

Impact of  
 Math Errors  
 on Intrastate  
 Adjustment  
 (e)

(a)	<u>Corrected Staff SAM Adj</u> (b)	<u>Staff SAM Adj.</u> (c)	<u>Difference</u> (d)	<u>Impact of Math Errors on Intrastate Adjustment</u> (e)
<b><u>ERROR NO. 1 - STAFF APPLIED CSSC RATIO TO TOTAL VLD SAM BILLING</u></b>				
1 Staff incorrectly applied a CSSC ratio to total VLD SAM billing				
2 (***) - Exhibit No. ____ C(TWC-16C), Page 1				
3 Correction:				
4 Apply FMV basis cost of \$75 to CSSC sales units (Exhibit No. ____ (ODF-5C), Note 1)				
5 (same as applying CSSC ratio to CSSC billing - ***)				
6 Apply FMV basis cost of \$75 to sales units in BSC (Exhibit No. ____ (ODF-5C), Note 2)				
7 Apply FMV basis cost of \$75 to sales units in phonemart (Exhibit No. ____ (ODF-5C), Note 2)				
8 Adjusted SAM based on units sold x Erroneous \$75 FMV	_____	_____		
9 Less total actual billed to VLD from VZ NW for units sold	_____ (2)	_____ (3)	_____	
10 Subtotal (Adjustment for total VZ NW using Staff's \$75 FMV basis)				
<b><u>ERROR NO. 2 - STAFF OMITTED APPROPRIATE REGULATED ALLOCATION FACTOR</u></b>				
11 Portion of billing booked to regulated accounts (Exhibit No. ____ (ODF-5C), Note 5)	_____	_____		
12 Subtotal (Total VZ NW FMV Adj. - Regulated portion )				
<b><u>ERROR NO. 3 - STAFF OMITTED APPROPRIATE WASHINGTON ALLOCATION FACTOR</u></b>				
13 Portion of expense allocated to Washington (Exhibit No. ____ (ODF-5C), Notes 4 and 6)				
14 Portion of revenue allocated to Washington (Exhibit No. ____ (ODF-5C), Notes 4 and 7)	_____			
15 Subtotal (Total WA FMV basis adjustment - Regulated portion)				
16 Intrastate jurisdictional factor - Expense				
17 Intrastate jurisdictional factor - Revenue				
18 Total Washington Intrastate Expense Adjustment				
19 Total Washington Intrastate Revenue Adjustment	_____	_____	_____	_____
20 Total Washington FMV basis adjustment on an Intrastate basis	=====	=====	=====	=====

Notes:

- (1) SAM = Sales and Marketing
- (2) Total billed to VLD (Verizon Response to WUTC Data Request No. 509, Conf. Attach 509c.4)  
 Less billing for non-unit driven expenses (Exhibit No. \_\_\_\_ ODF-5C, Note 3)  
 Total billed to VLD for sales units  
 \_\_\_\_\_  
 =====
- (3) Staff's number is total booked to regulated expense accounts only. There was also a portion booked to regulated revenues (accounts 5240 and 5264) and non-regulated expense. Since the billing rates include all these elements, the total actually billed, as adjusted in Note (2) above, should be subtracted from the total calculated FMV for sales units.
- (4) Corrected adjustment is still considered a methodological error due to using inappropriate \$75 FMV.