

**AMERITECH OPERATING COMPANIES (AMERITECH)**  
**2007 ANNUAL FILING – PART I ERRATA**  
**DESCRIPTION AND JUSTIFICATION**  
**June 7, 2007**

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## **1. OVERVIEW AND INTRODUCTION**

### **1A. OVERVIEW**

This Errata Filing is modifying and revising certain calculations included in the Part I Annual Filing submitted on May 1, 2007. This Errata includes the following revisions:

- Revised exogenous amounts and revenue levels to reflect the Pricing Flexibility Petition Order DA 07-2109 approval received on May 18, 2007.

This Errata Filing contains the short form in its entirety as the above mentioned revisions impacted several calculations.

### **1B. INTRODUCTION**

This filing is being made in compliance with the following:

- ❑ In the Matter of Material to be Filed in Support of 2006 Annual Access Tariff Filings, DA 07-1484 (*Tariff Review Plan*), released March 29, 2007;
- ❑ In the Matter of July Annual Access Charge Tariff Filings, DA 07-1483 (*2007 TRP Order*), released March 29, 2007;
- ❑ In the Matter of Assessment and Collection of Regulatory Fees for the Fiscal Year 2007, MD Docket 07-81 (FCC07-55), released April 18, 2007;
- ❑ Sixth Report and Order in CC Docket Nos. 96-262 and 94-1, Report and Order in CC Docket No. 99-249 and Eleventh Report and Order in CC Docket No. 96-45, (*CALLS Order*), In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low-Volume Long Distance Users and Federal-State Joint Board on Universal Service, released May 31, 2000;
- ❑ In the Matter of Thousand-Block Number Pooling, Report and Order and Second Order on Reconsideration, CC Docket No. 96-98 and CC Docket No. 99-200, released December 28, 2001;
- ❑ Public Notice, Common Carrier Bureau Provides the Format for Access Tariff Review Plans of April 2, 1999 CCB/CPD 99-10, DA 99-584, released March 25, 1999;

- ❑ In the Matter of Defining Primary Lines, Report and Order & Further Notice of Proposed Rulemaking, CC Docket No. 97-181, released March 10, 1999;
- ❑ In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure, Second Order on Reconsideration and Memorandum Opinion and Order, CC Docket Nos. 96-262, 94-1, and 91-213, released October 9, 1997;
- ❑ In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, and End User Common Line Charges, Order on Reconsideration, CC Docket Nos. 96-262, 94-1, 91-213 and 95-72, released July 10, 1997;
- ❑ In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, and End User Common Line Charges, Errata, CC Docket Nos. 96-262, 94-1, 91-213 and 95-72, released June 4, 1997;
- ❑ In the Matter of Federal-State Joint Board on Universal Service, Errata, CC Docket No. 96-45, released June 4, 1997;
- ❑ In the Matter of Federal-State Joint Board on Universal Service, Report and Order, CC Docket No. 96-45, released May 8, 1997;
- ❑ In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, and End User Common Line Charges, First Report and Order, CC Docket Nos. 96-262, 94-1, 91-213 and 95-72, released May 16, 1997;
- ❑ In the Matter of Price Cap Regulation of Local Exchange Carriers Rate-of-Return Sharing and Lower Formula Adjustment, Report and Order, CC Docket No. 93-179, released April 14, 1995;
- ❑ In the Matter of Price Cap Performance Review for Local Exchange Carriers, First Report and Order, (Price Cap Review Order), CC Docket No. 94-1, released April 7, 1995;
- ❑ In the Matter of Access Charge Reform, Notice of Proposed Rulemaking, Third Report and Order, and Notice of Inquiry CC Docket No. 96-262, released December 24, 1996, paragraph 305 (removing lower service band limits);

- ❑ In the Matter of Amendment of Part 36 of the Commission's Rules and Establishment of a Joint Board, Report and Order, CC Docket No. 80-286, released February 3, 1997;
- ❑ In the Matter of Responsible Accounting Office Letter 20, Uniform Accounting for Postretirement Benefits Other Than Pensions in Part 32, Memorandum Opinion and Order and Notice of Proposed Rulemaking, (RAO 20 Order), CC Docket No. 96-22, released March 7, 1996;
- ❑ In the Matter of Transport Rate Structure and Pricing, Second Report and Order, CC Docket No. 91-213, released January 31, 1994;
- ❑ In the Matter of Amendments of Part 69 of the Commission's Rules Relating to Creation of Access Charge Subelements for Open Network Architecture, Report and Order & Order on Further Reconsideration, CC Docket 89-79, released July 11, 1991;
- ❑ In the Matter of Policy and Rules Concerning Rates for Dominant Carriers, Order on Reconsideration, CC Docket 87-313, released April 17, 1991 (LEC Price Cap Reconsideration Order);
- ❑ The Commission's Second Report and Order, In the Matter of Policy and Rules Concerning Rates for Dominant Carriers, CC Docket 87-313, released October 4, 1990 (LEC Price Cap Order); and
- ❑ Parts 61 and 69 of the Commission's Rules as stated herein.

The *LEC Price Cap Order* requires an annual access tariff filing in which Ameritech Operating Companies (Ameritech) is required to adjust the price cap indices (PCIs) for each basket of services, based on the change in the Gross Domestic Product Price Index (GDP-PI), a transitional mechanism (x-factor) and exogenous cost changes. Ameritech has incorporated the demand and revenue/cost of those new services introduced during the 2006 base period, and has calculated the PCI for each affected basket and service category, including the new services, in accordance with the Commission's Rules and the *LEC Price Cap Order*.

## **2. EXOGENOUS COST DEVELOPMENT ( $\Delta Z$ )**

Part 61.45(a) requires that local exchange carriers (LECs) adjust their PCIs to reflect the dollar effect of the exogenous cost changes ( $\Delta Z$ ). According to Parts 61.45(b), this dollar effect must be measured at the base period level of operations.

In the 2007 Annual Filing, Ameritech will make the following exogenous adjustments, which are allowable in accordance with the Code of Federal Regulations (CFR) or were designated in Commission Orders:

- Excess Deferred Tax (EDT)
- Investment Tax Credit (ITC)
- Regulatory Fee Payment Exogenous
- Telecommunications Relay Service (TRS)

Part 61.45(d)(3) requires that exogenous cost changes be apportioned between price cap services and excluded services. Ameritech adjusted the exogenous cost changes to remove impacts associated with services that are excluded from price cap regulation, to the extent that revenues for these services existed and were identifiable. The costs associated with non-price cap

services, included in Parts 36 and 69 costs, are not identifiable. Consequently, Ameritech assumes that the costs for these services are equivalent to the revenue from these services. Ameritech excluded a percentage of exogenous costs equivalent to the percentage of total identifiable interstate access, including revenue associated with approved pricing flexibility petitions, and Interexchange services revenue that represents non-price cap service revenue. In accordance with Part 61.45(d)(3), no exogenous adjustment will be allocated to Average Traffic Sensitive (ATS) revenue.

## **2.A EXCESS DEFERRED TAX**

The FCC, in its *LEC Price Cap Reconsideration Order*, paragraph 72, allowed exogenous treatment of the flow-through of Excess Deferred Income Tax (EDT). In this filing, Ameritech reflects the estimated exogenous cost changes associated with this item for the tariff period. ***Exhibit 2*** provides the development of the EDT impacts for each Ameritech study area. ***Exhibit 2.1*** provides additional historical information for EDT and the remaining EDT available for future annual filings.

## **2.B INVESTMENT TAX CREDIT AMORTIZATION**

The FCC, in its *LEC Price Cap Reconsideration Order*, paragraph 72, allowed exogenous treatment of the flow-through of the repeal of the Invest Tax Credit (ITC). In this filing, Ameritech reflects the estimated exogenous cost changes associated with this item in ***Exhibit 2.2*** for the 2007-08 tariff period. ***Exhibit 2.3*** provides additional historical information for ITC and the remaining ITC available for future annual filings.

## **2.C COMBINED EFFECT**

The combined effect of EDT and ITC is developed to determine the impact of all exogenous cost changes on the interstate revenue requirements. *Exhibit 2.4* summarizes this impact. Details pertaining to this calculation are shown in *Exhibit 2.5*.

## **2.D TELECOMMUNICATIONS RELAY SERVICES (TRS) FUND**

The Commission has also ruled Telecommunications Relay Service (TRS) fund payments<sup>1</sup> may be treated as exogenous. On June 29, 2006, the Commission released FCC 06-1345 (CC Docket 03-123), revising the TRS factor from .00494 to .00535, which is being employed as the basis of this exogenous change as no revised factor has yet been released. Therefore, Ameritech is estimating the total TRS contribution amount for the ensuing tariff period based on the revised factor and revenue. The development of the TRS exogenous cost for this filing is provided on *Exhibit 2.6*, and will be updated in the June 2007 tariff filing if, in the interim, the Commission modifies the factor.

## **2.E REGULATORY FEE PAYMENTS EXOGENOUS ADJUSTMENTS**

The filing for exogenous treatment of Regulatory Fees is consistent with Parts 61.45(a) and 61.45(d)(1)(vi) of the Commission's Rules and Regulations and the Common Carrier Bureau's October 7, 1994 Order.<sup>2</sup> On April 18, 2007, the Commission released its Order, In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2007, MD Docket 07-81 (FCC

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<sup>1</sup> In the Matter of Telecommunications Relay Service, and the Americans with Disabilities Act of 1990, CC Docket No. 90-571, Second Order on Reconsideration and Fourth Report and Order, released September 29, 1993, paragraph 18.

<sup>2</sup> Price Cap Treatment of Regulatory Fees Imposed by Section 9 of the Communications Act Order, (DA 94-1119) (Common Carrier Bureau, released October 7, 1994), (Erratum released November 2, 1994) paragraph 6, granting a waiver to permit exogenous cost treatment of regulatory fees.

07-55) detailing the proposed factor for the Fiscal Year 2007. Ameritech is estimating regulatory fee payments and the corresponding exogenous adjustment based on the proposed factor and revenue. The exogenous adjustment is detail in *Exhibit 2.6*.

## **2.F 2005-2006 Form FCC 492A**

Earnings during the 2006 base period are provided in *Exhibit 2.7*. The final Form 492, detailing 2005 base period earnings, is provided in *Exhibit 2.8*.

## **2.G SUMMARY OF EXOGENOUS COSTS & DISTRIBUTION**

Part 61.45(d)(4) of the Rules requires that exogenous cost changes be apportioned between price cap services and excluded services. The combined exogenous cost changes have been adjusted to remove impacts associated with services that are excluded from price cap regulation, to the extent that revenues for these services existed and were identifiable. The costs associated with non-price cap services, included in Parts 36 and 69 costs, are not identifiable. It is assumed that the costs for these services are equivalent to the revenue from these services. A percentage of exogenous costs are equivalent to the percentage of total identifiable interstate access and Interexchange services revenue that represents non-price cap service revenue. Totals of all exogenous costs applied in this filing are summarized on *Exhibit 2.9*.



### 3. OTHER PRICE CAP INDEX FACTORS/VARIABLES DEVELOPMENT

The annual filing adjustments to the PCI, detailed in Part 61.45(a), require the identification or development of the factors<sup>3</sup> contained in the PCI formulas. The development of these factors, except for  $\Delta Z$ , is described in this section. The development of the  $\Delta Z$  factor is described in Section 2.

These factors are used to calculate a new PCI for each of the price cap baskets. The new PCIs are the benchmark against which the price cap basket Actual Price Indices (APIs), associated with the proposed prices, are measured. The change in the PCI also affects the calculation of the allowable Service Band Index (SBI) Upper Limits, which are used to demonstrate that the proposed service category rates are in-band for the Traffic Sensitive, Trunking, and Special Access baskets. The change in the PCI also affects the allowable Sub-Index upper limits for 800 Database Vertical Services, Trunking and Special Access DS1, DS3 and Zone Density Pricing (ZDP) categories.

The calculations of the PCIs are detailed on form PCI-1 of the Tariff Review Plan (TRP).

#### EXISTING PCI

The  $PCI_{t-1}$  is described in Part 61.45(b)(1)(i) as "the immediately preceding PCI value." For purposes of the 2007 Annual Filing, the immediately preceding PCIs are identified in the existing PCI column of the TRP. The reference document, which is required to identify the transmittal associated with each of the existing PCIs, is provided as *Exhibit 13*.

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<sup>3</sup> The required factors are  $PCI_{t-1}$ , GDP-PI, X, R, g, and  $\Delta Z$

## **GDP-PI**

The GDP-PI factor is described in Part 61.45(c) as "the percentage change in the GDP-PI between the quarter ending six months prior to the effective date of the new annual tariff and the corresponding quarter of the previous year."

The change in the GDP-PI for the 2007 Annual Filing is 2.5439 percent.

## **TRANSITIONAL MECHANISM (X-Factor)**

Part 61.45(b)(1) specifies price cap LECs shall apply a transitional mechanism of 6.5 percent to the Common Line, Traffic Sensitive, and Trunking basket revenues to lower switched and switched transport access charges until the specified target is met. The X-factor for the Special Access Basket for the 2007 Annual Filing is 2.5439 percent pursuant to 61.45 (b)(1)(iv).

## **'R' VARIABLE**

The 'R' variable, as described in Part 61.45 (b)(1)(i), is calculated by multiplying base period quantities by the rates that were in effect at the time of the last PCI update.

The base period is defined in Part 61.3 (g) as "the 12-month period ending six months prior to the effective date of annual price cap tariffs." For purposes of this filing, the base period is the calendar year 2006.

The calculation of the 'R' variable for the Common Line, Traffic Sensitive, Trunking and Special Access baskets will be provided as part of the June 2007 tariff filing.

## **COMMON LINE USAGE GROWTH (g)**

Ameritech is no longer required to develop a 'g' factor since it no longer assesses Minutes of Use (MOU) Carrier Common Line (CCL) charges.

## **4. DEVELOPMENT OF 2006 BASE PERIOD DEMAND**

Historical base period demand is required for the Common Line, Traffic Sensitive, Trunking, and Special Access baskets. Demand information for these baskets will also be provided as part of the June 2007 tariff filing.

## **5. COMMON LINE BASKET RATE DEVELOPMENT**

The Common Line Basket rates in the June 2007 tariff filing will be developed in accordance with Part 69.152 of the Rules. Ameritech does not currently receive Universal Service Fund (USF) Support Per Line pursuant to Part 54.807, thus no update to adjust for changes in USF Per Line support is included.

## **6. TRAFFIC SENSITIVE BASKET PCI, API, SBI AND RATE DEVELOPMENT**

In accordance with Part 61.45, the existing and proposed PCIs for the Traffic Sensitive Basket are detailed on the PCI-1 form of the TRP. The associated API and the SBI for each of the service categories and sub categories will be provided as part of the June 2007 tariff filing in conjunction with the development of the Traffic Sensitive Basket 'R' value.

## **7. INTEREXCHANGE BASKET PCI, API AND RATE DEVELOPMENT**

Ameritech does not have revenue associated with the Interexchange Basket; therefore, no update is being made to the Basket's PC, and no additional information will be provided in the June 2007 tariff filing.

## **8. TRUNKING BASKET PCI, API, SBI AND RATE DEVELOPMENT**

In accordance with Parts 61.45(a), 61.46(a), 61.47(a), 61.47(b) and 61.47(e), the determination of the proposed Trunking Basket rates, PCI, API, SBI and SBI Upper Limits for each of the service categories or sub categories of Tandem Switching, Voice Grade, High Cap & Other, and Signaling Interconnection associated with the 2007 Annual Filing are developed using 2006 Base Period demand. The 2007 Annual Filing PCI calculation is detailed on TRP form PCI-1. The development of the Trunking Basket 'R' value, API, SBI, and SBI Upper Limits will be provided as part of the June 2007 tariff filing.

## **9. SPECIAL ACCESS BASKET PCI, API, SBI AND RATE DEVELOPMENT**

In accordance with Parts 61.45(a), 61.46(a), 61.47(a), 61.47(b) and 61.47(e), the determination of the proposed Special Access Basket rates, PCI, API, SBI, and SBI Upper Limits for each of the service categories or sub categories of Voice Grade, Audio & Video, and High Cap & DDS associated with the 2007 Annual Filing are developed using 2006 Base Period. The 2007 Annual Filing PCI calculation is detailed on TRP form PCI-1. The development of the Special Access Basket 'R' value, API, SBI, and SBI Upper Limits will be provided as part of the June 2007 tariff filing.

## **10. PART 69 WAIVERS**

The following is a list of Part 69 waivers involving Ameritech, Southwestern Bell Telephone Company (SWBT), Pacific Bell Telephone Company (PBTC), Nevada Bell Telephone Company (NBTC), The Southern New England Telephone Company (SNET), and BellSouth Telecommunications, Inc. (BellSouth), collectively the AT&T Companies, including a citation to the Order granting the waiver and the basket and service category, if applicable, and the treatment of rate elements created by the waiver:

- SBC Companies – Order (DA 05-1607), released June 6, 2005, granting permission to waive True IP to PSTN (TIPTop) services from price caps for the 2005 Annual access tariff filing requirements.
- SNET and Ameritech - Order, released December 2, 1996, granting waiver of Parts 69.110, 69.111 and 69.112 to establish new rate elements associated with a new SONET-based switched transport service. These charges are included in the HiCap Category of the Trunking Basket.
- Ameritech - Order, released March 27, 1996, to establish unbundled rate elements for SS7 service. These rate elements are included in the Traffic Sensitive and Trunking baskets.
- SWBT - Bureau Order, released January 26, 1996, granting the establishment of a new-switched access rate element to recover the costs incurred in provisioning of file transfer in conjunction with DirectLine Custom Service. This rate element is in the Information Service Category of the Traffic Sensitive Basket.
- SWBT - Bureau M O & O, released December 6, 1994, granting the establishment of five new rate elements for Designated Operator Services (DOS). These rate elements are included in the Interexchange Basket.
- SBC Companies - Bureau Order, released November 30, 1994, granting establishment of a new rate element for 500 Access Service. SWBT, Ameritech, and PBTC include this rate element in the Local Switching Service Category of the Traffic Sensitive Basket. SNET includes this rate element in the Database Service Category of the Traffic Sensitive Basket. NBTC does not offer the service.
- SBC Companies - Bureau Order, released December 17, 1993, granting a waiver of Part 69.113, for all LECs to allow tariffing of a Nonpremium charge for the interconnection charge. This resolved a conflict between the Transport Order and the Rules. This rate element is included in the Interconnection Service Category of the Trunking Basket.

- SBC Companies - Bureau Order, released July 23, 1993, granting a blanket waiver of Part 69 of the Commission Rules to enable all Local Exchange Carriers to tariff interstate access elements that reasonably reflect facility arrangements for transport between the Telecommunications Relay Service (TRS) service bureau and associated tandem switches until October 31, 1995, when the interim local transport structure was scheduled to be replaced. These rate elements are included in the HiCap Service Category of the Trunking Basket.
- SBC Companies - Bureau Order, released February 26, 1993, granting an additional routing option for Interexchange carriers (IXCs). It allows IXCs to terminate FGB traffic to nonconverted end offices over the IXC's access tandem network FGD trunk groups at rates equal to the FGD (premium rate). Implementation of this provision affects Local Switching demand in the Traffic Sensitive Basket, Interconnection demand in the Trunking Basket and the Carrier Common Line demand in the Common Line Basket.
- Ameritech - Order, released February 12, 1992, granting permission to assess the Ameritech Directory Search (ADS) rates, formerly Electronic Directory Search. These rate elements are included in the Information Service Category of the Traffic Sensitive Basket.
- SBC Companies - Bureau MO&O, released January 30, 1992, granting establishment of sub-elements in the Switched Access transport rate element to recover the costs associated with a Dedicated Network Access Line (DNAL) Basic Service Arrangement (BSA). This rate element is included in the Local Switching Category of the Traffic Sensitive Basket.
- SBC Companies - Commission Order, released October 9, 1991, granting establishment of an Information Surcharge rate element within the Information Service Category. This rate element is included in the Traffic Sensitive Basket.
- SNET and Ameritech - Commission Order, released March 5, 1991, In the Matter of Ameritech's Petition for Waiver of Section 69.4(b) of the Commission's Rules. The Commission established a blanket waiver for all carriers who provide operator services to include Line Status Verification, Call Interruption and Operator Transfer. The Commission did not specify applicable price cap baskets or service categories in the waiver.
- SWBT - Bureau MO&O, released June 15, 1990, granting establishment of new switched access rate elements to recover the cost incurred in the provision of DirectLine Custom Service. These rate elements are included in the Information Service Category of the Traffic Sensitive Basket.
- SWBT and PBTC - Bureau MO&O, releases May 31, 1990, granting the establishment of rate elements for Operator Call Processing Service. These rate elements are included in the Interexchange Basket.
- SBC Companies - Bureau MO&O, released September 28, 1988, granting establishment of a rate element for the recovery of costs incurred in the provision of 900 Access Service. This

rate element is included in the Local Switching Service Category of the Traffic Sensitive Basket.

- SBC Companies - Order, released September 3, 1987, granting permission to determine the Message Unit Credit (MUC) on a statewide basis instead of an exchange basis, as stated in Part 69.106(c). The waiver was extended via the 1989 and 1990 Waiver Orders. This charge is included in the Local Switching Service Category of the Traffic Sensitive Basket.
- SBC Companies - Bureau MO&O, released June 12, 1987, granting an additional routing option for Interexchange carriers to have their Nonpremium 800 service traffic routed over existing access tandem network Feature Group D trunk groups at premium rates. This affects the rate elements included in the Local Switching and Interconnection service categories of the Traffic Sensitive and Trunking baskets, respectively.
- SNET - Commission Order, released June 7, 1985, granting permission to disaggregate the Directory Assistance Charge into a charge "per call" and a charge "per minute of use (MOU)." This waiver was extended indefinitely "pending further order" in the Commission's 1989 Waiver Order, paragraph 6, released December 2, 1988. This charge is included in the Information Service Category of the Traffic Sensitive Basket.
- SBC Companies - Commission MO&O, released August 22, 1983, established the \$25.00 Special Access Surcharge (waiving Part 69.115 (c)) for private line subscribers who actually leak traffic into the local network. This grant was extended in the 1985 Waiver Order, released June 7, 1985, and again addressed in the 1989 Waiver Order, released December 2, 1988, granting waiver in force pending resolution of the Special Access Surcharge issues. This rate element is included in the Common Line Basket.

## 11. NEW SERVICES INCLUDED IN THE PRICE CAP INDICES

In accordance with 61.42(g), the following new services are being added to the Ameritech price cap indices in the 2007 Annual Filing:

Optical Carrier Network Point-to-Point (OCN PTP) 1+1 Protection (OC-3/OC-3c, OC-12/OC-12c, OC-48/OC-48c, and OC-192/OC-192c)	Special Access	High Cap & DDS - Special
DSRS (Dedicated SONET Ring Service) OC3, OC12, OC48, and OC192 Interface Ports – Re-Map	Special Access	High Cap & DDS – Special
Multi-Service Optical Network Ring Service (MON) Ports (ISC-1, ISC-3, SONET OC-192/OC-192c, DVB-ASI, ESCON, Fast Ethernet, D1 Video SONET OC-3/OC-3c Sub-Rate, OC-48/OC-48c Sub-Rate	Special Access	High Cap & DDS – Special

### **Price Flex**

In the Pricing Flexibility Order,<sup>4</sup> the Commission determined in paragraph 173 that whenever a price cap LEC can demonstrate in an annual access tariff filing that a new service would be properly incorporated into a basket or service band for which it has been granted Phase I or Phase II regulatory relief in any MSA or MSAs, it will be granted the same relief in the same MSAs for that new service.

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<sup>4</sup> Fifth Report and Order and Further Notice of Proposed Rulemaking, In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Interexchange Carrier Purchases of Switched Access Services Offered by Competitive Local Exchange Carriers, and Petition of U S West Communications, Inc. for Forbearance from Regulation as a Dominant Carrier in the Phoenix, Arizona MSA, CC Docket Nos. 96-262, and 94-1, CCB/CPD File No. 98-63, and CC Docket No. 98-157, released August 27, 1999.



Optical Carrier Network Point-to-Point (OCN PTP) added the 1+1 protection to the OCN PTP product line, which is already incorporated into the Special Access Price Cap Basket, High Cap and DDS Special Service Category, and has been granted pricing flexibility.

DSRS (Dedicated SONET Ring Service) OC3, OC12, OC48 and OC192 Interface Ports – Re-Maps are additional features to DSRS, which is already incorporated into the Special Access Price Cap Basket, High Cap and DDS Special Service Category, and has been granted pricing flexibility.

Multi-Service Optical Network Ring Service (MON) has added new interface port features to MON, which is already incorporated into the Special Access Price Cap Basket, High Cap and DDS Special Service Category, and has been granted pricing flexibility.

Ameritech has received Phase I or Phase II pricing flexibility for services contained in the previously mentioned baskets and service bands in qualifying MSAs as identified in Memorandum Opinion and Order (MO&O), CCB/CPD No. 00-26, DA 01-670, released March 14, 2001; the Memorandum Opinion and Order (MO&O), CCB/CPD No. 01-32, DA 02-823, released April 11, 2002; the Memorandum Opinion and Order (MO&O), WCB/Pricing No. 03-08, DA 03-1721, released May 15, 2003; the Memorandum Opinion and Order (MO&O), WCB/Pricing No. 04-09, DA 04-1643, released June 8, 2004, and the Memorandum Opinion and Order (MO&O), WCB/Pricing No. 05-14, DA 05-1525, released May 25, 2005. Therefore, Ameritech requests the above features be afforded the same pricing flexibility.

Ameritech has demonstrated that the Optical Carrier Network Point-to-Point, MON, and DSRS Interface Ports would be properly incorporated into the Special Access Price Cap Basket, High Cap and DDS Special Service Category. Therefore, Ameritech requests the services listed above be afforded the same pricing flexibility.

## **12. SERVICES EXCLUDED FROM PRICE CAPS**

The Commission's Order, In the Matter of Material to be Filed in Support of the 2001 Annual Access Tariff Filings (2001 TRP Order), released April 30, 2001, required LECs, for the first time, to provide support documentation detailing services excluded from price cap regulation. In *Exhibit 12*, Ameritech has included a list of all services excluded from price cap regulation which has been revised to reflect activity subsequent to the 2006 Annual Filing in accordance with the *2007 TRP Order*.

## **13. IND-1 REFERENCE**

The reference document, which is required to identify the transmittals associated with each of the existing PCIs, is provided as *Exhibit 13*.

## **14. AVERAGE TRAFFIC SENSITIVE (ATS) RATE**

Pursuant to 61.45(i)(3), Ameritech has recalculated the Average Traffic Sensitive (ATS) rate to reflect the new base period level. The rate is detailed on TRP form TGT-1. The ATS rate is developed in accordance with Part 61.3(e) by dividing the Switched Traffic Sensitive Revenue by the Local Switching MOUs, and adding to that, the result of dividing Switched Transport Revenue by the LEC Transport MOUs.

LEC Transport MOUs consist of the Transport Interconnection Charge (TIC) MOUs, Meetpoint Tandem Switched MOUs in which Ameritech does not bill TIC, and Meetpoint Direct Routed MOUs in which Ameritech does not bill TIC.

The Meetpoint Tandem Switched MOUs are the total interstate MOUs carried between a Ameritech tandem and an independent company-owned end office (EO). In this situation, the initial billing company is the independent company that owns the EO, who in turn bills the TIC. As Ameritech does not bill the TIC, these MOUs are not in the TIC MOU quantities.

The Meetpoint Direct Routed MOUs are the total interstate MOUs carried on direct routed circuits from an Ameritech serving wire center (SWC ) to an independent company owned EO. In this situation, the initial billing company is the independent company that owns the EO, who in turn bills the TIC. As Ameritech does not bill the TIC, these MOUs are not in the TIC MOU quantities.

The development of the total LEC Transport MOUs is shown on ***Exhibit 14***. The total LEC Transport MOUs are input on the TRP form TGT-1, line 430.

## **15. RATE COMPARISON**

This information will be provided as part of the June 2007 tariff filing.

## **16. EXHIBITS**

This section provides the Exhibits referenced in prior sections of the D&J.

- Exhibit 2 – Excess Deferred Tax (EDT)
- Exhibit 2.1 – Historical EDT Schedule
- Exhibit 2.2 – Investment Tax Credit (ITC)
- Exhibit 2.3 – Historical ITC Schedule
- Exhibit 2.4 – Combined Effect
- Exhibit 2.5 – EDT/ITC Adjusted for Non-Price Cap Services
- Exhibit 2.6 – Telecommunications Relay Service and Regulatory Fee Exogenous
- Exhibit 2.7 – 2006 Form FCC 492A
- Exhibit 2.8 – 2005 Form FCC 492A
- Exhibit 2.9 – Summary of Exogenous Costs & Distribution
- Exhibit 12 – Excluded Services List
- Exhibit 13 – IND-1 Reference
- Exhibit 14 – Development of LEC Transport MOUs
- Tariff Review Plan (TRP)

**Ameritech Operating Companies**  
**Calculation of Excess Deferred Tax (EDT) Exogenous Cost**  
**for the 2007 Annual Filing**

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	Company Total (a)	Interstate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
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**Base Year Data****Distribution of Deferred Income Taxes**

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1 Interstate Allocation Factor

**Change In Excess Deferred Tax Amounts****RATEBASE**

2 Change in Excess DIT Payable

(5,172)	(1,219)	(612)	(117)	(208)	(1)	(279)
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**COST OF SERVICE**

3 Base Year PCI Excess DIT Amortization

5,172	1,219	612	117	208	1	279
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4 Base Year PCI t-1 Excess DIT Amortization

5,747	1,354	680	130	231	1	310
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5 Change in Excess DIT Amortization (L3-L4)

(575)	(136)	(68)	(13)	(23)	(0)	(31)
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**Calculation of Revenue Requirement Impact****RATEBASE**

6 Annual Rate Base Impact (- L2)

N/A	N/A	612	117	208	1	279
-----	-----	-----	-----	-----	---	-----

7 Net Return (L6\*.1125)

N/A	N/A	69	13	23	0	31
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8 Tax Gross-up Factor [1/(1- Composite Tax Rate)]

N/A	N/A	1.6430	1.6487	1.6480	1.6254	1.6514
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9 Excess DIT Rate Base Revenue Req. Impact (L7\*L8)

N/A	N/A	113	22	39	0	52
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**COST OF SERVICE**

10 Excess DIT Impact on Federal Income Tax (- L5)

N/A	N/A	68	13	23	0	31
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11 Tax Gross-up Factor [1/(1- Composite Tax Rate)]

N/A	N/A	1.6431	1.6488	1.6481	1.6257	1.6515
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12 Excess DIT Revenue Requirement Impact (L10\*L11)

N/A	N/A	112	21	38	0	51
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13 **Total Excess DIT Rev. Req. Impact (L9+L12)**

N/A	448	225	43	77	0	103
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(Interstate = Sum of Columns c through g)

**Ameritech Operating Companies**  
**AIT-ILLINOIS**  
**Calculation of Excess Deferred Tax (EDT) Exogenous Cost**  
**for the 2007 Annual Filing**

(000)

	<b>Company Total (a)</b>	<b>Interstate (b)</b>	<b>Common Line (c)</b>	<b>Information and Switching (d)</b>	<b>Transport (Trunking) (e)</b>	<b>IX (f)</b>	<b>Special (g)</b>
<b>Base Year Data</b>							
<b><u>Distribution of Deferred Income Taxes</u></b>							
1 Interstate Allocation Factor		22.53%	10.80%	3.08%	4.55%	0.01%	4.05%
<b><u>Change In Excess Deferred Tax Amounts</u></b>							
<b><u>RATEBASE</u></b>							
2 Change in Excess DIT Payable	(1,475)	(332)	(159)	(45)	(67)	(0)	(60)
<b><u>COST OF SERVICE</u></b>							
3 Base Year PCI Excess DIT Amortization	1,475	332	159	45	67	0	60
4 Base Year PCI t-1 Excess DIT Amortization	1,639	369	177	50	75	0	66
5 Change in Excess DIT Amortization (L3-L4)	(164)	(37)	(18)	(5)	(7)	(0)	(7)
<b><u>Calculation of Revenue Requirement Impact</u></b>							
<b><u>RATEBASE</u></b>							
6 Annual Rate Base Impact (- L2)	N/A	N/A	159	45	67	0	60
7 Net Return (L6*.1125)	N/A	N/A	18	5	8	0	7
8 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6596	1.6596	1.6596	1.6596	1.6596
9 Excess DIT Rate Base Revenue Req. Impact (L7*L8)	N/A	N/A	30	8	13	0	11
<b><u>COST OF SERVICE</u></b>							
10 Excess DIT Impact on Federal Income Tax (- L5)	N/A	N/A	18	5	7	0	7
11 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6596	1.6596	1.6596	1.6596	1.6596
12 Excess DIT Revenue Requirement Impact (L10*L11)	N/A	N/A	29	8	12	0	11
13 <b>Total Excess DIT Rev. Req. Impact (L9+L12)</b> (Interstate = Sum of Columns c through g)	N/A	<b>123</b>	<b>59</b>	<b>17</b>	<b>25</b>	<b>0</b>	<b>22</b>

**Ameritech Operating Companies  
AIT-INDIANA  
Calculation of Excess Deferred Tax (EDT) Exogenous Cost  
for the 2007 Annual Filing**

(000)

	<b>Company Total (a)</b>	<b>Interstate (b)</b>	<b>Common Line (c)</b>	<b>Information and Switching (d)</b>	<b>Transport (Trunking) (e)</b>	<b>IX (f)</b>	<b>Special (g)</b>
<b>Base Year Data</b>							
<b><u>Distribution of Deferred Income Taxes</u></b>							
1 Interstate Allocation Factor		24.81%	13.38%	2.18%	2.51%	0.03%	6.69%
<b><u>Change In Excess Deferred Tax Amounts</u></b>							
<b><u>RATEBASE</u></b>							
2 Change in Excess DIT Payable	(613)	(152)	(82)	(13)	(15)	(0)	(41)
<b><u>COST OF SERVICE</u></b>							
3 Base Year PCI Excess DIT Amortization	613	152	82	13	15	0	41
4 Base Year PCI t-1 Excess DIT Amortization	682	169	91	15	17	0	46
5 Change in Excess DIT Amortization (L3-L4)	(69)	(17)	(9)	(2)	(2)	(0)	(5)
<b><u>Calculation of Revenue Requirement Impact</u></b>							
<b><u>RATEBASE</u></b>							
6 Annual Rate Base Impact (- L2)	N/A	N/A	82	13	15	0	41
7 Net Return (L6*.1125)	N/A	N/A	9	2	2	0	5
8 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6814	1.6814	1.6814	1.6814	1.6814
9 Excess DIT Rate Base Revenue Req. Impact (L7*L8)	N/A	N/A	16	3	3	0	8
<b><u>COST OF SERVICE</u></b>							
10 Excess DIT Impact on Federal Income Tax (- L5)	N/A	N/A	9	2	2	0	5
11 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6814	1.6814	1.6814	1.6814	1.6814
12 Excess DIT Revenue Requirement Impact (L10*L11)	N/A	N/A	16	3	3	0	8
13 <b>Total Excess DIT Rev. Req. Impact (L9+L12)</b>	N/A	<b>57</b>	<b>31</b>	<b>5</b>	<b>6</b>	<b>0</b>	<b>16</b>
(Interstate = Sum of Columns c through g)							

**Ameritech Operating Companies**  
**AIT-MICHIGAN**  
**Calculation of Excess Deferred Tax (EDT) Exogenous Cost**  
**for the 2007 Annual Filing**

(000)

	<b>Company Total (a)</b>	<b>Interstate (b)</b>	<b>Common Line (c)</b>	<b>Information and Switching (d)</b>	<b>Transport (Trunking) (e)</b>	<b>IX (f)</b>	<b>Special (g)</b>
<b>Base Year Data</b>							
<b><u>Distribution of Deferred Income Taxes</u></b>							
1 Interstate Allocation Factor		21.79%	12.39%	1.75%	3.37%	0.02%	4.23%
<b><u>Change In Excess Deferred Tax Amounts</u></b>							
<b><u>RATEBASE</u></b>							
2 Change in Excess DIT Payable	(1,138)	(248)	(141)	(20)	(38)	(0)	(48)
<b><u>COST OF SERVICE</u></b>							
3 Base Year PCI Excess DIT Amortization	1,138	248	141	20	38	0	48
4 Base Year PCI t-1 Excess DIT Amortization	1,264	275	157	22	43	0	53
5 Change in Excess DIT Amortization (L3-L4)	(126)	(27)	(16)	(2)	(4)	(0)	(5)
<b><u>Calculation of Revenue Requirement Impact</u></b>							
<b><u>RATEBASE</u></b>							
6 Annual Rate Base Impact (- L2)	N/A	N/A	141	20	38	0	48
7 Net Return (L6*.1125)	N/A	N/A	16	2	4	0	5
8 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.5454	1.5454	1.5454	1.5454	1.5454
9 Excess DIT Rate Base Revenue Req. Impact (L7*L8)	N/A	N/A	25	3	7	0	8
<b><u>COST OF SERVICE</u></b>							
10 Excess DIT Impact on Federal Income Tax (- L5)	N/A	N/A	16	2	4	0	5
11 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.5454	1.5454	1.5454	1.5454	1.5454
12 Excess DIT Revenue Requirement Impact (L10*L11)	N/A	N/A	24	3	7	0	8
13 <b>Total Excess DIT Rev. Req. Impact (L9+L12)</b>	N/A	<b>85</b>	<b>49</b>	<b>7</b>	<b>13</b>	<b>0</b>	<b>17</b>
(Interstate = Sum of Columns c through g)							



**Ameritech Operating Companies  
AIT-OHIO  
Calculation of Excess Deferred Tax (EDT) Exogenous Cost  
for the 2007 Annual Filing**

(000)

	<b>Company Total (a)</b>	<b>Interstate (b)</b>	<b>Common Line (c)</b>	<b>Information and Switching (d)</b>	<b>Transport (Trunking) (e)</b>	<b>IX (f)</b>	<b>Special (g)</b>
<b>Base Year Data</b>							
<b><u>Distribution of Deferred Income Taxes</u></b>							
1 Interstate Allocation Factor		24.75%	11.61%	2.00%	4.75%	0.00%	6.35%
<b><u>Change In Excess Deferred Tax Amounts</u></b>							
<b><u>RATEBASE</u></b>							
2 Change in Excess DIT Payable	(1,316)	(326)	(153)	(26)	(63)	-	(84)
<b><u>COST OF SERVICE</u></b>							
3 Base Year PCI Excess DIT Amortization	1,316	326	153	26	63	-	84
4 Base Year PCI t-1 Excess DIT Amortization	1,462	362	170	29	69	-	93
5 Change in Excess DIT Amortization (L3-L4)	(146)	(36)	(17)	(3)	(7)	-	(9)
<b><u>Calculation of Revenue Requirement Impact</u></b>							
<b><u>RATEBASE</u></b>							
6 Annual Rate Base Impact (- L2)	N/A	N/A	153	26	63	-	84
7 Net Return (L6*.1125)	N/A	N/A	17	3	7	-	9
8 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6814	1.6814	1.6814	1.6814	1.6814
9 Excess DIT Rate Base Revenue Req. Impact (L7*L8)	N/A	N/A	29	5	12	-	16
<b><u>COST OF SERVICE</u></b>							
10 Excess DIT Impact on Federal Income Tax (- L5)	N/A	N/A	17	3	7	-	9
11 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6814	1.6814	1.6814	1.6814	1.6814
12 Excess DIT Revenue Requirement Impact (L10*L11)	N/A	N/A	29	5	12	-	16
13 <b>Total Excess DIT Rev. Req. Impact (L9+L12)</b>	N/A	<b>122</b>	<b>57</b>	<b>10</b>	<b>23</b>	<b>-</b>	<b>31</b>
(Interstate = Sum of Columns c through g)							

**Ameritech Operating Companies**  
**AIT-WISCONSIN**  
**Calculation of Excess Deferred Tax (EDT) Exogenous Cost**  
**for the 2007 Annual Filing**

(000)

	<b>Company Total (a)</b>	<b>Interstate (b)</b>	<b>Common Line (c)</b>	<b>Information and Switching (d)</b>	<b>Transport (Trunking) (e)</b>	<b>IX (f)</b>	<b>Special (g)</b>
<b>Base Year Data</b>							
<b><u>Distribution of Deferred Income Taxes</u></b>							
1 Interstate Allocation Factor		25.53%	12.19%	1.93%	3.96%	0.01%	7.40%
<b><u>Change In Excess Deferred Tax Amounts</u></b>							
<b><u>RATEBASE</u></b>							
2 Change in Excess DIT Payable	(630)	(161)	(77)	(12)	(25)	(0)	(47)
<b><u>COST OF SERVICE</u></b>							
3 Base Year PCI Excess DIT Amortization	630	161	77	12	25	0	47
4 Base Year PCI t-1 Excess DIT Amortization	700	179	85	14	28	0	52
5 Change in Excess DIT Amortization (L3-L4)	(70)	(18)	(9)	(1)	(3)	(0)	(5)
<b><u>Calculation of Revenue Requirement Impact</u></b>							
<b><u>RATEBASE</u></b>							
6 Annual Rate Base Impact (- L2)	N/A	N/A	77	12	25	0	47
7 Net Return (L6*.1125)	N/A	N/A	9	1	3	0	5
8 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6704	1.6704	1.6704	1.6704	1.6704
9 Excess DIT Rate Base Revenue Req. Impact (L7*L8)	N/A	N/A	14	2	5	0	9
<b><u>COST OF SERVICE</u></b>							
10 Excess DIT Impact on Federal Income Tax (- L5)	N/A	N/A	9	1	3	0	5
11 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6704	1.6704	1.6704	1.6704	1.6704
12 Excess DIT Revenue Requirement Impact (L10*L11)	N/A	N/A	14	2	5	0	9
13 <b>Total Excess DIT Rev. Req. Impact (L9+L12)</b>	N/A	<b>60</b>	<b>29</b>	<b>5</b>	<b>9</b>	<b>0</b>	<b>17</b>
(Interstate = Sum of Columns c through g)							
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6596	1.6596	1.6596	1.6596	1.6596
7 <b>ITC-A Revenue Requirement Impact (L5*L6)</b>	N/A	<b>62</b>	<b>31</b>	<b>8</b>	<b>12</b>	<b>0</b>	<b>11</b>
(Interstate = Sum of Columns c through g)							

Exhibit 2.1

**Ameritech Operating Companies**  
**Computation of Excess Deferred Income Tax Available for Exogenous Treatment**  
**2007 Annual Access Tariff Filing**  
**(Interstate Dollars in Thousands)**

	<u>Tariff Year</u>	<u>Amount</u>
1 Excess Deferred Income Tax Amortization (EDIT-A) at Price Cap Inception (Tariff Year 1990 - 1991)	1990-91	14,336
2 Annual Change in EDIT-A - Per Annual Access Tariff Filings (Prior to Tax Gross up and Excluded Services reduction)	1991-92	1,412
	1992-93	1,102
	1993-94	46
	1994-95	1,865
	1995-96	1,613
	1996-97	2,582
	1997-98	375
	1998-99	(70)
	1999-00	650
	2000-01	337
	2001-02	796
	2002-03	184
	2003-04	189
	2004-05	814
	2005-06	946
	2006-07	138
	2007-08	<u>136</u>
3 Cumulative Change		<u>13,115</u>
4 Net Balance (Line 1 - Line 3)		<u><u>1,221</u></u>

**Ameritech Operating Companies**  
**Calculation of Investment Tax Credit (ITC) Exogenous Cost**  
**for the 2007 Annual Filing**

(000)

	<b>Company Total</b>	<b>Interstate</b>	<b>Common Line</b>	<b>Switching</b>	<b>Transport (Trunking)</b>	<b>IX</b>	<b>Special</b>
	(a)	(b)	(c )	(d)	(e)	(f)	(g)
<b>Base Year Data</b>	-	-	-	-	-	-	-
1 Interstate Allocation Factor							
<b><u>Change In Investment Tax Credit Amounts</u></b>							
2 Base Year PCI ITC Amortization	5,422	1,323	679	129	223	-	286
3 Base Year PCI t-1 ITC Amortization	7,121	1,736	901	165	284	-	379
4 Change In ITC Amortization (L2-L3)	(1,699)	(413)	(222)	(36)	(61)	-	(93)
<b><u>Calculation of Revenue Requirement Impact</u></b>							
5 ITC-A Impact on Federal Income Tax (-L4)	N/A	413	222	36	61	-	93
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	1.6157	1.6226	1.5864	1.6337		1.6297
7 <b>ITC-A Revenue Requirement Impact (L5*L6)</b>	N/A	<b>667</b>	<b>360</b>	<b>57</b>	<b>99</b>	<b>-</b>	<b>151</b>

(Interstate = Sum of Columns c through g)

**Ameritech Operating Companies**  
**AIT-ILLINOIS**  
**Calculation of Investment Tax Credit (ITC) Exogenous Cost**  
**for the 2007 Annual Filing**

(000)

	<b>Company Total</b> (a)	<b>Interstate</b> (b)	<b>Common Line</b> (c)	<b>Information and Switching</b> (d)	<b>Transport (Trunking)</b> (e)	<b>IX</b> (f)	<b>Special</b> (g)
<b>Base Year Data</b>							
1 Interstate Allocation Factor		23.45%	11.54%	3.13%	4.65%	0.00%	4.02%
<b><u>Change In Investment Tax Credit Amounts</u></b>							
2 Base Year PCI ITC Amortization	1,757	412	203	55	82	-	71
3 Base Year PCI t-1 ITC Amortization	1,917	450	221	60	89	-	77
4 Change In ITC Amortization (L2-L3)	(160)	(38)	(18)	(5)	(7)	-	(6)
<b><u>Calculation of Revenue Requirement Impact</u></b>							
5 ITC-A Impact on Federal Income Tax (-L4)	N/A	N/A	18	5	7	-	6
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6596	1.6596	1.6596	1.6596	1.6596
7 <b>ITC-A Revenue Requirement Impact (L5*L6)</b>	N/A	<b>62</b>	<b>31</b>	<b>8</b>	<b>12</b>	<b>0</b>	<b>11</b>
(Interstate = Sum of Columns c through g)							

Ameritech Operating Companies  
AIT-INDIANA  
Calculation of Investment Tax Credit (ITC) Exogenous Cost  
for the 2007 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c )	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
<b>Base Year Data</b>							
1 Interstate Allocation Factor		25.77%	14.09%	2.29%	2.52%	0.00%	6.76%
<b><u>Change In Investment Tax Credit Amounts</u></b>							
2 Base Year PCI ITC Amortization	572	147	81	13	14	-	39
3 Base Year PCI t-1 ITC Amortization	892	230	126	20	22	-	60
4 Change In ITC Amortization (L2-L3)	(320)	(82)	(45)	(7)	(8)	-	(22)
<b>Calculation of Revenue Requirement Impact</b>							
5 ITC-A Impact on Federal Income Tax (-L4)	N/A	N/A	45	7	8	-	22
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6814	1.6814	1.6814	1.6814	1.6814
7 ITC-A Revenue Requirement Impact (L5*L6)	N/A	<b>138</b>	<b>76</b>	<b>12</b>	<b>14</b>	<b>0</b>	<b>36</b>
(Interstate = Sum of Columns c through g)							

Ameritech Operating Companies  
AIT-MICHIGAN  
Calculation of Investment Tax Credit (ITC) Exogenous Cost  
for the 2007 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c )	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
<b>Base Year Data</b>							
1 Interstate Allocation Factor		22.70%	13.08%	1.92%	3.35%	0.00%	4.29%
<b><u>Change In Investment Tax Credit Amounts</u></b>							
2 Base Year PCI ITC Amortization	1,232	280	161	24	41	-	53
3 Base Year PCI t-1 ITC Amortization	1,984	450	260	38	66	-	85
4 Change In ITC Amortization (L2-L3)	(752)	(171)	(98)	(14)	(25)	-	(32)
<b>Calculation of Revenue Requirement Impact</b>							
5 ITC-A Impact on Federal Income Tax (-L4)	N/A	N/A	98	14	25	-	32
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.5454	1.5454	1.5454	1.5454	1.5454
7 ITC-A Revenue Requirement Impact (L5*L6)	N/A	263	152	22	39	0	50
(Interstate = Sum of Columns c through g)							

Ameritech Operating Companies  
AIT-OHIO  
Calculation of Investment Tax Credit (ITC) Exogenous Cost  
for the 2007 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c )	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
<b>Base Year Data</b>							
1 Interstate Allocation Factor		25.89%	12.40%	2.03%	4.93%	0.00%	6.45%
<b><u>Change In Investment Tax Credit Amounts</u></b>							
2 Base Year PCI ITC Amortization	1,236	320	153	25	61	0	80
3 Base Year PCI t-1 ITC Amortization	1,378	357	171	28	68	0	89
4 Change In ITC Amortization (L2-L3)	(142)	(37)	(18)	(3)	(7)	0	(9)
<b>Calculation of Revenue Requirement Impact</b>							
5 ITC-A Impact on Federal Income Tax (-L4)	N/A	N/A	18	3	7	0	9
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6814	1.6814	1.6814	1.6814	1.6814
7 ITC-A Revenue Requirement Impact (L5*L6)	N/A	<b>62</b>	<b>30</b>	<b>5</b>	<b>12</b>	<b>0</b>	<b>15</b>
(Interstate = Sum of Columns c through g)							



Ameritech Operating Companies  
AIT-WISCONSIN  
Calculation of Investment Tax Credit (ITC) Exogenous Cost  
for the 2007 Annual Filing

(000)

	Company Total (a)	Interstate (b)	Common Line (c )	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
<b>Base Year Data</b>							
1 Interstate Allocation Factor		26.27%	13.03%	1.93%	3.97%	0.00%	7.13%
<b><u>Change In Investment Tax Credit Amounts</u></b>							
2 Base Year PCI ITC Amortization	625	164	81	12	25	0	45
3 Base Year PCI t-1 ITC Amortization	950	250	124	18	38	0	68
4 Change In ITC Amortization (L2-L3)	(325)	(85)	(42)	(6)	(13)	0	(23)
<b>Calculation of Revenue Requirement Impact</b>							
5 ITC-A Impact on Federal Income Tax (-L4)	N/A	N/A	42	6	13	0	23
6 Tax Gross-up Factor [1/(1- Composite Tax Rate)]	N/A	N/A	1.6704	1.6704	1.6704	1.6704	1.6704
7 ITC-A Revenue Requirement Impact (L5*L6)	N/A	<b>142</b>	<b>71</b>	<b>10</b>	<b>22</b>	<b>0</b>	<b>39</b>
(Interstate = Sum of Columns c through g)							

**Ameritech Operating Companies**  
**Computation of Investment Tax Credit Available for Exogenous Treatment**  
**2007 Annual Access Tariff Filing**  
**(Interstate Dollars in Thousands)**

	<u>Tariff Year</u>	<u>Amount</u>
1 Investment Tax Credit Amortization (ITC-A) at Price Cap Inception (Tariff Year 1990 - 1991)	1990-91	17,965
2 Annual Change in ITC-A - Per Annual Access Tariff Filings (Prior to Tax Gross up and Excluded Services reduction)	1991-92	0
	1992-93	1,118
	1993-94	235
	1994-95	3,257
	1995-96	3,820
	1996-97	1,179
	1997-98	361
	1998-99	(177)
	1999-00	696
	2000-01	1,281
	2001-02	622
	2002-03	552
	2003-04	(617)
	2004-05	633
	2005-06	830
	2006-07	452
	2007-08	413
3 Cumulative Change		<u>14,655</u>
4 Net Balance (Line 1 - Line 3)		<u><u>3,310</u></u>

**Ameritech Operating Companies**  
**Calculation of Combined Effect of Exogenous Cost**  
**for the 2007 Annual Filing**

(000)

	<b>Company Total</b>	<b>Interst ate</b>	<b>Common Line</b>	<b>Switching</b>	<b>Transport (Trunking)</b>	<b>IX</b>	<b>Special</b>
	(a)	(b)	(c )	(d)	(e)	(f)	(g)
1 Excess DIT Exogenous Rev. Req Impact (Exhibit 2)	N/A	448	225	43	77	0	103
2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1)	N/A	667	360	57	99	0	151
3 Non-Reg Exogenous Rev Req Impact	N/A	0	0	0	0	0	0
4 Combined Effect of Exogenous Costs (L1..L3)		1,115	585	100	176	0	254

Ameritech Operating Companies  
AIT-ILLINOIS  
Calculation of Combined Effect of Exogenous Cost  
for the 2007 Annual Filing

(000)

	Company Total (a)	Interst ate (b)	Common Line (c)	Information and Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
1 Excess DIT Exogenous Rev. Req Impact (Exhibit 2)	N/A	123	59	17	25	0	22
2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1)	N/A	62	31	8	12	0	11
3 Non-Reg Exogenous Rev Req Impact	N/A	0	0	0	0	0	0
4 Combined Effect of Exogenous Costs (L1..L3)		185	90	25	37	0	33

**Ameritech Operating Companies**  
**AIT-INDIANA**  
**Calculation of Combined Effect of Exogenous Cost**  
**for the 2007 Annual Filing**

(000)

	<b>Company Total</b>	<b>Interst ate</b>	<b>Common Line</b>	<b>Information and Switching</b>	<b>Transport (Trunking)</b>	<b>IX</b>	<b>Special</b>
	(a)	(b)	(c )	(d)	(e)	(f)	(g)
1 Excess DIT Exogenous Rev. Req Impact (Exhibit 2)	N/A	57	31	5	6	0	16
2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1)	N/A	138	76	12	14	0	36
3 Non-Reg Exogenous Rev Req Impact	N/A	0	0	0	0	0	0
4 Combined Effect of Exogenous Costs (L1..L3)		195	107	17	20	0	52

**Ameritech Operating Companies**  
**AIT-MICHIGAN**  
**Calculation of Combined Effect of Exogenous Cost**  
**for the 2007 Annual Filing**

(000)

	<b>Company Total</b>	<b>Interst ate</b>	<b>Common Line</b>	<b>Information and Switching</b>	<b>Transport (Trunking)</b>	<b>IX</b>	<b>Special</b>
	(a)	(b)	(c )	(d)	(e)	(f)	(g)
1 Excess DIT Exogenous Rev. Req Impact (Exhibit 2)	N/A	85	49	7	13	0	17
2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1)	N/A	263	152	22	39	0	50
3 Non-Reg Exogenous Rev Req Impact	N/A	0	0	0	0	0	0
4 Combined Effect of Exogenous Costs (L1..L3)		348	201	29	52	0	67

**Ameritech Operating Companies**  
**AIT-OHIO**  
**Calculation of Combined Effect of Exogenous Cost**  
**for the 2007 Annual Filing**

(000)

	<b>Company Total</b>	<b>Interst ate</b>	<b>Common Line</b>	<b>Information and Switching</b>	<b>Transport (Trunking)</b>	<b>IX</b>	<b>Special</b>
	(a)	(b)	(c )	(d)	(e)	(f)	(g)
1 Excess DIT Exogenous Rev. Req Impact (Exhibit 2)	N/A	122	57	10	23	0	31
2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1)	N/A	62	30	5	12	0	15
3 Non-Reg Exogenous Rev Req Impact	N/A	0	0	0	0	0	0
4 Combined Effect of Exogenous Costs (L1..L3)		184	87	15	35	0	46

**Ameritech Operating Companies**  
**AIT-WISCONSIN**  
**Calculation of Combined Effect of Exogenous Cost**  
**for the 2007 Annual Filing**

(000)

	<b>Company Total</b>	<b>Interst ate</b>	<b>Common Line</b>	<b>Information and Switching</b>	<b>Transport (Trunking)</b>	<b>IX</b>	<b>Special</b>
	(a)	(b)	(c )	(d)	(e)	(f)	(g)
1 Excess DIT Exogenous Rev. Req Impact (Exhibit 2)	N/A	60	29	5	9	0	17
2 ITC-A Exogenous Revenue Req Impact (Exhibit 2.1)	N/A	142	71	10	22	0	39
3 Non-Reg Exogenous Rev Req Impact	N/A	0	0	0	0	0	0
4 Combined Effect of Exogenous Costs (L1..L3)		202	100	15	31	0	56



**Ameritech Operating Companies**  
**Exogenous Costs Adjusted for Non-Price Cap Services**  
**for the 2007 Annual Filing**

(000)

	Company Total (a)	Interstate (b)	Common Line (c)	Switching (d)	Transport (Trunking) (e)	IX (f)	Special (g)
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**Assignment of Exogenous Costs to NonPrice Cap Services**

1 Exogenous Costs With NonPrice Cap Services (Exhibit 2.2, L4)	N/A	1,115	585	100	176	0	254
2 Ratio To Adjust NonPrice Cap Services (L 7)	N/A	N/A					
3 Exogenous Costs Associated With Non Price Cap Services (L1*L2) (Interstate = Sum of Columns c through g)	N/A	326	111	8	44	0	162
4 Exogenous Without NonPrice Cap Services (L1-L3) (Interstate = Sum of Columns c through g)	N/A	790	474	92	131	0	92

**Distribution of Excluded Services Revenue**

5 2006 Revenues With NonPrice Cap Services (ARMIS 43-01 Line 1090 )	N/A	N/A	984,125	162,768	192,732	130,387	1,612,771
6 2006 NonPrice Cap Services Revenue FCC 492 Footnote	N/A	N/A	186,108	13,455	49,150	17,587	1,027,960
7 Ratio (L6/L5)	N/A	N/A					
8 Excluded Services Ratio + Adjustment for Pricing Flexibility Relief		41.98%					

**Ameritech Operating Companies  
AIT-ILLINOIS  
Exogenous Costs Adjusted for Non-Price Cap Services  
for the 2007 Annual Filing**

(000)

<b>Company Total</b>	<b>Interstate</b>	<b>Common Line</b>	<b>Information and Switching</b>	<b>Transport (Trunking)</b>	<b>IX</b>	<b>Special</b>
(a)	(b)	(c)	(d)	(e)	(f)	(g)

**Assignment of Exogenous Costs to NonPrice Cap Services**

1 Exogenous Costs With NonPrice Cap Services (Exhibit 2.2, L4)	N/A	185	90	25	37	0	33
2 Ratio To Adjust NonPrice Cap Services (L 7)	N/A	N/A	0.209298	0.105725	0.266735	0.226535	0.645695
3 Exogenous Costs Associated With Non Price Cap Services (L1*L2) (Interstate = Sum of Columns c through g)	N/A	53	19	3	10	0	21
4 Exogenous Without NonPrice Cap Services (L1-L3) (Interstate = Sum of Columns c through g)	N/A	132	71	22	27	0	12

**Distribution of Excluded Services Revenue**

5 2006 Revenues With NonPrice Cap Services (ARMIS 43-01 Line 1090 )	N/A	N/A	295,302	59,314	65,252	49,361	502,928
6 2006 NonPrice Cap Services Revenue FCC 492 Footnote	N/A	N/A	61,806	6,271	17,405	11,182	324,738
7 Ratio (L6/L5)	N/A	N/A	0.209298	0.105725	0.266735	0.226535	0.645695

**Ameritech Operating Companies**  
**AIT-INDIANA**  
**Exogenous Costs Adjusted for Non-Price Cap Services**  
**for the 2007 Annual Filing**

(000)

Company Total	Interstate	Common Line	Information and Switching	Transport (Trunking)	IX	Special
(a)	(b)	(c)	(d)	(e)	(f)	(g)

**Assignment of Exogenous Costs to NonPrice Cap Services**

1 Exogenous Costs With NonPrice Cap Services (Exhibit 2.2, L4)	N/A	195	107	17	20	0	52
2 Ratio To Adjust NonPrice Cap Services (L 7)	N/A	N/A	0.182439	0.053603	0.168548	0.270153	0.552559
3 Exogenous Costs Associated With Non Price Cap Services (L1*L2) (Interstate = Sum of Columns c through g)	N/A	52	20	1	3	0	28
4 Exogenous Without NonPrice Cap Services (L1-L3) (Interstate = Sum of Columns c through g)	N/A	143	88	16	16	0	23

**Distribution of Excluded Services Revenue**

5 2006 Revenues With NonPrice Cap Services (ARMIS 43-01 Line 1090 )	N/A	N/A	114,822	18,264	17,277	19,774	177,038
6 2006 NonPrice Cap Services Revenue FCC 492 Footnote	N/A	N/A	20,948	979	2,912	5,342	97,824
7 Ratio (L6/L5)	N/A	N/A	0.182439	0.053603	0.168548	0.270153	0.552559

**Ameritech Operating Companies  
AIT-MICHIGAN  
Exogenous Costs Adjusted for Non-Price Cap Services  
for the 2007 Annual Filing**

(000)

Company Total	Interstate	Common Line	Information and Switching	Transport (Trunking)	IX	Special
(a)	(b)	(c)	(d)	(e)	(f)	(g)

**Assignment of Exogenous Costs to NonPrice Cap Services**

1 Exogenous Costs With NonPrice Cap Services (Exhibit 2.2, L4)	N/A	348	201	29	52	0	67
2 Ratio To Adjust NonPrice Cap Services (L 7)	N/A	N/A	0.188366	0.074818	0.293686	0.031059	0.678190
3 Exogenous Costs Associated With Non Price Cap Services (L1*L2) (Interstate = Sum of Columns c through g)	N/A	100	38	2	15	0	45
4 Exogenous Without NonPrice Cap Services (L1-L3) (Interstate = Sum of Columns c through g)	N/A	248	163	27	37	0	21

**Distribution of Excluded Services Revenue**

5 2006 Revenues With NonPrice Cap Services (ARMIS 43-01 Line 1090 )	N/A	N/A	253,395	39,175	48,974	26,401	395,563
6 2006 NonPrice Cap Services Revenue FCC 492 Footnote	N/A	N/A	47,731	2,931	14,383	820	268,267
7 Ratio (L6/L5)	N/A	N/A	0.188366	0.074818	0.293686	0.031059	0.678190

**Ameritech Operating Companies  
AIT-OHIO  
Exogenous Costs Adjusted for Non-Price Cap Services  
for the 2007 Annual Filing**

(000)

Company Total	Interstate	Common Line	Information and Switching	Transport (Trunking)	IX	Special
(a)	(b)	(c)	(d)	(e)	(f)	(g)

**Assignment of Exogenous Costs to NonPrice Cap Services**

1 Exogenous Costs With NonPrice Cap Services (Exhibit 2.2, L4)	N/A	184	87	15	35	-	46
2 Ratio To Adjust NonPrice Cap Services (L 7)	N/A	N/A	0.154717	0.060288	0.227488	0.003584	0.578136
3 Exogenous Costs Associated With Non Price Cap Services (L1*L2) (Interstate = Sum of Columns c through g)	N/A	49	14	1	8	0	27
4 Exogenous Without NonPrice Cap Services (L1-L3) (Interstate = Sum of Columns c through g)	N/A	135	74	14	27	-	20

**Distribution of Excluded Services Revenue**

5 2006 Revenues With NonPrice Cap Services (ARMIS 43-01 Line 1090 )	N/A	N/A	221,288	31,582	37,035	22,598	339,069
6 2006 NonPrice Cap Services Revenue FCC 492 Footnote	N/A	N/A	34,237	1,904	8,425	81	196,028
7 Ratio (L6/L5)	N/A	N/A	0.154717	0.060288	0.227488	0.003584	0.578136

**Ameritech Operating Companies  
AIT-WISCONSIN  
Exogenous Costs Adjusted for Non-Price Cap Services  
for the 2007 Annual Filing**

(000)

Company Total	Interstate	Common Line	Information and Switching	Transport (Trunking)	IX	Special
(a)	(b)	(c)	(d)	(e)	(f)	(g)

**Assignment of Exogenous Costs to NonPrice Cap Services**

1 Exogenous Costs With NonPrice Cap Services (Exhibit 2.2, L4)	N/A	202	100	15	31	0	56
2 Ratio To Adjust NonPrice Cap Services (L 7)	N/A	N/A	0.215339	0.094852	0.249029	0.013221	0.712019
3 Exogenous Costs Associated With Non Price Cap Services (L1*L2) (Interstate = Sum of Columns c through g)	N/A	71	21	1	8	0	40
4 Exogenous Without NonPrice Cap Services (L1-L3) (Interstate = Sum of Columns c through g)	N/A	131	78	13	24	0	16

**Distribution of Excluded Services Revenue**

5 2006 Revenues With NonPrice Cap Services (ARMIS 43-01 Line 1090 )	N/A	N/A	99,318	14,433	24,194	12,253	198,173
6 2006 NonPrice Cap Services Revenue FCC 492 Footnote	N/A	N/A	21,387	1,369	6,025	162	141,103
7 Ratio (L6/L5)	N/A	N/A	0.215339	0.094852	0.249029	0.013221	0.712019

**AMERITECH OPERATING COMPANIES**  
**2007 Telecommunications Relay Service and Regulatory Fee**  
**Exogenous Cost Detail**

FCC 05-135	<u>7/06-6/07 TRS</u>	<u>7/07-6/08 TRS</u>	<u>Current</u> <u>Exogenous</u>
<b><u>Telecommunications Relay Service Support:</u></b>	<u>0.00535</u>	<u>0.00535</u>	
	5,992,051	6,026,201	34,150
 <b><u>Regulatory Fee Support:</u></b>	 0.00256	 0.00266	
	2,847,387	2,996,205	148,818

<b>2006 Interstate End User Rev</b>			
Total	Interstate	Regulatory	TRS Factor
End User Revenues		Fee	7/07-6/08
( 499A Row 420a)	( 499A Row 420d)	<u>0.00266</u>	<u>0.00535</u>
(A)	(B)	(C)=B * 0.00266	(D) = B * 0.00535
Exogenous Amount	6,183,215,070	1,126,392,703	2,996,205
			6,026,201

	<u>Common Line</u>	<u>Special</u>	<u>Excluded</u>	<u>Total Less</u> <u>ATS Revenue</u>
2006 End User Revenues (499A)	\$ 865,922,499	\$ 98,080,016	\$ 162,390,191	\$ 1,126,392,703
Allocation Basis	76.88%	8.71%	14.42%	100.00%
Telecom. Relay Support	\$ 26,253	\$ 2,974	\$ 4,923	\$ 34,150
Regulatory Fee Support:	<u>\$ 114,405</u>	<u>\$ 12,958</u>	<u>\$ 21,455</u>	<u>\$ 148,818</u>
	\$ 140,658	\$ 15,932	\$ 26,378	\$ 182,968

CG Docket 03-123, FCC 06-1345 June 29, 2006

**1. Name and Address of Reporting Company**  
Ameritech Operating Companies  
Ameritech Services  
2000 West Ameritech Ctr. Drive – 4G50  
Hoffman Estates, IL 60196

**2. Reporting Calendar Year**  
(A) From: January 1, 2006 To: December 31, 2006  
(B) First Report Filed: 04/01/07

FCC 492A

**PRICE CAP REGULATION  
RATE OF RETURN MONITORING REPORT**  
(Read Instructions on the Reverse Before Completing)  
Dollar Amounts Shown in Thousands

3. Items	Total Interstate Services Subject to Price Cap Regulation		
	First Report Col A	Final Report Col B	Difference Col C = (B-A)
1. Total Revenues	\$ 1,793,024		
2. Total Expenses and Taxes	\$ 1,350,152		
3. Operating Income (Net Return)(Ln1-Ln2)	\$ 442,872		
4. Rate Base (Avg. Net Investment)	\$ 1,333,198		
5. Rate of Return (Ln3 / Ln4)	33.22%		
6. Sharing/Low End Adjustment Amount	N/A		
7. FCC Ordered Refund – Amortized for Current Period	N/A		

**Remarks**

Excluded services revenues of \$1,294,260K have been removed from the amounts shown above as required in the Order on Reconsideration (CC Docket 87-313) released April 17, 1991. Excluded services revenues represent 41.92% of total revenues prior to their exclusion. Excluded services expenses and investment have likewise been excluded from the earnings calculation.

The federal income tax rate is 35% and the state composite income tax rate is 6.25%. The composite tax rate is 39.06% and is calculated as  $(6.25\% + ([100\% - 6.25\%]) * 35\%)$ .

**4. Certification:** I certify that I am the chief-financial officer or the duly assigned accounting officer; that I have examined the foregoing report; that to the best of my knowledge and belief, all statements of fact contained in this report are true and this report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the specified period.

Date	Typed Name of person Signing	Title of Person Signing	Signature
\  07	John J. Stephens	Vice Pres. – Controller	
Telephone No.	314-923-0103		

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THIS REPORT FORM CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER THE PROVISIONS OF THE U.S. CODE, TITLE 18, SECTION 1001.

FCC492A



**1. Name and Address of Reporting Company**  
Ameritech Operating Companies  
Ameritech Services  
2000 West Ameritech Ctr. Drive – 4G50  
Hoffman Estates, IL 60196

**2. Reporting Calendar Year**  
(A) From: January 1, 2005 To: December 31, 2005  
(B) First Report Filed: 04/01/06  
(C) Final Report Filed: 04/01/07

FCC 492A

**PRICE CAP REGULATION  
RATE OF RETURN MONITORING REPORT**  
(Read Instructions on the Reverse Before Completing)  
Dollar Amounts Shown in Thousands

3. Items	Total Interstate Services Subject to Price Cap Regulation		
	First Report Col A	Final Report Col B	Difference Col C = (B-A)
1. Total Revenues	\$ 1,689,021	\$ 1,689,021	\$ 0
2. Total Expenses and Taxes	\$ 1,291,342	\$ 1,291,342	\$ 0
3. Operating Income (Net Return)(Ln1-Ln2)	\$ 397,679	\$ 397,679	\$ 0
4. Rate Base (Avg. Net Investment)	\$ 1,424,172	\$ 1,424,172	\$ 0
5. Rate of Return (Ln3 / Ln4)	27.92%	27.92%	0
6. Sharing/Low End Adjustment Amount	N/A	N/A	N/A
7. FCC Ordered Refund – Amortized for Current Period	N/A	N/A	N/A

**Remarks**

Excluded services revenues of \$1,283,429K have been removed from the amounts shown above as required in the Order on Reconsideration (CC Docket 87-313) released April 17, 1991. Excluded services revenues represent 43.18% of total revenues prior to their exclusion. Excluded services expenses and investment have likewise been excluded from the earnings calculation.

The federal income tax rate is 35% and the state composite income tax rate is 6.19%. The composite tax rate is 39.02% and is calculated as  $(6.19\% + ([100\% - 6.19\%]) * 35\%)$ .

**4. Certification:** I certify that I am the chief-financial officer or the duly assigned accounting officer; that I have examined the foregoing report; that to the best of my knowledge and belief, all statements of fact contained in this report are true and this report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the specified period.

Date	Typed Name of person Signing	Title of Person Signing	Signature
\ \07	John J. Stephens	Vice Pres. – Controller	
Telephone No.	314-923-0103		

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THIS REPORT FORM CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER THE PROVISIONS OF THE U.S. CODE, TITLE 18, SECTION 1001.

FCC492A

**Ameritech Operating Companies**  
**SUMMARY OF EXOGENOUS COSTS & DISTRIBUTIONS**  
**TO NON-ATS SERVICES**

LINE	DESCRIPTION	'R' VALUE	DISTRIBUTION	EDT EXOG	ITC EXOG	TRS EXOG	REG FEE EXOG	Payphone Reversal	LNP Reversal	TOTAL
		(A)	(B) = (A/LINE 9A)	(C)	(D)	(E)	(F)			
1	INTERSTATE EXOGENOUS COST TO BE DISTRIBUTED (Exhibit 2.4 b)			448,000	667,000					
2	% OF EDT AND ITC EXOG COST W/EXCLUDED SERVICES EXHIBIT 2.5			41.98%	41.98%					
3	EXOGENOUS COSTS TO BE DISTRUBUTED (L1*(1-L2))			259,930	386,993	29,227	127,363	(13,021,702)	(64,363,636)	(76,581,825)
4	COMMON LINE EUCL AND PICC 'R' (Sum1 Column A, Row 100)	924,428,244	52.21%	135,709	202,049	26,253	114,405	(13,021,702)	(64,363,636)	(76,906,921)
5	DATABASE SERVICE CATEGORY 'R'	20,394,471	1.15%	2,994	4,458	-	-			7,452
6	BNA SERVICE CATEGORY 'R'	110,636	0.01%	16	24	-	-			40
7	INTEREXCHANGE BASKET 'R'	-	0.00%	-	-	-	-			-
8	SPECIAL ACCESS BASKET 'R'	825,662,223	46.63%	121,210	180,462	2,974	12,958			317,604
9	TOTAL (SUM L4 THRU L8)	1,770,595,574	100.00%	259,930	386,993	29,227	127,363	(13,021,702)	(64,363,636)	(76,581,825)

\*\*Effective 10/01/2003 TRS and Reg Fee Exogenous is only spread between the Common Line and Special Access Baskets

Services Outside of Price Cap  
Company Name: Ameritech Operating Companies  
Filing Date: 06/07/2007

OUTPC-1

**Rate Element Detail**

**Tariff Section**

**Collocation/Interconnection**

Interconnection Services

FCC #2 16

**Packet Services**

Frame Relay - Recurring and Nonrecurring  
Packet Switched Network Service  
DNAL Local Distribution Channel Digital  
DNAL Features and Functions

FCC #2 8.5.7  
FCC #2 8.2.5 B thru G  
FCC #2 8.3.5.1 A (3) (4)  
FCC #2 8.3.5.1 E (7) thru (10)

**Switched Access Elements**

Transport Termination Chargeable Options  
Installation and Rearrangement Charges  
Optional Payment Plan Vintage Rates

FCC #2 6.9.2 F  
FCC #2 6.9.3 A  
FCC #2 6.9.6 C

**Special Access Elements**

Special Access Wideband Analog Service ICBs  
Special Access Wideband Data Service ICBs  
Special Access Surcharge  
Special Access ICBs

FCC #2 7.5.6  
FCC #2 7.5.7  
FCC #2 7.5.14  
FCC #2 7.6

**End User Charges**

Federal USF End User Charge  
Service Provider Number Portability Monthly Charges  
900 Call Restriction  
International Call Blocking  
PIC Change Charge

FCC #2 4.1.7 C  
FCC #2 4.7  
FCC #2 4.4 B  
FCC #2 4.3.C  
FCC #2 4.2.C

**Gov't Services**

Federal Gov't Specialized Svcs or Arrangements - VG Special Access Service  
Federal Gov't Specialized Svcs or Arrangements - Wideband Digital Special Access Service  
Federal Gov't Specialized Svcs or Arrangements - Special Routing Access Service  
Federal Gov't Specialized Svcs or Arrangements - Telecommunications Svc Priority (TSP ) Service  
Individual Case Filings - Special Routing Access Svc - State of Indiana  
Individual Case Filings - Special Routing Access Svc - All States - GETS  
Individual Case Filings - Special Routing Access Svc - All States - GETS-EQ

FCC #2 10.6.3 B  
FCC #2 10.6.3 C  
FCC #2 10.6.3 D  
FCC #2 10.6.3 E  
FCC #2 10.7.1 B  
FCC #2 10.7.1 F  
FCC #2 10.7.1 F

**Miscellaneous/Other**

Special Facilities Routing of Access Services - ICBs  
Specialized Services or Arrangements - ICBs  
Promotional Offerings  
Internet Transport Access- Recurring and Nonrecurring

FCC #2 11.4  
FCC #2 12.3.1 thru 12.3.6  
FCC # 2 17.2(6)(A) thru (6)(B)  
FCC #2 20.5 A

**Services Outside of Price Cap**  
**Company Name: Ameritech Operating Companies**  
**Filing Date: 06/07/2007**

**OUTPC-2**

**Rate Element Detail**  
**Service that were in PC and have been removed**

**Tariff Section**

**Order**  
**Allowing Removal**

**Trunking**

SS7  
Voice Grade  
LT-1  
LT-3  
Switched Sonet  
Signaling  
Telecom Relay Service

FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21

FCC 99-206 Fifth Report and Order and Further Notice of Proposed Rulemaking  
( Pricing Flexibility Order )

**Special Access**

Metallic  
Telegraph Grade  
Direct Analog  
Program Audio  
Video  
Base Rate Services  
DS1  
DS3  
Optical Carrier Network (OCN) 3, 12, 48, 192 Point to Point  
OC-3, 12, 48, 192 Dedicated Ring  
Sonet Xpress Service  
GigaMAN® (Gigabit Ethernet Metropolitan Area Network)  
MON (Multi-Service Optical Network)  
DecaMAN<sup>sm</sup> (10 Gigabit Ethernet Metropolitan Area Network)  
WaveMAN<sup>sm</sup> (Wavelength Metropolitan Aea Network)

FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21  
FCC #2, 21

FCC 99-206 Fifth Report and Order and Further Notice of Proposed Rulemaking  
( Pricing Flexibility Order )

Interstate IntraLATA Toll

FCC #4

Price Cap Tariff Review Plan  
Indices

	PROPOSED PCI (A)	PROPOSED API (B)	PROPOSED SBI (C)	PROPOSED SBI LIMIT (D)	Last Limit Update Transmittal # PCI	Last Limit Update Transmittal # API	Last Limit Update Transmittal # SBI	Last Limit Update Transmittal # SBI LIMIT
Common Line Basket								
100 Total Common Line	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Traffic Sensitive Basket								
200 Local Switching	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1270	TR # 1270
210 Information	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1242	TR # 1270
220 Database Access	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1351	TR # 1560
230 800 DB VertSvcs Sub-Cat	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1351	TR # 1560
240 Billing Name and Address	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1242	TR # 1560
250 Local Switching Trunk Ports	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1260	TR # 1270
260 STP Port Terminations	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1242	TR # 1270
299 Total Traffic Sensitive	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1351	N/A	N/A
Trunking Basket								
300 Interconnection Charge	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
Tandem Switched Transport	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
311 TST Density Zone 1	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
312 TST Density Zone 2	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
313 TST Density Zone 3	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
314 TST Density Zone 4	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
315 TST Density Zone 5	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
316 TST Density Zone 6	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
317 TST Density Zone 7	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
320 VoiceGrade - Switched	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1270	TR # 1270
321 VG DTT/EF Density Zone 1	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
322 VG DTT/EF Density Zone 2	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
323 VG DTT/EF Density Zone 3	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
324 VG DTT/EF Density Zone 4	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
325 VG DTT/EF Density Zone 5	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
326 VG DTT/EF Density Zone 6	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
327 VG DTT/EF Density Zone 7	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
340 High Cap & Other - Switched	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
350 DS-1 SubCat - Switched	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
351 DS1 DTT Density Zone 1	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
352 DS1 DTT Density Zone 2	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
353 DS1 DTT Density Zone 3	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
354 DS1 DTT Density Zone 4	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
355 DS1 DTT Density Zone 5	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
356 DS1 DTT Density Zone 6	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
357 DS1 DTT Density Zone 7	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
360 DS-3 SubCat - Switched	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
361 DS3 DTT Density Zone 1	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
362 DS3 DTT Density Zone 2	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
363 DS3 DTT Density Zone 3	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
364 DS3 DTT Density Zone 4	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
365 DS3 DTT Density Zone 5	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
366 DS3 DTT Density Zone 6	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
367 DS3 DTT Density Zone 7	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A

Price Cap Tariff Review Plan  
Indices

		PROPOSED	PROPOSED	PROPOSED	PROPOSED	Last Limit Update	Last Limit Update	Last Limit Update	Last Limit Update
		PCI	API	SBI	SBI LIMIT	Transmittal #	Transmittal #	Transmittal #	Transmittal #
		(A)	(B)	(C)	(D)	PCI	API	SBI	SBI LIMIT
370	HC Other Sw Density Zone 1	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
371	HC Other Sw Density Zone 2	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
372	HC Other Sw Density Zone 3	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
373	HC Other Sw Density Zone 4	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
374	HC Other Sw Density Zone 5	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
375	HC Other Sw Density Zone 6	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
376	HC Other Sw Density Zone 7	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
380	Signalling Interconnection	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1560	TR # 1560
381	SigIntCon Density Zone 1	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
382	SigIntCon Density Zone 2	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
383	SigIntCon Density Zone 3	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
384	SigIntCon Density Zone 4	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
385	SigIntCon Density Zone 5	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
386	SigIntCon Density Zone 6	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
387	SigIntCon Density Zone 7	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
499	Total Trunking	June Filing	June Filing	N/A	N/A	TR # 1365	TR # 1365	N/A	N/A
Interexchange Basket									
600	Total Interexchange	June Filing	June Filing	N/A	N/A	N/A	N/A	N/A	N/A
Special Access Basket									
720	VG/WATS, Met, Tgh - Special	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1452	TR # 1564
721	VG Spec Density Zone 1	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
722	VG Spec Density Zone 2	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
723	VG Spec Density Zone 3	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
724	VG Spec Density Zone 4	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
725	VG Spec Density Zone 5	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
726	VG Spec Density Zone 6	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
727	VG Spec Density Zone 7	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
730	Audio & Video	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
731	Audio/Video Density Zone 1	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
732	Audio/Video Density Zone 2	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
733	Audio/Video Density Zone 3	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
734	Audio/Video Density Zone 4	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
735	Audio/Video Density Zone 5	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
736	Audio/Video Density Zone 6	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
737	Audio/Video Density Zone 7	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
740	High Cap & DDS - Special	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1498	TR # 1564
750	DS-1 SubCat - Special	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
751	DS1 Spec Density Zone 1	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
752	DS1 Spec Density Zone 2	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
753	DS1 Spec Density Zone 3	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
754	DS1 Spec Density Zone 4	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
755	DS1 Spec Density Zone 5	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
756	DS1 Spec Density Zone 6	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
757	DS1 Spec Density Zone 7	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A

Price Cap Tariff Review Plan  
Indices

		PROPOSED	PROPOSED	PROPOSED	PROPOSED	Last Limit Update	Last Limit Update	Last Limit Update	Last Limit Update
		PCI	API	SBI	SBI LIMIT	Transmittal #	Transmittal #	Transmittal #	Transmittal #
		(A)	(B)	(C)	(D)	PCI	API	SBI	SBI LIMIT
760	DS-3 SubCat - Special	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
761	DS3 Spec Density Zone 1	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
762	DS3 Spec Density Zone 2	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
763	DS3 Spec Density Zone 3	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
764	DS3 Spec Density Zone 4	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
765	DS3 Spec Density Zone 5	N/A	N/A	June Filing	June Filing	N/A	N/A	TR # 1481	TR # 1564
766	DS3 Spec Density Zone 6	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
767	DS3 Spec Density Zone 7	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
770	DDS&Other Sp Density Zone 1	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
771	DDS&Other Sp Density Zone 2	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
772	DDS&Other Sp Density Zone 3	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
773	DDS&Other Sp Density Zone 4	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
774	DDS&Other Sp Density Zone 5	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
775	DDS&Other Sp Density Zone 6	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
776	DDS&Other Sp Density Zone 7	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
790	Wideband	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
791	WB Density Zone 1	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
792	WB Density Zone 2	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
793	WB Density Zone 3	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
794	WB Density Zone 4	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
795	WB Density Zone 5	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
796	WB Density Zone 6	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
797	WB Density Zone 7	N/A	N/A	June Filing	June Filing	N/A	N/A	N/A	N/A
899	Total Special Access	June Filing	June Filing	N/A	N/A	TR # 1564	TR # 1498	N/A	N/A

**Ameritech Operating Companies  
LEC Transport MOUs**

Exhibit 14

<b>TIC MOUs</b>	37,587,378,475
<b>MeetPoint MOUs</b>	
AIT Tandem to ICO EO	15,434,244,678
AIT SWC to ICO EO	2,848,156,988
<b>TOTAL LEC Transport MOUs</b>	55,869,780,141