

RATE OF RETURN

TARIFF REVIEW PLAN INFORMATION

This section presents the Tariff Review Plan (TRP) data required by the Chief, Pricing Policy Division. All revenue requirement information has been developed in accordance with Parts 36 and 69 of the Commission's Rules.

Projected costs have been developed using an 11.25 percent rate of return on net investment and the CTOCs' 2006 and 2007 budget views combined to reflect the prescribed "split year" test period financial estimates. The budget views include adjustments for all known or expected items affecting investment, reserves, and expenses and varying levels of demand for access service.

The CTOCs have elected to permissively detariff their DSL service as allowed in CC Docket No. 02-33 – Notice of Detariffing of Common Carrier Broadband Internet Access Transmission Service, and have filed Transmittal No. 48 to become effective on July 1, 2006. As shown on Exhibit 2, revenue requirements associated with DSL have been removed. Also, projected demand and revenues exclude DSL.

The information required by the Rate of Return TRP, and provided in this section has been extracted from the general cost support data.

The CTOCs have prepared uniform reports for CTO and CTW, as well as a total pool roll-up for Michigan.