

## Development of NANP

	<u>Description</u>	<u>Source</u>	<u>Exog. Adjust.</u>	
1	End-User Interstate Revenues Jan. thru Dec. 2002	FCC Form 499	\$ 75,148,351	
2	Factor	Public Notice DA 01-1524	0.000043	
3	7/03 Amount	Line 1 * Line 2	\$ 3,231	
4	7/02 Amount	TM No. 774	\$ 3,241	
5	Change	Line 3 - Line 4	\$ (10)	
6	Common Line NANP	Line 5 * Ratio	\$ (5)	
7	Special Access NANP	Line 5 * Ratio	\$ (5)	
8	Total	Line 6 +Line 7	\$ (10)	
				<u>Ratio</u>
	Interstate Common Line Revenues (t-1)	Form Sum 1 line 120	\$ 65,338,367	0.5210
	Interstate Special Access Revenues (t-1)	Form Sum 1 line 340	\$ 60,065,934	0.4790
	Total		\$ 125,404,300	1.00

## Development of Telecom Relay Support (TRS)

	<u>Description</u>	<u>Source</u>	<u>Exog. Adjust.</u>	
1	End-User Interstate Revenues Jan. thru Dec. 2002	FCC Form 499	\$ 75,148,351	
2	Factor	DA 03-1527	0.00171	
3	7/03 Amount	Line 1 * Line 2	\$ 128,504	
4	7/02 Amount	Transmittal No. 774	\$ 55,020	
5	Change	Line 3 - Line 4	\$ 73,484	
6	Common Line TRS	Line 5 * Ratio	\$ 38,287	
7	Special Access TRS	Line 5 * Ratio	\$ 35,196	
8	Total	Line 6 + Line 7	\$ 73,484	
	Interstate Common Line Revenues (t-1)	Form Sum 1 line 120	\$ 65,338,367	<u>Ratio</u> 0.5210
	Interstate Special Access Revenues (t-1)	Form Sum 1 line 340	\$ 60,065,934	0.4790
	Total		\$125,404,300	1.00

## Development of Reg. Fees

	<u>Description</u>	<u>Source</u>	<u>Exog. Adjust.</u>	
1	End-User Interstate Revenues Jan. thru Dec. 2002	FCC Form 499	\$ 75,148,351	
2	Factor	MD Docket No. 02-64	0.00153	
3	7/03 Amount	Line 1 * Line 2	\$ 114,977	
4	7/02 Amount	Transmittal No. 774	\$ 99,489	
5	Change	Line 3 - Line 4	\$ 15,488	
6	Common Line Reg. Fees	Line 5 * Ratio	\$ 8,070	
7	Special Access Reg. Fees	Line 5 * Ratio	\$ 7,418	
8	Total	Line 6 + Line 7	\$ 15,488	
				<u>Ratio</u>
	Interstate Common Line Revenues (t-1)	Form Sum 1 line 120	\$ 65,338,367	0.5210
	Interstate Special Access Revenues (t-1)	Form Sum 1 line 340	\$ 60,065,934	0.4790
	Total		\$125,404,300	1.00

## Development of Excess Deferred Taxes

<u>Description</u>	<u>Source</u>	<u>A</u> <u>7/02-6/03</u>	<u>B</u> <u>7/03-6/04</u>	<u>C=B-A</u> <u>Delta</u>	<u>D=(A+B)*-.5</u> <u>Reserve Change</u>
1 Total Company	Note 1	\$116,198	\$97,677	(\$18,522)	(\$106,937)
2 Interstate	Note 2	\$22,628	\$19,021	(\$3,607)	(\$20,825)
		<b>52.10%</b>	<b>47.90%</b>		
		<b><u>Common Line</u></b>	<b><u>Special Access</u></b>	<b><u>Total</u></b>	
3 Excess Deferred Tax	Note 3	(\$1,879)	(\$1,728)	(\$3,607)	
4 Excess Deferred Tax Reserve	Note 3	(\$10,850)	(\$9,975)	(\$20,825)	
5 Net Rate base	Line 4 *-1.0	\$10,850	\$9,975	\$20,825	
6 Return	Line 5 * 0.1125	\$1,221	\$1,122	\$2,343	
7 Federal Income Tax Change	(Ln6-Ln3)*0.35/(1.0-.35)-Ln3	\$3,548	\$3,262	\$6,810	
8 Revenue Impact	Line 6 + Line 7	\$4,769	\$4,385	\$9,153	

Note 1: Column A from Transmittal No. 767 Form EXG-EDT. Column B from corporate tax.

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

Note 3: SUM1Col. A used for Basket allocations

Corporate Tax

<u>2003</u>	<u>2004</u>	<u>Total</u>	<u>Midpoint</u>
\$116,941	\$78,412	\$195,353	\$97,677

## Development of Investment Tax Credit (ITC)

<u>Description</u>	<u>Source</u>	<u>A</u> <u>7/02-6/03</u>	<u>B</u> <u>7/03-6/04</u>	<u>C=B-A</u> <u>Delta</u>
1 Total Company	Note 1	\$694,186	\$647,473	(\$46,713)
2 Interstate	Note 2	\$155,639	\$145,101	(\$10,538)
		<b>52.10%</b> <b><u>Common Line</u></b>	<b>47.90%</b> <b><u>Special Access</u></b>	<b><u>Total</u></b>
3 Investment Tax Credit	Note 3	(\$5,490)	(\$5,047)	(\$10,538)
4 Federal Income Tax	Line 3/(1-.35)*-1	\$8,447	\$7,766	\$16,212
8 Revenue Impact		\$8,447	\$7,766	\$16,212

Note 1: Column A from Transmittal No. 774 Form EXG-ITC. Column B from corporate tax.

Note 2: EXD-ITC. CBT internal worksheet used to calculate interstate amounts = 0.22410

Note 3: SUM1 Col A used Basket for allocations

Corporate Tax	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>Total</u></b>	<b><u>Midpoint</u></b>
	\$685,628	\$609,318	\$1,294,946	\$647,473

## Summary of Exogenous Changes

EXG-SUM  
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	<u>Description</u>	<u>Source</u>	<u>Common Line</u>	<u>Special Access</u>	<u>Total</u>
1	Regulatory Fee	EXG-REGFEE	\$8,070	\$7,418	\$15,488
2	ITC Amortization	EXG-ITC	\$8,447	\$7,766	\$16,212
3	Excess Deferred Taxes	EXG-EDT	\$4,769	\$4,385	\$9,153
4	Telecom Relay Services (TRS)	EXG-TRS	\$38,287	\$35,196	\$73,484
5	North American Numbering Plan (NANP)	EXG-NANP	\$ (5)	\$ (5)	(\$10)
	Total Exogenous	Sum (Line 1.... Line 5)	\$59,567	\$54,761	\$114,328