. DEVELOPMENT OF 2002 BASE PERIOD DEMAND**

Historical base period demand is required for the Common Line, Traffic Sensitive, Trunking, and Special Access baskets. Demand information for these baskets will also be provided as part of the June 2003 tariff filing. Historical base period demand for the Trunking and Special Access baskets will reflect the removal of demand in MSAs that have been granted Phase II regulatory relief.<sup>4</sup>

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<sup>4</sup> Memorandum Opinion and Order (MO&O), CCB/CPD No. 00-26, DA 01-670, released March 14, 2001; Memorandum Opinion and Order (MO&O), CCB/CPD No. 01-32, DA 02-823, released April 11, 2002; and Memorandum Opinion and Order (MO&O), WCB/Pricing No. 03-8, DA 03-1721, released May 15, 2003.

## **5. COMMON LINE BASKET RATE DEVELOPMENT**

The Common Line basket rates will be developed in accordance with Part 69.152 of the Rules in the June Filing. Ameritech does not currently receive Universal Service Fund (USF) Support per line received pursuant to Part 54.807, thus no update to adjust for changes in USF per line support is included.

## **6. TRAFFIC SENSITIVE BASKET PCI, API, SBI AND RATE DEVELOPMENT**

In accordance with Part 61.45, the existing and proposed PCIs for the Traffic Sensitive basket are detailed in the PCI-1 form of the TRP. The associated API and the SBI for each of the service categories and sub categories will be provided as part of the June 2003 tariff filing in conjunction with the development of the Traffic Sensitive basket 'R' value.

## **7. INTEREXCHANGE BASKET PCI, API AND RATE DEVELOPMENT**

Ameritech does not have revenue associated with the Interexchange basket, therefore no update is being made to the basket's PCI and no additional information will be provided in the June 2003 tariff filing.

## **8. TRUNKING BASKET PCI, API, SBI AND RATE DEVELOPMENT**

In accordance with Parts 61.45(a), 61.46(a), 61.47(a), 61.47(b) and 61.47(e), the determination of the proposed Trunking basket rates, PCI, API, and SBI and SBI upper limits for each of the service categories or sub categories of Tandem Switching, Voice Grade, High Cap & Other, and Signalling Interconnection associated with the 2003 Annual Filing are developed using 2002 base period demand. The 2003 Annual Filing

PCI calculation is detailed in TRP form PCI-1. The development of the Trunking basket 'R' value, API, SBI, and SBI Upper Limits will be provided as part of the June 2003 tariff filing.

## **9. SPECIAL ACCESS BASKET PCI, API, SBI AND RATE DEVELOPMENT**

In accordance with Parts 61.45(a), 61.46(a), 61.47(a), 61.47(b) and 61.47(e), the determination of the proposed Special Access basket rates, PCI, API, and SBI, and SBI upper limits for each of the service categories or sub categories of Voice Grade, Audio & Video, and High Cap & DDS associated with the 2003 Annual Filing are developed using 2002 base period. The 2003 Annual Filing PCI calculation is detailed on TRP form PCI-1. The development of the Special Access basket 'R' value, API, SBI, and SBI Upper Limits will be provided as part of the June 2003 tariff filing.

## **10. PART 69 WAIVERS**

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), and The Southern New England Telephone Company (SNET), collectively the SBC companies, including a citation to the Order granting the waiver and the basket and service category, if applicable, treatment of rate elements created by the waiver:

- 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.

- 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 - Bureau MO&O, released June 12, 1987, granting an additional routing option for Interexchange Carriers (IXCs) of having 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.
- SBC Companies - Order, released September 3, 1987, granting permission to determine the Message Unit Credit (MUC) credit 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 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.
- 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.
- 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.
- 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.
- SBC Companies - Commission Order, released October 9, 1991, granting establishment of an Information Surcharge rate element within the Information category. This rate element is included in 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.

- 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 Order released February 26, 1993, granting an additional routing option for IXC's. It allows IXC's to terminate FGB traffic to non-converted 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.
- 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 is scheduled to be replaced. These rate elements are included in the HiCap service category of the Trunking basket.
- 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 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.
- SWBT - Bureau MO&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.
- 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 Category of the Traffic Sensitive 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.
- 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.

## 11. NEW SERVICES INCLUDED IN THE PRICE CAP INDICES

In accordance with 61.42(g), the following new services are being added to Ameritech's price cap indices in the 2003 Annual Filing:

| New Service   | basket         | Category |
|---|----------------|----------|
| Optical Carrier Network Point to Point (OCN PTP) 48c, 192 | Special Access | Digital  |
| GigaMAN   | Special Access | Digital  |

## PRICING FLEXIBILITY RELIEF FOR NEW SERVICES

In addition, Ameritech received Phase II regulatory relief for the services listed above in the MO&O, WCB/Pricing No. 03-8, DA 03-1721, released May 15, 2003, therefore base period demand associated with the aforementioned services in MSAs that have been granted Phase II pricing flexibility relief has been removed from price cap regulation.

## 12. SERVICES EXCLUDED FROM PRICE CAPS

Ameritech has included in *Exhibit 12* a list of all services excluded from price cap regulation in accordance with the *2003 TRP Order*.

## 13. IND-1 REFERENCE

The reference document, which is required to identify the transmittal associated with each of the existing PCIs, is provided as *Exhibit 13*.

## 14. AVERAGE TRAFFIC SENSITIVE (ATS) RATE

Pursuant to 61.45(i)(3) Ameritech has recalculated the Average Traffic Sensitive (ATS) rate to reflect the new base period level. The rate is detailed in TRP form TGT-1. The ATS rate is developed in accordance with Part 61.3(e) by dividing the Switched Traffic

Sensitive Revenue by the Local Switching MOUs and adding to that, the result of dividing Switched Transport Revenue by the LEC Transport MOUs.

LEC Transport MOUs consist of the Transport Interconnection Charge (TIC) MOUs, Meetpoint Tandem Switched MOUs in which Ameritech does not bill TIC, and Meetpoint Direct Routed MOUs in which Ameritech does not bill TIC.

The Meetpoint Tandem Switched MOUs are the total interstate MOUs carried between a Ameritech tandem and an independent company-owned end office (EO). In this situation, the initial billing company is the independent company that owns the EO, who in turn bills the TIC. As Ameritech does not bill the TIC, these MOUs are not in the TIC MOU quantities.

The Meetpoint Direct Routed MOUs are the total interstate MOUs carried on direct routed circuits from a Ameritech serving wire center (SWC) to an independent company owned. In this situation, the initial billing company is the independent company that owns the EO, who in turn bills the TIC. As Ameritech does not bill the TIC, these MOUs are not in the TIC MOU quantities.

The development of the total LEC Transport MOUs is shown in ***Exhibit 14***. The total LEC Transport MOUs are input in the TRP form TGT-1, line 430.

## **15. RATE COMPARISON**

This information will be provided as part of the June 2003 tariff filing.



## **16. EXHIBITS**

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

- Exhibit 2 – Excess Deferred Tax (EDT)
- Exhibit 2.1 – Investment Tax Credit (ITC)
- Exhibit 2.2 – Combined Effect
- Exhibit 2.3 – EDT/ITC Adjusted for Non-Price Cap Services
- Exhibit 2.4 – Telecommunications Relay Service
- Exhibit 2.5 – Regulatory Fees Payment Exogenous
- Exhibit 2.6 – Interstate Rate of Return 492 – 2002
- Exhibit 2.7 – Interstate Rate of Return 492 – 2001
- Exhibit 2.8 – Summary of Exogenous Costs & Distribution
- Exhibit 12 – Excluded Services List
- Exhibit 13 – IND-1 Reference
- Exhibit 14 – Development of LEC Transport MOUs

**AIT-ILLINOIS**  
**Calculation of Excess Deferred Tax (EDT) Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|   | Company<br>Total<br>(a) | Interstate<br>(b) | Common<br>Line<br>(c) | Information<br>and<br>Switching<br>(d) | Transport<br>(Trunking)<br>(e) | IX<br>(f) | Special<br>(g) |
|---|-------------------------|-------------------|-----------------------|--|--------------------------------|-----------|----------------|
| <b>Base Year Data</b>                                   |                         |                   |                       |  |                                |           |                |
| <b><u>Distribution of Deferred Income Taxes</u></b>     |                         |                   |                       |  |                                |           |                |
| 1 Amounts Per ARMIS 43-01 Line 1840                     | 1,154,097               | 248,459           | 124,953               | 33,932                                 | 47,590                         | 200       | 41,032         |
| 2 % Distribution of L1.                                 |                         | 21.5284%          | 10.8269%              | 2.9401%                                | 4.1236%                        | 0.0173%   | 3.5553%        |
| <b><u>Change In Excess Deferred Tax Amounts</u></b>     |                         |                   |                       |  |                                |           |                |
| <b><u>RATEBASE</u></b>                                  |                         |                   |                       |  |                                |           |                |
| 3 Change in Excess DIT Payable                          | (4,167)                 | (897)             | (451)                 | (123)                                  | (172)                          | (1)       | (148)          |
| <b><u>COST OF SERVICE</u></b>                           |                         |                   |                       |  |                                |           |                |
| 4 Base Year PCI Excess DIT Amortization                 | 4,167                   | 897               | 451                   | 123                                    | 172                            | 1         | 148            |
| 5 Base Year PCI-1 Excess DIT Amortization               | 4,410                   | 949               | 477                   | 130                                    | 182                            | 1         | 157            |
| 6 Change in Excess DIT Amortization (L4-L5)             | (243)                   | (52)              | (26)                  | (7)                                    | (10)                           | (0)       | (9)            |
| <b><u>Calculation of Revenue Requirement Impact</u></b> |                         |                   |                       |  |                                |           |                |
| <b><u>RATEBASE</u></b>                                  |                         |                   |                       |  |                                |           |                |
| 7 Annual Rate Base Impact (- L3)                        | N/A                     | N/A               | 451                   | 123                                    | 172                            | 1         | 148            |
| 8 Net Return (L7*.1125)                                 | N/A                     | N/A               | 51                    | 14                                     | 19                             | 0         | 17             |
| 9 Tax Gross-up Factor [1/(1- Composite Tax Rate)]       | N/A                     | N/A               | 1.6596                | 1.6596                                 | 1.6596                         | 1.6596    | 1.6596         |
| 10 Excess DIT Rate Base Revenue Req. Impact (L8*L9)     | N/A                     | N/A               | 84                    | 23                                     | 32                             | 0         | 28             |
| <b><u>COST OF SERVICE</u></b>                           |                         |                   |                       |  |                                |           |                |
| 11 Excess DIT Impact on Federal Income Tax (- L6)       | N/A                     | N/A               | 26                    | 7                                      | 10                             | 0         | 9              |
| 12 Tax Gross-up Factor [1/(1- Composite Tax Rate)]      | N/A                     | N/A               | 1.6596                | 1.6596                                 | 1.6596                         | 1.6596    | 1.6596         |
| 13 Excess DIT Revenue Requirement Impact (L11*L12)      | N/A                     | N/A               | 44                    | 12                                     | 17                             | 0         | 14             |
| 14 <b>Total Excess DIT Rev. Req. Impact (L10+L13)</b>   | N/A                     | <b>254</b>        | <b>128</b>            | <b>35</b>                              | <b>49</b>                      | <b>0</b>  | <b>42</b>      |
| (Interstate = Sum of Columns c through g)               |                         |                   |                       |  |                                |           |                |

**AIT-ILLINOIS**  
**Calculation of Investment Tax Credit (ITC) Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|   | <b>Company<br/>Total<br/>(a)</b> | <b>Interstate<br/>(b)</b> | <b>Common<br/>Line<br/>(c )</b> | <b>Information<br/>and<br/>Switching<br/>(d)</b> | <b>Transport<br/>(Trunking)<br/>(e)</b> | <b>IX<br/>(f)</b> | <b>Special<br/>(g)</b> |
|---|----------------------------------|---------------------------|---------------------------------|--|---|-------------------|------------------------|
| <b>Base Year Data</b>                             |                                  |                           |                                 |  |   |                   |                        |
| 1 Amounts Per ARMIS 43-01 Line 1540               | 3,548                            | 836                       | 413                             | 125  | 159                                     | 1                 | 134                    |
| 2 % Distribution of L1                            |                                  | 23.5626%                  | 11.6404%                        | 3.5231%  | 4.4814%                                 | 0.0282%           | 3.7768%                |
| <b>Change In Investment Tax Credit Amounts</b>    |                                  |                           |                                 |  |   |                   |                        |
| 3 Base Year PCI ITC Amortization                  | 3,891                            | 917                       | 453                             | 137  | 174                                     | 1                 | 147                    |
| 4 Base Year PCI t-1 ITC Amortization              | 3,287                            | 775                       | 383                             | 116  | 147                                     | 1                 | 124                    |
| 5 Change In ITC Amortization (L3-L4)              | 604                              | 142                       | 70                              | 21   | 27                                      | 0                 | 23                     |
| <b>Calculation of Revenue Requirement Impact</b>  |                                  |                           |                                 |  |   |                   |                        |
| 6 ITC-A Impact on Federal Income Tax (-L5)        | N/A                              | N/A                       | (70)                            | (21)   | (27)                                    | (0)               | (23)                   |
| 7 Tax Gross-up Factor [1/(1- Composite Tax Rate)] | N/A                              | N/A                       | 1.6596                          | 1.6596   | 1.6596                                  | 1.6596            | 1.6596                 |
| 8 <b>ITC-A Revenue Requirement Impact (L6*L7)</b> | N/A                              | <b>(235)</b>              | <b>(117)</b>                    | <b>(35)</b>                                      | <b>(45)</b>                             | <b>0</b>          | <b>(38)</b>            |
| (Interstate = Sum of Columns c through g)         |                                  |                           |                                 |  |   |                   |                        |

**AIT-ILLINOIS**  
**Calculation of Combined Effect of Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|  | <b>Company</b> |                   |               | <b>Infomation</b> | <b>Transport</b>  |            |                |
|--|----------------|-------------------|---------------|-------------------|-------------------|------------|----------------|
|  | <b>Total</b>   | <b>Interstate</b> | <b>Common</b> | <b>and</b>        | <b>(Trunking)</b> | <b>IX</b>  | <b>Special</b> |
|  | <b>(a)</b>     | <b>(b)</b>        | <b>(c )</b>   | <b>Switching</b>  | <b>(e)</b>        | <b>(f)</b> | <b>(g)</b>     |
|  |                |                   |               | <b>(d)</b>        |                   |            |                |
| 1 Ecess DIT Exogenous Rev. Req Impact (Exhibit 2)  | N/A            | 254               | 128           | 35                | 49                | 0          | 42             |
| 2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1) | N/A            | (235)             | (117)         | (35)              | (45)              | 0          | (38)           |
| 3 Non-Reg Exogenous Rev Req Impact                 | N/A            | 0                 | 0             | 0                 | 0                 | 0          | 0              |
|  |                |                   |               |                   |                   |            |                |
| 4 Combined Effect of Exogenous Costs (L1..L3)      |                | 19                | 11            | 0                 | 4                 | 0          | 4              |

**AIT-ILLINOIS**  
**Exogenous Costs Adjusted for Non-Price Cap Services**  
**2003 Annual Filing**

(000)

|  | <b>Company<br/>Total<br/>(a)</b> | <b>Interstate<br/>(b)</b> | <b>Common<br/>Line<br/>(c )</b> | <b>Information<br/>and<br/>Switching<br/>(d)</b> | <b>Transport<br/>(Trunking)<br/>(e)</b> | <b>IX<br/>(f)</b> | <b>Special<br/>(g)</b> |
|--|----------------------------------|---------------------------|---------------------------------|--|---|-------------------|------------------------|
| <b><u>Assignment of Exogenous Costs to NonPrice Cap Services</u></b>   |                                  |                           |                                 |  |   |                   |                        |
| 1 Exogenous Costs With NonPrice Cap Services<br>(Exhibit 2.2, L4)  | N/A                              | 19                        | 11                              | 0  | 4                                       | 0                 | 4                      |
| 2 Ratio To Adjust NonPrice Cap Services (L 7)  | N/A                              | N/A                       | 0.131815                        | 0.369621   | 0.371034                                | 0.388346          | 0.608203               |
| 3 Exogenous Costs Associated With Non<br>Price Cap Services (L1*L2)<br>(Interstate = Sum of Colomns c through g) | N/A                              | 5                         | 1                               | 0  | 1                                       | 0                 | 2                      |
| 4 Exogenous Without NonPrice Cap Services (L1-L3)<br>(Interstate = Sum of Colomns c through g)                   | N/A                              | 14                        | 10                              | 0  | 3                                       | 0                 | 2                      |
| <b><u>Distribution of Excluded Services Revenue</u></b>  |                                  |                           |                                 |  |   |                   |                        |
| 5 2002 Revenues With NonPrice Cap Services<br>(ARMIS 43-01 Line 1090 )   | N/A                              | N/A                       | 302,865                         | 75,645   | 63,032                                  | 45,632            | 416,108                |
| 6 2002 NonPrice Cap Services Revenue<br>FCC 492 Footnote   | N/A                              | N/A                       | 39,922                          | 27,960   | 23,387                                  | 17,721            | 253,078                |
| 7 Ratio (L6/L5)  | N/A                              | N/A                       | 0.131815                        | 0.369621   | 0.371034                                | 0.388346          | 0.608203               |

**AIT-INDIANA**  
**Calculation of Excess Deferred Tax (EDT) Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|   | Company<br>Total<br>(a) | Interstate<br>(b) | Common<br>Line<br>(c) | Information<br>and<br>Switching<br>(d) | Transport<br>(Trunking)<br>(e) | IX<br>(f) | Special<br>(g) |
|---|-------------------------|-------------------|-----------------------|--|--------------------------------|-----------|----------------|
| <b>Base Year Data</b>                                 |                         |                   |                       |  |                                |           |                |
| <b>Distribution of Deferred Income Taxes</b>          |                         |                   |                       |  |                                |           |                |
| 1 Amounts Per ARMIS 43-01 Line 1840                   | 389,046                 | 91,589            | 51,084                | 8,879                                  | 6,661                          | 230       | 24,359         |
| 2 % Distribution of L1.                               |                         | 23.5419%          | 13.1306%              | 2.2822%                                | 1.7121%                        | 0.0591%   | 6.2612%        |
| <b>Change In Excess Deferred Tax Amounts</b>          |                         |                   |                       |  |                                |           |                |
| <b>RATEBASE</b>                                       |                         |                   |                       |  |                                |           |                |
| 3 Change in Excess DIT Payable                        | (1,233)                 | (290)             | (162)                 | (28)                                   | (21)                           | (1)       | (77)           |
| <b>COST OF SERVICE</b>                                |                         |                   |                       |  |                                |           |                |
| 4 Base Year PCI Excess DIT Amortization               | 1,233                   | 290               | 162                   | 28                                     | 21                             | 1         | 77             |
| 5 Base Year PCI t-1 Excess DIT Amortization           | 1,305                   | 307               | 171                   | 30                                     | 22                             | 1         | 82             |
| 6 Change in Excess DIT Amortization (L4-L5)           | (72)                    | (17)              | (9)                   | (2)                                    | (1)                            | (0)       | (5)            |
| <b>Calculation of Revenue Requirement Impact</b>      |                         |                   |                       |  |                                |           |                |
| <b>RATEBASE</b>                                       |                         |                   |                       |  |                                |           |                |
| 7 Annual Rate Base Impact (- L3)                      | N/A                     | N/A               | 162                   | 28                                     | 21                             | 1         | 77             |
| 8 Net Return (L7*.1125)                               | N/A                     | N/A               | 18                    | 3                                      | 2                              | 0         | 9              |
| 9 Tax Gross-up Factor [1/(1- Composite Tax Rate)]     | N/A                     | N/A               | 1.6110                | 1.6110                                 | 1.6110                         | 1.6110    | 1.6110         |
| 10 Excess DIT Rate Base Revenue Req. Impact (L8*L9)   | N/A                     | N/A               | 29                    | 5                                      | 4                              | 0         | 14             |
| <b>COST OF SERVICE</b>                                |                         |                   |                       |  |                                |           |                |
| 11 Excess DIT Impact on Federal Income Tax (- L6)     | N/A                     | N/A               | 9                     | 2                                      | 1                              | 0         | 5              |
| 12 Tax Gross-up Factor [1/(1- Composite Tax Rate)]    | N/A                     | N/A               | 1.6110                | 1.6110                                 | 1.6110                         | 1.6110    | 1.6110         |
| 13 Excess DIT Revenue Requirement Impact (L11*L12)    | N/A                     | N/A               | 15                    | 3                                      | 2                              | 0         | 7              |
| 14 <b>Total Excess DIT Rev. Req. Impact (L10+L13)</b> | N/A                     | <b>79</b>         | <b>45</b>             | <b>8</b>                               | <b>6</b>                       | <b>0</b>  | <b>21</b>      |
| (Interstate = Sum of Columns c through g)             |                         |                   |                       |  |                                |           |                |

**AIT-INDIANA**  
**Calculation of Investment Tax Credit (ITC) Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|   | <b>Company<br/>Total<br/>(a)</b> | <b>Interstate<br/>(b)</b> | <b>Common<br/>Line<br/>(c )</b> | <b>Information<br/>and<br/>Switching<br/>(d)</b> | <b>Transport<br/>(Trunking)<br/>(e)</b> | <b>IX<br/>(f)</b> | <b>Special<br/>(g)</b> |
|---|----------------------------------|---------------------------|---------------------------------|--|---|-------------------|------------------------|
| <b>Base Year Data</b>                             |                                  |                           |                                 |  |   |                   |                        |
| 1 Amounts Per ARMIS 43-01 Line 1540               | 1,548                            | 383                       | 213                             | 40   | 28                                      | 1                 | 99                     |
| 2 % Distribution of L1                            |                                  | 24.7416%                  | 13.7597%                        | 2.5840%  | 1.8088%                                 | 0.0646%           | 6.3953%                |
| <b>Change In Investment Tax Credit Amounts</b>    |                                  |                           |                                 |  |   |                   |                        |
| 3 Base Year PCI ITC Amortization                  | 1,650                            | 408                       | 227                             | 43   | 30                                      | 1                 | 106                    |
| 4 Base Year PCI t-1 ITC Amortization              | 1,305                            | 323                       | 180                             | 34   | 24                                      | 1                 | 83                     |
| 5 Change In ITC Amortization (L3-L4)              | 345                              | 85                        | 47                              | 9  | 6                                       | 0                 | 22                     |
| <b>Calculation of Revenue Requirement Impact</b>  |                                  |                           |                                 |  |   |                   |                        |
| 6 ITC-A Impact on Federal Income Tax (-L5)        | N/A                              | N/A                       | (47)                            | (9)  | (6)                                     | (0)               | (22)                   |
| 7 Tax Gross-up Factor [1/(1- Composite Tax Rate)] | N/A                              | N/A                       | 1.6110                          | 1.6110   | 1.6110                                  | 1.6110            | 1.6110                 |
| 8 <b>ITC-A Revenue Requirement Impact (L6*L7)</b> | N/A                              | <b>(136)</b>              | <b>(76)</b>                     | <b>(14)</b>                                      | <b>(10)</b>                             | <b>0</b>          | <b>(36)</b>            |
| (Interstate = Sum of Columns c through g)         |                                  |                           |                                 |  |   |                   |                        |

**AIT-INDIANA**  
**Calculation of Combined Effect of Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|  | <b>Company<br/>Total</b> | <b>Interstate</b> | <b>Common<br/>Line</b> | <b>Information<br/>and<br/>Switching</b> | <b>Transport<br/>(Trunking)</b> | <b>IX</b> | <b>Special</b> |
|--|--------------------------|-------------------|------------------------|--|---------------------------------|-----------|----------------|
|  | (a)                      | (b)               | (c )                   | (d)                                      | (e)                             | (f)       | (g)            |
| 1 Ecess DIT Exogenous Rev. Req Impact (Exhibit 2)  | N/A                      | 79                | 45                     | 8  | 6                               | 0         | 21             |
| 2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1) | N/A                      | (136)             | (76)                   | (14)                                     | (10)                            | 0         | (36)           |
| 3 Non-Reg Exogenous Rev Req Impact                 | N/A                      | 0                 | 0                      | 0  | 0                               | 0         | 0              |
| 4 Combined Effect of Exogenous Costs (L1..L3)      |                          | (57)              | (31)                   | (6)                                      | (4)                             | 0         | (15)           |



**AIT-INDIANA**  
**Exogenous Costs Adjusted for Non-Price Cap Services**  
**2003 Annual Filing**

(000)

|  | <b>Company<br/>Total<br/>(a)</b> | <b>Interstate<br/>(b)</b> | <b>Common<br/>Line<br/>(c )</b> | <b>Information<br/>and<br/>Switching<br/>(d)</b> | <b>Transport<br/>(Trunking)<br/>(e)</b> | <b>IX<br/>(f)</b> | <b>Special<br/>(g)</b> |
|--|----------------------------------|---------------------------|---------------------------------|--|---|-------------------|------------------------|
| <b><u>Assignment of Exogenous Costs to NonPrice Cap Services</u></b>   |                                  |                           |                                 |  |   |                   |                        |
| 1 Exogenous Costs With NonPrice Cap Services<br>(Exhibit 2.2, L4)  | N/A                              | (57)                      | (31)                            | (6)  | (4)                                     | 0                 | (15)                   |
| 2 Ratio To Adjust NonPrice Cap Services (L 7)  | N/A                              | N/A                       | 0.099195                        | 0.280282   | 0.252407                                | 0.498462          | 0.322785               |
| 3 Exogenous Costs Associated With Non<br>Price Cap Services (L1*L2)<br>(Interstate = Sum of Colomns c through g) | N/A                              | (11)                      | (3)                             | (2)  | (1)                                     | 0                 | (5)                    |
| 4 Exogenous Without NonPrice Cap Services (L1-L3)<br>(Interstate = Sum of Colomns c through g)                   | N/A                              | (46)                      | (28)                            | (5)  | (3)                                     | 0                 | (10)                   |
| <b><u>Distribution of Excluded Services Revenue</u></b>  |                                  |                           |                                 |  |   |                   |                        |
| 5 2002 Revenues With NonPrice Cap Services<br>(ARMIS 43-01 Line 1090 )   | N/A                              | N/A                       | 115,772                         | 28,953   | 15,578                                  | 19,833            | 140,208                |
| 6 2002 NonPrice Cap Services Revenue<br>FCC 492 Footnote   | N/A                              | N/A                       | 11,484                          | 8,115  | 3,932                                   | 9,886             | 45,257                 |
| 7 Ratio (L6/L5)  | N/A                              | N/A                       | 0.099195                        | 0.280282   | 0.252407                                | 0.498462          | 0.322785               |

**AIT-MICHIGAN**  
**Calculation of Excess Deferred Tax (EDT) Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|   | Company<br>Total<br>(a) | Interstate<br>(b) | Common<br>Line<br>(c) | Information<br>and<br>Switching<br>(d) | Transport<br>(Trunking)<br>(e) | IX<br>(f) | Special<br>(g) |
|---|-------------------------|-------------------|-----------------------|--|--------------------------------|-----------|----------------|
| <b>Base Year Data</b>                                   |                         |                   |                       |  |                                |           |                |
| <b><u>Distribution of Deferred Income Taxes</u></b>     |                         |                   |                       |  |                                |           |                |
| 1 Amounts Per ARMIS 43-01 Line 1840                     | 688,324                 | 143,621           | 82,154                | 12,206                                 | 20,880                         | 234       | 27,830         |
| 2 % Distribution of L1.                                 |                         | 20.8653%          | 11.9354%              | 1.7733%                                | 3.0335%                        | 0.0340%   | 4.0432%        |
| <b><u>Change In Excess Deferred Tax Amounts</u></b>     |                         |                   |                       |  |                                |           |                |
| <b><u>RATEBASE</u></b>                                  |                         |                   |                       |  |                                |           |                |
| 3 Change in Excess DIT Payable                          | (3,713)                 | (775)             | (443)                 | (66)                                   | (113)                          | (1)       | (150)          |
| <b><u>COST OF SERVICE</u></b>                           |                         |                   |                       |  |                                |           |                |
| 4 Base Year PCI Excess DIT Amortization                 | 3,713                   | 775               | 443                   | 66                                     | 113                            | 1         | 150            |
| 5 Base Year PCI t-1 Excess DIT Amortization             | 3,930                   | 820               | 469                   | 70                                     | 119                            | 1         | 159            |
| 6 Change in Excess DIT Amortization (L4-L5)             | (217)                   | (45)              | (26)                  | (4)                                    | (7)                            | (0)       | (9)            |
| <b><u>Calculation of Revenue Requirement Impact</u></b> |                         |                   |                       |  |                                |           |                |
| <b><u>RATEBASE</u></b>                                  |                         |                   |                       |  |                                |           |                |
| 7 Annual Rate Base Impact (- L3)                        | N/A                     | N/A               | 443                   | 66                                     | 113                            | 1         | 150            |
| 8 Net Return (L7*.1125)                                 | N/A                     | N/A               | 50                    | 7                                      | 13                             | 0         | 17             |
| 9 Tax Gross-up Factor [1/(1- Composite Tax Rate)]       | N/A                     | N/A               | 1.5454                | 1.5454                                 | 1.5454                         | 1.5454    | 1.5454         |
| 10 Excess DIT Rate Base Revenue Req. Impact (L8*L9)     | N/A                     | N/A               | 77                    | 11                                     | 20                             | 0         | 26             |
| <b><u>COST OF SERVICE</u></b>                           |                         |                   |                       |  |                                |           |                |
| 11 Excess DIT Impact on Federal Income Tax (- L6)       | N/A                     | N/A               | 26                    | 4                                      | 7                              | 0         | 9              |
| 12 Tax Gross-up Factor [1/(1- Composite Tax Rate)]      | N/A                     | N/A               | 1.5454                | 1.5454                                 | 1.5454                         | 1.5454    | 1.5454         |
| 13 Excess DIT Revenue Requirement Impact (L11*L12)      | N/A                     | N/A               | 40                    | 6                                      | 10                             | 0         | 14             |
| 14 <b>Total Excess DIT Rev. Req. Impact (L10+L13)</b>   | N/A                     | <b>204</b>        | <b>117</b>            | <b>17</b>                              | <b>30</b>                      | <b>0</b>  | <b>40</b>      |
| (Interstate = Sum of Columns c through g)               |                         |                   |                       |  |                                |           |                |

**AIT-MICHIGAN**  
**Calculation of Investment Tax Credit (ITC) Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|   | <b>Company<br/>Total<br/>(a)</b> | <b>Interstate<br/>(b)</b> | <b>Common<br/>Line<br/>(c )</b> | <b>Information<br/>and<br/>Switching<br/>(d)</b> | <b>Transport<br/>(Trunking)<br/>(e)</b> | <b>IX<br/>(f)</b> | <b>Special<br/>(g)</b> |
|---|----------------------------------|---------------------------|---------------------------------|--|---|-------------------|------------------------|
| <b>Base Year Data</b>                             |                                  |                           |                                 |  |   |                   |                        |
| 1 Amounts Per ARMIS 43-01 Line 1540               | 4,288                            | 967                       | 549                             | 97   | 134                                     | 1                 | 181                    |
| 2 % Distribution of L1                            |                                  | 22.5513%                  | 12.8032%                        | 2.2621%  | 3.1250%                                 | 0.0233%           | 4.2211%                |
| <b>Change In Investment Tax Credit Amounts</b>    |                                  |                           |                                 |  |   |                   |                        |
| 3 Base Year PCI ITC Amortization                  | 4,663                            | 1,052                     | 597                             | 105  | 146                                     | 1                 | 197                    |
| 4 Base Year PCI t-1 ITC Amortization              | 3,988                            | 899                       | 511                             | 90   | 125                                     | 1                 | 168                    |
| 5 Change In ITC Amortization (L3-L4)              | 675                              | 152                       | 86                              | 15   | 21                                      | 0                 | 28                     |
| <b>Calculation of Revenue Requirement Impact</b>  |                                  |                           |                                 |  |   |                   |                        |
| 6 ITC-A Impact on Federal Income Tax (-L5)        | N/A                              | N/A                       | (86)                            | (15)   | (21)                                    | (0)               | (28)                   |
| 7 Tax Gross-up Factor [1/(1- Composite Tax Rate)] | N/A                              | N/A                       | 1.5454                          | 1.5454   | 1.5454                                  | 1.5454            | 1.5454                 |
| 8 <b>ITC-A Revenue Requirement Impact (L6*L7)</b> | N/A                              | <b>(235)</b>              | <b>(134)</b>                    | <b>(24)</b>                                      | <b>(33)</b>                             | <b>0</b>          | <b>(44)</b>            |
| (Interstate = Sum of Columns c through g)         |                                  |                           |                                 |  |   |                   |                        |

**AIT-MICHIGAN**  
**Calculation of Combined Effect of Exogenous Cost**  
**for the 2002 Annual Filing**

(000)

|  | <b>Company<br/>Total</b> | <b>Interstate</b> | <b>Common<br/>Line</b> | <b>Information<br/>and<br/>Switching</b> | <b>Transport<br/>(Trunking)</b> | <b>IX</b> | <b>Special</b> |
|--|--------------------------|-------------------|------------------------|--|---------------------------------|-----------|----------------|
|  | (a)                      | (b)               | (c )                   | (d)                                      | (e)                             | (f)       | (g)            |
| 1 Ecess DIT Exogenous Rev. Req Impact (Exhibit 2)  | N/A                      | 204               | 117                    | 17                                       | 30                              | 0         | 40             |
| 2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1) | N/A                      | (235)             | (134)                  | (24)                                     | (33)                            | 0         | (44)           |
| 3 Non-Reg Exogenous Rev Req Impact                 | N/A                      | 0                 | 0                      | 0  | 0                               | 0         | 0              |
|  |                          |                   |                        |  |                                 |           |                |
| 4 Combined Effect of Exogenous Costs (L1..L3)      |                          | (31)              | (17)                   | (7)                                      | (3)                             | 0         | (4)            |

**AIT-MICHIGAN**  
**Exogenous Costs Adjusted for Non-Price Cap Services**  
**2003 Annual Filing**

(000)

|  | <b>Company<br/>Total<br/>(a)</b> | <b>Interstate<br/>(b)</b> | <b>Common<br/>Line<br/>(c )</b> | <b>Information<br/>and<br/>Switching<br/>(d)</b> | <b>Transport<br/>(Trunking)<br/>(e)</b> | <b>IX<br/>(f)</b> | <b>Special<br/>(g)</b> |
|--|----------------------------------|---------------------------|---------------------------------|--|---|-------------------|------------------------|
| <b><u>Assignment of Exogenous Costs to NonPrice Cap Services</u></b>   |                                  |                           |                                 |  |   |                   |                        |
| 1 Exogenous Costs With NonPrice Cap Services<br>(Exhibit 2.2, L4)  | N/A                              | (31)                      | (17)                            | (7)  | (3)                                     | 0                 | (4)                    |
| 2 Ratio To Adjust NonPrice Cap Services (L 7)  | N/A                              | N/A                       | 0.097778                        | 0.343967   | 0.381735                                | 0.006579          | 0.493612               |
| 3 Exogenous Costs Associated With Non<br>Price Cap Services (L1*L2)<br>(Interstate = Sum of Colomns c through g) | N/A                              | <u>(7)</u>                | <u>(2)</u>                      | <u>(2)</u>                                       | <u>(1)</u>                              | <u>0</u>          | <u>(2)</u>             |
| 4 Exogenous Without NonPrice Cap Services (L1-L3)<br>(Interstate = Sum of Colomns c through g)                   | N/A                              | <u>(23)</u>               | <u>(15)</u>                     | <u>(4)</u>                                       | <u>(2)</u>                              | <u>0</u>          | <u>(2)</u>             |
| <b><u>Distribution of Excluded Services Revenue</u></b>  |                                  |                           |                                 |  |   |                   |                        |
| 5 2002 Revenues With NonPrice Cap Services<br>(ARMIS 43-01 Line 1090 )   | N/A                              | N/A                       | 281,279                         | 59,151   | 37,623                                  | 21,433            | 323,029                |
| 6 2002 NonPrice Cap Services Revenue<br>FCC 492 Footnote   | N/A                              | N/A                       | 27,503                          | 20,346   | 14,362                                  | 141               | 159,451                |
| 7 Ratio (L6/L5)  | N/A                              | N/A                       | 0.097778                        | 0.343967   | 0.381735                                | 0.006579          | 0.493612               |

**AIT-OHIO**  
**Calculation of Excess Deferred Tax (EDT) Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|   | Company<br>Total<br>(a) | Interstate<br>(b) | Common<br>Line<br>(c) | Information<br>and<br>Switching<br>(d) | Transport<br>(Trunking)<br>(e) | IX<br>(f) | Special<br>(g) |
|---|-------------------------|-------------------|-----------------------|--|--------------------------------|-----------|----------------|
| <b>Base Year Data</b>                                   |                         |                   |                       |  |                                |           |                |
| <b><u>Distribution of Deferred Income Taxes</u></b>     |                         |                   |                       |  |                                |           |                |
| 1 Amounts Per ARMIS 43-01 Line 1840                     | 620,800                 | 153,999           | 74,602                | 11,996                                 | 28,350                         | 8         | 38,310         |
| 2 % Distribution of L1.                                 |                         | 24.8065%          | 12.0171%              | 1.9323%                                | 4.5667%                        | 0.0013%   | 6.1711%        |
| <b><u>Change In Excess Deferred Tax Amounts</u></b>     |                         |                   |                       |  |                                |           |                |
| <b><u>RATEBASE</u></b>                                  |                         |                   |                       |  |                                |           |                |
| 3 Change in Excess DIT Payable                          | (2,483)                 | (616)             | (298)                 | (48)                                   | (113)                          | (0)       | (153)          |
| <b><u>COST OF SERVICE</u></b>                           |                         |                   |                       |  |                                |           |                |
| 4 Base Year PCI Excess DIT Amortization                 | 2,483                   | 616               | 298                   | 48                                     | 113                            | 0         | 153            |
| 5 Base Year PCI t-1 Excess DIT Amortization             | 2,628                   | 652               | 316                   | 51                                     | 120                            | 0         | 162            |
| 6 Change in Excess DIT Amortization (L4-L5)             | (145)                   | (36)              | (17)                  | (3)                                    | (7)                            | (0)       | (9)            |
| <b><u>Calculation of Revenue Requirement Impact</u></b> |                         |                   |                       |  |                                |           |                |
| <b><u>RATEBASE</u></b>                                  |                         |                   |                       |  |                                |           |                |
| 7 Annual Rate Base Impact (- L3)                        | N/A                     | N/A               | 298                   | 48                                     | 113                            | 0         | 153            |
| 8 Net Return (L7*.1125)                                 | N/A                     | N/A               | 34                    | 5                                      | 13                             | 0         | 17             |
| 9 Tax Gross-up Factor [1/(1- Composite Tax Rate)]       | N/A                     | N/A               | 1.5385                | 1.5385                                 | 1.5385                         | 1.5385    | 1.5385         |
| 10 Excess DIT Rate Base Revenue Req. Impact (L8*L9)     | N/A                     | N/A               | 52                    | 8                                      | 20                             | 0         | 27             |
| <b><u>COST OF SERVICE</u></b>                           |                         |                   |                       |  |                                |           |                |
| 11 Excess DIT Impact on Federal Income Tax (- L6)       | N/A                     | N/A               | 17                    | 3                                      | 7                              | 0         | 9              |
| 12 Tax Gross-up Factor [1/(1- Composite Tax Rate)]      | N/A                     | N/A               | 1.5385                | 1.5385                                 | 1.5385                         | 1.5385    | 1.5385         |
| 13 Excess DIT Revenue Requirement Impact (L11*L12)      | N/A                     | N/A               | 27                    | 4                                      | 10                             | 0         | 14             |
| 14 <b>Total Excess DIT Rev. Req. Impact (L10+L13)</b>   | N/A                     | 161               | 78                    | 13                                     | 30                             | 0         | 40             |
| (Interstate = Sum of Columns c through g)               |                         |                   |                       |  |                                |           |                |

**AIT-OHIO**  
**Calculation of Investment Tax Credit (ITC) Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|   | <b>Company<br/>Total<br/>(a)</b> | <b>Interstate<br/>(b)</b> | <b>Common<br/>Line<br/>(c )</b> | <b>Information<br/>and<br/>Switching<br/>(d)</b> | <b>Transport<br/>(Trunking)<br/>(e)</b> | <b>IX<br/>(f)</b> | <b>Special<br/>(g)</b> |
|---|----------------------------------|---------------------------|---------------------------------|--|---|-------------------|------------------------|
| <b>Base Year Data</b>                             |                                  |                           |                                 |  |   |                   |                        |
| 1 Amounts Per ARMIS 43-01 Line 1540               | 2,735                            | 706                       | 333                             | 61   | 130                                     | 0                 | 176                    |
| 2 % Distribution of L1                            |                                  | 25.8135%                  | 12.1755%                        | 2.2303%  | 4.7532%                                 | 0.0000%           | 6.4351%                |
| <b>Change In Investment Tax Credit Amounts</b>    |                                  |                           |                                 |  |   |                   |                        |
| 3 Base Year PCI ITC Amortization                  | 3,083                            | 796                       | 375                             | 69   | 147                                     | 0                 | 198                    |
| 4 Base Year PCI t-1 ITC Amortization              | 2,502                            | 646                       | 305                             | 56   | 119                                     | 0                 | 161                    |
| 5 Change In ITC Amortization (L3-L4)              | 581                              | 150                       | 71                              | 13   | 28                                      | 0                 | 37                     |
| <b>Calculation of Revenue Requirement Impact</b>  |                                  |                           |                                 |  |   |                   |                        |
| 6 ITC-A Impact on Federal Income Tax (-L5)        | N/A                              | N/A                       | (71)                            | (13)   | (28)                                    | 0                 | (37)                   |
| 7 Tax Gross-up Factor [1/(1- Composite Tax Rate)] | N/A                              | N/A                       | 1.5385                          | 1.5385   | 1.5385                                  | 1.5385            | 1.5385                 |
| 8 <b>ITC-A Revenue Requirement Impact (L6*L7)</b> | N/A                              | <b>(229)</b>              | <b>(109)</b>                    | <b>(20)</b>                                      | <b>(42)</b>                             | <b>0</b>          | <b>(58)</b>            |
| (Interstate = Sum of Columns c through g)         |                                  |                           |                                 |  |   |                   |                        |

**AIT-OHIO**  
**Calculation of Combined Effect of Exogenous Cost**  
**for the 2002 Annual Filing**

(000)

|  | <b>Company</b> |                   |               | <b>Infomation</b> | <b>Transport</b>  |            |                |
|--|----------------|-------------------|---------------|-------------------|-------------------|------------|----------------|
|  | <b>Total</b>   | <b>Interstate</b> | <b>Common</b> | <b>and</b>        | <b>(Trunking)</b> | <b>IX</b>  | <b>Special</b> |
|  | <b>(a)</b>     | <b>(b)</b>        | <b>(c )</b>   | <b>Switching</b>  | <b>(e)</b>        | <b>(f)</b> | <b>(g)</b>     |
|  |                |                   |               | <b>(d)</b>        |                   |            |                |
| 1 Ecess DIT Exogenous Rev. Req Impact (Exhibit 2)  | N/A            | 161               | 78            | 13                | 30                | 0          | 40             |
| 2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1) | N/A            | (229)             | (109)         | (20)              | (42)              | 0          | (58)           |
| 3 Non-Reg Exogenous Rev Req Impact                 | N/A            | 0                 | 0             | 0                 | 0                 | 0          | 0              |
|  |                |                   |               |                   |                   |            |                |
| 4 Combined Effect of Exogenous Costs (L1..L3)      |                | (68)              | (31)          | (7)               | (12)              | 0          | (18)           |



**AIT-OHIO**  
**Exogenous Costs Adjusted for Non-Price Cap Services**  
**2003 Annual Filing**

(000)

|  | <b>Company<br/>Total<br/>(a)</b> | <b>Interstate<br/>(b)</b> | <b>Common<br/>Line<br/>(c )</b> | <b>Information<br/>and<br/>Switching<br/>(d)</b> | <b>Transport<br/>(Trunking)<br/>(e)</b> | <b>IX<br/>(f)</b> | <b>Special<br/>(g)</b> |
|--|----------------------------------|---------------------------|---------------------------------|--|---|-------------------|------------------------|
| <b><u>Assignment of Exogenous Costs to NonPrice Cap Services</u></b>   |                                  |                           |                                 |  |   |                   |                        |
| 1 Exogenous Costs With NonPrice Cap Services<br>(Exhibit 2.2, L4)  | N/A                              | (68)                      | (31)                            | (7)  | (12)                                    | 0                 | (18)                   |
| 2 Ratio To Adjust NonPrice Cap Services (L 7)  | N/A                              | N/A                       | 0.095617                        | 0.287751   | 0.375137                                | 0.603164          | 0.379010               |
| 3 Exogenous Costs Associated With Non<br>Price Cap Services (L1*L2)<br>(Interstate = Sum of Colomns c through g) | N/A                              | <u>(16)</u>               | <u>(3)</u>                      | <u>(2)</u>                                       | <u>(5)</u>                              | <u>0</u>          | <u>(7)</u>             |
| 4 Exogenous Without NonPrice Cap Services (L1-L3)<br>(Interstate = Sum of Colomns c through g)                   | N/A                              | <u>(51)</u>               | <u>(28)</u>                     | <u>(5)</u>                                       | <u>(8)</u>                              | <u>0</u>          | <u>(11)</u>            |
| <b><u>Distribution of Excluded Services Revenue</u></b>  |                                  |                           |                                 |  |   |                   |                        |
| 5 2002 Revenues With NonPrice Cap Services<br>(ARMIS 43-01 Line 1090 )   | N/A                              | N/A                       | 238,743                         | 51,343   | 27,446                                  | 17,763            | 302,032                |
| 6 2002 NonPrice Cap Services Revenue<br>FCC 492 Footnote   | N/A                              | N/A                       | 22,828                          | 14,774   | 10,296                                  | 10,714            | 114,473                |
| 7 Ratio (L6/L5)  | N/A                              | N/A                       | 0.095617                        | 0.287751   | 0.375137                                | 0.603164          | 0.379010               |

**AIT-WISCONSIN**  
**Calculation of Excess Deferred Tax (EDT) Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|   | Company<br>Total<br>(a) | Interstate<br>(b) | Common<br>Line<br>(c) | Information<br>and<br>Switching<br>(d) | Transport<br>(Trunking)<br>(e) | IX<br>(f) | Special<br>(g) |
|---|-------------------------|-------------------|-----------------------|--|--------------------------------|-----------|----------------|
| <b>Base Year Data</b>                                   |                         |                   |                       |  |                                |           |                |
| <b><u>Distribution of Deferred Income Taxes</u></b>     |                         |                   |                       |  |                                |           |                |
| 1 Amounts Per ARMIS 43-01 Line 1840                     | 418,624                 | 106,646           | 53,626                | 7,452                                  | 15,822                         | 76        | 29,183         |
| 2 % Distribution of L1.                                 |                         | 25.4754%          | 12.8101%              | 1.7801%                                | 3.7795%                        | 0.0182%   | 6.9712%        |
| <b><u>Change In Excess Deferred Tax Amounts</u></b>     |                         |                   |                       |  |                                |           |                |
| <b><u>RATEBASE</u></b>                                  |                         |                   |                       |  |                                |           |                |
| 3 Change in Excess DIT Payable                          | (2,659)                 | (677)             | (341)                 | (47)                                   | (100)                          | (0)       | (185)          |
| <b><u>COST OF SERVICE</u></b>                           |                         |                   |                       |  |                                |           |                |
| 4 Base Year PCI Excess DIT Amortization                 | 2,659                   | 677               | 341                   | 47                                     | 100                            | 0         | 185            |
| 5 Base Year PCI t-1 Excess DIT Amortization             | 2,814                   | 717               | 360                   | 50                                     | 106                            | 1         | 196            |
| 6 Change in Excess DIT Amortization (L4-L5)             | (155)                   | (39)              | (20)                  | (3)                                    | (6)                            | (0)       | (11)           |
| <b><u>Calculation of Revenue Requirement Impact</u></b> |                         |                   |                       |  |                                |           |                |
| <b><u>RATEBASE</u></b>                                  |                         |                   |                       |  |                                |           |                |
| 7 Annual Rate Base Impact (- L3)                        | N/A                     | N/A               | 341                   | 47                                     | 100                            | 0         | 185            |
| 8 Net Return (L7*.1125)                                 | N/A                     | N/A               | 38                    | 5                                      | 11                             | 0         | 21             |
| 9 Tax Gross-up Factor [1/(1- Composite Tax Rate)]       | N/A                     | N/A               | 1.6704                | 1.6704                                 | 1.6704                         | 1.6704    | 1.6704         |
| 10 Excess DIT Rate Base Revenue Req. Impact (L8*L9)     | N/A                     | N/A               | 64                    | 9                                      | 19                             | 0         | 35             |
| <b><u>COST OF SERVICE</u></b>                           |                         |                   |                       |  |                                |           |                |
| 11 Excess DIT Impact on Federal Income Tax (- L6)       | N/A                     | N/A               | 20                    | 3                                      | 6                              | 0         | 11             |
| 12 Tax Gross-up Factor [1/(1- Composite Tax Rate)]      | N/A                     | N/A               | 1.6704                | 1.6704                                 | 1.6704                         | 1.6704    | 1.6704         |
| 13 Excess DIT Revenue Requirement Impact (L11*L12)      | N/A                     | N/A               | 33                    | 5                                      | 10                             | 0         | 18             |
| 14 <b>Total Excess DIT Rev. Req. Impact (L10+L13)</b>   | N/A                     | <b>192</b>        | <b>97</b>             | <b>14</b>                              | <b>29</b>                      | <b>0</b>  | <b>53</b>      |
| (Interstate = Sum of Columns c through g)               |                         |                   |                       |  |                                |           |                |

**AIT-WISCONSIN**  
**Calculation of Investment Tax Credit (ITC) Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|   | Company<br>Total<br>(a) | Interstate<br>(b) | Common<br>Line<br>(c ) | Information<br>and<br>Switching<br>(d) | Transport<br>(Trunking)<br>(e) | IX<br>(f) | Special<br>(g) |
|---|-------------------------|-------------------|------------------------|--|--------------------------------|-----------|----------------|
| <b>Base Year Data</b>                             |                         |                   |                        |  |                                |           |                |
| 1 Amounts Per ARMIS 43-01 Line 1540               | 1,593                   | 413               | 204                    | 35                                     | 61                             | 0         | 110            |
| 2 % Distribution of L1                            |                         | 25.9259%          | 12.8060%               | 2.1971%                                | 3.8293%                        | 0.0000%   | 6.9052%        |
| <b>Change In Investment Tax Credit Amounts</b>    |                         |                   |                        |  |                                |           |                |
| 3 Base Year PCI ITC Amortization                  | 1,777                   | 461               | 228                    | 39                                     | 68                             | 0         | 123            |
| 4 Base Year PCI t-1 ITC Amortization              | 1,438                   | 373               | 184                    | 32                                     | 55                             | 0         | 99             |
| 5 Change In ITC Amortization (L3-L4)              | 339                     | 88                | 43                     | 7                                      | 13                             | 0         | 23             |
| <b>Calculation of Revenue Requirement Impact</b>  |                         |                   |                        |  |                                |           |                |
| 6 ITC-A Impact on Federal Income Tax (-L5)        | N/A                     | N/A               | (43)                   | (7)                                    | (13)                           | 0         | (23)           |
| 7 Tax Gross-up Factor [1/(1- Composite Tax Rate)] | N/A                     | N/A               | 1.6704                 | 1.6704                                 | 1.6704                         | 1.6704    | 1.6704         |
| 8 <b>ITC-A Revenue Requirement Impact (L6*L7)</b> | N/A                     | <b>(146)</b>      | <b>(73)</b>            | <b>(12)</b>                            | <b>(22)</b>                    | <b>0</b>  | <b>(39)</b>    |
| (Interstate = Sum of Columns c through g)         |                         |                   |                        |  |                                |           |                |

**AIT-WISCONSIN**  
**Calculation of Combined Effect of Exogenous Cost**  
**for the 2003 Annual Filing**

(000)

|  | <b>Company<br/>Total<br/>(a)</b> | <b>Interstate<br/>(b)</b> | <b>Common<br/>Line<br/>(c )</b> | <b>Infomation<br/>and<br/>Switching<br/>(d)</b> | <b>Transport<br/>(Trunking)<br/>(e)</b> | <b>IX<br/>(f)</b> | <b>Special<br/>(g)</b> |
|--|----------------------------------|---------------------------|---------------------------------|---|---|-------------------|------------------------|
| 1 Ecess DIT Exogenous Rev. Req Impact (Exhibit 2)  | N/A                              | 192                       | 97                              | 14  | 29                                      | 0                 | 53                     |
| 2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1) | N/A                              | (146)                     | (73)                            | (12)  | (22)                                    | 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)      |                                  | 46                        | 24                              | 2   | 7                                       | 0                 | 14                     |

**AIT-WISCONSIN**  
**Exogenous Costs Adjusted for Non-Price Cap Services**  
**2003 Annual Filing**

(000)

|  | <b>Company<br/>Total<br/>(a)</b> | <b>Interstate<br/>(b)</b> | <b>Common<br/>Line<br/>(c )</b> | <b>Information<br/>and<br/>Switching<br/>(d)</b> | <b>Transport<br/>(Trunking)<br/>(e)</b> | <b>IX<br/>(f)</b> | <b>Special<br/>(g)</b> |
|--|----------------------------------|---------------------------|---------------------------------|--|---|-------------------|------------------------|
| <b><u>Assignment of Exogenous Costs to NonPrice Cap Services</u></b>   |                                  |                           |                                 |  |   |                   |                        |
| 1 Exogenous Costs With NonPrice Cap Services<br>(Exhibit 2.2, L4)  | N/A                              | 46                        | 24                              | 2  | 7                                       | 0                 | 14                     |
| 2 Ratio To Adjust NonPrice Cap Services (L 7)  | N/A                              | N/A                       | 0.099844                        | 0.307994   | 0.298704                                | 0.021769          | 0.473837               |
| 3 Exogenous Costs Associated With Non<br>Price Cap Services (L1*L2)<br>(Interstate = Sum of Colomns c through g) | N/A                              | 11                        | 2                               | 0  | 2                                       | 0                 | 7                      |
| 4 Exogenous Without NonPrice Cap Services (L1-L3)<br>(Interstate = Sum of Colomns c through g)                   | N/A                              | 35                        | 22                              | 1  | 5                                       | 0                 | 7                      |
| <b><u>Distribution of Excluded Services Revenue</u></b>  |                                  |                           |                                 |  |   |                   |                        |
| 5 2002 Revenues With NonPrice Cap Services<br>(ARMIS 43-01 Line 1090 )   | N/A                              | N/A                       | 107,758                         | 24,507   | 21,061                                  | 7,258             | 150,119                |
| 6 2002 NonPrice Cap Services Revenue<br>FCC 492 Footnote   | N/A                              | N/A                       | 10,759                          | 7,548  | 6,291                                   | 158               | 71,132                 |
| 7 Ratio (L6/L5)  | N/A                              | N/A                       | 0.099844                        | 0.307994   | 0.298704                                | 0.021769          | 0.473837               |

**Ameritech**  
**Calculation of Combined Effect of Exogenous Cost**  
**for the 2003 Annual Filing**

AIT/ Total

(000)

|  | Company<br>Total<br>(a) | Interstate<br>(b) | Common<br>Line<br>(c ) | Switching<br>(d) | Transport<br>(Trunking)<br>(e) | IX<br>(f) | Special<br>(g) |
|--|-------------------------|-------------------|------------------------|------------------|--------------------------------|-----------|----------------|
| 1 EDT Exogenous Revenue Req Impact (Figure 12.1) |                         |                   |                        |                  |                                |           |                |
| ILL  | NA                      | 254               | 128                    | 35               | 49                             | -         | 42             |
| IN   | NA                      | 79                | 45                     | 8                | 6                              | 0         | 21             |
| MI   | NA                      | 204               | 117                    | 17               | 30                             | 0         | 40             |
| OH   | NA                      | 161               | 78                     | 13               | 30                             | 0         | 40             |
| WI   | NA                      | 192               | 97                     | 14               | 29                             | 0         | 53             |
| TOTAL  | NA                      | 891               | 465                    | 86               | 143                            | 1         | 196            |
| 2 ITC Exogenous Revenue Req Impact (Figure 12.2) |                         |                   |                        |                  |                                |           |                |
| ILL  | NA                      | (235)             | (117)                  | (35)             | (45)                           | -         | (38)           |
| IN   | NA                      | (136)             | (76)                   | (14)             | (10)                           | -         | (36)           |
| MI   | NA                      | (235)             | (134)                  | (24)             | (33)                           | -         | (44)           |
| OH   | NA                      | (229)             | (109)                  | (20)             | (42)                           | -         | (58)           |
| WI   | NA                      | (146)             | (73)                   | (12)             | (22)                           | -         | (39)           |
| TOTAL  | NA                      | (981)             | (509)                  | (105)            | (152)                          | -         | (215)          |
| 3 Non-Reg Exogenous Rev Req Impact               |                         |                   |                        |                  |                                |           |                |
| ILL  | NA                      | -                 | -                      | -                | -                              | -         | -              |
| IN   | NA                      | -                 | -                      | -                | -                              | -         | -              |
| MI   | NA                      | -                 | -                      | -                | -                              | -         | -              |
| OH   | NA                      | -                 | -                      | -                | -                              | -         | -              |
| WI   | NA                      | -                 | -                      | -                | -                              | -         | -              |
| TOTAL  | NA                      | -                 | -                      | -                | -                              | -         | -              |
| 4 Combined Effect of Exogenous Costs (L1..L3)    |                         |                   |                        |                  |                                |           |                |
| ILL  | N/A                     | 19                | 11                     | -                | 4                              | -         | 4              |
| IN   |                         | (57)              | (31)                   | (6)              | (4)                            | 0         | (15)           |
| MI   | N/A                     | (31)              | (17)                   | (7)              | (3)                            | 0         | (4)            |
| OH   | N/A                     | (68)              | (31)                   | (7)              | (12)                           | 0         | (18)           |
| WI   | N/A                     | 46                | 24                     | 2                | 7                              | 0         | 14             |
| TOTAL  | N/A                     | (90)              | (44)                   | (19)             | (9)                            | 1         | (19)           |

AMERITECH  
TELECOMMUNICATIONS RELAY SERVICE  
EXOGENOUS COST DEVELOPMENT  
2003 ANNUAL FILING

| <u>Line</u> | Description                     | Source  |                 |
|-------------|---------------------------------|---|-----------------|
| 1           | FCC Form 499A                   | Lines 420 (d) + 420 (e) + 412 (e) -511 (b)                          | \$1,156,049,524 |
| 2           | Current TRS Factor              | (DA 02-1422, 6/14/02)   | 0.00171         |
| 3           | TRS Contribution                | Line 2 * Line 3   | \$ 1,976,845    |
| 4           | Excluded Services Revenue Ratio | Exhibit 2.3(a,b,c,d,e)<br>Line 6 / Exhibit<br>2.3(a,b,c,d,e) Line 5 | 33.99%          |
| 5           | Excluded Services Allocation    | Line 3 * Line 4   | \$ 671,852      |
| 6           | Price Cap Allocation            | Line 3 - Line 5   | \$ 1,304,992    |
| 7           | TRS currently in Price Caps     | Exhibit 2.4, line 6, Trans No 1307, 06/17/2002                      | \$ 703,186      |
| 8           | Exogenous Adjustment            | Line 6 - Line 7   | \$ 601,806      |

**EXHIBIT 2.5****SBC - AMERITECH OPERATING COMPANIES  
2003 Regulatory Fees**

|     |  |             |
|-----|--|-------------|
| (1) | Fiscal Year 2003 Interstate Regulatory Fee (Form 159-W Based on Proposed Regulatory Fee Factor of .00198 in MD Docket No. 0383, eff. 03/24/2003) | \$2,288,978 |
| (2) | Excluded Service Revenue Ratio - Exhibit 2.3 - Line 7  | 33.99%      |
| (3) | Excluded Services Allocation (Line 1 * Line 2)   | 777,934     |
| (4) | Price Cap Service Allocation (Line 1 - Line 3)   | \$1,511,044 |
| (5) | Regulatory Fee in Current PCIs (Note 1)  | \$1,263,099 |
| (6) | Exogenous Adjustment (L4 - L5)   | \$247,945   |

Note 1 See 2002 Annual Filing, Transmittal No. 1307, filed June 17, 2002, Exhibit 2.5 line 4)



FEDERAL COMMUNICATION COMMISSION  
Washington, D.C. 20554

See reverse side for instruction  
regarding public burden estimates

Approved By OMB  
3060-0355  
Expires 07/31/04

**1. Name and Address of Reporting Company**  
Ameritech Operating Companies  
Ameritech Services  
2000 West Ameritech Ctr. Drive – 4G50  
Hoffman Estates, IL 60196

**2. Reporting Calendar Year**  
(A) From: January 1, 2002 To: December 31, 2002  
(B) First Report Filed: 04/01/03

FCC 492A

**PRICE CAP REGULATION**  
**RATE OF RETURN MONITORING REPORT**  
**(Read Instructions on the Reverse Before Completing)**  
**Dollar Amounts Shown in Thousands**

| 3. Items  | Total Interstate Services Subject to Price Cap Regulation |                       |                             |
|---|---|-----------------------|-----------------------------|
|   | First Report<br>Col A                                     | Final Report<br>Col B | Difference<br>Col C = (B-A) |
| 1. Total Revenues                                       | \$ 1,926,544  |                       |                             |
| 2. Total Expenses and Taxes                             | \$ 1,461,912  |                       |                             |
| 3. Operating Income (Net Return)(Ln1-Ln2)               | \$ 464,632  |                       |                             |
| 4. Rate Base (Avg. Net Investment)                      | \$ 2,222,024  |                       |                             |
| 5. Rate of Return (Ln3 / Ln4)                           | 20.91%  |                       |                             |
| 6. Sharing/Low End Adjustment Amount                    | N/A   |                       |                             |
| 7. FCC Ordered Refund – Amortized for<br>Current Period | N/A   |                       |                             |

**Remarks**

Excluded services revenues of \$970,376K have been removed from the amounts shown above as required in the Order on Reconsideration (CC Docket 87-313) released April 17, 1991. Excluded services revenues represent 33.50% of total revenues prior to their exclusion. Excluded services expenses and investment have likewise been excluded from the earnings calculation.

The federal income tax rate is 35% and the state composite income tax rate is 3.75%. The composite tax rate is 37.44% and is calculated as  $(3.75\% + [(100\% - 3.75\%) * 35\%])$ .

**4. Certification: I certify that I am the chief-financial officer or the duly assigned accounting officer; that I have examined the foregoing report; that to the best of my knowledge and belief, all statements of fact contained in this report are true and this report is a correct statement of the business and affairs of the above -named respondent in respect to each and every matter set forth therein during the specified period.**

| Date                   | Typed Name of person Signing     | Title of Person Signing | Signature |
|------------------------|----------------------------------|-------------------------|-----------|
| \ \03<br>Telephone No. | John J. Stephens<br>314-923-0103 | Vice Pres. – Controller |           |

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THIS REPORT FORM CAN BE PUNISHED BY FINE OR  
IMPRISONMENT UNDER THE PROVISIONS OF THE U.S. CODE, TITLE 18, SECTION 1001.

FEDERAL COMMUNICATION COMMISSION  
Washington, D.C. 20554

See reverse side for instruction  
regarding public burden estimates

Approved By OMB  
3060-0355  
Expires 07/31/04

**1. Name and Address of Reporting Company**  
Ameritech Operating Companies  
Ameritech Services  
2000 West Ameritech Ctr. Drive – 4G50  
Hoffman Estates, IL 60196

**2. Reporting Calendar Year**  
(A) From: January 1, 2001 To: December 31, 2001  
(B) First Report Filed: 04/01/02  
(C) Final Report Filed: 04/01/03

FCC 492A

**PRICE CAP REGULATION**  
**RATE OF RETURN MONITORING REPORT**  
**(Read Instructions on the Reverse Before Completing)**  
**Dollar Amounts Shown in Thousands**

| 3. Items  | Total Interstate Services Subject to Price Cap Regulation |                       |                             |
|---|---|-----------------------|-----------------------------|
|   | First Report<br>Col A                                     | Final Report<br>Col B | Difference<br>Col C = (B-A) |
| 1. Total Revenues                                       | \$ 2,735,143  | \$ 2,685,430          | \$ (49,713)                 |
| 2. Total Expenses and Taxes                             | \$ 1,876,724  | \$ 1,820,944          | \$ (55,780)                 |
| 3. Operating Income (Net Return)(Ln1-Ln2)               | \$ 858,419  | \$ 864,486            | \$ 6,067                    |
| 4. Rate Base (Avg. Net Investment)                      | \$ 3,516,174  | \$ 3,360,827          | \$ (155,347)                |
| 5. Rate of Return (Ln3 / Ln4)                           | 24.41%  | 25.72%                | 1.31%                       |
| 6. Sharing/Low End Adjustment Amount                    | N/A   | N/A                   | N/A                         |
| 7. FCC Ordered Refund – Amortized for<br>Current Period | N/A   | N/A                   | N/A                         |

**Remarks**

Certain adjustments and corrections not received in time to be processed in Submission 1 were included in Submission 2.

Excluded services revenues of \$419,184K have been removed from the amounts shown above as required in the Order on Reconsideration (CC Docket 87-313) released April 17, 1991. Excluded services revenues represent 13.50% of total revenues prior to their exclusion. Excluded services expenses and investment have likewise been excluded from the earnings calculation.

The federal income tax rate is 35% and the state composite income tax rate is 3.77%. The composite tax rate is 37.45% and is calculated as  $(3.77\% + [(100\% - 3.77\%)] * 35\%)$ .

**4. Certification: I certify that I am the chief-financial officer or the duly assigned accounting officer; that I have examined the foregoing report; that to the best of my knowledge and belief, all statements of fact contained in this report are true and this report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the specified period.**

| Date                   | Typed Name of person Signing     | Title of Person Signing | Signature |
|------------------------|----------------------------------|-------------------------|-----------|
| \ \03<br>Telephone No. | John J. Stephens<br>314-923-0103 | Vice Pres. – Controller |           |

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THIS REPORT FORM CAN BE PUNISHED BY FINE OR  
IMPRISONMENT UNDER THE PROVISIONS OF THE U.S. CODE, TITLE 18, SECTION 1001.

AMERITECH  
SUMMARY OF EXOGENOUS COSTS & DISTRIBUTIONS  
TO NON-ATS SERVICES

| LIN<br>E | DESCRIPTION  | 'R' VALUE     | DISTRIBUTION      | EDT EXOG | ITC EXOG  | TRS EXOG | REG FEE<br>EXOG | TOTAL   |
|----------|--|---------------|-------------------|----------|-----------|----------|-----------------|---------|
|          |  | (A)           | (B) = (A/LINE 9A) | (C)      | (D)       | (E)      | (F)             |         |
| 1        | INTERSTATE EXOGENOUS COST TO BE DISTRIBUTED                |               |                   | 891,000  | (981,000) |          |                 |         |
| 2        | % OF EDT AND ITC EXOG COST W/EXCLUDED SERVICES EXHIBIT 2.1 |               |                   | 33.99%   | 33.99%    |          |                 |         |
| 3        | EXOGENOUS COSTS TO BE DISTRUBUTED (L1*(1-L2))              |               |                   | 588,184  | (647,596) | 601,806  | 247,945         | 790,338 |
| 4        | COMMON LINE EUCL AND PICC 'R'                              |               |                   |          |           |          |                 |         |
|          | ILLINOIS   | 322,039,891   | 18.04%            | 106,087  | (116,803) | 108,544  | 44,720          | 142,549 |
|          | INDIANA  | 144,277,820   | 8.08%             | 47,528   | (52,329)  | 48,629   | 20,035          | 63,864  |
|          | MICHIGAN   | 286,496,747   | 16.05%            | 94,379   | (103,912) | 96,564   | 39,785          | 126,816 |
|          | OHIO   | 244,968,596   | 13.72%            | 80,698   | (88,850)  | 82,567   | 34,018          | 108,434 |
|          | WISCONSIN  | 119,146,183   | 6.67%             | 39,250   | (43,214)  | 40,159   | 16,545          | 52,739  |
|          | TOTAL COMMON LINE/CMT BASKET                               | 1,116,929,235 | 62.56%            | 367,942  | (405,108) | 376,464  | 155,104         | 494,402 |
| 5        | DATABASE SERVICE CATEGORY 'R'                              | 23,681,642    | 1.33%             | 7,801    | (8,589)   | 7,982    | 3,289           | 10,483  |
| 6        | BNA SERVICE CATEGORY 'R'                                   | 994,278       | 0.06%             | 328      | (361)     | 335      | 138             | 440     |
| 7        | SPECIAL ACCESS BASKET 'R'                                  | 643,891,233   | 36.06%            | 212,113  | (233,538) | 217,025  | 89,415          | 285,014 |
| 8        | TOTAL (SUM L4 THRU L8)                                     | 1,785,496,388 | 100.00%           | 588,184  | (647,596) | 601,806  | 247,945         | 790,338 |

Services Outside of Price Cap  
Company Name: Ameritech Operating Companies  
Filing Date: 05/29/03

OUTPC-1

**Rate Element Detail**

**Tariff Section**

**Collocation/Interconnection**

Interconnection Services

FCC #2 16

**Packet Services**

Frame Relay - Recurring and Nonrecurring  
Packet Switched Network Service  
DNAL Local Distribution Channel Digital  
DNAL Features and Functions

FCC #2 8.5.7  
FCC #2 8.2.5 B thru G  
FCC #2 8.3.5.1 A (3) (4)  
FCC #2 8.3.5.1 E (7) thru (10)

**Switched Access Elements**

Transport Termination Chargeable Options  
Installation and Rearrangement Charges  
Optional Payment Plan Vintage Rates

FCC #2 6.9.2 F  
FCC #2 6.9.3 A  
FCC #2 6.9.6 C

**Special Access Elements**

Special Access Wideband Analog Service ICBs  
Special Access Wideband Data Service ICBs  
Special Access Surcharge  
Special Access ICBs

FCC #2 7.5.6  
FCC #2 7.5.7  
FCC #2 7.5.14  
FCC #2 7.6

**End User Charges**

Federal USF End User Charge  
Service Provider Number Portability Monthly Charges  
900 Call Restriction  
International Call Blocking  
PIC Change Charge

FCC #2 4.1.7 C  
FCC #2 4.7  
FCC #2 4.4 B  
FCC #2 4.3.C  
FCC #2 4.2.C

**Gov't Services**

Federal Gov't Specialized Svcs or Arrangements - VG Special Access Service  
Federal Gov't Specialized Svcs or Arrangements - Wideband Digital Special Access Service  
Federal Gov't Specialized Svcs or Arrangements - Special Routing Access Service  
Federal Gov't Specialized Svcs or Arrangements - Telecommunications Svc Priority (TSP ) Service  
Individual Case Filings - Special Routing Access Svc - State of Indiana  
Individual Case Filings - Special Routing Access Svc - All States - GETS

FCC #2 10.6.3 B  
FCC #2 10.6.3 C  
FCC #2 10.6.3 D  
FCC #2 10.6.3 E  
FCC #2 10.7.1 B  
FCC #2 10.7.1 F

**Miscellaneous/Other**

Special Facilities Routing of Access Services - ICBs  
Specialized Services or Arrangements - ICBs  
Promotional Offerings  
Internet Transport Access- Recurring and Nonrecurring

FCC #2 11.4  
FCC #2 12.3.1 thru 12.3.6  
FCC # 2 17.2(6)(A) thru (6)(B)  
FCC #2 20.5 A

**Services Outside of Price Cap**  
**Company Name: Ameritech Operating Companies**  
**Filing Date: 05/29/03**

**OUTPC-2**

**Rate Element Detail**  
**Service that were in PC and have been removed**

**Tariff Section**

**Order**  
**Allowing Removal**

**Trunking**

SS7  
Voice Grade  
LT-1  
LT-3  
Switched Sonet  
Signaling  
Telecom Relay Service

FCC #2 21  
FCC #2 21  
FCC #2 21  
FCC #2 21  
FCC #2 21  
FCC #2 21  
FCC #2 21

FCC 99-206 Fifth Report and Order and Further Notice of Proposed Rulemaking  
( Pricing Flexibility Order )

**Special Access**

Metallic  
Telegraph Grade  
Direct Analog  
Program Audio  
Video  
AIT Base Rate Services  
AIT DS1  
AIT DS3  
Optical Carrier Network (OCN) 3, 12, 48, 192 Point to Point  
AIT OC-3, 12, 48, 192 Dedicated Ring  
Sonet Xpress Service  
GigaMAN (Gigabit Ethernet Metropolitan Area Network)  
MON (Multi-Service Optical Network)

FCC #2 21  
FCC #2 21  
FCC #2 21  
FCC #2 21  
FCC #2 21  
FCC #2 21  
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FCC #2 21  
FCC #2 21  
FCC #2 21

FCC 99-206 Fifth Report and Order and Further Notice of Proposed Rulemaking  
( Pricing Flexibility Order )

Interstate IntraLATA Toll

FCC #4

Price Cap Tariff Review Plan  
Indices

|                                 | PROPOSED<br>PCI<br>(A) | PROPOSED<br>API<br>(B) | PROPOSED<br>SBI<br>(C) | PROPOSED<br>SBI LIMIT<br>(D) | Last Limit Update<br>Transmittal #<br>PCI | Last Limit Update<br>Transmittal #<br>API | Last Limit Update<br>Transmittal #<br>SBI | Last Limit Update<br>Transmittal #<br>SBI LIMIT |
|---------------------------------|------------------------|------------------------|------------------------|------------------------------|---|---|---|---|
| Common Line Basket              |                        |                        |                        |                              |   |   |   |   |
| 100 Total Common Line           | N/A                    | N/A                    | N/A                    | N/A                          | N/A                                       | N/A                                       | N/A                                       | N/A   |
| Traffic Sensitive Basket        |                        |                        |                        |                              |   |   |   |   |
| 200 Local Switching             | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 210 Information                 | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1242                                 | TR # 1270                                       |
| 220 Database Access             | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1307                                       |
| 230 800 DB VertSvcs Sub-Cat     | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1307                                       |
| 240 Billing Name and Address    | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1242                                 | TR # 1307                                       |
| 250 Local Switching Trunk Ports | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1260                                 | TR # 1270                                       |
| 260 STP Port Terminations       | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1242                                 | TR # 1270                                       |
| 299 Total Traffic Sensitive     | June Filing            | June Filing            | N/A                    | N/A                          | TR # 1307                                 | TR # 1270                                 | N/A                                       | N/A   |
| Trunking Basket                 |                        |                        |                        |                              |   |   |   |   |
| 300 Interconnection Charge      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| Tandem Switched Transport       | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 311 TST Density Zone 1          | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 312 TST Density Zone 2          | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 313 TST Density Zone 3          | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 314 TST Density Zone 4          | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 315 TST Density Zone 5          | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 316 TST Density Zone 6          | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| 317 TST Density Zone 7          | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| 320 VoiceGrade - Switched       | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 321 VG DTT/EF Density Zone 1    | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| 322 VG DTT/EF Density Zone 2    | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| 323 VG DTT/EF Density Zone 3    | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| 324 VG DTT/EF Density Zone 4    | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| 325 VG DTT/EF Density Zone 5    | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| 326 VG DTT/EF Density Zone 6    | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| 327 VG DTT/EF Density Zone 7    | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| 340 High Cap & Other - Switched | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1286                                 | TR # 1282                                       |
| 350 DS-1 SubCat - Switched      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 351 DS1 DTT Density Zone 1      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 352 DS1 DTT Density Zone 2      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 353 DS1 DTT Density Zone 3      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 354 DS1 DTT Density Zone 4      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 355 DS1 DTT Density Zone 5      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 356 DS1 DTT Density Zone 6      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| 357 DS1 DTT Density Zone 7      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| 360 DS-3 SubCat - Switched      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1286                                 | TR # 1286                                       |
| 361 DS3 DTT Density Zone 1      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 362 DS3 DTT Density Zone 2      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 363 DS3 DTT Density Zone 3      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 364 DS3 DTT Density Zone 4      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 365 DS3 DTT Density Zone 5      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | TR # 1270                                 | TR # 1270                                       |
| 366 DS3 DTT Density Zone 6      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |
| 367 DS3 DTT Density Zone 7      | N/A                    | N/A                    | June Filing            | June Filing                  | N/A                                       | N/A                                       | N/A                                       | N/A   |

Price Cap Tariff Review Plan  
Indices

|     |                             | PROPOSED    | PROPOSED    | PROPOSED    | PROPOSED    | Last Limit Update | Last Limit Update | Last Limit Update | Last Limit Update |
|-----|-----------------------------|-------------|-------------|-------------|-------------|-------------------|-------------------|-------------------|-------------------|
|     |                             | PCI         | API         | SBI         | SBI LIMIT   | Transmittal #     | Transmittal #     | Transmittal #     | Transmittal #     |
|     |                             | (A)         | (B)         | (C)         | (D)         | PCI               | API               | SBI               | SBI LIMIT         |
| 370 | HC Other Sw Density Zone 1  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 371 | HC Other Sw Density Zone 2  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 372 | HC Other Sw Density Zone 3  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 373 | HC Other Sw Density Zone 4  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 374 | HC Other Sw Density Zone 5  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 375 | HC Other Sw Density Zone 6  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 376 | HC Other Sw Density Zone 7  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 380 | Signalling Interconnection  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1206         | TR # 1270         |
| 381 | SigIntCon Density Zone 1    | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 382 | SigIntCon Density Zone 2    | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 383 | SigIntCon Density Zone 3    | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 384 | SigIntCon Density Zone 4    | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 385 | SigIntCon Density Zone 5    | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 386 | SigIntCon Density Zone 6    | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 387 | SigIntCon Density Zone 7    | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 499 | Total Trunking              | June Filing | June Filing | N/A         | N/A         | TR # 1270         | TR # 1270         | N/A               | N/A               |
|     | Interexchange Basket        |             |             |             |             |                   |                   |                   |                   |
| 600 | Total Interexchange         | June Filing | June Filing | N/A         | N/A         | N/A               | N/A               | N/A               | N/A               |
|     | Special Access Basket       |             |             |             |             |                   |                   |                   |                   |
| 720 | VG/WATS, Met, Tgh - Special | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1330         | TR # 1307         |
| 721 | VG Spec Density Zone 1      | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 722 | VG Spec Density Zone 2      | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 723 | VG Spec Density Zone 3      | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 724 | VG Spec Density Zone 4      | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 725 | VG Spec Density Zone 5      | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 726 | VG Spec Density Zone 6      | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 727 | VG Spec Density Zone 7      | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 730 | Audio & Video               | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1307         | TR # 1307         |
| 731 | Audio/Video Density Zone 1  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 732 | Audio/Video Density Zone 2  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 733 | Audio/Video Density Zone 3  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 734 | Audio/Video Density Zone 4  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 735 | Audio/Video Density Zone 5  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 736 | Audio/Video Density Zone 6  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 737 | Audio/Video Density Zone 7  | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 740 | High Cap & DDS - Special    | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1330         | TR # 1307         |
| 750 | DS-1 SubCat - Special       | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1330         | TR # 1307         |
| 751 | DS1 Spec Density Zone 1     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1330         | TR # 1307         |
| 752 | DS1 Spec Density Zone 2     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1330         | TR # 1307         |
| 753 | DS1 Spec Density Zone 3     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1330         | TR # 1307         |
| 754 | DS1 Spec Density Zone 4     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1330         | TR # 1307         |
| 755 | DS1 Spec Density Zone 5     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1330         | TR # 1307         |
| 756 | DS1 Spec Density Zone 6     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 757 | DS1 Spec Density Zone 7     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 760 | DS-3 SubCat - Special       | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1307         | TR # 1307         |
| 761 | DS3 Spec Density Zone 1     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1307         | TR # 1307         |
| 762 | DS3 Spec Density Zone 2     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1307         | TR # 1307         |
| 763 | DS3 Spec Density Zone 3     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1307         | TR # 1307         |
| 764 | DS3 Spec Density Zone 4     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1307         | TR # 1307         |
| 765 | DS3 Spec Density Zone 5     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | TR # 1307         | TR # 1307         |
| 766 | DS3 Spec Density Zone 6     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 767 | DS3 Spec Density Zone 7     | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |

Price Cap Tariff Review Plan  
Indices

|     |                             | PROPOSED    | PROPOSED    | PROPOSED    | PROPOSED    | Last Limit Update | Last Limit Update | Last Limit Update | Last Limit Update |
|-----|-----------------------------|-------------|-------------|-------------|-------------|-------------------|-------------------|-------------------|-------------------|
|     |                             | PCI         | API         | SBI         | SBI LIMIT   | Transmittal #     | Transmittal #     | Transmittal #     | Transmittal #     |
|     |                             | (A)         | (B)         | (C)         | (D)         | PCI               | API               | SBI               | SBI LIMIT         |
| 770 | DDS&Other Sp Density Zone 1 | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 771 | DDS&Other Sp Density Zone 2 | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 772 | DDS&Other Sp Density Zone 3 | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 773 | DDS&Other Sp Density Zone 4 | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 774 | DDS&Other Sp Density Zone 5 | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 775 | DDS&Other Sp Density Zone 6 | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 776 | DDS&Other Sp Density Zone 7 | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 790 | Wideband                    | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 791 | WB Density Zone 1           | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 792 | WB Density Zone 2           | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 793 | WB Density Zone 3           | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 794 | WB Density Zone 4           | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 795 | WB Density Zone 5           | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 796 | WB Density Zone 6           | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 797 | WB Density Zone 7           | N/A         | N/A         | June Filing | June Filing | N/A               | N/A               | N/A               | N/A               |
| 899 | Total Special Access        | June Filing | June Filing | N/A         | N/A         | TR # 1307         | TR # 1330         | N/A               | N/A               |



**SBC - Ameritech LEC Transport MOUs**

|                                   |                       |
|-----------------------------------|-----------------------|
| <b>TIC MOUs</b>                   | <b>20,048,776,021</b> |
| <b>MeetPoint MOUs</b>             |                       |
| <b>Ameritech Tandem to ICO EO</b> | <b>6,583,960,749</b>  |
| <b>Ameritech SWC to ICO EO</b>    | <b>672,594,341</b>    |
| <b>TOTAL LEC Transport MOUs</b>   | <b>27,305,331,112</b> |