

Item # 1 - ILEC Toll Revenue Reduction from its toll customers in its exchanges.

Many calls within the current MCA are long distance for the caller, even though the caller subscribes to MCA. Under MCA-2, such calls would no longer be dialed on a toll basis; rather, such calls would be converted to a local call. This column represents the loss of toll revenue estimated by Sprint, Verizon, Spectra, and SWBT if MCA-2 is implemented. Fundamentally, this traffic represents intraLATA toll carried by ILECs.

Item # 2 – ILEC Terminating Access Expense Reduction from ILEC toll customers in ILEC exchanges.

Currently, when an ILEC carries a toll call within the MCA, the ILEC is required to pay terminating access to other LECs who terminate the call. With MCA-2, many such calls would no longer be dialed as long distance but instead would be converted to local dialing. As locally dialed MCA calls the compensation between carriers is bill and keep. As a result, the ILECs would experience a reduction in access payments payable to other incumbent LECs. Hence, this column represents the savings brought about by a reduction in access payments to other local exchange carriers. Mathematically, the number in this column reduces the cost to implement MCA-2. This column is used only by Sprint, Verizon, Spectra, and SWBT.

Item # 3 – ILEC Terminating Access Revenue Reduction from LEC toll customers in Other ILECs' exchanges.

When an ILEC carries a toll call within the MCA, the terminating carrier charges terminating switched access rates to the ILEC. To the extent such calls would be converted to local dialing under MCA-2, the terminating carrier would be expected to experience a reduction in its terminating switched access revenue. This column applies to all 10 incumbent local exchange carriers.

Item # 4 – ILEC Originating Access Revenue Reduction from IXC toll customers in ILEC exchanges.

When a long distance carrier (IXC) carries a toll call within the MCA, the local exchange carrier charges the long distance carrier originating switched access rates. To the extent such calls would be converted to local dialing under MCA-2, local exchange carriers would experience a reduction in such originating revenue. Hence, this row represents the expected loss of originating switched access revenue attributed to implementation of MCA-2 and is used by all 10 incumbent LECs. This row captures the revenue associated with calls originating from the reporting LEC's own exchanges. For example, Verizon's data in this column reports data only when the call originates from a Verizon exchange.

Item # 5 – ILEC Terminating Access Revenue Reduction from IXC toll customers in ILEC exchanges.

This row is the same as Item # 4 above except the revenue is attributable to terminating telephone calls. This row captures the revenue associated with terminating calls, which have been originated from the reporting LEC's own exchanges and carried by a long distance carrier (IXC).

Item # 6 – ILEC Terminating Access Revenue Reduction from IXC toll customers in Other ILEC's exchanges.

This row is the same as Item # 5 above except the revenue is attributable to terminating calls, which have been originated from other local exchange carriers in the MCA.

Item # 7 and # 8 Not Used.

Item # 9 – Reduction of Billing and Collection Revenues.

Given that incumbents frequently provide billing and collection services for long distance carriers, this row projects the anticipated reduction in revenues associated with MCA-2, which changes toll calling into local calling.

Item # 10 – One Time implementation costs.

This row projects the incumbents' one time implementation costs in order to implement MCA-2 as discussed in Section 4.7 of this Report. Implementation costs may vary.

Item # 11 – Projected Monthly Toll and Access Revenue Impact to ILEC.

This row is the sum of Items 1 through 6.

Item #s 12 and 13 – Total MCA Subscribers and Total Non-MCA Subscribers.

Item # 12 represents the number of MCA subscribers in the reporting incumbent's MCA area and includes customers in mandatory tiers for SWB.

Item # 13 represents the number of non- MCA subscribers in the optional tiers.