

VERIZON - EAST: Transmittal Nos. 588 and 589
Appendix A: 2005 Annual Filing (BNTRAN05.WK4)

**EXCESS DEFERRED TAXES AMORTIZATION
EXOGENOUS COST DEVELOPMENT**

	(1) 2004/2005 FORECAST TOTAL COMPANY	(2) 2005/2006 FORECAST TOTAL COMPANY	(A = 2 - 1) EDT FIT CHANGE TOTAL COMPANY	(B) EDT FIT CHANGE PRICE CAP INTERSTATE	(C) RATE BASE PRICE CAP INTERSTATE
	NOTE 8	NOTE 8	NOTE 1	NOTE 2	NOTE 3
MAINE	228,761	168,732	(60,029)	(16,117)	(53,363)
MASSACHUSETTS	548,285	1,752,381	1,204,096	322,455	(308,058)
NEW HAMPSHIRE	180,150	181,397	1,247	418	(60,577)
RHODE ISLAND	97,186	182,137	84,951	23,453	(38,557)
VERMONT	22,115	64,976	42,861	14,426	(14,657)
NEW YORK	2,102,922	2,215,822	112,900	31,357	(599,737)
TOTAL NORTH	3,179,419	4,565,445	1,386,026	375,992	(1,074,947)
DISTRICT OF COLUMBIA	257,016	134,213	(122,803)	(39,493)	(62,910)
MARYLAND	476,441	482,366	5,925	1,379	(111,556)
VIRGINIA	1,498,222	585,421	(912,801)	(234,641)	(267,807)
WEST VIRGINIA	66,576	151,490	84,914	21,807	(28,001)
NEW JERSEY	2,100,535	1,174,813	(925,722)	(265,065)	(468,922)
PENNSYLVANIA	2,235,572	1,330,179	(905,393)	(219,575)	(432,382)
DELAWARE	69,756	87,022	17,266	5,376	(24,410)
TOTAL SOUTH	6,704,118	3,945,504	(2,758,614)	(730,212)	(1,395,988)
VERIZON EAST TOTAL	9,883,537	8,510,949	(1,372,588)	(354,220)	(2,470,935)

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

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(D) NET RETURN PRICE CAP INTERSTATE	(E) EDT FIT WITH GROSS UP PRICE CAP INTERSTATE	(F) STATE TAX GROSS UP PRICE CAP INTERSTATE	(G=D+E+F) TOTAL EXOGENOUS CHANGE INTERSTATE
NOTE 4	NOTE 5	NOTE 6	NOTE 7
6,003	28,028	3,337	37,368
34,656	(477,424)	(46,478)	(489,246)
6,815	3,027	914	10,756
4,338	(33,746)	(2,908)	(32,316)
1,649	(21,306)	(2,124)	(21,781)
67,470	(11,912)	351	55,910
120,931	(513,333)	(46,908)	(439,309)
7,077	64,569	8,382	80,028
12,550	4,636	1,294	18,480
30,128	377,209	26,000	433,337
3,150	(31,853)	(2,839)	(31,542)
52,754	436,198	48,358	537,310
48,643	364,000	45,798	458,441
2,746	(6,792)	(386)	(4,432)
157,048	1,207,967	126,608	1,491,623
277,979	694,634	79,700	1,052,313

