

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	\$62,821,674	TRP COS(P) Col E. Line 300	\$16,436,212	\$16,436,212
B. Depreciation & Amortization	Part 36, Line 138	\$20,952,247	TRP COS(P) Col E. Line 190	\$5,896,163	\$5,896,163
C. Total Ad Valorem	Part 36, Line 186	\$1,033,359	Part 69, Line 186	\$295,105	
f. Fixed Charges (Excl. a/c 7540)	Part 36, Line 200	\$5,755,433	Part 69, Line 199	\$1,687,607	
E. Provision for Uncollectible Notes- A/C 6790		\$0		\$0	
F. Operating Federal Income Taxes- A/C 7210 & 7220		\$6,973,085		\$364,004	
G. Operating State & Local Taxes - A/C 7230		\$1,546,149		\$77,079	
H. Other Operating Taxes - A/C 7240		\$1,329,319	Part 69, Line 186	\$295,105	
I. Interest on Customer Deposits - A/C 7540		\$84,917	Part 69, Line 186	\$24,899	
J. Total Cash Operating Expenses	(a - b - c + d + e + f + g + h + i)	\$56,524,971		\$12,693,638	\$10,540,049
2. % LAG	(15/365)	4.1096%		4.1096%	4.1096%
3. TOTAL CASH WORKING CAPITAL		\$2,322,950		\$521,658	\$433,154
4. Ratio of Interstate Non-Cash Expenses to Total Company	Per Exhibit I-1, Page 2	28.14%		n/a	n/a
5. Total Interstate per Part 36	Line 3 * Line 4	\$653,577		\$521,658	\$433,153
6. AT&T Calculation	Per AT&T Petition Exhibit I-1	\$433,153		\$433,153	\$433,153
Difference		\$220,424		\$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]

1. CASH OPERATING EXPENSES

Total Operating Expenses & Taxes - Including a/c 7240

Source	Total Company Approach Used for TY Ending June 30, 2005	Source	Separated Interstate Approach-Per AT&T Calc.
A	B	C	D
a. and 7370	Part 36, Line 188	TRP COS(P) Col E. Line 300	\$15,022,405
b. Depreciation & Amortization	Part 36, Line 138 - 142	TRP COS(P) Col E. Line 190	\$6,954,236
c. Total Ad Valorem	Part 36, Line 186	Included in Line a	
d. Fixed Charges (Excl. a/c 7540)	Part 36, Line 200	Included in Line a	
e. Provision for Uncollectible Notes-A/C 6790		Included in Line a	
f. Operating Federal Income Taxes- A/C 7210 & 7220		Included in Line a	
g. Operating State & Local Taxes - A/C 7230		Included in Line a	
j. Other Operating Taxes - A/C 7240		Included in Line a	
i. Interest on Customer Deposits - A/C 7540	Part 36, Line 201	Included in Line a	
j. Total Cash Operating Expenses	(a - b - c + d + e + f + g + h + i)	(a-b)	\$8,068,169
2. % LAG	(15/365)		4.1096%
3. TOTAL CASH WORKING CAPITAL			\$331,569
4. Ratio of Interstate Non-Cash Expenses to Total Company	Per Exhibit I-1, Page 2		n/a
5. Total Interstate per Part 36	Line 3 * Line 4		\$331,569
6. AT&T Calculation	Per AT&T Petition Exhibit I-1		\$331,569
7. Difference			\$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>	8,544,350	<u>1,164,902</u>	9,709,252	3,264,439	27,933	973,852	368,328	4,216,715	11,523,879
			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>	410,629	55,984	466,613	156,884	1,342	46,802	17,701	202,649	553,823

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)	Part 36, Line 38, Page 1		\$24,346,753		TRP COS(P) Col E. Line300 (Includes State Tax)	\$8,653,544	\$8,653,544
a.	Less Depreciation & Amortization	Part 36, Line 33, Page 1		\$6,532,913		TRP COS(P) Col E. Line190	\$2,680,195	\$2,680,195
b.	Add back Rent Revenue	Part 36, Line 17, Page 12		\$181,770		Part 69, Line 17, Page 12	\$70,608	
c.								
d.								
e.								
f.	Add Operating Federal Income Taxes- A/C 7210 & 7220			\$7,459,804		TRP COS(P) Col H Line290	\$741,556	
g.	Add Operating State & Local Taxes - A/C 7230			\$671,075				
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	