

AT&T Impairment Tools Results with Modified Inputs

	LATA 672c Operating Margin	Incremental Change		LATA 674 Operating Margin	Incremental Change		LATA 676 Operating Margin	Incremental Change
AT&T Default	(\$249.82)			(\$188.39)			(\$303.76)	
<u>Formula Corrections</u>								
1. Maintenance Expense	(\$246.67)	\$3.15		(\$184.61)	\$3.78		(\$291.70)	\$12.06
2. Churn calculation	(\$208.94)	\$37.73		(\$146.95)	\$37.66		(\$254.01)	\$37.69
3. Switch Land	(\$205.62)	\$3.32		(\$145.19)	\$1.77		(\$252.21)	\$1.80
4. Business Customer Acquisition	(\$200.94)	\$4.68		(\$139.64)	\$5.54		(\$246.68)	\$5.53
<u>Cost and Expense Input Adjustments</u>								
5. Minimum number of switches	(\$180.19)	\$20.75		(\$138.80)	\$0.84		(\$233.16)	\$13.52
6. Switch maintenance factor	(\$176.72)	\$3.47		(\$136.47)	\$2.33		(\$230.30)	\$2.86
7. "Other taxes" on revenues	(\$164.83)	\$11.90		(\$124.47)	\$12.00		(\$218.30)	\$12.00
8. "Other taxes" on investment	(\$161.20)	\$3.63		(\$120.21)	\$4.26		(\$212.53)	\$5.77
9. Churn Percentage	(\$136.52)	\$24.68		(\$95.78)	\$24.43		(\$187.19)	\$25.34
<u>Revenue Adjustments</u>								
10. Rate Deflation Factors	(\$77.21)	\$59.32		(\$34.58)	\$61.20		(\$126.03)	\$61.17
11. CPRO Bundle Prices	\$130.60	\$207.80		\$170.26	\$204.83		\$78.87	\$204.89
<u>Market Penetration Adjustments</u>								
12. Small Business Lines	\$149.40	\$18.80		\$198.96	\$28.70		\$104.79	\$25.92