

INVESTMENTS AND COSTS

Projected ADSL Voice-Data Demand	34,774	L1	Exhibit 3
Projected ADSL Data-Only Demand	15	L2	Exhibit 3
Total Investment Per Unit	\$295.04	L3	Engineering
Annual Charge Factor (ACF)	0.4039	L4	ACF Model
Monthly Recurring Cost Per Unit	\$9.93	L5	L3 * L4 / 12
Other Monthly Costs Per Unit	\$8.91	L6	Engineering
Monthly Cost Per ADSL Voice/Data Unit	\$18.84	L7	Sum (5..L6)
Total Monthly Service Cost	\$655,217.20	L8	L7 * L1
Total Annual Cost - ADSL/Voice Data	\$7,862,606.42	L9	L8 * 12
Monthly Cost per Loop	\$21.26	L10	Engineering
Monthly Cost per ADSL-Data Only Unit	\$40.10	L11	L7 + L10
Total Monthly Service Cost	\$601.57	L12	L11 * L2
Total Annual Cost - ADSL-Data Only Service	\$7,218.87	L13	L12 * 12
Total Annual Cost	\$7,869,825.29	L14	L9 + L13

PRICING & REVENUES

	<u>Demand</u>	<u>Proposed</u>		
		<u>Price</u>	<u>Revenue</u>	
ADSL Voice-Data	-	\$32.95	\$0.00	L15 Exhibit 2
ADSL Voice-Data Monthly Plan	860	\$30.95	\$26,617.00	L16 Exhibit 2
ADSL Voice-Data Option 1; 1 Yr	930	\$27.95	\$25,993.50	L17 Exhibit 2
ADSL Voice-Data Option 1; 3 Yr	1,347	\$24.95	\$33,607.65	L18 Exhibit 2
ADSL Voice-Data Option 2, 1 Yr	-	\$24.95	\$0.00	L19 Exhibit 2
ADSL Voice-Data Option 2, 3 Yr	15,819	\$20.95	\$331,397.58	L20 Exhibit 2
ADSL Voice-Data Option 3, 1 Yr	-	\$20.95	\$0.00	L21 Exhibit 2
ADSL Voice-Data Option 3, 3 Yr	15,819	\$18.95	\$299,760.58	L22 Exhibit 2
ADSL Data-Only	-	\$57.95	\$0.00	L23 Exhibit 2
ADSL Data-Only Monthly Plan	-	\$55.95	\$0.00	L24 Exhibit 2
ADSL Data-Only Option 1, 1 Yr	-	\$52.95	\$0.00	L25 Exhibit 2
ADSL Data-Only Option 1, 3 Yr	-	\$49.95	\$0.00	L26 Exhibit 2
ADSL Data-Only Option 2, 1 Yr	-	\$49.95	\$0.00	L27 Exhibit 2
ADSL Data-Only Option 2, 3 Yr	-	\$45.95	\$0.00	L28 Exhibit 2
ADSL Data-Only Option 3, 1 Yr	-	\$45.95	\$0.00	L29 Exhibit 2
ADSL Data-Only Option 3, 1 Yr	-	\$45.95	\$0.00	L30 Exhibit 2
ADSL Data-Only Option 3, 3 Yr	15	\$43.95	\$659.25	L31 Exhibit 2
ADSL SWC Option 1	-	\$75.00	\$0.00	L32 Exhibit 2
ADSL SWC Option 2	14	\$150.00	\$2,100.00	L33 Exhibit 2
ADSL SWC Option 3	16	\$250.00	\$4,000.00	L34 Exhibit 2
Total Monthly Revenue			\$724,135.55	L35 Sum(L15..L34)
Total Annual Revenue			\$8,689,626.60	L36 L35 * 12
Annual Revenue Effect			(\$280,029.00)	L37 Exhibit 2
ADSL Recurring Revenue Impact June 1 - June 30, 2004			(\$23,335.75)	L38 L37 / 12

Calculation of Revenue Effect

	Existing			Proposed				
	Demand	Price	Annual Revenue	Demand	Price	Annual Revenue	Revenue Effect	Price Change
ATM Basic 1.544 Mbps Port	0	\$360.00	\$0	0	\$360.00	\$0	\$0	0.0%
ATM Basic 44.736 Mbps Port	0	\$2,000.00	\$0	0	\$2,000.00	\$0	\$0	0.0%
ATM Basic 155.52 Mbps Port	0	\$4,100.00	\$0	0	\$3,100.00	\$0	\$0	-24.4%
ATM Basic 622.08 Mbps Port	0	\$8,100.00	\$0	0	\$4,500.00	\$0	\$0	-44.4%
ATM 10 Mbps Ethernet Port	0	\$1,200.00	\$0	0	\$555.00	\$0	\$0	-53.8%
ATM 100 Mbps Ethernet Port	0	\$4,500.00	\$0	0	\$4,500.00	\$0	\$0	0.0%
ATM 1 Gbps Ethernet Port	0	N/A	\$0	0	N/A	\$0	\$0	n/a
ATM Virtual Path	0	\$5.00	\$0	0	\$5.00	\$0	\$0	0.0%
ATM Virtual Circuit Channel	0	\$5.00	\$0	0	\$5.00	\$0	\$0	0.0%
ATM 1 Mbps DSL VCC	0	\$30.00	\$0	0	\$30.00	\$0	\$0	0.0%
ADSL Voice-Data	0	\$32.95	\$0	0	\$32.95	\$0	\$0	0.0%
ADSL Voice-Data Monthly Plan	860	\$30.95	\$319,404	860	\$30.95	\$319,404	\$0	0.0%
ADSL Voice-Data Option 1; 1 Yr	930	\$26.95	\$300,762	930	\$27.95	\$311,922	\$11,160	3.7%
ADSL Voice-Data Option 1; 3 Yr	1,347	\$23.95	\$387,128	1,347	\$24.95	\$403,292	\$16,164	4.2%
ADSL Voice-Data Option 2; 1 Yr	0	\$23.95	\$0	0	\$24.95	\$0	\$0	4.2%
ADSL Voice-Data Option 2; 3 Yr	31,637	\$20.95	\$7,953,542	15,819	\$20.95	\$3,976,771	(\$3,976,771)	0.0%
ADSL Voice-Data Option 3; 1 Yr	0	N/A	\$0	-	\$20.95	\$0	\$0	n/a
ADSL Voice-Data Option 3; 3 Yr	0	N/A	\$0	15,819	\$18.95	\$3,597,127	\$3,597,127	n/a
ADSL Data-Only	0	N/A	\$0	0	\$57.95	\$0	\$0	n/a
ADSL Data-Only Monthly Plan	0	N/A	\$0	0	\$55.95	\$0	\$0	n/a
ADSL Data-Only Option 1; 1 Yr	0	N/A	\$0	0	\$52.95	\$0	\$0	n/a
ADSL Data-Only Option 1; 3 Yr	0	N/A	\$0	0	\$49.95	\$0	\$0	n/a
ADSL Data-Only Option 2; 1 Yr	0	N/A	\$0	0	\$49.95	\$0	\$0	n/a
ADSL Data-Only Option 2; 3 Yr	0	N/A	\$0	0	\$45.95	\$0	\$0	n/a
ADSL Data-Only Option 3; 1 Yr	0	N/A	\$0	0	\$45.95	\$0	\$0	n/a
ADSL Data-Only Option 3; 1 Yr	0	N/A	\$0	0	\$45.95	\$0	\$0	n/a
ADSL Data-Only Option 3; 3 Yr	0	N/A	\$0	15	\$43.95	\$7,911	\$7,911	n/a
ADSL Data-Only Option NRC	0	N/A	\$0	15	\$251.00	\$45,180	\$45,180	n/a
ADSL SWC Option 1	14	\$75.00	\$12,600	14	\$75.00	\$12,600	\$0	0.0%
ADSL SWC Option 2	32	\$150.00	\$57,600	16	\$150.00	\$28,800	(\$28,800)	0.0%
ADSL SWC Option 3	0	N/A	\$0	16	\$250.00	\$48,000	\$48,000	n/a
ADSL Network Reconfiguration	0	\$0.00	\$0	0	\$0.00	\$0	\$0	0.0%
Total			\$9,031,036			\$8,751,007	(\$280,029)	

Notes:

- 1) Proposed demand assumes 50% of existing Option 2 customers will convert to new Option 3.
- 2) Existing demand per Carrier Access Billing Department.

pfloyd