



at&t

Intercarrier Compensation Reform Model Scenarios*

Scenario A

Step 1: SLCs - Residential cap rises to \$8/multiline business cap to \$11.50

Intrastate Access moves halfway to the interstate rate

Step 2: SLCs - No further change in SLC Caps

Intrastate access moves the rest of the way to the interstate rate

Summary: Model Summary shows the access shift, the Delta** SLC, and the Delta USF

Scenario B

Step 1: SLCs - Residential cap rises to \$7.25/multiline business cap to \$10.35

Intrastate Access moves halfway to the interstate rate

Step 2: SLCs - Residential cap rises to \$8/multiline business cap to \$11.50

Intrastate access moves the rest of the way to the interstate rate

Summary: Model Summary shows the access shift, the Delta** SLC, and the Delta USF

Scenario C

SLCs - Residential cap rises to \$8/multiline business cap to \$11.50

All Access - moves to proxy reciprocal compensation rates of \$0.0025 for

Track 1, \$0.0050 for Track 2 and \$0.0090 for Track 3

* All scenarios keep the demand levels constant.

** "Delta" represents the amount of access shift transferred to either SLC or USF by the model. The model assumes full recovery although competition or policy decisions may impact the actual recovery.



Scenarios A & B

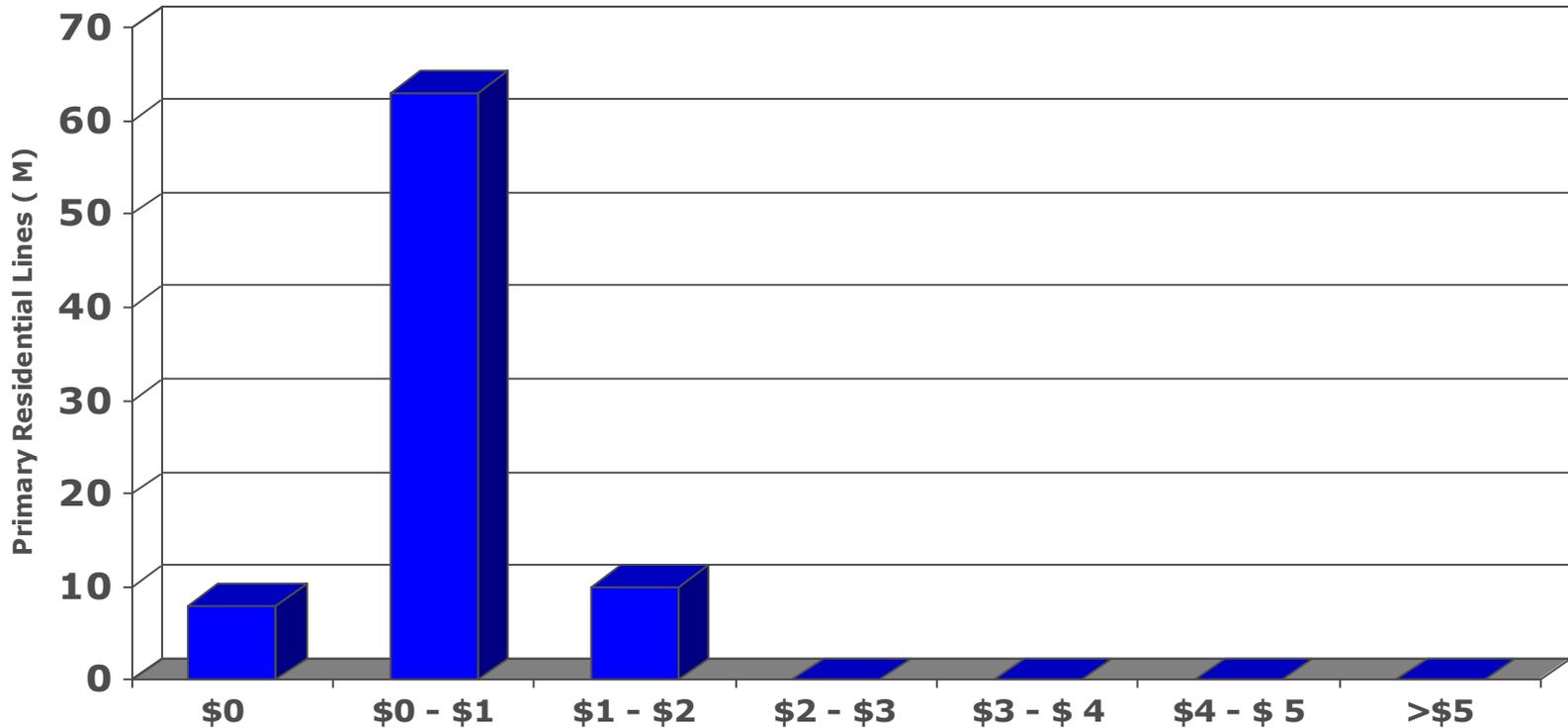
IC Model Pricing Assumptions

Carriers by Track and Unified Terminating Access

Tracks & Jurisdictions	ORIGINATING ACCESS			TERMINATING ACCESS				
	CCL & PICC	Local Switching (i.e. EO Switching)	Tandem Switching & Transport	Switched Dedicated Transport	CCL & PICC	Local Switching (i.e. EO Switching)	Tandem Switching & Transport	Switched Dedicated Transport
TRACK 1								
Intrastate	No Change to Current Structure and Rates			Priced @ Current Interstate Rate (i.e., Parity)				
Interstate	No Change to Current Structure and Rates							
TRACK 2								
Intrastate	No Change to Current Structure and Rates			Priced @ Current Interstate Rate (i.e., Parity)				
Interstate	No Change to Current Structure and Rates							
TRACK 3								
Intrastate	No Change to Current Structure and Rates			Priced @ Current Interstate Rate (i.e., Parity)				
Interstate	No Change to Current Structure and Rates							



Scenario A – Step 1
Distribution of Primary Residential Lines by Actual SLC Increase
Terminating Access Rate Parity in Two Steps – No Benchmark
SLC Caps go up to \$8 & \$11.50/Intrastate access moves halfway to interstate

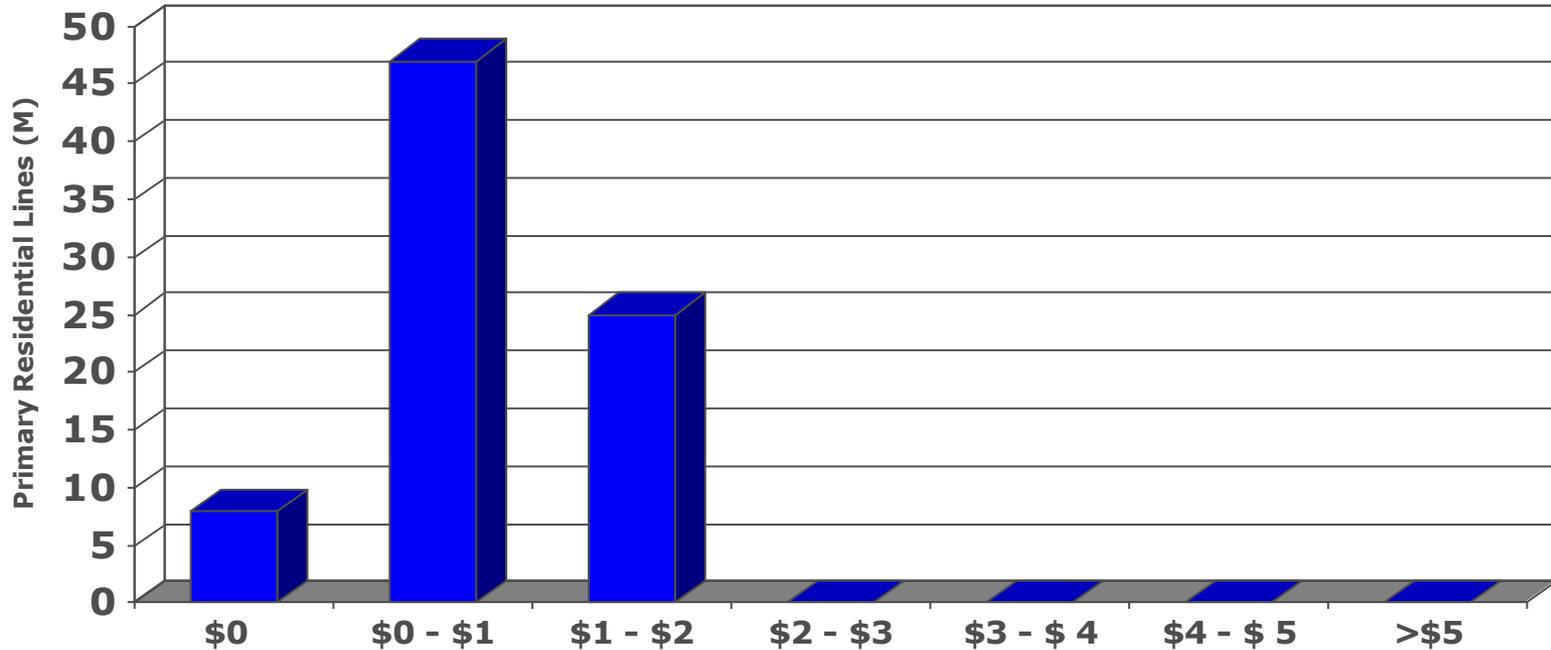


	Delta Primary SLC/Line Range							Total*
	\$0	\$0 - \$1	\$1 - \$2	\$2 - \$3	\$3 - \$4	\$4 - \$5	>\$5	
Primary Lines in Millions	8	63	10	0	-	-	-	81
% of Primary Lines	10%	77%	13%	0%	0%	0%	0%	100%
Delta Primary SLC per line	\$ -	\$ 0.27	\$ 1.43	\$ 2.91	\$ -	\$ -	\$ -	\$ 0.44
Delta Primary SLC in Millions	\$ -	\$ 207	\$ 178	\$ 0	\$ -	\$ -	\$ -	\$ 385
Number of study areas	129	358	950	1	-	-	-	1,438
% of study areas	9%	25%	66%	0%	0%	0%	0%	100%

* Delta SLC is an average excluding lines with no SLC increase -- if All lines were included average would have gone down to \$0.40



Scenario A – Step 2
Distribution of Primary Residential Lines by Actual Cumulative SLC Increase
Terminating Access Rate Parity in Two Steps – No Benchmark
No further change in SLC Caps/Intrastate access moves to interstate rate



	SLC per line range							Total
	\$0	\$0 - \$1	\$1 - \$2	\$2 - \$3	\$3 - \$4	\$4 - \$5	>\$5	
Primary Lines in Millions	8	47	25	0	0	-	0	81
% of Primary Lines	10%	58%	31%	0%	0%	0%	0%	100%
Delta Primary SLC per line	\$ -	\$ 0.24	\$ 1.42	\$ 2.27	\$ 3.14	\$ -	\$ 5.77	\$ 0.67
Delta Primary SLC in Millions	\$ -	\$ 137	\$ 431	\$ 11	\$ 9	\$ -	\$ 1	\$ 589
Number of study areas	129	178	1,124	5	1	-	1	1,438
% of study areas	9%	12%	78%	0%	0%	0%	0%	100%

* Delta SLC is an average excluding lines with no SLC increase -- if All lines were included average SLC Delta would have been \$0.61

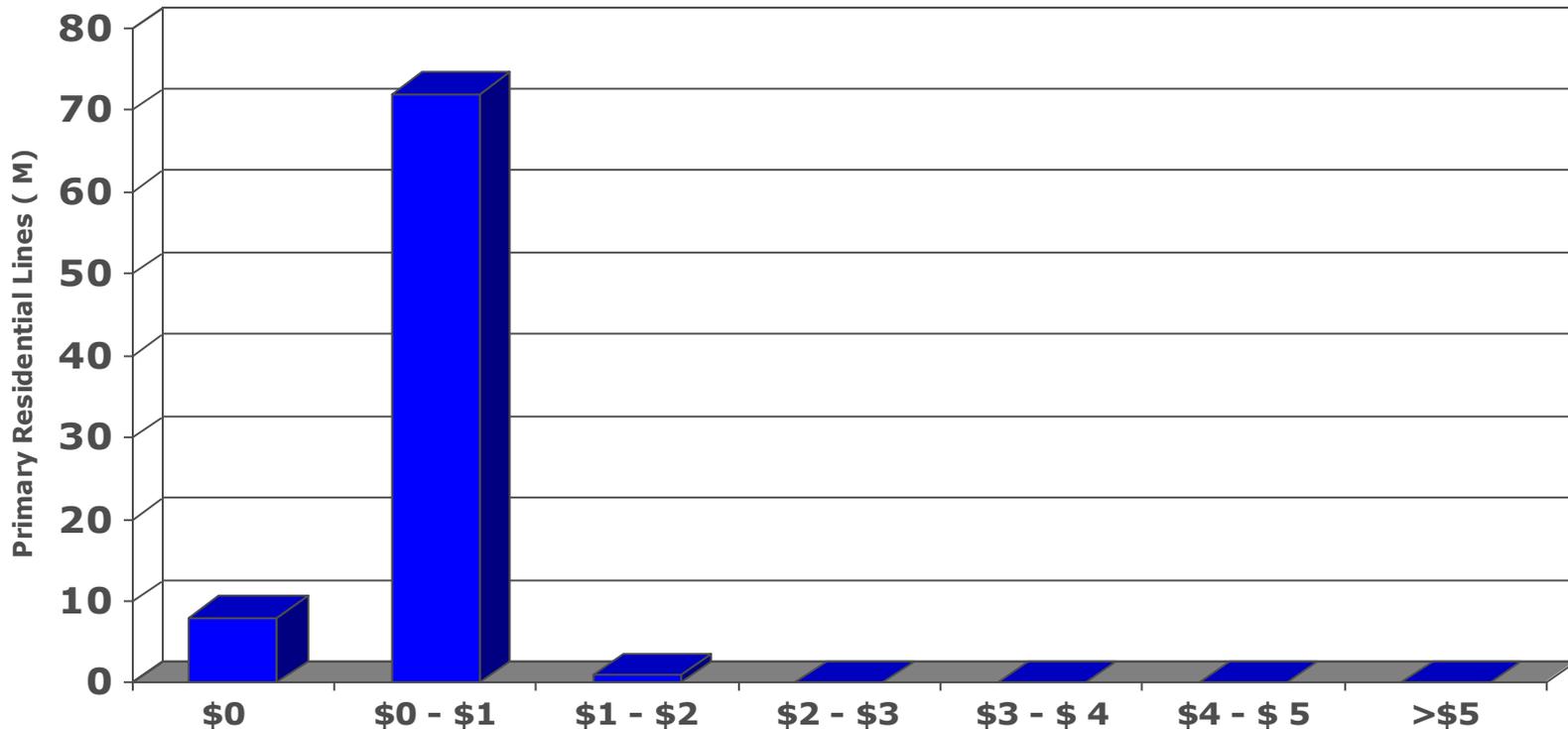


Scenario A – Model Results Summary
Terminating Access Rate Parity in Two Steps - No Benchmark
SLC Caps go up to \$8 & \$11.50/Intrastate access moves to interstate

Transition Steps:	Carrier Tracks	Access Shift	Delta SLC	Delta USF
Step 1	Track 1	\$ 267	\$ 266	\$ 1
	Track 2	\$ 163	\$ 130	\$ 33
	Track 3	\$ 178	\$ 106	\$ 72
	TOTAL	\$ 608	\$ 502	\$ 106
Step 2	Track 1	\$ 268	\$ 252	\$ 16
	Track 2	\$ 163	\$ 62	\$ 101
	Track 3	\$ 178	\$ 25	\$ 152
	TOTAL	\$ 609	\$ 339	\$ 269
Cumulative	TOTAL	\$ 1,217	\$ 842	\$ 375



Scenario B – Step 1
Distribution of Primary Residential Lines by Actual SLC Increase
Terminating Access Rate Parity in Two Steps – No Benchmark
SLC Caps go up to \$7.25 & \$10.35/Intrastate access moves halfway to interstate

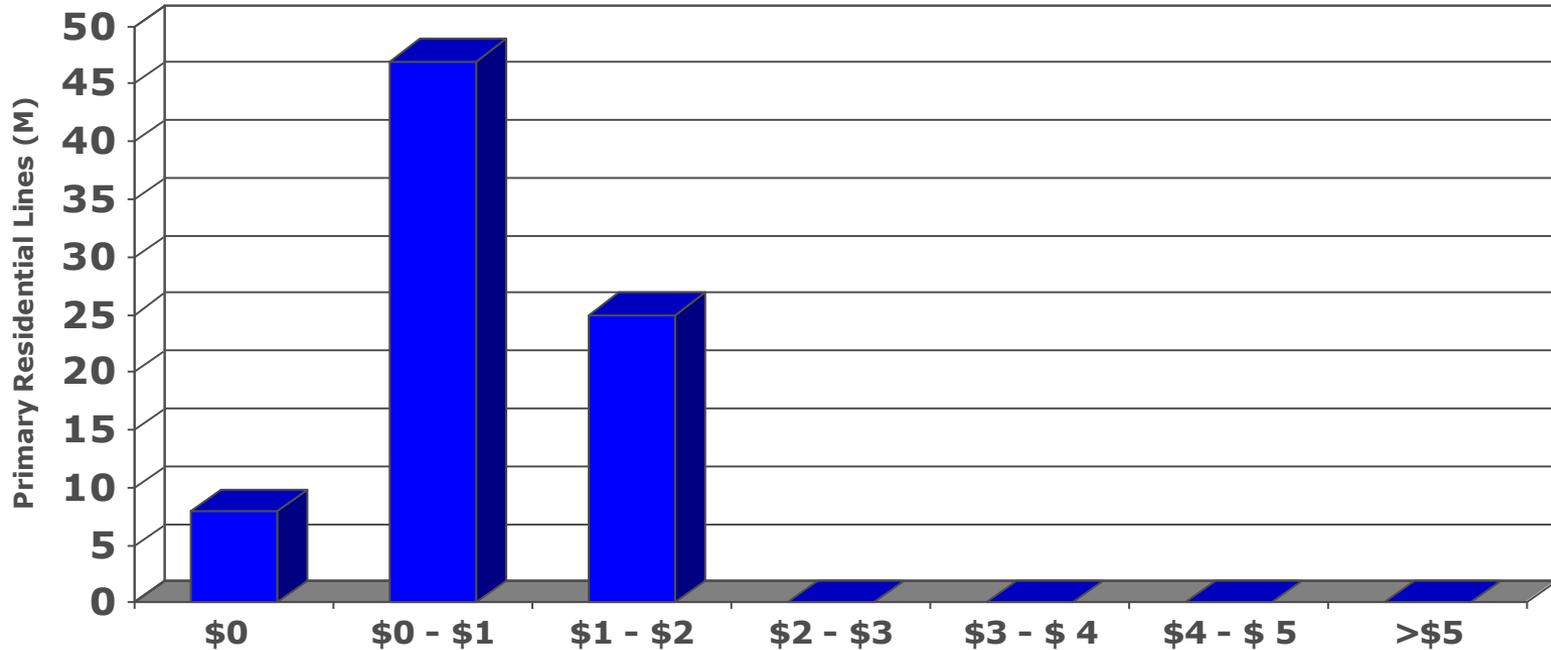


	SLC per line range							Total
	\$0	\$0 - \$1	\$1 - \$2	\$2 - \$3	\$3 - \$4	\$4 - \$5	>\$5	
Primary Lines in Millions	8	72	1	0	-	-	-	81
% of Primary Lines	10%	89%	1%	0%	0%	0%	0%	100%
Delta Primary SLC per line	\$ -	\$ 0.33	\$ 1.27	\$ 2.91	\$ -	\$ -	\$ -	\$ 0.35
Delta Primary SLC in Millions	\$ -	\$ 289	\$ 15	\$ 0	\$ -	\$ -	\$ -	\$ 304
Number of study areas	129	1,296	12	1	-	-	-	1,438
% of study areas	9%	90%	1%	0%	0%	0%	0%	100%

* Delta SLC is an average excluding lines with no SLC increase -- if All lines were included average SLC Delta would have been \$0.31



Scenario B – Step 2
Distribution of Primary Residential Lines by Actual Cumulative SLC Increase
Terminating Access Rate Parity in Two Steps – No Benchmark
SLC Caps go up to \$8 & \$11.50/Intrastate access moves to interstate rate



	SLC per line range							Total
	\$0	\$0 - \$1	\$1 - \$2	\$2 - \$3	\$3 - \$4	\$4 - \$5	>\$5	
Primary Lines in Millions	8	47	25	0	0	-	0	81
% of Primary Lines	10%	58%	31%	0%	0%	0%	0%	100%
Delta Primary SLC per line	\$ -	\$ 0.24	\$ 1.42	\$ 2.27	\$ 3.14	\$ -	\$ 5.77	\$ 0.67
Delta Primary SLC in Millions	\$ -	\$ 137	\$ 431	\$ 11	\$ 9	\$ -	\$ 1	\$ 589
Number of study areas	129	178	1,124	5	1	-	1	1,438
% of study areas	9%	12%	78%	0%	0%	0%	0%	100%

* Delta SLC is an average excluding lines with no SLC increase -- if All lines were included average SLC Delta would have been \$0.61



Scenario B – Model Results Summary
Terminating Access Rate Parity in Two Steps - No Benchmark
SLC Caps go up to \$8 & \$11.50 in two steps/Intrastate access moves to interstate

Transition Steps:	Carrier Tracks	Access Shift	Delta SLC	Delta USF
Step 1	Track 1	\$ 267	\$ 259	\$ 8
	Track 2	\$ 163	\$ 98	\$ 65
	Track 3	\$ 178	\$ 66	\$ 112
	TOTAL	\$ 608	\$ 423	\$ 185
Step 2	Track 1	\$ 268	\$ 259	\$ 9
	Track 2	\$ 163	\$ 94	\$ 69
	Track 3	\$ 178	\$ 65	\$ 112
	TOTAL	\$ 609	\$ 418	\$ 190
Cumulative	TOTAL	\$ 1,217	\$ 842	\$ 375



Scenario C

IC Model Pricing Assumptions

Carriers by Track and Unified Terminating Access

Tracks & Jurisdictions	ORIGINATING ACCESS			TERMINATING ACCESS				
	CCL & PICC	Local Switching (i.e. EO Switching)	Tandem Switching & Transport	Switched Dedicated Transport	CCL & PICC	Local Switching (i.e. EO Switching)	Tandem Switching & Transport	Switched Dedicated Transport
TRACK 1								
Intrastate	No Change to Current Structure and Rates				Transition to a Uniform Rate of \$0.0025 per Minute			Priced @ Current Interstate Rate
Interstate	No Change to Current Structure and Rates							
TRACK 2								
Intrastate	No Change to Current Structure and Rates				Transition to a Uniform Rate of \$0.0050 per Minute		Priced @ Current Interstate Rate	Priced @ Current Interstate Rate
Interstate	No Change to Current Structure and Rates							
TRACK 3								
Intrastate	No Change to Current Structure and Rates				Transition to a Uniform Rate of \$0.0090 per Minute		Priced @ Current Interstate Rate	Priced @ Current Interstate Rate
Interstate	No Change to Current Structure and Rates							



Scenario C - Model Results Summary
Terminating Access Rates Go to Proxy for Reciprocal Compensation Rates
Track 1: \$0.0025 Track 2: \$0.0050 Track 3: \$ 0.0090)
SLC Caps go up to \$8 & \$11.50 – No Benchmark

Tracks	Access Shift	To SLC	To USF
Track 1	\$ 1,150	\$ 1,108	\$ 42
Track 2	\$ 356	\$ 200	\$ 156
Track 3	\$ 471	\$ 142	\$ 329
TOTAL	\$ 1,977	\$ 1,450	\$ 527

