

**CASH WORKING CAPITAL
 STANDARD FORMULA METHOD**

Source	Total Company Approach Used for TY Ending June 30, 2005	Source	Separated Interstate Approach	AT&T Calculation
1. CASH OPERATING EXPENSES				
A. Total Operating Expenses & Taxes - Including a/c 7240 and 7370	Part 36, Line 188	TRP COS(P) Col E. Line300	\$16,436,212	\$16,436,212
B. Depreciation & Amortization	Part 36, Line 138	TRP COS(P) Col E. Line190	\$5,896,163	\$5,896,163
C. Total Ad Valorem	Part 36, Line 186	Part 69, Line 186	\$295,105	
f. Fixed Charges (Excl. a/c 7540)	Part 36, Line 200	Part 69, Line 199	\$1,687,607	
E. Provision for Uncollectible Notes-A/C 6790			\$0	
F. Operating Federal Income Taxes- A/C 7210 & 7220			\$364,004	
G. Operating State & Local Taxes - A/C 7230			\$77,079	
H. Other Operating Taxes - A/C 7240		Part 69, Line 186	\$295,105	
I. Interest on Customer Deposits - A/C 7540		Part 69, Line 186	\$24,899	
J. Total Cash Operating Expenses	(a - b - c + d + e + f + g + h + i)		\$12,693,638	\$10,540,049
2. % LAG	(15/365)		4.1096%	4.1096%
3. TOTAL CASH WORKING CAPITAL			\$521,658	\$433,154
4. Ratio of Interstate Non-Cash Expenses to Total Company	Per Exhibit I-1, Page 2		n/a	n/a
5. Total Interstate per Part 36	Line 3 * Line 4		\$521,658	\$433,153
6. AT&T Calculation	Per AT&T Petition Exhibit I-1		\$433,153	\$433,153
Difference			\$88,505	

Allocation of Total Company Cash Working Capital Based on Relative Total Operating Expenses and Taxes less Non-Cash Expenses

Ln	Description	Part 36 - Attachment 3 Line Number	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Total Interstate	Intrastate InterLATA Message	Intrastate InterLATA P/L	Intrastate IntraLATA Message	Intrastate IntraLATA P/L	EAS	Local
189	Total Operating Exp & Taxes (Less Non Cash Expenses) Percentage Allocation	L188 Less 138-142	41,869,427	9,784,165	1,996,083	11,780,248	4,085,325	7,424	2,689,750	398,167	355,071	22,553,442
			100.00%	23.37%	4.77%	28.14%	9.76%	0.02%	6.42%	0.95%	0.85%	53.87%
25	Cash Working Capital (Allocated based on Line 188)	L189	2,322,950	542,833	110,744	653,577	226,657	412	149,230	22,091	19,700	1,251,283

Note: Per Section 36.182(a)

The amount for cash working capital, if not determined directly for a particular operation, is apportioned among the operations on the basis of total expenses less non-cash expense items. [The allocation basis is Line 189 in the 1995 TYCOS]

	Source	Total Company Approach Used for TY Ending June 30, 2005	Source	Separated Interstate Approach-Per AT&T Calc.
	A	B	C	D
1. CASH OPERATING EXPENSES				
	Total Operating Expenses & Taxes - Including a/c 7240 and 7370			
a.		Part 36, Line 188	TRP COS(P) Col E. Line 300	\$15,022,405
b.		Part 36, Line 138 - 142	TRP COS(P) Col E. Line 190	\$6,954,236
c.		Part 36, Line 186	Included in Line a	
d.		Part 36, Line 200	Included in Line a	
e.			Included in Line a	
f.			Included in Line a	
g.			Included in Line a	
j.			Included in Line a	
i.		Part 36, Line 201	Included in Line a	
j.		(a - b - c + d + e + f + g + h + i)	(a-b)	\$8,068,169
2.		(15/365)		4.1096%
3.				\$331,569
4.				n/a
5.				\$331,569
6.				\$331,569
7.				\$0

Allocation of Total Company Cash Working Capital Based on Relative Total Operating Expenses and Taxes less Non-Cash Expenses

TRP COS(P) Col E. Line 300

Ln	Description	Part 36 - Attachment 3 Line Number	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Total Interstate	S(P) Col E. InterLATA Message	Intrastate InterLATA P/L	Intrastate IntraLATA Message	Intrastate IntraLATA P/L	EAS	Local
189	Total Operating Exp & Taxes (Less Non Cash Expenses) Percentage Allocation	L188 Less 138-142	<u>30,084,398</u>	<u>8,544,350</u>	<u>1,164,902</u>	<u>9,709,252</u>	<u>3,264,439</u>	<u>27,933</u>	<u>973,852</u>	<u>368,328</u>	<u>4,216,715</u>	<u>11,523,879</u>
			100.00%	28.40%	3.87%	32.27%	10.85%	0.09%	3.24%	1.22%	14.02%	38.31%
25	Cash Working Capital (Allocated based on Line 188)	L189	<u>1,445,814</u>	<u>410,629</u>	<u>55,984</u>	<u>466,613</u>	<u>156,884</u>	<u>1,342</u>	<u>46,802</u>	<u>17,701</u>	<u>202,649</u>	<u>553,823</u>

Note: Per Section 36.182(a)

The amount for cash working capital, if not determined directly for a particular operation, is apportioned among the operations on the basis of total expenses less non-cash expense items. [The allocation basis is Line 189 in the 1995 TYCOS]

	Source	Total Company Approach Used for TY Ending June 30, 2005	Source	Separated Interstate Approach	AT&T Calculation
	A	B	C	D	E
1. CASH OPERATING EXPENSES					
	Total Operating Expenses & Taxes (reduced by rent revenue)		TRP COS(P) Col E. Line300 (Includes State Tax)		
a.	Less Depreciation & Amortization	Part 36, Line 38, Page 1 \$24,346,753	TRP COS(P) Col E. Line190	\$8,653,544	\$8,653,544
b.	Add back Rent Revenue	Part 36, Line 33, Page 1 \$6,532,913	Part 69, Line 17, Page 12	\$2,680,195	\$2,680,195
c.		Part 36, Line 17, Page 12 \$181,770		\$70,608	
d.					
e.	Add Operating Federal Income Taxes- A/C 7210 & 7220	\$7,459,804	TRP COS(P) Col H Line290	\$741,556	
f.	Add Operating State & Local Taxes - A/C 7230	\$671,075			
g.					
h.					
i.					
j.	Total Cash Operating Expenses	(a - b+ c + d + e + f + g + h + i) \$26,126,489		\$6,644,297	\$5,973,349
2.	% LAG	(15/365) 4.1096%		4.1096%	4.1096%
3.	TOTAL CASH WORKING CAPITAL	\$1,073,694		\$273,054	\$245,481
4.	Ratio of Interstate Non-Cash Expenses to Total Company	Part 36, Line 50, Page 12 32.77%		n/a	n/a
5.	Total Interstate per Part 36	Line 3 * Line 4 \$351,880		\$273,054	\$245,481
6.	AT&T Calculation	Per AT&T Petition Exhibit I-1 \$245,481		\$245,481	\$245,481
7.	Difference	\$106,399		\$27,573	