

**ALLTEL TELEPHONE SYSTEM**  
**TARIFF F.C.C. NO. 1 & 3**  
**DESCRIPTION AND JUSTIFICATION**

**Transmittal No. 160**

**March 17, 2006**

<b>SECTION</b>	<b>DESCRIPTION</b>
1	Description and Justification
2	Contribution Factor Development
3	ADSL Term Discount Cost Development

## **SECTION 1**

### **DESCRIPTION and JUSTIFICATION**

#### **DESCRIPTION**

##### Contribution Factor

This filing is being made to change the Federal Universal Service Contribution factor charged on Centrex and non-Centrex Multi-Line Business Lines listed in ALLTEL Telephone System Tariff F.C.C No. 1 and ALLTEL Telephone System Tariff F.C.C No. 3.

##### ADSL Term Discounts

This filing is being made to add 3 and 5 year Term Discount options for Alltel's Asymmetrical Digital Subscriber Line (ADSL) Access Port service in Alltel Telephone System Tariff F.C.C Nos. 1 and 3.

#### **JUSTIFICATION**

This filing is being made pursuant to §61.38 (b)(2) of the Annotated F.C.C Rules as revised February 1, 1998.

## SECTION 2

### CONTRIBUTION FACTOR DEVELOPMENT

#### Contribution Factor Development

##### USF Base Factor

The Commission released its *Proposed Second Quarter 2006 Contribution Factor*, DA 06-571, on March 13, 2006. The Commission proposed a USF factor of 10.9%, an increase from the previous factor of 10.2%. As a result, this filing seeks to implement the increased factor.

##### USF Factor Reallocation

On March 14, 2003, the FCC released and adopted FCC 03-58. This Order allows, on an interim basis, carriers to continue to recover through the federal universal service line item certain contribution costs associated with Centrex customers on a per line basis from multi-line business customers.

To derive the factors that would need to be charged to multi-line business and Centrex customers, ALLTEL first calculated our USF contribution by multiplying total multi-line business lines by the current subscriber line charge (SLC) and then by the current USF contribution factor of 10.9%. Next, ALLTEL determined the number of lines that would be subject to the charge based on the Commission Order allowing Centrex customers to be charged at the rate of 1 full charge for every 9 Centrex lines. ALLTEL next determined the USF chargeable revenue by multiplying the adjusted lines by the current SLC rate. ALLTEL's USF contribution, calculated earlier, was then divided by this USF chargeable revenue to determine the factor that would need to be applied to the chargeable lines. Because it is cost prohibitive to modify our billing system to allow one full USF charge for every 9 Centrex lines, ALLTEL has chosen to divide the full factor by 9 and apply this factor to every Centrex line. Exhibit USF shows how ALLTEL derived the percentage to charge multi-line business customers as well as Centrex customers.

## **SECTION 3**

### **ADSL TERM DISCOUNT COST DEVELOPMENT**

#### **Cost Development**

##### **Recurring ADSL Access Port Term Discount Costs**

This section describes the underlying costs and methodology used to determine the interstate costs for Term Discounts associated with ADSL Access Port service.

The direct investment required to provide ADSL Access from the CDP to the ADSL connection point was determined from discussions with our outside plant and engineering departments. The cost of this equipment was developed at the end user level based on the projected service demand.

The cost of transport investment incurred in providing ADSL Access was then calculated and added to the monthly direct investment cost. This transport investment was determined by calculating the average distance required to transport this service in the territory in which the service is provided and applying average costs per mile for fiber and termination facilities. The transport costs were then divided by the capacity of ADSL customers on the DS3 circuit to arrive at the transport investment to be included for the ADSL Access Service.

Alltel then applied the effective tax rate to our authorized rate of return to develop a before tax rate of return to use with an estimated economic life to determine an annual amortized cost. Using this formula, a monthly amortized cost was developed, including depreciation, rate of return and income taxes.

Next, an operating expense percentage, developed as a percent of investment from its available 3rd quarter 2005 regulated total company costs to the total investment, was applied to determine an annual operating expense amount. These ratios were calculated for each contract term. This was divided by twelve (12) to arrive at a monthly expense amount.

The monthly charges for the amortized investment cost and operating expenses were then added to arrive at the sixty month annuity cost of providing ADSL Access Service.

The calculation of the ADSL Access service charges can be found on the attached Exhibits.

Exhibit USF

ALLTEL Communications, Inc.														
MLB & Centrex USF Factor Calculation														
Region	Company Name	Total MLB	Centrex	% Centrex of MLB	MLB SLC Rate	MLB I/S	Retail Revenue	MLB USF Contribution	Adj MLB Lines	USF Chargeable	MLB Revenue	Recovery Factor	Non Centrex per Line Factor	Centrex Per Line Factor
	A	B	C	D = C / B	E	F = E * B		G = F * 10.9%	H = B - (C * 8/9)	I = E * H	J = NECA or G / I	K = J	L = K / 9	
NE	KENTUCKY ALLTEL _ LEXINGTON	98,410	30,175	0.306625343	\$ 9.20	\$ 905,372.00	\$ 98,685.55	71,588	\$ 658,607.56	0.1498397	15.0%	1.7%		
NE	KENTUCKY ALLTEL _ LONDON	13,842	1,332	0.096228869	\$ 9.20	\$ 127,346.40	\$ 13,880.76	12,658	\$ 116,453.60	0.1191956	11.9%	1.3%		
SE	ALLTEL GEORGIA COMM CORP	58,658	37,696	0.64264039	\$ 8.64	\$ 506,805.12	\$ 55,241.76	25,150	\$ 217,299.84	0.2542190	25.4%	2.8%		
SE	GEORGIA ALLTEL TELECOM	11,542	7,261	0.629093745	\$ 8.64	\$ 99,722.88	\$ 10,869.79	5,088	\$ 43,958.40	0.2472746	24.7%	2.7%		
WE	ALLTEL NEBRASKA	85,093	36,838	0.432914576	\$ 5.86	\$ 498,644.98	\$ 54,352.30	52,348	\$ 306,759.93	0.1771819	17.7%	2.0%		



**Average**  
**Tariffed Service: ADSL Term Discounts**  
**Summary**

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		<b>1.5Mb/384k Service</b>	
		<b>3-Yr. Term</b>	<b>5-Yr. Term</b>
		<b>A.</b>	<b>B.</b>
1. Total Material Costs	Page 2 Line 3	\$186,723	\$188,746
2. Utilized Investment Costs	Page 2 Line 15	\$427.30	\$312.17
3. Return On Investment	Page 2 Line 21	\$24.04	\$17.56
4. Income Taxes	Page 2 Line 22	\$12.84	\$9.38
5. Depreciation Expense	Page 2 Line 23	\$32.63	\$23.65
6. Operating Expenses & Taxes	Page 2 Lines 24 thru 27	\$109.94	\$68.79
7. Total Annual Costs	Sum Lines 3 thru 6	\$179.45	\$119.38
8. Total Monthly Costs	Line 7 / 12 Months	<b>\$14.95</b>	<b>\$9.95</b>
9. Proposed Nonrecurring Rate	Input	<b>\$0.00</b>	<b>\$0.00</b>



**Average  
Tariffed Service: ADSL Term Discounts  
Summary**

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		<b>3Mb/384k Service</b>	
		<b>3-Yr. Term</b>	<b>5-Yr. Term</b>
		<b>C.</b>	<b>D.</b>
1. Total Material Costs	Page 2 Line 3	\$182,234	\$190,990
2. Utilized Investment Costs	Page 2 Line 15	\$531.16	\$440.28
3. Return On Investment	Page 2 Line 21	\$29.88	\$24.77
4. Income Taxes	Page 2 Line 22	\$15.97	\$13.23
5. Depreciation Expense	Page 2 Line 23	\$38.35	\$31.94
6. Operating Expenses & Taxes	Page 2 Lines 24 thru 27	\$155.25	\$109.46
7. Total Annual Costs	Sum Lines 3 thru 6	\$239.44	\$179.40
8. Total Monthly Costs	Line 7 / 12 Months	<b>\$19.95</b>	<b>\$14.95</b>
9. Proposed Nonrecurring Rate	Input	<b>\$0.00</b>	<b>\$0.00</b>



**Average  
Tariffed Service: ADSL Term Discounts  
Summary**

		<b>6Mb/384k Service</b>	
		<b>3-Yr. Term</b>	<b>5-Yr. Term</b>
		<b>E.</b>	<b>F.</b>
1. Total Material Costs	Page 2 Line 3	\$182,234	\$193,234
2. Utilized Investment Costs	Page 2 Line 15	\$811.52	\$680.73
3. Return On Investment	Page 2 Line 21	\$45.65	\$38.29
4. Income Taxes	Page 2 Line 22	\$24.39	\$20.46
5. Depreciation Expense	Page 2 Line 23	\$55.76	\$47.20
6. Operating Expenses & Taxes	Page 2 Lines 24 thru 27	\$173.64	\$133.40
7. Total Annual Costs	Sum Lines 3 thru 6	\$299.44	\$239.36
8. Total Monthly Costs	Line 7 / 12 Months	<b>\$24.95</b>	<b>\$19.95</b>
9. Proposed Nonrecurring Rate	Input	<b>\$0.00</b>	<b>\$0.00</b>





**Average**  
**Tariffed Service: ADSL Term Discounts**  
**Summary**

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		<b>512k/512k Service</b>	
		<b>3-Yr. Term</b>	<b>5-Yr. Term</b>
		<b>G.</b>	<b>H.</b>
1. Total Material Costs	Page 2 Line 3	\$191,211	\$202,211
2. Utilized Investment Costs	Page 2 Line 15	\$1,759.70	\$1,504.59
3. Return On Investment	Page 2 Line 21	\$98.98	\$84.63
4. Income Taxes	Page 2 Line 22	\$52.89	\$45.23
5. Depreciation Expense	Page 2 Line 23	\$122.93	\$106.09
6. Operating Expenses & Taxes	Page 2 Lines 24 thru 27	\$324.59	\$243.48
7. Total Annual Costs	Sum Lines 3 thru 6	\$599.40	\$479.43
8. Total Monthly Costs	Line 7 / 12 Months	<b>\$49.95</b>	<b>\$39.95</b>
9. Proposed Nonrecurring Rate	Input	<b>\$0.00</b>	<b>\$0.00</b>



**Average**  
**Tariffed Service: ADSL Term Discounts**  
**Summary**

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		<b>3Mb/768k Service</b>	
		<b>3-Yr. Term</b>	<b>5-Yr. Term</b>
		<b>I.</b>	<b>J.</b>
1. Total Material Costs	Page 2 Line 3	\$191,211	\$202,211
2. Utilized Investment Costs	Page 2 Line 15	\$3,502.78	\$2,927.81
3. Return On Investment	Page 2 Line 21	\$197.03	\$164.69
4. Income Taxes	Page 2 Line 22	\$105.29	\$88.00
5. Depreciation Expense	Page 2 Line 23	\$230.45	\$193.98
6. Operating Expenses & Taxes	Page 2 Lines 24 thru 27	\$726.57	\$572.74
7. Total Annual Costs	Sum Lines 3 thru 6	<u>\$1,259.34</u>	<u>\$1,019.41</u>
8. Total Monthly Costs	Line 7 / 12 Months	<u><b>\$104.95</b></u>	<u><b>\$84.95</b></u>
9. Proposed Nonrecurring Rate	Input	<b>\$0.00</b>	<b>\$0.00</b>



**Average**  
**Tariffed Service: ADSL Term Discounts**  
**Summary**

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		<b>6Mb/768k Service</b>	
		<b>3-Yr. Term</b>	<b>5-Yr. Term</b>
		<b>K.</b>	<b>L.</b>
1. Total Material Costs	Page 2 Line 3	\$191,211	\$202,211
2. Utilized Investment Costs	Page 2 Line 15	\$3,691.77	\$3,082.73
3. Return On Investment	Page 2 Line 21	\$207.66	\$173.40
4. Income Taxes	Page 2 Line 22	\$110.97	\$92.66
5. Depreciation Expense	Page 2 Line 23	\$243.34	\$204.54
6. Operating Expenses & Taxes	Page 2 Lines 24 thru 27	\$757.42	\$608.76
7. Total Annual Costs	Sum Lines 3 thru 6	<u>\$1,319.39</u>	<u>\$1,079.37</u>
8. Total Monthly Costs	Line 7 / 12 Months	<u><b>\$109.95</b></u>	<u><b>\$89.95</b></u>
9. Proposed Nonrecurring Rate	Input	<b>\$0.00</b>	<b>\$0.00</b>



## Average

## Tariffed Service: ADSL Term Discounts

## Annual Cost

Description	Source	ATM Switch - Base Equipment	ATM DS3/OC3 Trunk Card	DSX3 Cross Connect Panel	Fiber - ATM to Switch	DSLAM Equipment		Total
<b>A. 1.5Mb/384k 3-Year Term</b>								
<b>Investment Costs</b>								
1. Material Unit Price	Page 4	\$ 32,175	\$ 11,000	\$ 1,024	\$ 1,903	\$ 37,441	\$ -	\$ 83,543
2. Units In Service	Page 4	1	7	2	20	1	-	
3. Total Material Costs	Line 1 * Line 2	\$ 32,175	\$ 77,000	\$ 2,049	\$ 38,058	\$ 37,441	\$ -	\$ 186,723
4. Sales Tax	Line 3 * 3.63%	\$ 1,168	\$ 2,794	\$ 74	\$ 1,381	\$ 1,359	\$ -	\$ 6,776
5. Total Material Costs	Line 3 + Line 4	\$ 33,343	\$ 79,794	\$ 2,123	\$ 39,439	\$ 38,799	\$ -	\$ 193,499
6. Fill Percent	Page 4	40.00%	46.00%	85.00%	82.50%	78.40%	0.00%	
7. Capacity Investment	Line 5 / Line 6	\$ 83,356	\$ 173,466	\$ 2,498	\$ 47,805	\$ 49,489	\$ -	\$ 356,614
8. EF&I Percent	Page 4	29.00%	29.00%	29.00%	0.00%	29.00%	0.00%	
9. EF&I Costs	Line 7 * Line 8	\$ 24,173	\$ 50,305	\$ 724	\$ -	\$ 14,352	\$ -	\$ 89,555
10. Installed Costs	Line 7 + Line 9	\$ 107,530	\$ 223,771	\$ 3,222	\$ 47,805	\$ 63,841	\$ -	\$ 446,169
11. Power & Common Percent	Page 3	5.73%	5.73%	4.45%	0.00%	4.45%	0.00%	
12. Power & Common Costs	Line 10 * Line 11	\$ 6,164	\$ 12,827	\$ 143	\$ -	\$ 2,841	\$ -	\$ 21,975
13. Loaded Material Investment	Line 10 + Line 12	\$ 113,694	\$ 236,598	\$ 3,366	\$ 47,805	\$ 66,682	\$ -	\$ 468,144
14. Utilization Percent	Page 4	0.03%	0.03%	0.09%	0.09%	0.43%	0.00%	
15. Utilized Investment Costs	Line 13 * Line 14	\$ 31	\$ 66	\$ 3	\$ 43	\$ 285	\$ -	\$ 427
16. Utilized Net Salvage	Page 4 * L14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17. Depreciation Life	Page 3	15	15	12	21	12		13
18. Depreciation Expense	Straight Line	\$ 2	\$ 5	\$ 0	\$ 2	\$ 24	\$ -	\$ 33
19. Depreciation Reserve	Line 15 / 2	\$ 15	\$ 33	\$ 2	\$ 21	\$ 142	\$ -	\$ 214
20. Net Investment	Line 15 - Line 19	\$ 15	\$ 33	\$ 2	\$ 21	\$ 142	\$ -	\$ 214
<b>Annual Costs</b>								
21. Return On Investment	Line 20 * RoR @11.25%	\$ 1.72	\$ 3.71	\$ 0.17	\$ 2.40	\$ 16.03	\$ -	\$ 24.04
22. Income Tax	Line 21 * 53.44%	\$ 0.92	\$ 1.98	\$ 0.09	\$ 1.28	\$ 8.57	\$ -	\$ 12.84
23. Depreciation Expense	Line 18	\$ 2.09	\$ 4.50	\$ 0.25	\$ 2.02	\$ 23.78	\$ -	\$ 32.63
24. Maintenance Expense	Line 15 * Page 3 Line 1	\$ 1.52	\$ 3.27	\$ 0.06	\$ 1.24	\$ 5.81	\$ -	\$ 11.89
25. Joint Expense	Line 15 * Page 3 Line 2	\$ 1.36	\$ 2.94	\$ 0.13	\$ 1.90	\$ 12.68	\$ -	\$ 19.01
26. Common Expense	Line 15 * Page 3 Line 3	\$ 0.47	\$ 1.00	\$ 0.05	\$ 0.65	\$ 4.33	\$ -	\$ 6.49
27. Additional Expenses	Input							\$ 72.55
28. Total Annual Costs	Sum Lines 21 thru 27	\$ 8.08	\$ 17.41	\$ 0.75	\$ 9.49	\$ 71.18	\$ -	\$ 179.45
<b>B. 1.5Mb/384k 5-Year Term</b>								
<b>Investment Costs</b>								
1. Material Unit Price	Page 4	\$ 32,175	\$ 11,000	\$ 1,024	\$ 1,903	\$ 28,464	\$ -	\$ 74,566
2. Units In Service	Page 4	1	8	2	20	1	-	
3. Total Material Costs	Line 1 * Line 2	\$ 32,175	\$ 88,000	\$ 2,049	\$ 38,058	\$ 28,464	\$ -	\$ 188,746
4. Sales Tax	Line 3 * 3.63%	\$ 1,168	\$ 3,193	\$ 74	\$ 1,381	\$ 1,033	\$ -	\$ 6,849
5. Total Material Costs	Line 3 + Line 4	\$ 33,343	\$ 91,193	\$ 2,123	\$ 39,439	\$ 29,497	\$ -	\$ 195,595
6. Fill Percent	Page 4	45.00%	52.00%	85.00%	85.00%	78.40%	0.00%	
7. Capacity Investment	Line 5 / Line 6	\$ 74,095	\$ 175,372	\$ 2,498	\$ 46,399	\$ 34,702	\$ -	\$ 333,065
8. EF&I Percent	Page 4	29.00%	29.00%	29.00%	0.00%	29.00%	0.00%	
9. EF&I Costs	Line 7 * Line 8	\$ 21,487	\$ 50,858	\$ 724	\$ -	\$ 10,064	\$ -	\$ 83,133
10. Installed Costs	Line 7 + Line 9	\$ 95,582	\$ 226,230	\$ 3,222	\$ 46,399	\$ 44,765	\$ -	\$ 416,199
11. Power & Common Percent	Page 3	5.73%	5.73%	4.45%	0.00%	4.45%	0.00%	
12. Power & Common Costs	Line 10 * Line 11	\$ 5,479	\$ 12,968	\$ 143	\$ -	\$ 1,992	\$ -	\$ 20,583
13. Loaded Material Investment	Line 10 + Line 12	\$ 101,061	\$ 239,198	\$ 3,366	\$ 46,399	\$ 46,758	\$ -	\$ 436,781
14. Utilization Percent	Page 4	0.02%	0.02%	0.07%	0.07%	0.43%	0.00%	
15. Utilized Investment Costs	Line 13 * Line 14	\$ 22	\$ 53	\$ 3	\$ 35	\$ 200	\$ -	\$ 312
16. Utilized Net Salvage	Page 4 * L14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17. Depreciation Life	Page 3	15	15	12	21	12		13
18. Depreciation Expense	Straight Line	\$ 1	\$ 4	\$ 0	\$ 2	\$ 17	\$ -	\$ 24
19. Depreciation Reserve	Line 15 / 2	\$ 11	\$ 27	\$ 1	\$ 17	\$ 100	\$ -	\$ 156
20. Net Investment	Line 15 - Line 19	\$ 11	\$ 27	\$ 1	\$ 17	\$ 100	\$ -	\$ 156
<b>Annual Costs</b>								
21. Return On Investment	Line 20 * RoR @11.25%	\$ 1.23	\$ 3.00	\$ 0.14	\$ 1.94	\$ 11.24	\$ -	\$ 17.56
22. Income Tax	Line 21 * 53.44%	\$ 0.66	\$ 1.60	\$ 0.08	\$ 1.04	\$ 6.01	\$ -	\$ 9.38
23. Depreciation Expense	Line 18	\$ 1.50	\$ 3.64	\$ 0.21	\$ 1.63	\$ 16.67	\$ -	\$ 23.65
24. Maintenance Expense	Line 15 * Page 3 Line 1	\$ 0.96	\$ 2.33	\$ 0.04	\$ 0.88	\$ 3.58	\$ -	\$ 7.79
25. Joint Expense	Line 15 * Page 3 Line 2	\$ 0.88	\$ 2.14	\$ 0.10	\$ 1.39	\$ 8.03	\$ -	\$ 12.54
26. Common Expense	Line 15 * Page 3 Line 3	\$ 0.29	\$ 0.71	\$ 0.03	\$ 0.46	\$ 2.67	\$ -	\$ 4.17
27. Additional Expenses	Input							\$ 44.29
28. Total Annual Costs	Sum Lines 21 thru 27	\$ 5.52	\$ 13.43	\$ 0.60	\$ 7.34	\$ 48.20	\$ -	\$ 119.38



## Average

## Tariffed Service: ADSL Term Discounts

## Annual Cost

Description	Source	ATM Switch - Base Equipment	ATM DS3/OC3 Trunk Card	DSX3 Cross Connect Panel	Fiber - ATM to Switch	DSLAM Equipment		Total
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**C. 3Mb/384k 3-Year Term****Investment Costs**

1. Material Unit Price	Page 4	\$ 32,175	\$ 11,000	\$ 1,024	\$ 1,903	\$ 32,952	\$ -	\$ 79,055
2. Units In Service	Page 4	1	7	2	20	1	-	
3. Total Material Costs	Line 1 * Line 2	\$ 32,175	\$ 77,000	\$ 2,049	\$ 38,058	\$ 32,952	\$ -	\$ 182,234
4. Sales Tax	Line 3 * 3.63%	\$ 1,168	\$ 2,794	\$ 74	\$ 1,381	\$ 1,196	\$ -	\$ 6,613
5. Total Material Costs	Line 3 + Line 4	\$ 33,343	\$ 79,794	\$ 2,123	\$ 39,439	\$ 34,148	\$ -	\$ 188,847
6. Fill Percent	Page 4	41.00%	47.00%	85.00%	82.50%	78.40%	0.00%	
7. Capacity Investment	Line 5 / Line 6	\$ 81,323	\$ 169,775	\$ 2,498	\$ 47,805	\$ 43,556	\$ -	\$ 344,958
8. EF&I Percent	Page 4	29.00%	29.00%	29.00%	0.00%	29.00%	0.00%	
9. EF&I Costs	Line 7 * Line 8	\$ 23,584	\$ 49,235	\$ 724	\$ -	\$ 12,631	\$ -	\$ 86,174
10. Installed Costs	Line 7 + Line 9	\$ 104,907	\$ 219,010	\$ 3,222	\$ 47,805	\$ 56,187	\$ -	\$ 431,132
11. Power & Common Percent	Page 3	5.73%	5.73%	4.45%	0.00%	4.45%	0.00%	
12. Power & Common Costs	Line 10 * Line 11	\$ 6,014	\$ 12,554	\$ 143	\$ -	\$ 2,500	\$ -	\$ 21,212
13. Loaded Material Investment	Line 10 + Line 12	\$ 110,921	\$ 231,564	\$ 3,366	\$ 47,805	\$ 58,688	\$ -	\$ 452,343
14. Utilization Percent	Page 4	0.05%	0.06%	0.18%	0.18%	0.43%	0.00%	
15. Utilized Investment Costs	Line 13 * Line 14	\$ 60	\$ 129	\$ 6	\$ 85	\$ 251	\$ -	\$ 531
16. Utilized Net Salvage	Page 4 * L14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17. Depreciation Life	Page 3	15	15	12	21	12		14
18. Depreciation Expense	Straight Line	\$ 4	\$ 9	\$ 1	\$ 4	\$ 21	\$ -	\$ 38
19. Depreciation Reserve	Line 15 / 2	\$ 30	\$ 65	\$ 3	\$ 43	\$ 125	\$ -	\$ 266
20. Net Investment	Line 15 - Line 19	\$ 30	\$ 65	\$ 3	\$ 43	\$ 125	\$ -	\$ 266

**Annual Costs**

21. Return On Investment	Line 20 * RoR @11.25%	\$ 3.36	\$ 7.27	\$ 0.34	\$ 4.80	\$ 14.11	\$ -	\$ 29.88
22. Income Tax	Line 21 * 53.44%	\$ 1.80	\$ 3.88	\$ 0.18	\$ 2.57	\$ 7.54	\$ -	\$ 15.97
23. Depreciation Expense	Line 18	\$ 4.07	\$ 8.81	\$ 0.50	\$ 4.03	\$ 20.93	\$ -	\$ 38.35
24. Maintenance Expense	Line 15 * Page 3 Line 1	\$ 2.96	\$ 6.40	\$ 0.12	\$ 2.48	\$ 5.11	\$ -	\$ 17.07
25. Joint Expense	Line 15 * Page 3 Line 2	\$ 2.66	\$ 5.75	\$ 0.27	\$ 3.80	\$ 11.16	\$ -	\$ 23.63
26. Common Expense	Line 15 * Page 3 Line 3	\$ 0.91	\$ 1.96	\$ 0.09	\$ 1.30	\$ 3.81	\$ -	\$ 8.07
27. Additional Expenses	Input							\$ 106.49
28. Total Annual Costs	Sum Lines 21 thru 27	\$ 15.76	\$ 34.07	\$ 1.50	\$ 18.97	\$ 62.65	\$ -	\$ 239.44

**D. 3Mb/384k 5-Year Term****Investment Costs**

1. Material Unit Price	Page 4	\$ 32,175	\$ 11,000	\$ 1,024	\$ 1,903	\$ 30,708	\$ -	\$ 76,810
2. Units In Service	Page 4	1	8	2	20	1	-	
3. Total Material Costs	Line 1 * Line 2	\$ 32,175	\$ 88,000	\$ 2,049	\$ 38,058	\$ 30,708	\$ -	\$ 190,990
4. Sales Tax	Line 3 * 3.63%	\$ 1,168	\$ 3,193	\$ 74	\$ 1,381	\$ 1,114	\$ -	\$ 6,931
5. Total Material Costs	Line 3 + Line 4	\$ 33,343	\$ 91,193	\$ 2,123	\$ 39,439	\$ 31,822	\$ -	\$ 197,921
6. Fill Percent	Page 4	45.00%	52.00%	85.00%	85.00%	78.40%	0.00%	
7. Capacity Investment	Line 5 / Line 6	\$ 74,095	\$ 175,372	\$ 2,498	\$ 46,399	\$ 37,438	\$ -	\$ 335,802
8. EF&I Percent	Page 4	29.00%	29.00%	29.00%	0.00%	29.00%	0.00%	
9. EF&I Costs	Line 7 * Line 8	\$ 21,487	\$ 50,858	\$ 724	\$ -	\$ 10,857	\$ -	\$ 83,927
10. Installed Costs	Line 7 + Line 9	\$ 95,582	\$ 226,230	\$ 3,222	\$ 46,399	\$ 48,295	\$ -	\$ 419,728
11. Power & Common Percent	Page 3	5.73%	5.73%	4.45%	0.00%	4.45%	0.00%	
12. Power & Common Costs	Line 10 * Line 11	\$ 5,479	\$ 12,968	\$ 143	\$ -	\$ 2,149	\$ -	\$ 20,740
13. Loaded Material Investment	Line 10 + Line 12	\$ 101,061	\$ 239,198	\$ 3,366	\$ 46,399	\$ 50,444	\$ -	\$ 440,468
14. Utilization Percent	Page 4	0.04%	0.04%	0.15%	0.15%	0.43%	0.00%	
15. Utilized Investment Costs	Line 13 * Line 14	\$ 44	\$ 107	\$ 5	\$ 69	\$ 216	\$ -	\$ 440
16. Utilized Net Salvage	Page 4 * L14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17. Depreciation Life	Page 3	15	15	12	21	12		14
18. Depreciation Expense	Straight Line	\$ 3	\$ 7	\$ 0	\$ 3	\$ 18	\$ -	\$ 32
19. Depreciation Reserve	Line 15 / 2	\$ 22	\$ 53	\$ 3	\$ 35	\$ 108	\$ -	\$ 220
20. Net Investment	Line 15 - Line 19	\$ 22	\$ 53	\$ 3	\$ 35	\$ 108	\$ -	\$ 220

**Annual Costs**

21. Return On Investment	Line 20 * RoR @11.25%	\$ 2.47	\$ 6.01	\$ 0.28	\$ 3.88	\$ 12.13	\$ -	\$ 24.77
22. Income Tax	Line 21 * 53.44%	\$ 1.32	\$ 3.21	\$ 0.15	\$ 2.08	\$ 6.48	\$ -	\$ 13.23
23. Depreciation Expense	Line 18	\$ 2.99	\$ 7.28	\$ 0.42	\$ 3.26	\$ 17.99	\$ -	\$ 31.94
24. Maintenance Expense	Line 15 * Page 3 Line 1	\$ 1.91	\$ 4.65	\$ 0.09	\$ 1.76	\$ 3.87	\$ -	\$ 12.28
25. Joint Expense	Line 15 * Page 3 Line 2	\$ 1.76	\$ 4.29	\$ 0.20	\$ 2.77	\$ 8.66	\$ -	\$ 17.68
26. Common Expense	Line 15 * Page 3 Line 3	\$ 0.59	\$ 1.43	\$ 0.07	\$ 0.92	\$ 2.88	\$ -	\$ 5.88
27. Additional Expenses	Input							\$ 73.61
28. Total Annual Costs	Sum Lines 21 thru 27	\$ 11.04	\$ 26.87	\$ 1.21	\$ 14.68	\$ 52.00	\$ -	\$ 179.40



# Average

## Tariffed Service: ADSL Term Discounts

### Annual Cost

Description	Source	ATM Switch - Base Equipment	ATM DS3/OC3 Trunk Card	DSX3 Cross Connect Panel	Fiber - ATM to Switch	DSLAM Equipment		Total
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#### E. 6Mb/384k 3-Year Term

##### Investment Costs

1. Material Unit Price	Page 4	\$ 32,175	\$ 11,000	\$ 1,024	\$ 1,903	\$ 32,952	\$ -	\$ 79,055
2. Units In Service	Page 4	1	7	2	20	1	-	
3. Total Material Costs	Line 1 * Line 2	\$ 32,175	\$ 77,000	\$ 2,049	\$ 38,058	\$ 32,952	\$ -	\$ 182,234
4. Sales Tax	Line 3 * 3.63%	\$ 1,168	\$ 2,794	\$ 74	\$ 1,381	\$ 1,196	\$ -	\$ 6,613
5. Total Material Costs	Line 3 + Line 4	\$ 33,343	\$ 79,794	\$ 2,123	\$ 39,439	\$ 34,148	\$ -	\$ 188,847
6. Fill Percent	Page 4	41.00%	47.00%	85.00%	82.50%	78.40%	0.00%	
7. Capacity Investment	Line 5 / Line 6	\$ 81,323	\$ 169,775	\$ 2,498	\$ 47,805	\$ 43,556	\$ -	\$ 344,958
8. EF&I Percent	Page 4	29.00%	29.00%	29.00%	0.00%	29.00%	0.00%	
9. EF&I Costs	Line 7 * Line 8	\$ 23,584	\$ 49,235	\$ 724	\$ -	\$ 12,631	\$ -	\$ 86,174
10. Installed Costs	Line 7 + Line 9	\$ 104,907	\$ 219,010	\$ 3,222	\$ 47,805	\$ 56,187	\$ -	\$ 431,132
11. Power & Common Percent	Page 3	5.73%	5.73%	4.45%	0.00%	4.45%	0.00%	
12. Power & Common Costs	Line 10 * Line 11	\$ 6,014	\$ 12,554	\$ 143	\$ -	\$ 2,500	\$ -	\$ 21,212
13. Loaded Material Investment	Line 10 + Line 12	\$ 110,921	\$ 231,564	\$ 3,366	\$ 47,805	\$ 58,688	\$ -	\$ 452,343
14. Utilization Percent	Page 4	0.11%	0.11%	0.36%	0.36%	0.43%	0.00%	
15. Utilized Investment Costs	Line 13 * Line 14	\$ 120	\$ 258	\$ 12	\$ 171	\$ 251	\$ -	\$ 812
16. Utilized Net Salvage	Page 4 * L14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17. Depreciation Life	Page 3	15	15	12	21	12		15
18. Depreciation Expense	Straight Line	\$ 8	\$ 18	\$ 1	\$ 8	\$ 21	\$ -	\$ 56
19. Depreciation Reserve	Line 15 / 2	\$ 60	\$ 129	\$ 6	\$ 85	\$ 125	\$ -	\$ 406
20. Net Investment	Line 15 - Line 19	\$ 60	\$ 129	\$ 6	\$ 85	\$ 125	\$ -	\$ 406

##### Annual Costs

21. Return On Investment	Line 20 * RoR @11.25%	\$ 6.72	\$ 14.54	\$ 0.68	\$ 9.60	\$ 14.11	\$ -	\$ 45.65
22. Income Tax	Line 21 * 53.44%	\$ 3.59	\$ 7.77	\$ 0.36	\$ 5.13	\$ 7.54	\$ -	\$ 24.39
23. Depreciation Expense	Line 18	\$ 8.15	\$ 17.62	\$ 1.00	\$ 8.06	\$ 20.93	\$ -	\$ 55.76
24. Maintenance Expense	Line 15 * Page 3 Line 1	\$ 5.92	\$ 12.80	\$ 0.24	\$ 4.96	\$ 5.11	\$ -	\$ 29.02
25. Joint Expense	Line 15 * Page 3 Line 2	\$ 5.32	\$ 11.50	\$ 0.53	\$ 7.59	\$ 11.16	\$ -	\$ 36.10
26. Common Expense	Line 15 * Page 3 Line 3	\$ 1.82	\$ 3.92	\$ 0.18	\$ 2.59	\$ 3.81	\$ -	\$ 12.32
27. Additional Expenses	Input							\$ 96.19
28. Total Annual Costs	Sum Lines 21 thru 27	\$ 31.52	\$ 68.14	\$ 3.00	\$ 37.94	\$ 62.65	\$ -	\$ 299.44

#### F. 6Mb/384k 5-Year Term

##### Investment Costs

1. Material Unit Price	Page 4	\$ 32,175	\$ 11,000	\$ 1,024	\$ 1,903	\$ 32,952	\$ -	\$ 79,055
2. Units In Service	Page 4	1	8	2	20	1	-	
3. Total Material Costs	Line 1 * Line 2	\$ 32,175	\$ 88,000	\$ 2,049	\$ 38,058	\$ 32,952	\$ -	\$ 193,234
4. Sales Tax	Line 3 * 3.63%	\$ 1,168	\$ 3,193	\$ 74	\$ 1,381	\$ 1,196	\$ -	\$ 7,012
5. Total Material Costs	Line 3 + Line 4	\$ 33,343	\$ 91,193	\$ 2,123	\$ 39,439	\$ 34,148	\$ -	\$ 200,246
6. Fill Percent	Page 4	45.00%	52.00%	85.00%	85.00%	78.40%	0.00%	
7. Capacity Investment	Line 5 / Line 6	\$ 74,095	\$ 175,372	\$ 2,498	\$ 46,399	\$ 40,174	\$ -	\$ 338,538
8. EF&I Percent	Page 4	29.00%	29.00%	29.00%	0.00%	29.00%	0.00%	
9. EF&I Costs	Line 7 * Line 8	\$ 21,487	\$ 50,858	\$ 724	\$ -	\$ 11,651	\$ -	\$ 84,720
10. Installed Costs	Line 7 + Line 9	\$ 95,582	\$ 226,230	\$ 3,222	\$ 46,399	\$ 51,825	\$ -	\$ 423,258
11. Power & Common Percent	Page 3	5.73%	5.73%	4.45%	0.00%	4.45%	0.00%	
12. Power & Common Costs	Line 10 * Line 11	\$ 5,479	\$ 12,968	\$ 143	\$ -	\$ 2,306	\$ -	\$ 20,897
13. Loaded Material Investment	Line 10 + Line 12	\$ 101,061	\$ 239,198	\$ 3,366	\$ 46,399	\$ 54,131	\$ -	\$ 444,155
14. Utilization Percent	Page 4	0.09%	0.09%	0.30%	0.30%	0.43%	0.00%	
15. Utilized Investment Costs	Line 13 * Line 14	\$ 88	\$ 214	\$ 10	\$ 138	\$ 231	\$ -	\$ 681
16. Utilized Net Salvage	Page 4 * L14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17. Depreciation Life	Page 3	15	15	12	21	12		14
18. Depreciation Expense	Straight Line	\$ 6	\$ 15	\$ 1	\$ 7	\$ 19	\$ -	\$ 47
19. Depreciation Reserve	Line 15 / 2	\$ 44	\$ 107	\$ 5	\$ 69	\$ 116	\$ -	\$ 340
20. Net Investment	Line 15 - Line 19	\$ 44	\$ 107	\$ 5	\$ 69	\$ 116	\$ -	\$ 340

##### Annual Costs

21. Return On Investment	Line 20 * RoR @11.25%	\$ 4.93	\$ 12.01	\$ 0.56	\$ 7.77	\$ 13.01	\$ -	\$ 38.29
22. Income Tax	Line 21 * 53.44%	\$ 2.64	\$ 6.42	\$ 0.30	\$ 4.15	\$ 6.95	\$ -	\$ 20.46
23. Depreciation Expense	Line 18	\$ 5.98	\$ 14.56	\$ 0.84	\$ 6.52	\$ 19.30	\$ -	\$ 47.20
24. Maintenance Expense	Line 15 * Page 3 Line 1	\$ 3.82	\$ 9.31	\$ 0.18	\$ 3.53	\$ 4.15	\$ -	\$ 20.98
25. Joint Expense	Line 15 * Page 3 Line 2	\$ 3.53	\$ 8.60	\$ 0.40	\$ 5.56	\$ 9.32	\$ -	\$ 27.42
26. Common Expense	Line 15 * Page 3 Line 3	\$ 1.17	\$ 2.85	\$ 0.13	\$ 1.85	\$ 3.09	\$ -	\$ 9.10
27. Additional Expenses	Input							\$ 75.90
28. Total Annual Costs	Sum Lines 21 thru 27	\$ 22.08	\$ 53.76	\$ 2.42	\$ 29.37	\$ 55.83	\$ -	\$ 239.36



## Average

## Tariffed Service: ADSL Term Discounts

## Annual Cost

Description	Source	ATM Switch - Base Equipment	ATM DS3/OC3 Trunk Card	DSX3 Cross Connect Panel	Fiber - ATM to Switch	DSLAM Equipment		Total
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G. 512k/512k 3-Year TermInvestment Costs

1. Material Unit Price	Page 4	\$ 32,175	\$ 11,000	\$ 1,024	\$ 1,903	\$ 41,929	\$ -	\$ 88,032
2. Units In Service	Page 4	1	7	2	20	1	-	
3. Total Material Costs	Line 1 * Line 2	\$ 32,175	\$ 77,000	\$ 2,049	\$ 38,058	\$ 41,929	\$ -	\$ 191,211
4. Sales Tax	Line 3 * 3.63%	\$ 1,168	\$ 2,794	\$ 74	\$ 1,381	\$ 1,522	\$ -	\$ 6,939
5. Total Material Costs	Line 3 + Line 4	\$ 33,343	\$ 79,794	\$ 2,123	\$ 39,439	\$ 43,451	\$ -	\$ 198,150
6. Fill Percent	Page 4	41.00%	47.00%	85.00%	82.50%	78.40%	0.00%	
7. Capacity Investment	Line 5 / Line 6	\$ 81,323	\$ 169,775	\$ 2,498	\$ 47,805	\$ 55,422	\$ -	\$ 356,823
8. EF&I Percent	Page 4	29.00%	29.00%	29.00%	0.00%	29.00%	0.00%	
9. EF&I Costs	Line 7 * Line 8	\$ 23,584	\$ 49,235	\$ 724	\$ -	\$ 16,072	\$ -	\$ 89,615
10. Installed Costs	Line 7 + Line 9	\$ 104,907	\$ 219,010	\$ 3,222	\$ 47,805	\$ 71,494	\$ -	\$ 446,439
11. Power & Common Percent	Page 3	5.73%	5.73%	4.45%	0.00%	4.45%	0.00%	
12. Power & Common Costs	Line 10 * Line 11	\$ 6,014	\$ 12,554	\$ 143	\$ -	\$ 3,182	\$ -	\$ 21,893
13. Loaded Material Investment	Line 10 + Line 12	\$ 110,921	\$ 231,564	\$ 3,366	\$ 47,805	\$ 74,676	\$ -	\$ 468,331
14. Utilization Percent	Page 4	0.22%	0.22%	0.71%	0.71%	0.43%	0.00%	
15. Utilized Investment Costs	Line 13 * Line 14	\$ 239	\$ 517	\$ 24	\$ 341	\$ 638	\$ -	\$ 1,760
16. Utilized Net Salvage	Page 4 * L14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17. Depreciation Life	Page 3	15	15	12	21	12		14
18. Depreciation Expense	Straight Line	\$ 16	\$ 35	\$ 2	\$ 16	\$ 53	\$ -	\$ 123
19. Depreciation Reserve	Line 15 / 2	\$ 120	\$ 258	\$ 12	\$ 171	\$ 319	\$ -	\$ 880
20. Net Investment	Line 15 - Line 19	\$ 120	\$ 258	\$ 12	\$ 171	\$ 319	\$ -	\$ 880

Annual Costs

21. Return On Investment	Line 20 * RoR @11.25%	\$ 13.45	\$ 29.07	\$ 1.35	\$ 19.21	\$ 35.90	\$ -	\$ 98.98
22. Income Tax	Line 21 * 53.44%	\$ 7.19	\$ 15.54	\$ 0.72	\$ 10.26	\$ 19.18	\$ -	\$ 52.89
23. Depreciation Expense	Line 18	\$ 16.30	\$ 35.24	\$ 2.01	\$ 16.12	\$ 53.26	\$ -	\$ 122.93
24. Maintenance Expense	Line 15 * Page 3 Line 1	\$ 13.28	\$ 28.70	\$ 0.55	\$ 11.12	\$ 14.59	\$ -	\$ 68.23
25. Joint Expense	Line 15 * Page 3 Line 2	\$ 11.68	\$ 25.26	\$ 1.17	\$ 16.69	\$ 31.19	\$ -	\$ 85.99
26. Common Expense	Line 15 * Page 3 Line 3	\$ 4.07	\$ 8.80	\$ 0.41	\$ 5.82	\$ 10.87	\$ -	\$ 29.97
27. Additional Expenses	Input							\$ 140.40
28. Total Annual Costs	Sum Lines 21 thru 27	\$ 65.96	\$ 142.62	\$ 6.21	\$ 79.21	\$ 164.99	\$ -	\$ 599.40

H. 512k/512k 5-Year TermInvestment Costs

1. Material Unit Price	Page 4	\$ 32,175	\$ 11,000	\$ 1,024	\$ 1,903	\$ 41,929	\$ -	\$ 88,032
2. Units In Service	Page 4	1	8	2	20	1	-	
3. Total Material Costs	Line 1 * Line 2	\$ 32,175	\$ 88,000	\$ 2,049	\$ 38,058	\$ 41,929	\$ -	\$ 202,211
4. Sales Tax	Line 3 * 3.63%	\$ 1,168	\$ 3,193	\$ 74	\$ 1,381	\$ 1,522	\$ -	\$ 7,338
5. Total Material Costs	Line 3 + Line 4	\$ 33,343	\$ 91,193	\$ 2,123	\$ 39,439	\$ 43,451	\$ -	\$ 209,549
6. Fill Percent	Page 4	45.00%	50.00%	85.00%	85.00%	78.40%	0.00%	
7. Capacity Investment	Line 5 / Line 6	\$ 74,095	\$ 182,387	\$ 2,498	\$ 46,399	\$ 51,119	\$ -	\$ 356,497
8. EF&I Percent	Page 4	29.00%	29.00%	29.00%	0.00%	29.00%	0.00%	
9. EF&I Costs	Line 7 * Line 8	\$ 21,487	\$ 52,892	\$ 724	\$ -	\$ 14,824	\$ -	\$ 89,928
10. Installed Costs	Line 7 + Line 9	\$ 95,582	\$ 235,279	\$ 3,222	\$ 46,399	\$ 65,943	\$ -	\$ 446,425
11. Power & Common Percent	Page 3	5.73%	5.73%	4.45%	0.00%	4.45%	0.00%	
12. Power & Common Costs	Line 10 * Line 11	\$ 5,479	\$ 13,487	\$ 143	\$ -	\$ 2,935	\$ -	\$ 22,044
13. Loaded Material Investment	Line 10 + Line 12	\$ 101,061	\$ 248,766	\$ 3,366	\$ 46,399	\$ 68,878	\$ -	\$ 468,469
14. Utilization Percent	Page 4	0.17%	0.18%	0.60%	0.60%	0.43%	0.00%	
15. Utilized Investment Costs	Line 13 * Line 14	\$ 175	\$ 444	\$ 20	\$ 276	\$ 589	\$ -	\$ 1,505
16. Utilized Net Salvage	Page 4 * L14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17. Depreciation Life	Page 3	15	15	12	21	12		14
18. Depreciation Expense	Straight Line	\$ 12	\$ 30	\$ 2	\$ 13	\$ 49	\$ -	\$ 106
19. Depreciation Reserve	Line 15 / 2	\$ 88	\$ 222	\$ 10	\$ 138	\$ 294	\$ -	\$ 752
20. Net Investment	Line 15 - Line 19	\$ 88	\$ 222	\$ 10	\$ 138	\$ 294	\$ -	\$ 752

Annual Costs

21. Return On Investment	Line 20 * RoR @11.25%	\$ 9.87	\$ 24.99	\$ 1.13	\$ 15.54	\$ 33.11	\$ -	\$ 84.63
22. Income Tax	Line 21 * 53.44%	\$ 5.27	\$ 13.35	\$ 0.60	\$ 8.30	\$ 17.70	\$ -	\$ 45.23
23. Depreciation Expense	Line 18	\$ 11.96	\$ 30.29	\$ 1.67	\$ 13.04	\$ 49.13	\$ -	\$ 106.09
24. Maintenance Expense	Line 15 * Page 3 Line 1	\$ 9.26	\$ 23.44	\$ 0.43	\$ 8.54	\$ 12.78	\$ -	\$ 54.45
25. Joint Expense	Line 15 * Page 3 Line 2	\$ 8.22	\$ 20.81	\$ 0.94	\$ 12.94	\$ 27.58	\$ -	\$ 70.48
26. Common Expense	Line 15 * Page 3 Line 3	\$ 2.84	\$ 7.19	\$ 0.32	\$ 4.47	\$ 9.53	\$ -	\$ 24.35
27. Additional Expenses	Input							\$ 94.20
28. Total Annual Costs	Sum Lines 21 thru 27	\$ 47.42	\$ 120.06	\$ 5.10	\$ 62.83	\$ 149.82	\$ -	\$ 479.43



## Average

## Tariffed Service: ADSL Term Discounts

## Annual Cost

Description	Source	ATM Switch - Base Equipment	ATM DS3/OC3 Trunk Card	DSX3 Cross Connect Panel	Fiber - ATM to Switch	DSLAM Equipment		Total
<b>I. 3Mb/768k 3-Year Term</b>								
<b>Investment Costs</b>								
1. Material Unit Price	Page 4	\$ 32,175	\$ 11,000	\$ 1,024	\$ 1,903	\$ 41,929	\$ -	\$ 88,032
2. Units In Service	Page 4	1	7	2	20	1	-	
3. Total Material Costs	Line 1 * Line 2	\$ 32,175	\$ 77,000	\$ 2,049	\$ 38,058	\$ 41,929	\$ -	\$ 191,211
4. Sales Tax	Line 3 * 3.63%	\$ 1,168	\$ 2,794	\$ 74	\$ 1,381	\$ 1,522	\$ -	\$ 6,939
5. Total Material Costs	Line 3 + Line 4	\$ 33,343	\$ 79,794	\$ 2,123	\$ 39,439	\$ 43,451	\$ -	\$ 198,150
6. Fill Percent	Page 4	41.00%	47.00%	85.00%	82.50%	78.40%	0.00%	
7. Capacity Investment	Line 5 / Line 6	\$ 81,323	\$ 169,775	\$ 2,498	\$ 47,805	\$ 55,422	\$ -	\$ 356,823
8. EF&I Percent	Page 4	29.00%	29.00%	29.00%	0.00%	29.00%	0.00%	
9. EF&I Costs	Line 7 * Line 8	\$ 23,584	\$ 49,235	\$ 724	\$ -	\$ 16,072	\$ -	\$ 89,615
10. Installed Costs	Line 7 + Line 9	\$ 104,907	\$ 219,010	\$ 3,222	\$ 47,805	\$ 71,494	\$ -	\$ 446,439
11. Power & Common Percent	Page 3	5.73%	5.73%	4.45%	0.00%	4.45%	0.00%	
12. Power & Common Costs	Line 10 * Line 11	\$ 6,014	\$ 12,554	\$ 143	\$ -	\$ 3,182	\$ -	\$ 21,893
13. Loaded Material Investment	Line 10 + Line 12	\$ 110,921	\$ 231,564	\$ 3,366	\$ 47,805	\$ 74,676	\$ -	\$ 468,331
14. Utilization Percent	Page 4	0.54%	0.56%	1.90%	1.90%	0.43%	0.00%	
15. Utilized Investment Costs	Line 13 * Line 14	\$ 598	\$ 1,292	\$ 64	\$ 911	\$ 638	\$ -	\$ 3,503
16. Utilized Net Salvage	Page 4 * L14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17. Depreciation Life	Page 3	15	15	12	21	12		15
18. Depreciation Expense	Straight Line	\$ 41	\$ 88	\$ 5	\$ 43	\$ 53	\$ -	\$ 230
19. Depreciation Reserve	Line 15 / 2	\$ 299	\$ 646	\$ 32	\$ 455	\$ 319	\$ -	\$ 1,751
20. Net Investment	Line 15 - Line 19	\$ 299	\$ 646	\$ 32	\$ 455	\$ 319	\$ -	\$ 1,751
<b>Annual Costs</b>								
21. Return On Investment	Line 20 * RoR @11.25%	\$ 33.62	\$ 72.69	\$ 3.61	\$ 51.22	\$ 35.90	\$ -	\$ 197.03
22. Income Tax	Line 21 * 53.44%	\$ 17.96	\$ 38.84	\$ 1.93	\$ 27.37	\$ 19.18	\$ -	\$ 105.29
23. Depreciation Expense	Line 18	\$ 40.75	\$ 88.10	\$ 5.35	\$ 43.00	\$ 53.26	\$ -	\$ 230.45
24. Maintenance Expense	Line 15 * Page 3 Line 1	\$ 33.19	\$ 71.76	\$ 1.47	\$ 29.65	\$ 14.59	\$ -	\$ 150.65
25. Joint Expense	Line 15 * Page 3 Line 2	\$ 29.20	\$ 63.14	\$ 3.13	\$ 44.49	\$ 31.19	\$ -	\$ 171.16
26. Common Expense	Line 15 * Page 3 Line 3	\$ 10.18	\$ 22.01	\$ 1.09	\$ 15.51	\$ 10.87	\$ -	\$ 59.66
27. Additional Expenses	Input							\$ 345.10
28. Total Annual Costs	Sum Lines 21 thru 27	\$ 164.90	\$ 356.54	\$ 16.57	\$ 211.24	\$ 164.99	\$ -	\$ 1,259.34
<b>J. 3Mb/768k 5-Year Term</b>								
<b>Investment Costs</b>								
1. Material Unit Price	Page 4	\$ 32,175	\$ 11,000	\$ 1,024	\$ 1,903	\$ 41,929	\$ -	\$ 88,032
2. Units In Service	Page 4	1	8	2	20	1	-	
3. Total Material Costs	Line 1 * Line 2	\$ 32,175	\$ 88,000	\$ 2,049	\$ 38,058	\$ 41,929	\$ -	\$ 202,211
4. Sales Tax	Line 3 * 3.63%	\$ 1,168	\$ 3,193	\$ 74	\$ 1,381	\$ 1,522	\$ -	\$ 7,338
5. Total Material Costs	Line 3 + Line 4	\$ 33,343	\$ 91,193	\$ 2,123	\$ 39,439	\$ 43,451	\$ -	\$ 209,549
6. Fill Percent	Page 4	45.00%	50.00%	85.00%	85.00%	78.40%	0.00%	
7. Capacity Investment	Line 5 / Line 6	\$ 74,095	\$ 182,387	\$ 2,498	\$ 46,399	\$ 51,119	\$ -	\$ 356,497
8. EF&I Percent	Page 4	29.00%	29.00%	29.00%	0.00%	29.00%	0.00%	
9. EF&I Costs	Line 7 * Line 8	\$ 21,487	\$ 52,892	\$ 724	\$ -	\$ 14,824	\$ -	\$ 89,928
10. Installed Costs	Line 7 + Line 9	\$ 95,582	\$ 235,279	\$ 3,222	\$ 46,399	\$ 65,943	\$ -	\$ 446,425
11. Power & Common Percent	Page 3	5.73%	5.73%	4.45%	0.00%	4.45%	0.00%	
12. Power & Common Costs	Line 10 * Line 11	\$ 5,479	\$ 13,487	\$ 143	\$ -	\$ 2,935	\$ -	\$ 22,044
13. Loaded Material Investment	Line 10 + Line 12	\$ 101,061	\$ 248,766	\$ 3,366	\$ 46,399	\$ 68,878	\$ -	\$ 468,469
14. Utilization Percent	Page 4	0.43%	0.45%	1.59%	1.59%	0.43%	0.00%	
15. Utilized Investment Costs	Line 13 * Line 14	\$ 439	\$ 1,111	\$ 53	\$ 736	\$ 589	\$ -	\$ 2,928
16. Utilized Net Salvage	Page 4 * L14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17. Depreciation Life	Page 3	15	15	12	21	12		15
18. Depreciation Expense	Straight Line	\$ 30	\$ 76	\$ 4	\$ 35	\$ 49	\$ -	\$ 194
19. Depreciation Reserve	Line 15 / 2	\$ 219	\$ 555	\$ 27	\$ 368	\$ 294	\$ -	\$ 1,464
20. Net Investment	Line 15 - Line 19	\$ 219	\$ 555	\$ 27	\$ 368	\$ 294	\$ -	\$ 1,464
<b>Annual Costs</b>								
21. Return On Investment	Line 20 * RoR @11.25%	\$ 24.67	\$ 62.47	\$ 3.01	\$ 41.43	\$ 33.11	\$ -	\$ 164.69
22. Income Tax	Line 21 * 53.44%	\$ 13.18	\$ 33.38	\$ 1.61	\$ 22.14	\$ 17.70	\$ -	\$ 88.00
23. Depreciation Expense	Line 18	\$ 29.91	\$ 75.72	\$ 4.46	\$ 34.78	\$ 49.13	\$ -	\$ 193.98
24. Maintenance Expense	Line 15 * Page 3 Line 1	\$ 23.14	\$ 58.59	\$ 1.16	\$ 22.78	\$ 12.78	\$ -	\$ 118.45
25. Joint Expense	Line 15 * Page 3 Line 2	\$ 20.57	\$ 52.08	\$ 2.51	\$ 34.54	\$ 27.61	\$ -	\$ 137.31
26. Common Expense	Line 15 * Page 3 Line 3	\$ 7.10	\$ 17.97	\$ 0.86	\$ 11.92	\$ 9.53	\$ -	\$ 47.38
27. Additional Expenses	Input							\$ 269.60
28. Total Annual Costs	Sum Lines 21 thru 27	\$ 118.57	\$ 300.21	\$ 13.60	\$ 167.58	\$ 149.85	\$ -	\$ 1,019.41





## Average

## Tariffed Service: ADSL Term Discounts

## Annual Cost

Description	Source	ATM Switch - Base Equipment	ATM DS3/OC3 Trunk Card	DSX3 Cross Connect Panel	Fiber - ATM to Switch	DSLAM Equipment		Total
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**K. 6Mb/768k 3-Year Term**Investment Costs

1. Material Unit Price	Page 4	\$ 32,175	\$ 11,000	\$ 1,024	\$ 1,903	\$ 41,929	\$ -	\$ 88,032
2. Units In Service	Page 4	1	7	2	20	1	-	
3. Total Material Costs	Line 1 * Line 2	\$ 32,175	\$ 77,000	\$ 2,049	\$ 38,058	\$ 41,929	\$ -	\$ 191,211
4. Sales Tax	Line 3 * 3.63%	\$ 1,168	\$ 2,794	\$ 74	\$ 1,381	\$ 1,522	\$ -	\$ 6,939
5. Total Material Costs	Line 3 + Line 4	\$ 33,343	\$ 79,794	\$ 2,123	\$ 39,439	\$ 43,451	\$ -	\$ 198,150
6. Fill Percent	Page 4	41.00%	47.00%	85.00%	82.50%	78.40%	0.00%	
7. Capacity Investment	Line 5 / Line 6	\$ 81,323	\$ 169,775	\$ 2,498	\$ 47,805	\$ 55,422	\$ -	\$ 356,823
8. EF&I Percent	Page 4	29.00%	29.00%	29.00%	0.00%	29.00%	0.00%	
9. EF&I Costs	Line 7 * Line 8	\$ 23,584	\$ 49,235	\$ 724	\$ -	\$ 16,072	\$ -	\$ 89,615
10. Installed Costs	Line 7 + Line 9	\$ 104,907	\$ 219,010	\$ 3,222	\$ 47,805	\$ 71,494	\$ -	\$ 446,439
11. Power & Common Percent	Page 3	5.73%	5.73%	4.45%	0.00%	4.45%	0.00%	
12. Power & Common Costs	Line 10 * Line 11	\$ 6,014	\$ 12,554	\$ 143	\$ -	\$ 3,182	\$ -	\$ 21,893
13. Loaded Material Investment	Line 10 + Line 12	\$ 110,921	\$ 231,564	\$ 3,366	\$ 47,805	\$ 74,676	\$ -	\$ 468,331
14. Utilization Percent	Page 4	0.59%	0.61%	1.90%	1.90%	0.43%	0.00%	
15. Utilized Investment Costs	Line 13 * Line 14	\$ 657	\$ 1,421	\$ 64	\$ 911	\$ 638	\$ -	\$ 3,692
16. Utilized Net Salvage	Page 4 * L14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17. Depreciation Life	Page 3	15	15	12	21	12		15
18. Depreciation Expense	Straight Line	\$ 45	\$ 97	\$ 5	\$ 43	\$ 53	\$ -	\$ 243
19. Depreciation Reserve	Line 15 / 2	\$ 329	\$ 711	\$ 32	\$ 455	\$ 319	\$ -	\$ 1,846
20. Net Investment	Line 15 - Line 19	\$ 329	\$ 711	\$ 32	\$ 455	\$ 319	\$ -	\$ 1,846

Annual Costs

21. Return On Investment	Line 20 * RoR @11.25%	\$ 36.98	\$ 79.96	\$ 3.61	\$ 51.22	\$ 35.90	\$ -	\$ 207.66
22. Income Tax	Line 21 * 53.44%	\$ 19.76	\$ 42.73	\$ 1.93	\$ 27.37	\$ 19.18	\$ -	\$ 110.97
23. Depreciation Expense	Line 18	\$ 44.82	\$ 96.91	\$ 5.35	\$ 43.00	\$ 53.26	\$ -	\$ 243.34
24. Maintenance Expense	Line 15 * Page 3 Line 1	\$ 36.51	\$ 78.94	\$ 1.47	\$ 29.65	\$ 14.59	\$ -	\$ 161.14
25. Joint Expense	Line 15 * Page 3 Line 2	\$ 32.12	\$ 69.46	\$ 3.13	\$ 44.49	\$ 31.19	\$ -	\$ 180.39
26. Common Expense	Line 15 * Page 3 Line 3	\$ 11.20	\$ 24.21	\$ 1.09	\$ 15.51	\$ 10.87	\$ -	\$ 62.88
27. Additional Expenses	Input							\$ 353.00
28. Total Annual Costs	Sum Lines 21 thru 27	\$ 181.39	\$ 392.20	\$ 16.57	\$ 211.24	\$ 164.99	\$ -	\$ 1,319.39

**L. 6Mb/768k 5-Year Term**Investment Costs

1. Material Unit Price	Page 4	\$ 32,175	\$ 11,000	\$ 1,024	\$ 1,903	\$ 41,929	\$ -	\$ 88,032
2. Units In Service	Page 4	1	8	2	20	1	-	
3. Total Material Costs	Line 1 * Line 2	\$ 32,175	\$ 88,000	\$ 2,049	\$ 38,058	\$ 41,929	\$ -	\$ 202,211
4. Sales Tax	Line 3 * 3.63%	\$ 1,168	\$ 3,193	\$ 74	\$ 1,381	\$ 1,522	\$ -	\$ 7,338
5. Total Material Costs	Line 3 + Line 4	\$ 33,343	\$ 91,193	\$ 2,123	\$ 39,439	\$ 43,451	\$ -	\$ 209,549
6. Fill Percent	Page 4	45.00%	50.00%	85.00%	85.00%	78.40%	0.00%	
7. Capacity Investment	Line 5 / Line 6	\$ 74,095	\$ 182,387	\$ 2,498	\$ 46,399	\$ 51,119	\$ -	\$ 356,497
8. EF&I Percent	Page 4	29.00%	29.00%	29.00%	0.00%	29.00%	0.00%	
9. EF&I Costs	Line 7 * Line 8	\$ 21,487	\$ 52,892	\$ 724	\$ -	\$ 14,824	\$ -	\$ 89,928
10. Installed Costs	Line 7 + Line 9	\$ 95,582	\$ 235,279	\$ 3,222	\$ 46,399	\$ 65,943	\$ -	\$ 446,425
11. Power & Common Percent	Page 3	5.73%	5.73%	4.45%	0.00%	4.45%	0.00%	
12. Power & Common Costs	Line 10 * Line 11	\$ 5,479	\$ 13,487	\$ 143	\$ -	\$ 2,935	\$ -	\$ 22,044
13. Loaded Material Investment	Line 10 + Line 12	\$ 101,061	\$ 248,766	\$ 3,366	\$ 46,399	\$ 68,878	\$ -	\$ 468,469
14. Utilization Percent	Page 4	0.48%	0.49%	1.59%	1.59%	0.43%	0.00%	
15. Utilized Investment Costs	Line 13 * Line 14	\$ 482	\$ 1,222	\$ 53	\$ 736	\$ 589	\$ -	\$ 3,083
16. Utilized Net Salvage	Page 4 * L14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17. Depreciation Life	Page 3	15	15	12	21	12		15
18. Depreciation Expense	Straight Line	\$ 33	\$ 83	\$ 4	\$ 35	\$ 49	\$ -	\$ 205
19. Depreciation Reserve	Line 15 / 2	\$ 241	\$ 611	\$ 27	\$ 368	\$ 294	\$ -	\$ 1,541
20. Net Investment	Line 15 - Line 19	\$ 241	\$ 611	\$ 27	\$ 368	\$ 294	\$ -	\$ 1,541

Annual Costs

21. Return On Investment	Line 20 * RoR @11.25%	\$ 27.14	\$ 68.72	\$ 3.01	\$ 41.43	\$ 33.11	\$ -	\$ 173.40
22. Income Tax	Line 21 * 53.44%	\$ 14.50	\$ 36.72	\$ 1.61	\$ 22.14	\$ 17.70	\$ -	\$ 92.66
23. Depreciation Expense	Line 18	\$ 32.90	\$ 83.29	\$ 4.46	\$ 34.78	\$ 49.13	\$ -	\$ 204.54
24. Maintenance Expense	Line 15 * Page 3 Line 1	\$ 25.46	\$ 64.45	\$ 1.16	\$ 22.78	\$ 12.78	\$ -	\$ 126.63
25. Joint Expense	Line 15 * Page 3 Line 2	\$ 22.63	\$ 57.29	\$ 2.51	\$ 34.54	\$ 27.61	\$ -	\$ 144.57
26. Common Expense	Line 15 * Page 3 Line 3	\$ 7.81	\$ 19.77	\$ 0.86	\$ 11.92	\$ 9.53	\$ -	\$ 49.88
27. Additional Expenses	Input							\$ 287.68
28. Total Annual Costs	Sum Lines 21 thru 27	\$ 130.43	\$ 330.23	\$ 13.60	\$ 167.58	\$ 149.85	\$ -	\$ 1,079.37



**Average  
Tariffed Service: ADSL Term Discounts  
Factors**

Factors	Total	Switch Hardware	Switch Software	Circuit Equipment	Copper Cable	Fiber Cable
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**A. 1.5Mb/384k 3-Year Term**

1. Maintenance Expense		4.95%	4.95%	2.04%	2.88%	2.90%
2. Joint Expense		4.45%	4.45%	4.45%	4.45%	4.45%
3. Common Expense		1.52%	1.52%	1.52%	1.52%	1.52%
4. Power & Common Factor		5.73%	0.00%	4.45%	0.00%	0.00%
5. Depreciation Life		15	15	12	21	21
6. Sales Tax Rate	3.63%					
7. State Income Taxes	0.00%					
8. Federal Income Tax	0.00%					
9. Composite Tax Rate	0.00%					
10. Effective Tax Rate	53.44%					
11. Rate of Return	11.25%					

**B. 1.5Mb/384k 5-Year Term**

1. Maintenance Expense		4.36%	4.36%	1.79%	2.54%	2.55%
2. Joint Expense		4.02%	4.02%	4.02%	4.02%	4.02%
3. Common Expense		1.34%	1.34%	1.34%	1.34%	1.34%
4. Power & Common Factor		5.73%	0.00%	4.45%	0.00%	0.00%
5. Depreciation Life		15	15	12	21	21
6. Sales Tax Rate	3.63%					
7. State Income Taxes	0.00%					
8. Federal Income Tax	0.00%					
9. Composite Tax Rate	0.00%					
10. Effective Tax Rate	53.44%					
11. Rate of Return	11.25%					



**Average**  
**Tariffed Service: ADSL Term Discounts**  
**Factors**

Factors	Total	Switch Hardware	Switch Software	Circuit Equipment	Copper Cable	Fiber Cable
<b>C. <u>3Mb/384k 3-Year Term</u></b>						
1. Maintenance Expense		4.95%	4.95%	2.04%	2.88%	2.90%
2. Joint Expense		4.45%	4.45%	4.45%	4.45%	4.45%
3. Common Expense		1.52%	1.52%	1.52%	1.52%	1.52%
4. Power & Common Factor		5.73%	0.00%	4.45%	0.00%	0.00%
5. Depreciation Life		15	15	12	21	21
6. Sales Tax Rate	3.63%					
7. State Income Taxes	0.00%					
8. Federal Income Tax	0.00%					
9. Composite Tax Rate	0.00%					
10. Effective Tax Rate	53.44%					
11. Rate of Return	11.25%					
<b>D. <u>3Mb/384k 5-Year Term</u></b>						
1. Maintenance Expense		4.36%	4.36%	1.79%	2.54%	2.55%
2. Joint Expense		4.02%	4.02%	4.02%	4.02%	4.02%
3. Common Expense		1.34%	1.34%	1.34%	1.34%	1.34%
4. Power & Common Factor		5.73%	0.00%	4.45%	0.00%	0.00%
5. Depreciation Life		15	15	12	21	21
6. Sales Tax Rate	3.63%					
7. State Income Taxes	0.00%					
8. Federal Income Tax	0.00%					
9. Composite Tax Rate	0.00%					
10. Effective Tax Rate	53.44%					
11. Rate of Return	11.25%					



**Average**  
**Tariffed Service: ADSL Term Discounts**  
**Factors**

Factors	Total	Switch Hardware	Switch Software	Circuit Equipment	Copper Cable	Fiber Cable
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**E. 6Mb/384k 3-Year Term**

1. Maintenance Expense		4.95%	4.95%	2.04%	2.88%	2.90%
2. Joint Expense		4.45%	4.45%	4.45%	4.45%	4.45%
3. Common Expense		1.52%	1.52%	1.52%	1.52%	1.52%
4. Power & Common Factor		5.73%	0.00%	4.45%	0.00%	0.00%
5. Depreciation Life		15	15	12	21	21
6. Sales Tax Rate	3.63%					
7. State Income Taxes	0.00%					
8. Federal Income Tax	0.00%					
9. Composite Tax Rate	0.00%					
10. Effective Tax Rate	53.44%					
11. Rate of Return	11.25%					

**F. 6Mb/384k 5-Year Term**

1. Maintenance Expense		4.36%	4.36%	1.79%	2.54%	2.55%
2. Joint Expense		4.03%	4.03%	4.03%	4.03%	4.03%
3. Common Expense		1.34%	1.34%	1.34%	1.34%	1.34%
4. Power & Common Factor		5.73%	0.00%	4.45%	0.00%	0.00%
5. Depreciation Life		15	15	12	21	21
6. Sales Tax Rate	3.63%					
7. State Income Taxes	0.00%					
8. Federal Income Tax	0.00%					
9. Composite Tax Rate	0.00%					
10. Effective Tax Rate	53.44%					
11. Rate of Return	11.25%					



**Average  
Tariffed Service: ADSL Term Discounts  
Factors**

Factors	Total	Switch Hardware	Switch Software	Circuit Equipment	Copper Cable	Fiber Cable
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**G. 512k/512k 3-Year Term**

1. Maintenance Expense		5.55%	5.55%	2.29%	3.23%	3.26%
2. Joint Expense		4.89%	4.89%	4.89%	4.89%	4.89%
3. Common Expense		1.70%	1.70%	1.70%	1.70%	1.70%
4. Power & Common Factor		5.73%	0.00%	4.45%	0.00%	0.00%
5. Depreciation Life		15	15	12	21	21
6. Sales Tax Rate	3.63%					
7. State Income Taxes	0.00%					
8. Federal Income Tax	0.00%					
9. Composite Tax Rate	0.00%					
10. Effective Tax Rate	53.44%					
11. Rate of Return	11.25%					

**H. 512k/512k 5-Year Term**

1. Maintenance Expense		5.28%	5.28%	2.17%	3.07%	3.09%
2. Joint Expense		4.68%	4.68%	4.68%	4.68%	4.68%
3. Common Expense		1.62%	1.62%	1.62%	1.62%	1.62%
4. Power & Common Factor		5.73%	0.00%	4.45%	0.00%	0.00%
5. Depreciation Life		15	15	12	21	21
6. Sales Tax Rate	3.63%					
7. State Income Taxes	0.00%					
8. Federal Income Tax	0.00%					
9. Composite Tax Rate	0.00%					
10. Effective Tax Rate	53.44%					
11. Rate of Return	11.25%					



**Average  
Tariffed Service: ADSL Term Discounts  
Factors**

Factors	Total	Switch Hardware	Switch Software	Circuit Equipment	Copper Cable	Fiber Cable
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**I. 3Mb/768k 3-Year Term**

1. Maintenance Expense		5.55%	5.55%	2.29%	3.23%	3.26%
2. Joint Expense		4.89%	4.89%	4.89%	4.89%	4.89%
3. Common Expense		1.70%	1.70%	1.70%	1.70%	1.70%
4. Power & Common Factor		5.73%	0.00%	4.45%	0.00%	0.00%
5. Depreciation Life		15	15	12	21	21
6. Sales Tax Rate	3.63%					
7. State Income Taxes	0.00%					
8. Federal Income Tax	0.00%					
9. Composite Tax Rate	0.00%					
10. Effective Tax Rate	53.44%					
11. Rate of Return	11.25%					

**J. 3Mb/768k 5-Year Term**

1. Maintenance Expense		5.28%	5.28%	2.17%	3.07%	3.09%
2. Joint Expense		4.69%	4.69%	4.69%	4.69%	4.69%
3. Common Expense		1.62%	1.62%	1.62%	1.62%	1.62%
4. Power & Common Factor		5.73%	0.00%	4.45%	0.00%	0.00%
5. Depreciation Life		15	15	12	21	21
6. Sales Tax Rate	3.63%					
7. State Income Taxes	0.00%					
8. Federal Income Tax	0.00%					
9. Composite Tax Rate	0.00%					
10. Effective Tax Rate	53.44%					
11. Rate of Return	11.25%					



**Average  
Tariffed Service: ADSL Term Discounts  
Factors**

Factors	Total	Switch Hardware	Switch Software	Circuit Equipment	Copper Cable	Fiber Cable
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**K. 6Mb/768k 3-Year Term**

1. Maintenance Expense		5.55%	5.55%	2.29%	3.23%	3.26%
2. Joint Expense		4.89%	4.89%	4.89%	4.89%	4.89%
3. Common Expense		1.70%	1.70%	1.70%	1.70%	1.70%
4. Power & Common Factor		5.73%	0.00%	4.45%	0.00%	0.00%
5. Depreciation Life		15	15	12	21	21
6. Sales Tax Rate	3.63%					
7. State Income Taxes	0.00%					
8. Federal Income Tax	0.00%					
9. Composite Tax Rate	0.00%					
10. Effective Tax Rate	53.44%					
11. Rate of Return	11.25%					

**L. 6Mb/768k 5-Year Term**

1. Maintenance Expense		5.28%	5.28%	2.17%	3.07%	3.09%
2. Joint Expense		4.69%	4.69%	4.69%	4.69%	4.69%
3. Common Expense		1.62%	1.62%	1.62%	1.62%	1.62%
4. Power & Common Factor		5.73%	0.00%	4.45%	0.00%	0.00%
5. Depreciation Life		15	15	12	21	21
6. Sales Tax Rate	3.63%					
7. State Income Taxes	0.00%					
8. Federal Income Tax	0.00%					
9. Composite Tax Rate	0.00%					
10. Effective Tax Rate	53.44%					
11. Rate of Return	11.25%					



**Average**  
**Tariffed Service: ADSL - Term Discounts**  
**Material List**

Description	Material Unit Price	Units Required	Net Salvage Percent	Fill Percent	Utilization Percent	EF&I Percent	Investment Category
<b>A. <u>1.5Mb/384k 3-Year Term</u></b>							
1. ATM Switch - Base Equipment	\$ 32,175.00	1	0.00%	40.00%	0.02694%	29.00%	Hardware
2. DS3/OC3 Trunk Group	\$ 11,000.00	7	0.00%	46.00%	0.02790%	29.00%	Hardware
3. DSX3 Cross Connect Panel	\$ 1,024.43	2	0.00%	85.00%	0.08929%	29.00%	Circuit
4. Fiber - ATM to Switch	\$ 1,902.91	20	0.00%	82.50%	0.08929%	0.00%	Fiber
5. DSLAM Equipment	\$ 37,440.74	1	0.00%	78.40%	0.42735%	29.00%	Circuit
<b>B. <u>1.5Mb/384k 5-Year Term</u></b>							
1. ATM Switch - Base Equipment	\$ 32,175.00	1	0.00%	45.00%	0.02170%	29.00%	Hardware
2. DS3/OC3 Trunk Group	\$ 11,000.00	8	0.00%	52.00%	0.02232%	29.00%	Hardware
3. DSX3 Cross Connect Panel	\$ 1,024.43	2	0.00%	85.00%	0.07440%	29.00%	Circuit
4. Fiber - ATM to Switch	\$ 1,902.91	20	0.00%	85.00%	0.07440%	0.00%	Fiber
5. DSLAM Equipment	\$ 28,463.74	1	0.00%	85.00%	0.42735%	29.00%	Circuit
<b>C. <u>3Mb/384k 3-Year Term</u></b>							
1. ATM Switch - Base Equipment	\$ 32,175.00	1	0.00%	41.00%	0.05388%	29.00%	Hardware
2. DS3/OC3 Trunk Group	\$ 11,000.00	7	0.00%	47.00%	0.05580%	29.00%	Hardware
3. DSX3 Cross Connect Panel	\$ 1,024.43	2	0.00%	85.00%	0.17857%	29.00%	Circuit
4. Fiber - ATM to Switch	\$ 1,902.91	20	0.00%	82.50%	0.17857%	0.00%	Fiber
5. DSLAM Equipment	\$ 32,952.24	1	0.00%	78.40%	0.42735%	29.00%	Circuit
<b>D. <u>3Mb/384k 5-Year Term</u></b>							
1. ATM Switch - Base Equipment	\$ 32,175.00	1	0.00%	45.00%	0.04340%	29.00%	Hardware
2. DS3/OC3 Trunk Group	\$ 11,000.00	8	0.00%	52.00%	0.04464%	29.00%	Hardware
3. DSX3 Cross Connect Panel	\$ 1,024.43	2	0.00%	85.00%	0.14881%	29.00%	Circuit
4. Fiber - ATM to Switch	\$ 1,902.91	20	0.00%	85.00%	0.14881%	0.00%	Fiber
5. DSLAM Equipment	\$ 30,707.99	1	0.00%	85.00%	0.42735%	29.00%	Circuit
<b>E. <u>6Mb/384k 3-Year Term</u></b>							
1. ATM Switch - Base Equipment	\$ 32,175.00	1	0.00%	41.00%	0.10776%	29.00%	Hardware
2. DS3/OC3 Trunk Group	\$ 11,000.00	7	0.00%	47.00%	0.11161%	29.00%	Hardware
3. DSX3 Cross Connect Panel	\$ 1,024.43	2	0.00%	85.00%	0.35714%	29.00%	Circuit
4. Fiber - ATM to Switch	\$ 1,902.91	20	0.00%	82.50%	0.35714%	0.00%	Fiber
5. DSLAM Equipment	\$ 32,952.24	1	0.00%	78.40%	0.42735%	29.00%	Circuit
<b>F. <u>6Mb/384k 5-Year Term</u></b>							
1. ATM Switch - Base Equipment	\$ 32,175.00	1	0.00%	45.00%	0.08681%	29.00%	Hardware
2. DS3/OC3 Trunk Group	\$ 11,000.00	8	0.00%	52.00%	0.08929%	29.00%	Hardware
3. DSX3 Cross Connect Panel	\$ 1,024.43	2	0.00%	85.00%	0.29762%	29.00%	Circuit
4. Fiber - ATM to Switch	\$ 1,902.91	20	0.00%	85.00%	0.29762%	0.00%	Fiber
5. DSLAM Equipment	\$ 32,952.24	1	0.00%	85.00%	0.42735%	29.00%	Circuit





**Average**  
**Tariffed Service: ADSL - Term Discounts**  
**Material List**

Description	Material Unit Price	Units Required	Net Salvage Percent	Fill Percent	Utilization Percent	EF&I Percent	Investment Category
<b>G. <u>512k/512k 3-Year Term</u></b>							
1. ATM Switch - Base Equipment	\$ 32,175.00	1	0.00%	41.00%	0.21552%	29.00%	Hardware
2. DS3/OC3 Trunk Group	\$ 11,000.00	7	0.00%	47.00%	0.22321%	29.00%	Hardware
3. DSX3 Cross Connect Panel	\$ 1,024.43	2	0.00%	85.00%	0.71429%	29.00%	Circuit
4. Fiber - ATM to Switch	\$ 1,902.91	20	0.00%	82.50%	0.71429%	0.00%	Fiber
5. DSLAM Equipment	\$ 41,929.24	1	0.00%	78.40%	0.85470%	29.00%	Circuit
<b>H. <u>512k/512k 5-Year Term</u></b>							
1. ATM Switch - Base Equipment	\$ 32,175.00	1	0.00%	45.00%	0.17361%	29.00%	Hardware
2. DS3/OC3 Trunk Group	\$ 11,000.00	8	0.00%	52.00%	0.17857%	29.00%	Hardware
3. DSX3 Cross Connect Panel	\$ 1,024.43	2	0.00%	85.00%	0.59524%	29.00%	Circuit
4. Fiber - ATM to Switch	\$ 1,902.91	20	0.00%	85.00%	0.59524%	0.00%	Fiber
5. DSLAM Equipment	\$ 41,929.24	1	0.00%	85.00%	0.85470%	29.00%	Circuit
<b>I. <u>3Mb/768k 3-Year Term</u></b>							
1. ATM Switch - Base Equipment	\$ 32,175.00	1	0.00%	41.00%	0.53879%	29.00%	Hardware
2. DS3/OC3 Trunk Group	\$ 11,000.00	7	0.00%	47.00%	0.55804%	29.00%	Hardware
3. DSX3 Cross Connect Panel	\$ 1,024.43	2	0.00%	85.00%	1.90476%	29.00%	Circuit
4. Fiber - ATM to Switch	\$ 1,902.91	20	0.00%	82.50%	1.90476%	0.00%	Fiber
5. DSLAM Equipment	\$ 41,929.24	1	0.00%	78.40%	0.85470%	29.00%	Circuit
<b>J. <u>3Mb/768k 5-Year Term</u></b>							
1. ATM Switch - Base Equipment	\$ 32,175.00	1	0.00%	45.00%	0.43403%	29.00%	Hardware
2. DS3/OC3 Trunk Group	\$ 11,000.00	8	0.00%	50.00%	0.44643%	29.00%	Hardware
3. DSX3 Cross Connect Panel	\$ 1,024.43	2	0.00%	85.00%	1.58730%	29.00%	Circuit
4. Fiber - ATM to Switch	\$ 1,902.91	20	0.00%	85.00%	1.58730%	0.00%	Fiber
5. DSLAM Equipment	\$ 41,929.24	1	0.00%	85.00%	0.85470%	29.00%	Circuit
<b>K. <u>6Mb/768k 3-Year Term</u></b>							
1. ATM Switch - Base Equipment	\$ 32,175.00	1	0.00%	41.00%	0.59267%	29.00%	Hardware
2. DS3/OC3 Trunk Group	\$ 11,000.00	7	0.00%	47.00%	0.61384%	29.00%	Hardware
3. DSX3 Cross Connect Panel	\$ 1,024.43	2	0.00%	85.00%	1.90476%	29.00%	Circuit
4. Fiber - ATM to Switch	\$ 1,902.91	20	0.00%	82.50%	1.90476%	0.00%	Fiber
5. DSLAM Equipment	\$ 41,929.24	1	0.00%	78.40%	0.85470%	29.00%	Circuit
<b>L. <u>6Mb/768k 5-Year Term</u></b>							
1. ATM Switch - Base Equipment	\$ 32,175.00	1	0.00%	45.00%	0.47743%	29.00%	Hardware
2. DS3/OC3 Trunk Group	\$ 11,000.00	8	0.00%	50.00%	0.49107%	29.00%	Hardware
3. DSX3 Cross Connect Panel	\$ 1,024.43	2	0.00%	85.00%	1.58730%	29.00%	Circuit
4. Fiber - ATM to Switch	\$ 1,902.91	20	0.00%	85.00%	1.58730%	0.00%	Fiber
5. DSLAM Equipment	\$ 41,929.24	1	0.00%	85.00%	0.85470%	29.00%	Circuit