

**VERIZON EAST (BNTR) - TRANSMITTAL NO. 459 and 460**

**Appendix A: 2004 Annual Filing (BNTRAN04.WK4)**

**EXCESS DEFERRED TAXES AMORTIZATION EXOGENOUS**

|                      | (1)<br>2003/2004<br>FORECAST<br>TOTAL<br>COMPANY | (2)<br>2004/2005<br>FORECAST<br>TOTAL<br>COMPANY | (A = 2 - 1)<br>EDT FIT<br>CHANGE<br>TOTAL<br>COMPANY | (B)<br>EDT FIT<br>CHANGE<br>PRICE CAP<br>INTERSTATE | (C)<br>RATE<br>BASE<br>PRICE CAP<br>INTERSTATE | (D)<br>NET<br>RETURN<br>PRICE CAP<br>INTERSTATE |
|----------------------|--|--|--|---|--|---|
|                      | NOTE 8   | NOTE 8   | NOTE 1   | NOTE 2  | NOTE 3   | NOTE 4  |
| MAINE                | 276,943  | 228,761  | (48,182)   | (12,937)  | (67,890)                                       | 7,638   |
| MASSACHUSETTS        | 561,767  | 548,285  | (13,482)   | (3,610)   | (148,635)                                      | 16,721  |
| NEW HAMPSHIRE        | 201,666  | 180,150  | (21,516)   | (7,210)   | (63,973)                                       | 7,197   |
| RHODE ISLAND         | 100,524  | 97,186   | (3,338)  | (922)   | (27,291)                                       | 3,070   |
| VERMONT              | 23,059   | 22,115   | (944)  | (317)   | (7,603)  | 855   |
| NEW YORK             | 2,194,418  | 2,102,922  | (91,496)   | (25,412)  | (596,764)                                      | 67,136  |
| TOTAL NORTH          | 3,358,377  | 3,179,419  | (178,958)  | (50,408)  | (912,155)                                      | 102,617   |
| DISTRICT OF COLUMBIA | 265,449  | 257,016  | (8,433)  | (2,712)   | (84,012)                                       | 9,451   |
| MARYLAND             | 500,402  | 476,441  | (23,961)   | (5,575)   | (113,654)                                      | 12,786  |
| VIRGINIA             | 1,736,838  | 1,498,222  | (238,616)  | (61,338)  | (415,797)                                      | 46,777  |
| WEST VIRGINIA        | 68,125   | 66,576   | (1,549)  | (398)   | (17,297)                                       | 1,946   |
| NEW JERSEY           | 2,251,245  | 2,100,535  | (150,710)  | (43,154)  | (623,031)                                      | 70,091  |
| PENNSYLVANIA         | 2,505,886  | 2,235,572  | (270,314)  | (65,556)  | (574,948)                                      | 64,682  |
| DELAWARE             | 73,341   | 69,756   | (3,585)  | (1,116)   | (22,280)                                       | 2,507   |
| TOTAL SOUTH          | 7,401,286  | 6,704,118  | (697,168)  | (179,849)   | (1,851,019)                                    | 208,240   |
| VERIZON EAST TOTAL   | 10,759,663                                       | 9,883,537  | (876,126)  | (230,257)   | (2,763,174)                                    | 310,857   |

NOTE 1: Col A=Total Company EDT change from 7/1/04 to 7/1/05 tariff period

NOTE 2: Col B=Price Cap Interstate percent developed using Separations data

NOTE 3: Col C=Cumulative change in Interstate Price Cap rate base.

NOTE 4: Col D=Col C times negative 11.25%

NOTE 5: Col E= (((Col D-Col B)\*(.35/(1-.35)))-Col B) which is change in EDT plus FIT gross up

NOTE 6: Col F= (Col D+Col E)\*(SIT/1-SIT)

NOTE 7: Col G= Col D+Col E+Col F

NOTE 8: Internal Company records from Verizon Tax Department

# Workpaper 4

| (E)<br>EDT FIT WITH<br>GROSS UP<br>PRICE CAP<br>INTERSTATE | (F)<br>STATE TAX<br>GROSS UP<br>PRICE CAP<br>INTERSTATE | (G=D+E+F)<br>EXOGENOUS<br>CHANGE<br>PRICE CAP<br>INTERSTATE |
|--|---|---|
| NOTE 5   | NOTE 6  | NOTE 7  |
| 24,016   | 3,104   | 34,758  |
| 14,557   | 3,283   | 34,561  |
| 14,968   | 2,059   | 24,224  |
| 3,072  | 607   | 6,749   |
| 948  | 195   | 1,998   |
| 75,246   | 901   | 143,282   |
| 132,807  | 10,149  | 245,573   |
| 9,261  | 2,189   | 20,901  |
| 15,462   | 2,126   | 30,374  |
| 119,554  | 10,617  | 176,948   |
| 1,660  | 357   | 3,963   |
| 104,132  | 17,231  | 191,454   |
| 135,684  | 22,238  | 222,604   |
| 3,067  | 531   | 6,105   |
| 388,820  | 55,289  | 652,349   |
| 521,627  | 65,438  | 897,922   |