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Public Service Commission

May 31, 2007

Hon. Cully Dale
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Dear Judge Dale,

In the settlement of Case No. TO-94-184 Southwestern Bell Telephone L.P., d/b/a AT&T Missouri, agreed to file, annually, the following information with the Missouri Public Service Commission:

- A copy of SWBT's Cost Allocation Manual (CAM); and
- Ernst & Young's audit report for the aforementioned CAM.

However, the Ernst & Young's audit report has been delayed and is not available at this time. This report will be forwarded when it become available.

If you have any questions concerning this information, please give me a call at 314-235-8006.



Craig Michalski
AT&T Services, Inc.
Associate Director – Regulatory Accounting

Attachments

CC: Mr. Tim Leahy (letter only)
Mr. Steve Threlkeld (letter only)
Ms. Renee Hughes (letter only)
Mr. Amanda McMellen-Missouri PSC Staff (letter only)



Frank S. Simone
Executive Director-
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December 21, 2006

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room CY-B402
Washington, D.C. 20554

FILED/ACCEPTED

DEC 21 2006

Federal Communications Commission
Office of the Secretary

Re: Permanent Cost Allocations Manual for the Separation of Regulated and Nonregulated Costs for Ameritech, Pacific Bell, Nevada Bell, The Southern New England Telephone and Southwestern Bell Telephone Companies

Dear Ms. Dortch:

Pursuant to Section 64.903(b) of the Commission's rules, as amended by the *Report and Order* in CC Docket No. 99-253, AT&T Inc. ("AT&T") respectfully submits an original and three complete copies of an updated Cost Allocation Manual ("CAM") filing for Ameritech, Pacific Bell, Nevada Bell, The Southern New England Telephone and Southwestern Bell Telephone Companies.

Effective with this CAM filing we are eliminating the separate Southern New England Telephone Company ("SNET") CAM and including the SNET CAM information with the other AT&T telcos' CAM.

This annual CAM filing incorporates a description of revisions to cost pools in the Transactions with Affiliates and Cost Apportionment Tables sections in addition to technical and narrative changes to the remaining sections of the CAM. All changes to the CAM can be identified by annotations in the right hand margin of each revised page and are described in the attachment.

Please stamp and return the provided copy to confirm your receipt of this filing. Please contact me at (202) 457-2321 should you have any questions about this CAM filing.

Sincerely,

Enclosures

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AMERITECH/NEVADA BELL/PACIFIC BELL/SOUTHERN NEW ENGLAND/
SOUTHWESTERN BELL TELEPHONE CAM

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TRANSMITTAL MATRIX CAM CHANGES

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General Note	The Southern New England Telephone Company (a/k/a Southern New England Telephone or SNET) Cost Allocation Manual (CAM) is separate from the CAM for Ameritech, Nevada Bell, Pacific Bell and Southwestern Bell Telephone Company.	SNET's CAM is included in the CAM for Ameritech, Nevada Bell, Pacific Bell and Southwestern Bell Telephone Company. All footers now reflect SNET in addition to the other telcos.	SNET's CAM has migrated to the CAM for Ameritech, Nevada Bell, Pacific Bell and Southwestern Bell Telephone Company for efficiency and as SNET has increased in similarity to these other telcos.	Not Applicable (N/A); change due to SNET CAM included in merged CAM (SNET CAM related change identified subsequently as N/A-S)
I-1 thru 6	See General Note.	See General Note.	See General Note.	N/A-S
II-1 thru 6	See General Note.	See General Note.	See General Note.	N/A-S
II-2	Internet Protocol Services – Ameritech, Pacific Bell and Southwestern Bell	Internet Protocol Services - Ameritech, Pacific Bell, Southwestern Bell and SNET	See General Note.	N/A-S
II-3	All telcos except SNET provide Post Sales Customer Care.	All telcos provide Post Sales Customer Care.	SNET also provides Post Sales Customer Care effective year 2006.	N/A
II-3	Voice Messaging Services – Ameritech	Voice Messaging Services – Ameritech and SNET	See General Note.	N/A-S
II-4	N/A	Added X's under Activities 2 and 10 for Account 2003.	Account 2003 is incurring charges for Activity 2, Computer Services, and Activity 10, Planning and Development.	N/A
II-5	N/A	Added an X under Activity 3 for Account 6232 and under Activity 10 for Account 6212.	Account 6232 is incurring charges for Activity 3, CPE and Wire Services; Account 6212 is incurring charges for Activity 10, Planning and Development.	N/A
II-6	N/A	Added X's under Activity 10 for Accounts 6623 and 7100.	Accounts 6623 and 7100 are incurring charges for Activity 10, Planning and Development.	N/A
III-1 thru 4	See General Note.	See General Note.	See General Note.	N/A-S

TRANSMITTAL MATRIX CAM CHANGES
Description of change

<u>Page USOA Account</u>	<u>Change From</u>	<u>Change To</u>	<u>Reason for Change</u>	<u>Annualized Quantification</u>
III-1	SNET—Billing and Collection	N/A	SNET does not provide an incidental Billing and Collection service.	N/A
III-3, 4	SNET—Custom Work on page III-2	Income from Custom Work on page III-3	SNET still performs Custom Work and is X'd as such on III-4.	N/A-S
III-1, 4	SNET—Surplus Space	Rent Revenue on page III-1	SNET still earns Rent Revenue through renting Surplus Space and is X'd as such on III-4.	N/A-S
IV-1 thru 22	See General Note.	See General Note.	See General Note.	N/A-S
IV	N/A	N/A	See Transmittal Attachment A for Section IV explanations. Organization chart has been reformatted.	N/A
V-1 thru 24	See General Note.	See General Note.	See General Note.	N/A-S
V	N/A	N/A	See Transmittal Attachment B for Section V explanations.	N/A
VI-1 thru 21 Section VI Intro	Accounts listed under cost pool identification and apportionment methods.	N/A	Accounts listed under cost pool identification and apportionment methods have been deleted as duplicative since accounts and their related cost pool identification and apportionment methods are already listed in the Section VI Cost Apportionment Tables.	N/A
VI-4 thru 66	See General Note.	See General Note.	See General Note.	N/A-S
VI-4	Accounts	N/A	Accounts deleted.	N/A

TRANSMITTAL MATRIX CAM CHANGES

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VI-5	Accounts	N/A	Accounts deleted.	N/A
VI-5	Lease Study	Lease Study—Pacific and SWBT	Only Pacific and SWBT use the Lease Study cost pool identification method.	N/A
VI-5	Leasehold Improvement Study	Leasehold Improvement Study—Pacific and SWBT	Only Pacific and SWBT use the Leasehold Improvement Study cost pool identification method.	N/A
VI-5	Specific Identification of Equipment in Accounting Records	Specific Identification of Equipment in Accounting Records—SWBT	Only SWBT uses the Specific Identification of Equipment in Accounting Records cost pool identification method.	N/A
VI-6	Accounts	N/A	Accounts deleted.	N/A
VI-7	Accounts	N/A	Accounts deleted.	N/A
VI-7	Computer Usage; A special study is conducted at least on an annual basis to assign computer costs into several cost causative categories. . . . For general purpose computer and information management expenses billed to the telcos by the affiliate providing support services, actual computer usage based on the services affiliate billing detail will be used to assign costs to cost pools.	Computer Usage; Computer usage is the basis For general purpose computer and information management expenses billed to the telcos by the affiliate providing support services, actual computer usage or the use of project management for information technology based on the services affiliate billing detail will be used to assign costs to cost pools.	Computer usage no longer entails a special study. Pools are identified by actual computer usage or the services affiliate billing detail which provides the use of project management for information technology.	N/A
VI-8	Accounts	N/A	Accounts deleted.	N/A
VI-9	Accounts	N/A	Accounts deleted.	N/A

TRANSMITTAL MATRIX CAM CHANGES

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VI-10	Accounts	N/A	Accounts deleted.	N/A
VI-11	Accounts	N/A	Accounts deleted.	N/A
VI-11	Peak Forecasted Annual Usage – Living Units – Ameritech, Pacific and SWBT	Peak Forecasted Annual Usage – Living Units – Ameritech, Pacific, SNET and SWBT	See General Note.	N/A-S
VI-12	Accounts	N/A	Accounts deleted.	N/A
VI-12	Peak Forecasted Annual Usage – Call Volumes	Peak Forecasted Annual Usage – Call Volumes – Ameritech, Nevada, Pacific and SWBT	To list those companies using the Peak Forecasted Annual Usage cost pool apportionment method (i.e., SNET does not use Peak Forecasted Annual Usage).	N/A
VI-13	Accounts	N/A	Accounts deleted.	N/A
VI-14	Accounts	N/A	Accounts deleted.	N/A
VI-15	Accounts	N/A	Accounts deleted.	N/A
VI-16	Accounts	N/A	Accounts deleted.	N/A
VI-17	Accounts	N/A	Accounts deleted.	N/A
VI-17	Directory Space – SWBT	N/A	SWBT will not use the Directory Space cost pool apportionment method effective January 2007.	N/A

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VI-17	Tax Allocation-Operating Federal Income Tax, State and Local Income Taxes and Provision for Deferred Operating Income Taxes-Net; The common cost pools in Accounts 7220, 7230 and 7250 are allocated based on operating book income before income taxes less interest expense.	Tax Allocation-Federal Income Tax, Operating State and Local Income Taxes and Provision for Deferred Operating Income Taxes-Net; The Operating Federal Income Tax, Operating State and Local Income Taxes and Provision for Deferred Operating Income Taxes-Net common cost pools are allocated based on operating book income before income taxes less interest expense.	To add the word "Operating" before State and Local Income Taxes and replace the listed accounts with their Part 32 titles.	N/A
VI-17	Directory Assistance Call Work Volume Usage; The Operator Systems Directory Assistance Cost Pool's common expenses in Account 6622, Number Services, are allocated based on the ratio of nonregulated call work volumes to total call work volumes.	Directory Assistance Call Work Volume Usage – Ameritech, Nevada, Pacific and SWBT; The operator systems directory assistance common expenses are allocated based on the ratio of nonregulated call work volumes to total call work volumes.	To list those companies using the Directory Assistance Call Work volume usage cost pool apportionment method (i.e., SNET does not use Directory Assistance Call Work volume usage).	N/A
VI-18	Accounts	N/A	Accounts deleted.	N/A
VI-19	Accounts	N/A	Accounts deleted.	N/A
VI-20	Accounts	N/A	Accounts deleted.	N/A
VI-21	Accounts	N/A	Accounts deleted.	N/A
VI-21	Direct cost pools exist in some accounts solely as place holders for the cost pools required per Uniformity. For example, the directly assigned pools in Account 2121, Buildings, are not in use by the Companies.	Cost pools exist in some accounts solely as place holders for the cost pools required per Uniformity, but are not in use by the Companies.	Uniformity cost pools not in use can be common cost pools in addition to direct cost pools.	N/A

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VI-22 1220; 1410; 1438	See General Note.	See General Note.	See General Note.	N/A-S
VI-22 1220	Directly assigned to regulated comments: PB and SWBT rarely use this cost pool.	Directly assigned to regulated comments: PB (Pacific Bell) and SWBT (Southwestern Bell Telephone) rarely use this cost pool.	To expand the acronyms PB and SWBT.	N/A
	Directly assigned to nonregulated comments: AOCs rarely use this cost pool.	Directly assigned to nonregulated comments: AOCs (Ameritech) rarely use this cost pool.	To expand the AOC acronym.	N/A
VI-22 1220	N/A for SNET using the Directly assigned to regulated cost pool.	Check mark for SNET as using the Directly assigned to regulated cost pool.	SNET uses the Directly assigned to regulated cost pool in Account 1220 effective year 2006.	Less than \$.1 million impact on regulated operations.
VI-22 1410	Direct Cost Pool comments: PB, NB and SWBT rarely use this cost pool.	Direct Cost Pool comments: PB, NB (Nevada Bell) and SWBT rarely use this cost pool.	To expand the NB acronym.	N/A
VI-23 1500; 2003; 2005	See General Note.	See General Note.	See General Note.	N/A-S
VI-23 2003	Directly assigned to nonregulated cost pool comments: Nevada Bell rarely uses this cost pool.	Directly assigned to nonregulated cost pool comments: NB rarely uses this cost pool.	Replaced name of telco with acronym.	N/A
V-23 2005	The Companies do not have any Telecommunications Plant Adjustment investment.	The Companies (AOCs, NB, PB, SNET (The Southern New England Telephone Company) and SWBT) do not have any Telecommunications Plant Adjustment investment.	To expand the SNET acronym and define "Company".	N/A
VI-24 2111; 2112	See General Note.	See General Note.	See General Note.	N/A-S

TRANSMITTAL MATRIX CAM CHANGES

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VI-24 2111	Directly Assigned to Regulated comments: Ameritech (AOCs), Nevada Bell (NB), Pacific Bell; (PB) and Southwestern Bell *SWBT) (the Companies)	Directly Assigned to Regulated comments: The Companies	The acronyms have already been expanded and "Company" defined above.	N/A
VI-25 2112	See General Note.	See General Note.	See General Note.	N/A-S
VI-26 2114; 2121	See General Note.	See General Note.	See General Note.	N/A-S
VI-27 2121	See General Note.	See General Note.	See General Note.	N/A-S
VI-27 2121	Central Office Cost Pool (in SNET's CAM); Indirectly attributed based on the relative regulated and nonregulated investment	Central Office Cost Pool ; Indirectly attributed based on current regulated and nonregulated investment value	To sync up the wording for the apportionment method used for the Central Office Cost Pool—no change in allocator. See General Note.	N/A-S
VI-28 2122; 2123	See General Note.	See General Note.	See General Note.	N/A-S
VI-28 2123	N/A	Direct Cost Pool; Based on description of accounting codes; Directly assigned to nonregulated; check for SNET	See General Note.	N/A-S
VI-29 2124	See General Note.	See General Note.	See General Note.	N/A-S
VI-29 2124	Microcomputers Cost Pool [in SNET CAM]	Communications/Microcomputers Cost Pool	SNET Microcomputers Cost Pool folded into the Communications/Microcomputers Cost Pool; no change to pooling mechanism or allocator, just slightly different names.	N/A-S

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VI-30 2211; 2212	See General Note.	See General Note.	See General Note.	N/A-S
VI-30 2211	Direct Cost Pool; Comments: NB rarely uses this cost pool.	NB and SNET rarely use this cost pool.	See General Note.	N/A-S
VI-31 2220	See General Note.	See General Note.	See General Note.	N/A-S
VI-31 2220	N/A	Direct Cost Pool; Based on description of accounting codes; Directly Assigned to regulated; check for SNET.	See General Note.	N/A-S
VI-32 2231; 2232; 2311	See General Note.	See General Note.	See General Note.	N/A-S
VI-32 2311	Directly assigned to regulated cost pool; Based on description of accounting codes.	Not applicable.	The Directly assigned to regulated cost pool is not in use by the Companies.	N/A
VI-32 2311	Directly assigned to nonregulated cost pool; Based on description of accounting codes.	Cost Pool equals account.	The entire Account 2311 balance is in the Directly assigned to nonregulated cost pool.	N/A
VI-33 2351; 2362; 2411; 2421	See General Note.	See General Note.	See General Note.	N/A-S
VI-33 2421	No comments for the Direct Cost Pool.	Direct Cost Pool comments: By special permission from the FCC, SNET records Aerial Wire (Account 2431) with Aerial Cable in this account.	Added SNET's comments.	N/A-S

TRANSMITTAL MATRIX CAM CHANGES

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VI-34 2422; 2423; 2424; 2426	See General Note.	See General Note.	See General Note.	N/A-S
VI-34 2431	Companies do not use aerial wire in the provision of nonregulated activities.	Companies do not use aerial wire in the provision of nonregulated activities. By special permission from the FCC, SNET records its aerial wire investment in Account 2421, Aerial Cable.	Added SNET's comments.	N/A-S
VI-35 2441	See General Note.	See General Note.	See General Note.	N/A-S
VI-35 2681	Directly assigned to regulated cost pool comments: Pacific Bell rarely uses this cost pool.	Directly assigned to regulated cost pool comments: PB rarely uses this cost pool.	Replaced name of telco with acronym.	N/A
VI-35 2681	Directly attributed to regulated cost pool comments: Pacific Bell rarely uses this cost pool.	Directly attributed to regulated cost pool comments: PB rarely uses this cost pool.	Replaced name of telco with acronym.	N/A
VI-35 2681	Directly attributed to nonregulated cost pool comments: Pacific Bell rarely uses this cost pool.	Directly attributed to nonregulated cost pool comments: PB rarely uses this cost pool.	Replaced name of telco with acronym.	N/A
VI-37 2682	Directly attributed to nonregulated cost pool comments: Pacific Bell rarely uses this cost pool.	Directly attributed to nonregulated cost pool comments: PB rarely uses this cost pool.	Replaced name of telco with acronym.	N/A
VI-38 2682; 2690; 3100	See General Note.	See General Note.	See General Note.	N/A-S
VI-39 3100; 3420	See General Note.	See General Note.	See General Note.	N/A-S

TRANSMITTAL MATRIX CAM CHANGES

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VI-40 4040; 4100; 4300	See General Note.	See General Note.	See General Note.	N/A-S
VI-40 4100	Net Current Deferred Operating Income Taxes Cost Pool [in SNET CAM]	Non-Plant Cost Pool	SNET Net Current Deferred Operating Income Taxes Cost Pool folded into the Non-Plant Cost Pool; no change to pooling mechanism or allocator, just slightly different names.	N/A-S
VI-40 4300	Directly assigned to regulated comments: Ameritech rarely uses this cost pool.	Directly assigned to regulated comments: The AOCs rarely use this cost pool.	Replaced name of telco with acronym.	N/A
VI-41 4340;4370; 5001-5230; 5280	See General Note.	See General Note.	See General Note.	N/A-S
VI-42 5300; 6112; 6114	See General Note.	See General Note.	See General Note.	N/A-S
VI-43 6114; 6121; 6122	See General Note.	See General Note.	See General Note.	N/A-S
VI-43 6121	Directly Assigned Nonregulated; Comments: NB rarely uses this cost pool	Directly Assigned Nonregulated; Comments: NB and SNET rarely use this cost pool	See General Note.	N/A-S
VI-42 6122	N/A for SNET for the Directly assigned to regulated cost pool.	Check mark for SNET as using the Directly assigned to regulated cost pool.	SNET uses the Directly assigned to regulated cost pool in Account 6122 effective year 2006.	Increase to regulated operations of \$2.6 million.

TRANSMITTAL MATRIX CAM CHANGES

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VI-44 6123; 6124	See General Note.	See General Note.	See General Note.	N/A-S
VI-44 6124	N/A for SNET for the Directly attributed regulated cost pool.	Check mark added for SNET as using the Directly attributed regulated cost pool.	SNET uses the Directly attributed regulated cost pool in Account 6124 effective year 2006.	Impact on regulated operations less than \$.1 million.
VI-45 6124	See General Note.	See General Note.	See General Note.	N/A-S
VI-45 6124	Directory Cost Pool	N/A	The Directory Cost Pool is not in use effective January 2007.	Less than \$.1 million impact on regulated operations.
VI-46 6124; 6211; 6212	See General Note.	See General Note.	See General Note.	N/A-S
VI-46 6212	Directly Assigned Nonregulated; Comments: NB rarely uses this cost pool	Directly Assigned Nonregulated; Comments: NB and SNET rarely use this cost pool	See General Note.	N/A-S
VI-47 6220; 6231	See General Note.	See General Note.	See General Note.	N/A-S
VI-48 6232; 6311	See General Note.	See General Note.	See General Note.	N/A-S
VI-48 6232	Directly assigned to nonregulated; Comments: AOCs rarely use this cost pool	Directly assigned to nonregulated; Comments: AOCs and SNET rarely use this cost pool	See General Note.	N/A-S
VI-48 6311	Directly assigned to regulated; Comments: AOCs, PB and SWBT rarely use this pool	Directly assigned to regulated; Comments: AOCs, PB, SNET and SWBT rarely use this cost pool	See General Note.	N/A-S

TRANSMITTAL MATRIX CAM CHANGES

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VI-49 6341; 6351; 6362	See General Note.	See General Note.	See General Note.	N/A-S
VI-49 6341	Directly assigned to regulated; Directly assigned to nonregulated—no company specific comments.	Directly assigned to regulated; Directly assigned to nonregulated; Comments: SNET rarely uses this cost pool.	See General Note. SNET rarely uses the Directly assigned to regulated or the Directly assigned to nonregulated cost pools in Account 6341.	N/A-S
VI-50 6362; 6411; 6421; 6422; 6423	See General Note.	See General Note.	See General Note.	N/A-S
VI-50 6421	Direct Cost Pool; No comments.	Direct Cost Pool—Comments: By special permission from the FCC, SNET records Aerial Wire Expense (Account 6431) in this account.	See General Note.	N/A-S
VI-51 6423; 6424; 6426; 6431; 6441	See General Note.	See General Note.	See General Note.	N/A-S
VI-51 6424	The Companies rarely use this account.	The AOCs, NB, PB and SWBT rarely use this account.	SNET still commonly uses Account 6424, so the exact companies which rarely use the account are specifically listed.	N/A-S
VI-51 6431	No comments.	Comments: By special permission from the FCC, SNET records Aerial Wire Expense in Account 6421, Aerial Cable Expense.	See General Note.	N/A-S
VI-52	See General Note.	See General Note.	See General Note.	N/A-S

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6512; 6531				
VI-52 6531	Directly assigned to regulated; Comments on the SNET comment: SNET rarely uses this cost pool.	Directly assigned to regulated; Comments: NB rarely uses this cost pool.	See General Note. SNET commonly uses the Directly assigned to regulated cost pool in Account 6531 effective year 2006 and was therefore not referenced in the comments.	N/A-S
VI-53 6533; 6534	See General Note.	See General Note.	See General Note.	N/A-S
VI-53 6534	Directly assigned to nonregulated; Comments: Ameritech	Directly assigned to nonregulated; Comments: The AOCs	Replaced name of telco with acronym.	N/A
VI-54 6535; 6540	See General Note.	See General Note.	See General Note.	N/A-S
VI-54 6535	Directly assigned to nonregulated; Comments: Ameritech	Directly assigned to nonregulated; Comments: The AOCs and SNET rarely use this cost pool.	Replaced name of telco with acronym and added SNET as rarely using the Directly assigned to nonregulated cost pool in Account 6535.	N/A
VI-54 6535	Engineering – Central Office and Outside Plant Cost Pools; no comments.	Engineering – Central Office and Outside Plant Cost Pools; Comments: SNET rarely uses this cost pool.	See General Note.	N/A-S
VI-55 6561	See General Note.	See General Note.	See General Note.	N/A-S
VI-55 6561	Directly assigned to nonregulated comments: Nevada Bell rarely uses this cost pool.	Directly assigned to nonregulated comments: NB rarely uses this cost pool.	Replaced name of telco with acronym.	N/A
VI-55 6562	Cost Pool equals account.	Not applicable.	Account 6562 is not used by the Companies.	N/A

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VI-56 6563; 6564; 6611	See General Note.	See General Note.	See General Note.	N/A-S
VI-56 6564	Directly assigned to nonregulated; no comments.	Directly assigned to nonregulated; Comments: SNET rarely uses this cost pool.	See General Note.	N/A-S
VI-56 6611	Direct Cost Pools comments: Includes prior Accounts 6611 and 6612.	Direct Cost Pools comments: Includes prior Accounts 6611 and/or 6612.	Either or both legacy Accounts 6611 and 6612 could be included in the Direct Cost Pools.	N/A
VI-57 6611; 6613; 6621	See General Note.	See General Note.	See General Note.	N/A-S
VI-57 6611	Sales Administration Cost Pool comments: Includes prior Account 6612.	Sales Administration Cost Pool comments: Includes prior Account 6612. SNET rarely uses this cost pool.	SNET rarely uses the Sales Administration Cost Pool in Account 6611.	N/A
VI-57 6611	Product Management and Sales Cost Pool comments: Includes prior Accounts 6611 and 6612.	Product Management and Sales Cost Pool comments: Includes prior Accounts 6611 and/or 6612.	Either or both legacy Accounts 6611 and 6612 could be included in the Product Management and Sales Cost Pool.	N/A
VI-58 6622	See General Note.	See General Note.	See General Note.	N/A-S
VI-58 6622	Directory Cost Pool	N/A	The Directory Cost Pool is not in use effective January 2007.	Increase to regulated operations of \$2.7 million.
VI-59 6623	See General Note.	See General Note.	See General Note.	N/A-S

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VI-60 6623; 6720	See General Note.	See General Note.	See General Note.	N/A-S
VI-60 6623	N/A	Customer Services Residual Cost Pool; Based on description of accounting codes; Marketing Allocator; SNET rarely uses this cost pool.	See General Note.	N/A-S
VI-60 6720	N/A for SNET	Check mark added for SNET for the Directly Attributed Regulated cost pool.	SNET uses the Directly Attributed Regulated cost pool in Account 6720 effective year 2006.	Increase to regulated operations of \$1.5 million.
VI-61 6720	See General Note.	See General Note.	See General Note.	N/A-S
VI-61 6720	General and Administrative Operations Cost Pool and the Plant Investment Cost Pool; Based on description of accounting codes.	General and Administrative Operations Cost Pool and the Plant Investment Cost Pool; Based on description of accounting codes and computer usage. Also added regulated and nonregulated to the apportionment method for the Plant Investment Cost Pool.	To clarify the pooling and apportionment methods—no change to either in application.	N/A
VI-62 6720	See General Note.	See General Note.	See General Note.	N/A-S
VI-62 6720	Marketing Cost Pool, Information Management Cost Pool and the General and Administrative Residual Cost Pool; Based on description of accounting codes.	Marketing Cost Pool, Information Management Cost Pool and the General and Administrative Residual Cost Pool; Based on description of accounting codes and computer usage.	To clarify the pooling method—no change in application.	N/A
VI-62 6720	Directory Cost Pool	N/A	The Directory Cost Pool is not in use effective January 2007.	Increase to regulated operations of \$1.0 million.

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VI-63 6790	Cost Pool equals account; General allocator.	Not applicable; Not applicable.	Account 6790 is not used by the Companies.	N/A
VI-63 7100; 7210; 7220; 7230	See General Note.	See General Note.	See General Note.	N/A-S
VI-63 7100	Land and Artworks Cost Pool comments: NB and Ameritech rarely use this pool.	Land and Artworks Cost Pool comments: NB and the AOCs rarely use this cost pool.	Replaced name of telco with acronym and added the word cost in front of pool.	N/A
VI-64 7240; 7250; 7300	See General Note.	See General Note.	See General Note.	N/A-S
VI-64 7240	N/A	Direct Cost Pool; Based on description of accounting codes; Directly assigned to nonregulated.	All the Companies use the direct nonregulated cost pool in Account 7240 effective year 2006.	N/A
VI-64 7300	SNET comment for the Contributions Cost Pool in Account 7300—SNET rarely uses this cost pool.	N/A	Comment no longer applicable.	N/A
VI-65 7500	See General Note.	See General Note.	See General Note.	N/A-S
VI-66 7910	See General Note.	See General Note.	See General Note.	N/A-S
VII-1thru 9	See General Note.	See General Note.	See General Note.	N/A-S
VII-2	a. Conventional Positive Time Reporting – Ameritech, Southwestern Bell, Pacific Bell, Nevada Bell	a. Conventional Positive Time Reporting	See General Note. Since all companies are using conventional positive time reporting (including SNET), there is no need to list individual companies.	N/A

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VII-3	Southwestern Bell and Nevada Bell exception time report in 15-minute increments.	Southwestern Bell, The Southern New England Telephone Company (SNET) and Nevada Bell exception time report in 15-minute increments.	To add SNET to the CAM used by Southwestern Bell, Nevada Bell and Pacific Bell.	N/A-S
VII-4	Southwestern Bell, Pacific Bell and Nevada Bell use the allocation method described at B.1 to apportion select marketing costs under Part 64.	Southwestern Bell, The Southern New England Telephone Company (SNET), Pacific Bell and Nevada Bell use the allocation method described at B.1 to apportion select marketing costs under Part 64.	To add SNET as apportioning select marketing costs under Part 64 using the allocation method described at B.1 in Section VII.	N/A
VII-5	2. For Service Representatives – Pacific Bell – Sales Channel Study; This method of allocating non-exception reported time utilizes a time and motion study . . . exception reporting drives the expense to the Part 32 accounts associated with the exception code used."	N/A	To reflect process changes in the Service Representatives study.	N/A
VII-5	3. For Service Representatives – Southwestern Bell and Ameritech – Customer Operations Expense Study	2. For Service Representatives – Southwestern Bell, Pacific Bell, and Ameritech – Customer Operations Expense Study	Renumbered due to deletion of the original Section 2. Pacific Bell uses the Customer Operations Expense Study.	N/A
VII-6	4. For Service Representatives – Nevada Bell – Customer Operations Expense Study	3. For Service Representatives – Nevada Bell – Customer Operations Expense Study	Renumbered due to deletion of the original Section 2.	N/A
VII-7	N/A	▪ Validation techniques are utilized . . . system checks are provided within the payroll and financial systems to support time reporting processes.	Detailed existing control procedures.	N/A

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IV-1	N/A	ABC Consolidation Corp., AT&T Communications Corp., Interpath Communications, Inc., Interpath Communications - Ohio, Inc., USInternetworking, Inc., USi Internetworking Services Pvt. Ltd., USi Internetworking Solutions Pvt. Ltd., USi Services B.V., USi Services Holdings Private Limited, and USi Services S.a.r.l.	New affiliates	N/A
IV-1	SBC Enterprise Services, Inc. and SBC International, Inc.	AT&T Enterprise Services, Inc. and AT&T International, Inc.	Affiliate name change	N/A
IV-1	N/A	2Wire, Inc.* and America Movil, S.A. de C.V.*	New affiliates	N/A
IV-1	SBC Hedging Management, LLC*, SBC Option Hedging, LLC, SBC Option Delivery, LLC, SBC General Leasing, LLC, and SBC International-Management Services, Inc.	AT&T Hedging Management, LLC*, AT&T Option Hedging, LLC, AT&T Option Delivery, LLC, AT&T General Leasing, LLC, and AT&T Mexico, Inc.	Affiliate name changes	N/A
IV-1	Compagne Generale De Videocommunication Ile-De-France, Inc., Nice Teleservice, Inc., Region Cable Cote D'opale, Inc., Region Cable Teledistribution, Inc., SBC International Transatlantic, Inc., and SBC International Transatlantic, LLC	N/A	Removed affiliates	N/A
IV-2	N/A	Telefonos de Mexico S.A. de C.V.*	New Affiliate	N/A
IV-2	Teleservice Boulogne-Sur-Mer, Inc., Teleservice Cannes, Inc., Teleservice Cote D'Azur, Inc., Teleservice Frejus, Inc., Teleservice Maures-Estrel, Inc., Teleservice Saint-Andre-Lez-Lille, Inc., Teleservice Suresnes, Inc., and Teleservice Victor Hugo, Inc.	N/A	Removed affiliates	N/A
IV-2	SBC Knowledge Ventures GP, Inc., SBC Knowledge Ventures, L.P. *, SBC Laboratories, Inc., SBC Management Services Holdings, Inc., SBC-MSI, LLC, SBC Management Services, L.P.	AT&T Knowledge Ventures GP, Inc., AT&T Knowledge Ventures, L.P. *, AT&T Labs, Inc., AT&T Management Services Holdings, Inc., AT&T-MSI, LLC, AT&T Management Services, L.P.,	Affiliate name changes	N/A
IV-2, 18	Southwestern Bell Messaging Services, Inc.	N/A	Reorganized and changed page numbers on chart	N/A
IV-2	SBC Operations, Inc., SBC Option Hedging, LLC*, SBC Services, Inc.*, SBC Teleholdings, Inc., Southwestern Bell Video Services, Inc.,	AT&T Operations, Inc., AT&T Option Hedging, LLC*, AT&T Services, Inc.*, AT&T Teleholdings, Inc., AT&T Video Services, Inc.	Affiliate name changes	N/A

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IV-2	N/A	AT&T Yellow Pages Holdings, LLC	New affiliate	N/A
IV-2	Inquent Holdings, Inc.	N/A	Removed affiliate	N/A
IV-3	Pacific Telesis Group and Southern New England Telecommunications Corporation	N/A	Removed affiliate	N/A
IV-3	Bell IP Holding, LLC, Bell Telephone Company of Nevada, Callisma, Nevada Bell Telephone Company, Nevada Bell Leasing Company, New Southwestern Bell Mobile Systems, Inc., Pacific Bell Directory, PBD Holdings, PBD Services, LLC, SBC Advertising, L.P., Pacific Bell Telephone Company, Pacific Bell Information Services, Pacific Bell Leasing Company, Pacific Telephone & Telegraph Company, Pactel Finance, PTF/FCLC Associates (LP), PTF/GECC (California) Associates (LP), SBC Hedging Management, LLC, Pacific Telesis, Inc., PTG Properties, Inc., and SBC Knowledge Ventures, LP, SBC Advanced Solutions, Inc., SBC Alloy Holdings, Inc., SBC Internet Services, Inc., AT&T Services, Inc., Southwestern Bell Yellow Pages, Inc., Telesis, Inc. (CA), Telesis, Inc. (NV), and The Pacific Telephone Corporation	N/A	Removed affiliate/changed page numbers	N/A
IV-3	N/A	SBC Communications, Inc. (Delaware name holder)	New affiliate	N/A
IV-3	SBC Data Services, Inc. and SBC Directory Operations, Inc.	N/A	Removed affiliates	N/A
IV-3	Bell IP Holding, L.L.C., Corporate Media Partners (Delaware Partnership) d/b/a Americast, SBC Alloy Holdings, Inc., SBC Advanced Solutions, Inc., SBC Internet Services, Inc., SBC Services, Inc., SBC Tower Holdings LLC, SNET America, Inc., SNET Credit, Inc., SNET Diversified Group, Inc., SNET Information Services, Inc., SNET Properties, Inc., SBC Knowledge Ventures, LP, SNET Real Estate, Inc., The Southern New England Telephone Company, and The Woodbury Telephone Company		Removed affiliate/changed page numbers	N/A
IV-3	TAU Merger Sub Corporation	N/A	Removed affiliate	N/A
IV-4-15	N/A	AT&T Corp and affiliates	AT&T Corp. and affiliates added to chart	N/A

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IV-16	SBC Teleholdings, Inc.	AT&T Teleholdings, Inc.	Changed affiliate name	N/A
IV-16	Ameritech Denmark Funding Corporation, Ameritech Denmark Holdings, LLC (Delaware) US Partnership, SBC Hedging Management, LLC, and Ameritech International Denmark Corporation	N/A	Removed affiliates	N/A
IV-16	Ameritech International Belgium, LLC (Illinois) US Partnership, Ameritech International Spain, S.L. (Spanish Corporation) US Partnership, and ADSB Telecommunications B.V. Netherlands Corporation	N/A	Removed affiliates	N/A
IV-16	SBC Hedging Management, LLC	AT&T Hedging Management, LLC	Changed affiliate name	N/A
IV-16	Ameritech Managed Services, Inc. and AT&T Hedging Management, LLC	N/A	Removed affiliates	N/A
IV-16	SBC Knowledge Ventures, L.P.	AT&T Knowledge Ventures, L.P.	Changed affiliate name	N/A
IV-16	Ameritech Publishing, Inc., Ameritech Management Corporation, Ameritech Publishing of Illinois, Inc., Consumer Direct Access, Ameritech Mobile Services, Inc., and Ameritech St. Louis Paging Corporation	N/A	Removed affiliates	N/A
IV-16	Ameritech Credit Corporation, SBC Hedging Management, LLC, and Continental/Ameritech N78001 Trust	AT&T Capital Services, Inc., AT&T Hedging Management, LLC, and Continental/Ameritech N78001 Trust Aircraft	Changed affiliate names	N/A
IV-17	Belgacom (1998-1) Trustee Trust, SBC Hedging Management, LLC, TeleDenmark A/S Ameritech Capital TACC 1998 Trust, States Jamvager/Ameritech 12/98, and SBC DataComm	Belgacom (1998-1) Trustee Trust Digital Switching Equipment, AT&T Hedging Management, LLC, TeleDenmark A/S Ameritech Capital TACC 1998 Trust Digital Switching Equipment, States Jamvager/Ameritech 12/98 OT Ferry Boat, and AT&T DataComm	Changed affiliate names	N/A
IV-17	Southwestern Bell Messaging Services, Inc.	AT&T Messaging, LLC	Changed affiliate name	N/A
IV-17	N/A	AT&T Messaging, LLC, AT&T Services, Inc., Bell IP Holding, L.L.C., Bell Telephone Company of Nevada, Callisma, Inc., Corporate Media Partners (Delaware Partnership) d/b/a Americast	Added affiliates/changed page numbers	N/A
IV-17	SBC Services, Inc.	AT&T Services, Inc.	Changed affiliate name	N/A

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IV-17	N/A	Nevada Bell Telephone Company, Nevada Bell Leasing Company, and New Southwestern Bell Mobile Systems, Inc.	Added affiliates/changed page numbers	N/A
IV-18	SBC Services, Inc.	AT&T Services, Inc.	Changed affiliate name	N/A
IV-18	N/A	Pacific Bell Telephone Company, Pacific Bell Information Services, Pacific Bell Leasing Company, The Pacific Telephone Corporation, Pacific Telephone & Telegraph Company, Pacific Telesis, Inc., Pactel Finance, AT&T Hedging Management, LLC, PTF/FCLC Associates (LP), PTF/GECC (California) Associates (LP), PTG Properties, Inc., AT&T Knowledge Ventures, L.P., SBC Advanced Solutions, Inc., Cingular Wireless LLC, SBC Long Distance, LLC, SNET America, Inc., SNET Credit, Inc., SNET Diversified Group, Inc., SNET Properties, SNET Real Estate, Inc., The Southern New England Telephone Company, Telesis Inc. (CA), and Telesis Inc. (NV)	Added affiliates/changed page numbers	N/A
IV-19	SBC Services, Inc.	AT&T Services, Inc.	Changed affiliate name	N/A
IV-19	N/A	The Woodbury Telephone Company	Added affiliates/changed page numbers	N/A
IV-20	SBC Advertising, L.P.	AT&T Advertising, L.P.	Changed affiliate name	N/A
IV-20	N/A	Southwestern Bell Yellow Pages, Inc., Ameritech Publishing, Inc., Ameritech Management Corporation, and SNET Information Services, Inc.	Added affiliates/changed page numbers	N/A
IV-21	Texas RSA 1B Tower Holdings, LP	N/A	Removed affiliate	N/A
IV-22	N/A	Nistevo Corporation	New affiliate	N/A
IV-22	N/A	Yantra Solutions Private Limited (India), Yantra Corporation U.K. Limited, and Yantra GMBH (Germany)	Moved affiliate names	N/A
IV-22	Yantra Corporation	N/A	Removed affiliate	N/A

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V-1	N/A	The Southern New England Telephone Company	Added Telco to Introduction	N/A-S
V-1-24	N/A	The Southern New England Telephone Company	Updated list of Telcos within footer	N/A-S
V-3	recording Telco books	recording on Telco books	Clarified sentence	N/A
V-3	first \$500,000 of service-by-service basis	first \$500,000 of services on a service-by-service basis	Clarified sentence	N/A
V-3	Telco may record fully distributed cost	Telco may record the fully distributed cost	Clarified sentence	N/A
V-3	The Telcos provide instructions, outlined below,	The Telcos provide instructions	Clarified sentence	N/A
V-3	or fair market value of the service:	or fair market value of the service.	Punctuated sentence	N/A
V-4	First, if the affiliate provides a rate pursuant to a tariff or publicly filed agreement, Telco must record at that rate.	First, if the affiliate provides a service pursuant to a tariff or publicly filed agreement, Telco must record the service at that rate.	Clarified sentence	N/A
V-4	cost will be used as a ceiling for recording on Telco books.	cost will be used as a ceiling for recording the service on Telco books.	Clarified sentence	N/A
V-5	Ameritech Advanced Data Services, Ameritech Payphone Services, Inc. and AT&T Labs, Inc.	Ameritech Advanced Data Services, Ameritech Payphone Services, Inc. and AT&T Labs, Inc.	Modified affiliate descriptions	N/A
V-5, 6	SBC DataComm, Inc.	AT&T DataComm, Inc.	Modified affiliate name and changed page numbers	N/A
V-5, 6	Southwestern Bell Video Services, Inc.	AT&T Video Services, Inc.	Modified affiliate name	N/A
V-5-12	Blank Lines	N/A	Removed blank lines	N/A
V-5, 6	Gateway Rivers Insurance Company	Gateway Rivers Insurance Company	Changed page numbers	N/A
V-6	SNET Information Services, Inc.	SNET Information Services, Inc.	Modified affiliate description	N/A
V-6	N/A	SNET Real Estate, Inc.	Added affiliate name and description	N/A-S
V-7-9	All Services	All Services	Arranged in alpha order	N/A
V-7	Administrative Services and Customer Premises Equipment (CPE) and Wire Services	Administrative Services and Customer Premises Equipment (CPE) and Wire Services	Modified service descriptions	N/A
V-7	Billing and Collections and Digital Subscriber Loop (DSL) Network Planning & Engineering	Billing and Collection Services and Digital Subscriber Loop (DSL) Network Planning & Engineering Services	Modified service names and descriptions	N/A

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V-7	Digital Subscriber Loop (DSL) Maintenance and Provisioning	Digital Subscriber Loop (DSL) Maintenance and Provisioning	Modified service description	N/A
V-8	N/A	Engineering Support	Added service name and description	N/A-S
V-8	Fiber Broadband Service and Marketing Services	Fiber Broadband Service and Marketing Services	Modified service descriptions	N/A
V-8	N/A	Layer 1/2/3 and Voice Network Planning and Engineering Service, Network Operations Support, and Network Performance Monitoring	Added service names and descriptions	N/A-S
V-8	Official Communications	Official Communications Services	Modified service name and description	N/A
V-9	N/A	Operator Services and Power Management	Added service names and descriptions	N/A-S
V-9	Primary Interexchange Carrier (PIC), Public Relations, Real Estate Services, Tariffed Telecommunications Services, Telecommunications and Equipment Services, Telephone Directory Services, Temporary Projects, and Training Provided to Others	Primary Interexchange Carrier (PIC), Public Relations, Real Estate Services, Tariffed Telecommunications Services, Telecommunications and Equipment Services, Telephone Directory Services, Temporary Projects, and Training Provided to Others	Modified service descriptions	N/A
V-9	Regulatory	Regulatory Services	Modified service name and description	N/A
V-9	Wholesale Telecommunications Services	Wholesale Services	Modified service name and description	N/A
V-10-12	All Services	All Services	Arranged in alpha order	N/A
V-10	Advertising and Image Promotion, Billing and Collection Services, Broadband IP Service, and Call Center Customer Care	Advertising and Image Promotion, Billing and Collection Services, Broadband IP Service, and Call Center Customer Care	Modified service descriptions	N/A
V-10	Telecommunications Services and Equipment	Communications Services and Equipment	Modified service name and description	N/A
V-11	Information Technology Services and Marketing Services	Information Technology Services and Marketing Services	Modified service descriptions	N/A
V-11	N/A	Layer 1/2/3 and Voice Network Planning and Engineering Service	Added service name and description	N/A

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V-12	N/A	Operator Services	Added service name and description	N/A
V-12	Procurement Support Services, Real Estate Support Services, Temporary Projects, and White Pages Directory Services	Procurement Support Services, Real Estate Support Services, Temporary Projects, and White Pages Directory Services	Modified service descriptions	N/A
V-13-20	N/A	N/A	Modified column widths to standardize format	N/A
V-13-16	Southwestern Bell Video Services, Inc., #25	AT&T Video Services, Inc., #25	Modified affiliate name on matrix	N/A
V-13	Tariffed Tele-communications Services	Tariffed Telecommunications Services	Modified service name on matrix	N/A
V-13	N/A	Tariffed Telecommunications Services – SNET Information Services, Inc., #27 and SNET America, Inc., #28, Daily	Added service to affiliates	N/A-S
V-13, 14, 17, 18	Wholesale Telecommunications Services	Wholesale Services	Modified service name on matrix	N/A
V-13	N/A	CPE and Wire Services (PP) – AT&T Corp., #15 and SNET America, Inc., #28, Daily	Added service to affiliates	N/A-S
V-13	N/A	CPE and Wire Services (PP) – Sterling Commerce, Inc., #23, Occasionally	Added service to affiliate	N/A-S
V-13	N/A	Billing and Collections (PP) – SNET America, Inc., #28, Daily	Added service to affiliate	N/A-S
V-14	N/A	Telecommunications and Equipment Services (PP) -SNET Diversified Group, Inc., #5, AT&T Corp., #15, SBC Advanced Solutions, Inc., #20, SNET Information Services, Inc., #27, and SNET America, Inc., #28, Daily	Added service to affiliates	N/A-S
V-14, 18	N/A	Land and Building	Added asset category to matrix	N/A
V-14 7100/7300	N/A	Inventory – AT&T Services, Inc., #12, Occasionally	Added service to affiliate	Zero impact on regulated operations
V-14 2682/3420	N/A	Support Assets – Southwestern Bell Yellow Pages, Inc., #19, Occasionally	Added service to affiliate	Under \$0.4 million impact on regulated operations
V-14 5200	N/A	Finance & Treasury Services (FDC, FMV) – SBC Internet Services, Inc., #8 and AT&T Corp., Inc., #15, Daily	Added service to affiliates	Under \$0.1 million impact on regulated operations
V-14	Administrative Services (FDC, FMV) – AT&T Corp, #15, Occasionally	Administrative Services (FDC, FMV) – AT&T Corp, #15, Daily	Updated matrix	N/A

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V-14	N/A	Official Communications (FDC, FMV) – SBC Long Distance, LLC, #2, SNET Diversified Group, Inc., #5, SNET Information Services, Inc., #27, and SNET America, Inc., #28, Occasionally	Added service to affiliates	N/A-S
V-14 5200	N/A	Official Communications (FDC, FMV) – AT&T Enterprise Services, Inc., #16, Occasionally	Added service to affiliate	Under \$0.1 million impact on regulated operations
V-14 5200	N/A	Real Estate Services (FDC, FMV) – AT&T Enterprise Services, Inc., #16, Daily	Added service to affiliate	Under \$0.1 million impact on regulated operations
V-14	N/A	Real Estate Services (FDC, FMV) – Sterling Commerce, Inc., #23, SNET Information Services, Inc., #27, and SNET America, Inc., #28, Daily	Added service to affiliate	N/A-S
V-15 5200	N/A	Temporary Projects (FDC, FMV) – AT&T Corp., Inc., #15, Occasionally	Added service to affiliate	Under \$0.1 million impact on regulated operations
V-15	Marketing Services (FDC, FMV) – Pacific Bell Directory, #4, Daily	Marketing Services (FDC, FMV) – Pacific Bell Directory, #4, Occasionally	Updated matrix	N/A
V-15	Marketing Services (FDC, FMV) – SNET Diversified Group, Inc., #5, Occasionally	Marketing Services (FDC, FMV) – SNET Diversified Group, Inc., #5, Daily	Updated matrix	N/A-S
V-15	CPE and Wire Svcs (FDC, FMV)	CPE and Wire Services (FDC, FMV)	Updated service name on matrix	N/A
V-15	N/A	CPE and Wire Services (FDC, FMV) – SNET America, Inc., #28, Occasionally	Updated matrix	N/A-S
V-15	N/A	Telephone Directory Services (FDC) – SNET Information Services, Inc., #27, Daily	Updated matrix	N/A-S
V-15 5200	N/A	Regulatory (FDC, FMV) – AT&T Corp., #15 and AT&T Enterprise Services, Inc., #16, Monthly	Added service to affiliates	Under \$0.5 million impact on regulated operations
V-15	Regulatory (FDC, FMV) – SNET America, Inc., #28, Daily	Regulatory (FDC, FMV) – SNET America, Inc., #28, Occasionally	Updated matrix	N/A
V-15 5200	N/A	Training Provided to Others (FDC, FMV) – AT&T Corp., #15 and SNET America, Inc., #28, Occasionally	Added service to affiliates	\$2.1 million impact on regulated operations
V-15	N/A	Collection Services (FDC, FMV) – SNET Diversified Group, Inc., #5 and AT&T Corp., #15, Occasionally	Added service to affiliates	N/A-S
V-15, 19	N/A	Operator Services (FDC)	Added service name to matrix	N/A-S

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Description of change

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V-15	N/A	Operator Services (FDC) – SNET Diversified Group, Inc., #5, Daily	Added service to affiliate	N/A-S
V-15, 19, 23	N/A	Layer 1/2/3 and Voice Network Planning and Engineering Service	Added service name to matrix	N/A
V-15	N/A	Layer 1/2/3 and Voice Network Planning and Engineering Service (FDC/FMV) – SBC Long Distance, Inc., #2, AT&T Corp., #15, SBC Advanced Solutions, Inc., #20, Daily and SNET America, Inc., #28, Occasionally	Added service to affiliates	N/A
V-16	Telecommunications and Equipment Services (FDC, FMV)- SBC Long Distance, LLC, #2, Occasionally	Telecommunications and Equipment Services (FDC, FMV)- SBC Long Distance, LLC, #2, Daily	Updated matrix	N/A-S
V-16	N/A	Telecommunications and Equipment Services (FDC, FMV)- SNET Diversified Group, Inc., #5, SBC Internet Services, Inc., #8, AT&T Services, Inc., #12, AT&T Operations, Inc., #14, SNET Information Services, Inc., #27, and SNET America, Inc., #28, Daily	Added service to affiliates	N/A-S
V-16	N/A	Telecommunications and Equipment Services (FDC, FMV) – Pacific Bell Information Services, #6, Calisma, Inc., #7, and AT&T Messaging, LLC, #21, Occasionally	Added service to affiliates	N/A-S
V-16, 20	N/A	Engineering Support (FDC), Network Operations Support (FDC), Network Performance Monitoring (FDC), and Power Management (FDC)	Added service names to matrix	N/A-S
V-16	N/A	Public Relations Services (FDC, FMV) – AT&T Corp., #15, Occasionally	Updated matrix	N/A
V-16	N/A	Engineering Support (FDC) – SNET Diversified Group, Inc., #5, and AT&T Operations, Inc., #14, Occasionally	Added service to affiliates	N/A-S
V-16	N/A	Engineering Support (FDC) – SBC Advanced Solutions, Inc., #20, Daily	Added service to affiliate	N/A-S
V-16	N/A	Network Operations Support (FDC) – SBC Long Distance, LLC, #2, Daily	Added service to affiliate	N/A-S
V-16	N/A	Network Performance Monitoring (FDC) – SBC Long Distance, LLC, #2, Occasionally	Added service to affiliate	N/A-S
V-16	N/A	Power Management (FDC) – SBC Long Distance, LLC, #2, Daily and SBC Internet Services, Inc., #8, Occasionally	Added service to affiliates	N/A-S

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V-17-20	SBC DataComm, Inc., #37	AT&T DataComm, Inc., #37	Modified affiliate name on matrix	N/A
V-17	Billing & Collection Services (Tariff) – AT&T DataComm, Inc., #37, Daily	Billing & Collection Services (Tariff) – AT&T DataComm, Inc., #37, Occasionally	Updated matrix	N/A
V-18	N/A	Land and Building – SBC Asset Management, Inc., #31, Occasionally	Added service to affiliate	N/A
V-18	N/A	Finance & Treasury Services (FDC, FMV) – Ameritech Advanced Data Services, Inc., #33, Daily	Updated matrix	N/A
V-18	Administrative Services (FDC, FMV) – SBC Global Services, Inc., #32-Daily	Administrative Services (FDC, FMV) – SBC Global Services, Inc., #32-Occasionally	Updated matrix	N/A
V-19	Real Estate Services (FDC, FMV) – Ameritech Information Industry Services, Inc., #40, Daily	N/A	Removed service to affiliate	N/A
V-19	N/A	Layer 1/2/3 and Voice Network Planning and Engineering Service (FDC/FMV) – Ameritech Advanced Data Services, Inc., #33, Daily	Added service to affiliate	N/A
V-20	N/A	Telecommunications and Equipment Services (FDC, FMV) – SBC Global Services, Inc., #32, Occasionally and AT&T DataComm, Inc., #37, Daily	Added service to affiliates	N/A-S
V-21-24	N/A, #2 and N/A, #3	SNET Real Estate, Inc., #2 and SNET Information Services, Inc., #3	Added affiliates to matrix	N/A-S
V-21-24	SBC DataComm, Inc., #21	AT&T DataComm, Inc., #21	Modified affiliate name on matrix	N/A
V-21 6623	N/A	Tariffed Telecommunications Services – SBC Advanced Solutions, Inc., #12 and SNET Diversified Group, Inc., #13, Daily	Added service to affiliate	\$0.6 million impact on regulated operations
V-21	N/A	Advertising (PP) – SNET Information Services, Inc., #3, Daily	Added service to affiliate	N/A-S
V-21, 22, 24	Telecommunications Services and Equipment	Communications Services and Equipment	Modified service name on matrix	N/A
V-21	Communications Services and Equipment (PP) – SBC Advanced Solutions, Inc., #12 and Ameritech Advanced Data Services, Inc., #15, Occasionally	N/A	Removed service from affiliates	N/A
V-21	N/A	Communications Services and Equipment (PP) – Sterling Commerce, Inc., #24, Occasionally	Added service from affiliate	N/A-S



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December 21, 2006

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room CY-B402
Washington, D.C. 20554

FILED/ACCEPTED

DEC 21 2006

Federal Communications Commission
Office of the Secretary

Re: Permanent Cost Allocations Manual for the Separation of Regulated and Nonregulated Costs for Ameritech, Pacific Bell, Nevada Bell, The Southern New England Telephone and Southwestern Bell Telephone Companies

Dear Ms. Dortch:

Pursuant to Section 64.903(b) of the Commission's rules, as amended by the *Report and Order* in CC Docket No. 99-253, AT&T Inc. ("AT&T") respectfully submits an original and three complete copies of an updated Cost Allocation Manual ("CAM") filing for Ameritech, Pacific Bell, Nevada Bell, The Southern New England Telephone and Southwestern Bell Telephone Companies.

Effective with this CAM filing we are eliminating the separate Southern New England Telephone Company ("SNET") CAM and including the SNET CAM information with the other AT&T telcos' CAM.

This annual CAM filing incorporates a description of revisions to cost pools in the Transactions with Affiliates and Cost Apportionment Tables sections in addition to technical and narrative changes to the remaining sections of the CAM. All changes to the CAM can be identified by annotations in the right hand margin of each revised page and are described in the attachment.

Please stamp and return the provided copy to confirm your receipt of this filing. Please contact me at (202) 457-2321 should you have any questions about this CAM filing.

Sincerely,

Enclosures

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AMERITECH/NEVADA BELL/PACIFIC BELL/SOUTHERN NEW ENGLAND/
SOUTHWESTERN BELL TELEPHONE CAM

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General Note	The Southern New England Telephone Company (a/k/a Southern New England Telephone or SNET) Cost Allocation Manual (CAM) is separate from the CAM for Ameritech, Nevada Bell, Pacific Bell and Southwestern Bell Telephone Company.	SNET's CAM is included in the CAM for Ameritech, Nevada Bell, Pacific Bell and Southwestern Bell Telephone Company. All footers now reflect SNET in addition to the other telcos.	SNET's CAM has migrated to the CAM for Ameritech, Nevada Bell, Pacific Bell and Southwestern Bell Telephone Company for efficiency and as SNET has increased in similarity to these other telcos.	Not Applicable (N/A); change due to SNET CAM included in merged CAM (SNET CAM related change identified subsequently as N/A-S)
I-1 thru 6	See General Note.	See General Note.	See General Note.	N/A-S
II-1 thru 6	See General Note.	See General Note.	See General Note.	N/A-S
II-2	Internet Protocol Services – Ameritech, Pacific Bell and Southwestern Bell	Internet Protocol Services - Ameritech, Pacific Bell, Southwestern Bell and SNET	See General Note.	N/A-S
II-3	All telcos except SNET provide Post Sales Customer Care.	All telcos provide Post Sales Customer Care.	SNET also provides Post Sales Customer Care effective year 2006.	N/A
II-3	Voice Messaging Services – Ameritech	Voice Messaging Services – Ameritech and SNET	See General Note.	N/A-S
II-4	N/A	Added X's under Activities 2 and 10 for Account 2003.	Account 2003 is incurring charges for Activity 2, Computer Services, and Activity 10, Planning and Development.	N/A
II-5	N/A	Added an X under Activity 3 for Account 6232 and under Activity 10 for Account 6212.	Account 6232 is incurring charges for Activity 3, CPE and Wire Services; Account 6212 is incurring charges for Activity 10, Planning and Development.	N/A
II-6	N/A	Added X's under Activity 10 for Accounts 6623 and 7100.	Accounts 6623 and 7100 are incurring charges for Activity 10, Planning and Development.	N/A
III-1 thru 4	See General Note.	See General Note.	See General Note.	N/A-S

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III-1	SNET—Billing and Collection	N/A	SNET does not provide an incidental Billing and Collection service.	N/A
III-3, 4	SNET—Custom Work on page III-2	Income from Custom Work on page III-3	SNET still performs Custom Work and is X'd as such on III-4.	N/A-S
III-1, 4	SNET—Surplus Space	Rent Revenue on page III-1	SNET still earns Rent Revenue through renting Surplus Space and is X'd as such on III-4.	N/A-S
IV-1 thru 22	See General Note.	See General Note.	See General Note.	N/A-S
IV	N/A	N/A	See Transmittal Attachment A for Section IV explanations. Organization chart has been reformatted.	N/A
V-1 thru 24	See General Note.	See General Note.	See General Note.	N/A-S
V	N/A	N/A	See Transmittal Attachment B for Section V explanations.	N/A
VI-1 thru 21 Section VI Intro	Accounts listed under cost pool identification and apportionment methods.	N/A	Accounts listed under cost pool identification and apportionment methods have been deleted as duplicative since accounts and their related cost pool identification and apportionment methods are already listed in the Section VI Cost Apportionment Tables.	N/A
VI-4 thru 66	See General Note.	See General Note.	See General Note.	N/A-S
VI-4	Accounts	N/A	Accounts deleted.	N/A

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VI-5	Accounts	N/A	Accounts deleted.	N/A
VI-5	Lease Study	Lease Study—Pacific and SWBT	Only Pacific and SWBT use the Lease Study cost pool identification method.	N/A
VI-5	Leasehold Improvement Study	Leasehold Improvement Study—Pacific and SWBT	Only Pacific and SWBT use the Leasehold Improvement Study cost pool identification method.	N/A
VI-5	Specific Identification of Equipment in Accounting Records	Specific Identification of Equipment in Accounting Records—SWBT	Only SWBT uses the Specific Identification of Equipment in Accounting Records cost pool identification method.	N/A
VI-6	Accounts	N/A	Accounts deleted.	N/A
VI-7	Accounts	N/A	Accounts deleted.	N/A
VI-7	Computer Usage; A special study is conducted at least on an annual basis to assign computer costs into several cost causative categories. . . . For general purpose computer and information management expenses billed to the telcos by the affiliate providing support services, actual computer usage based on the services affiliate billing detail will be used to assign costs to cost pools.	Computer Usage; Computer usage is the basis For general purpose computer and information management expenses billed to the telcos by the affiliate providing support services, actual computer usage or the use of project management for information technology based on the services affiliate billing detail will be used to assign costs to cost pools.	Computer usage no longer entails a special study. Pools are identified by actual computer usage or the services affiliate billing detail which provides the use of project management for information technology.	N/A
VI-8	Accounts	N/A	Accounts deleted.	N/A
VI-9	Accounts	N/A	Accounts deleted.	N/A

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VI-10	Accounts	N/A	Accounts deleted.	N/A
VI-11	Accounts	N/A	Accounts deleted.	N/A
VI-11	Peak Forecasted Annual Usage – Living Units – Ameritech, Pacific and SWBT	Peak Forecasted Annual Usage – Living Units – Ameritech, Pacific, SNET and SWBT	See General Note.	N/A-S
VI-12	Accounts	N/A	Accounts deleted.	N/A
VI-12	Peak Forecasted Annual Usage – Call Volumes	Peak Forecasted Annual Usage – Call Volumes – Ameritech, Nevada, Pacific and SWBT	To list those companies using the Peak Forecasted Annual Usage cost pool apportionment method (i.e., SNET does not use Peak Forecasted Annual Usage).	N/A
VI-13	Accounts	N/A	Accounts deleted.	N/A
VI-14	Accounts	N/A	Accounts deleted.	N/A
VI-15	Accounts	N/A	Accounts deleted.	N/A
VI-16	Accounts	N/A	Accounts deleted.	N/A
VI-17	Accounts	N/A	Accounts deleted.	N/A
VI-17	Directory Space – SWBT	N/A	SWBT will not use the Directory Space cost pool apportionment method effective January 2007.	N/A

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VI-17	Tax Allocation-Operating Federal Income Tax, State and Local Income Taxes and Provision for Deferred Operating Income Taxes-Net; The common cost pools in Accounts 7220, 7230 and 7250 are allocated based on operating book income before income taxes less interest expense.	Tax Allocation-Federal Income Tax, Operating State and Local Income Taxes and Provision for Deferred Operating Income Taxes-Net; The Operating Federal Income Tax, Operating State and Local Income Taxes and Provision for Deferred Operating Income Taxes-Net common cost pools are allocated based on operating book income before income taxes less interest expense.	To add the word "Operating" before State and Local Income Taxes and replace the listed accounts with their Part 32 titles.	N/A
VI-17	Directory Assistance Call Work Volume Usage; The Operator Systems Directory Assistance Cost Pool's common expenses in Account 6622, Number Services, are allocated based on the ratio of nonregulated call work volumes to total call work volumes.	Directory Assistance Call Work Volume Usage – Ameritech, Nevada, Pacific and SWBT; The operator systems directory assistance common expenses are allocated based on the ratio of nonregulated call work volumes to total call work volumes.	To list those companies using the Directory Assistance Call Work volume usage cost pool apportionment method (i.e., SNET does not use Directory Assistance Call Work volume usage).	N/A
VI-18	Accounts	N/A	Accounts deleted.	N/A
VI-19	Accounts	N/A	Accounts deleted.	N/A
VI-20	Accounts	N/A	Accounts deleted.	N/A
VI-21	Accounts	N/A	Accounts deleted.	N/A
VI-21	Direct cost pools exist in some accounts solely as place holders for the cost pools required per Uniformity. For example, the directly assigned pools in Account 2121, Buildings, are not in use by the Companies.	Cost pools exist in some accounts solely as place holders for the cost pools required per Uniformity, but are not in use by the Companies.	Uniformity cost pools not in use can be common cost pools in addition to direct cost pools.	N/A

TRANSMITTAL MATRIX CAM CHANGES

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VI-22 1220; 1410; 1438	See General Note.	See General Note.	See General Note.	N/A-S
VI-22 1220	Directly assigned to regulated comments: PB and SWBT rarely use this cost pool.	Directly assigned to regulated comments: PB (Pacific Bell) and SWBT (Southwestern Bell Telephone) rarely use this cost pool.	To expand the acronyms PB and SWBT.	N/A
	Directly assigned to nonregulated comments: AOCs rarely use this cost pool.	Directly assigned to nonregulated comments: AOCs (Ameritech) rarely use this cost pool.	To expand the AOC acronym.	N/A
VI-22 1220	N/A for SNET using the Directly assigned to regulated cost pool.	Check mark for SNET as using the Directly assigned to regulated cost pool.	SNET uses the Directly assigned to regulated cost pool in Account 1220 effective year 2006.	Less than \$.1 million impact on regulated operations.
VI-22 1410	Direct Cost Pool comments: PB, NB and SWBT rarely use this cost pool.	Direct Cost Pool comments: PB, NB (Nevada Bell) and SWBT rarely use this cost pool.	To expand the NB acronym.	N/A
VI-23 1500; 2003; 2005	See General Note.	See General Note.	See General Note.	N/A-S
VI-23 2003	Directly assigned to nonregulated cost pool comments: Nevada Bell rarely uses this cost pool.	Directly assigned to nonregulated cost pool comments: NB rarely uses this cost pool.	Replaced name of telco with acronym.	N/A
V-23 2005	The Companies do not have any Telecommunications Plant Adjustment investment.	The Companies (AOCs, NB, PB, SNET (The Southern New England Telephone Company) and SWBT) do not have any Telecommunications Plant Adjustment investment.	To expand the SNET acronym and define "Company".	N/A
VI-24 2111; 2112	See General Note.	See General Note.	See General Note.	N/A-S

TRANSMITTAL MATRIX CAM CHANGES

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VI-24 2111	Directly Assigned to Regulated comments: Ameritech (AOCs), Nevada Bell (NB), Pacific Bell; (PB) and Southwestern Bell *SWBT) (the Companies)	Directly Assigned to Regulated comments: The Companies	The acronyms have already been expanded and "Company" defined above.	N/A
VI-25 2112	See General Note.	See General Note.	See General Note.	N/A-S
VI-26 2114; 2121	See General Note.	See General Note.	See General Note.	N/A-S
VI-27 2121	See General Note.	See General Note.	See General Note.	N/A-S
VI-27 2121	Central Office Cost Pool (in SNET's CAM); Indirectly attributed based on the relative regulated and nonregulated investment	Central Office Cost Pool ; Indirectly attributed based on current regulated and nonregulated investment value	To sync up the wording for the apportionment method used for the Central Office Cost Pool—no change in allocator. See General Note.	N/A-S
VI-28 2122; 2123	See General Note.	See General Note.	See General Note.	N/A-S
VI-28 2123	N/A	Direct Cost Pool; Based on description of accounting codes; Directly assigned to nonregulated; check for SNET	See General Note.	N/A-S
VI-29 2124	See General Note.	See General Note.	See General Note.	N/A-S
VI-29 2124	Microcomputers Cost Pool [in SNET CAM]	Communications/Microcomputers Cost Pool	SNET Microcomputers Cost Pool folded into the Communications/Microcomputers Cost Pool; no change to pooling mechanism or allocator, just slightly different names.	N/A-S

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VI-30 2211; 2212	See General Note.	See General Note.	See General Note.	N/A-S
VI-30 2211	Direct Cost Pool; Comments: NB rarely uses this cost pool.	NB and SNET rarely use this cost pool.	See General Note.	N/A-S
VI-31 2220	See General Note.	See General Note.	See General Note.	N/A-S
VI-31 2220	N/A	Direct Cost Pool; Based on description of accounting codes; Directly Assigned to regulated; check for SNET.	See General Note.	N/A-S
VI-32 2231; 2232; 2311	See General Note.	See General Note.	See General Note.	N/A-S
VI-32 2311	Directly assigned to regulated cost pool; Based on description of accounting codes.	Not applicable.	The Directly assigned to regulated cost pool is not in use by the Companies.	N/A
VI-32 2311	Directly assigned to nonregulated cost pool; Based on description of accounting codes.	Cost Pool equals account.	The entire Account 2311 balance is in the Directly assigned to nonregulated cost pool.	N/A
VI-33 2351; 2362; 2411; 2421	See General Note.	See General Note.	See General Note.	N/A-S
VI-33 2421	No comments for the Direct Cost Pool.	Direct Cost Pool comments: By special permission from the FCC, SNET records Aerial Wire (Account 2431) with Aerial Cable in this account.	Added SNET's comments.	N/A-S

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VI-34 2422; 2423; 2424; 2426	See General Note.	See General Note.	See General Note.	N/A-S
VI-34 2431	Companies do not use aerial wire in the provision of nonregulated activities.	Companies do not use aerial wire in the provision of nonregulated activities. By special permission from the FCC, SNET records its aerial wire investment in Account 2421, Aerial Cable.	Added SNET's comments.	N/A-S
VI-35 2441	See General Note.	See General Note.	See General Note.	N/A-S
VI-35 2681	Directly assigned to regulated cost pool comments: Pacific Bell rarely uses this cost pool.	Directly assigned to regulated cost pool comments: PB rarely uses this cost pool.	Replaced name of telco with acronym.	N/A
VI-35 2681	Directly attributed to regulated cost pool comments: Pacific Bell rarely uses this cost pool.	Directly attributed to regulated cost pool comments: PB rarely uses this cost pool.	Replaced name of telco with acronym.	N/A
VI-35 2681	Directly attributed to nonregulated cost pool comments: Pacific Bell rarely uses this cost pool.	Directly attributed to nonregulated cost pool comments: PB rarely uses this cost pool.	Replaced name of telco with acronym.	N/A
VI-37 2682	Directly attributed to nonregulated cost pool comments: Pacific Bell rarely uses this cost pool.	Directly attributed to nonregulated cost pool comments: PB rarely uses this cost pool.	Replaced name of telco with acronym.	N/A
VI-38 2682; 2690; 3100	See General Note.	See General Note.	See General Note.	N/A-S
VI-39 3100; 3420	See General Note.	See General Note.	See General Note.	N/A-S

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VI-40 4040; 4100; 4300	See General Note.	See General Note.	See General Note.	N/A-S
VI-40 4100	Net Current Deferred Operating Income Taxes Cost Pool [in SNET CAM]	Non-Plant Cost Pool	SNET Net Current Deferred Operating Income Taxes Cost Pool folded into the Non-Plant Cost Pool; no change to pooling mechanism or allocator, just slightly different names.	N/A-S
VI-40 4300	Directly assigned to regulated comments: Ameritech rarely uses this cost pool.	Directly assigned to regulated comments: The AOCs rarely use this cost pool.	Replaced name of telco with acronym.	N/A
VI-41 4340;4370; 5001-5230; 5280	See General Note.	See General Note.	See General Note.	N/A-S
VI-42 5300; 6112; 6114	See General Note.	See General Note.	See General Note.	N/A-S
VI-43 6114; 6121; 6122	See General Note.	See General Note.	See General Note.	N/A-S
VI-43 6121	Directly Assigned Nonregulated; Comments: NB rarely uses this cost pool	Directly Assigned Nonregulated; Comments: NB and SNET rarely use this cost pool	See General Note.	N/A-S
VI-42 6122	N/A for SNET for the Directly assigned to regulated cost pool.	Check mark for SNET as using the Directly assigned to regulated cost pool.	SNET uses the Directly assigned to regulated cost pool in Account 6122 effective year 2006.	Increase to regulated operations of \$2.6 million.

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VI-44 6123; 6124	See General Note.	See General Note.	See General Note.	N/A-S
VI-44 6124	N/A for SNET for the Directly attributed regulated cost pool.	Check mark added for SNET as using the Directly attributed regulated cost pool.	SNET uses the Directly attributed regulated cost pool in Account 6124 effective year 2006.	Impact on regulated operations less than \$.1 million.
VI-45 6124	See General Note.	See General Note.	See General Note.	N/A-S
VI-45 6124	Directory Cost Pool	N/A	The Directory Cost Pool is not in use effective January 2007.	Less than \$.1 million impact on regulated operations.
VI-46 6124; 6211; 6212	See General Note.	See General Note.	See General Note.	N/A-S
VI-46 6212	Directly Assigned Nonregulated; Comments: NB rarely uses this cost pool	Directly Assigned Nonregulated; Comments: NB and SNET rarely use this cost pool	See General Note.	N/A-S
VI-47 6220; 6231	See General Note.	See General Note.	See General Note.	N/A-S
VI-48 6232; 6311	See General Note.	See General Note.	See General Note.	N/A-S
VI-48 6232	Directly assigned to nonregulated; Comments: AOCs rarely use this cost pool	Directly assigned to nonregulated; Comments: AOCs and SNET rarely use this cost pool	See General Note.	N/A-S
VI-48 6311	Directly assigned to regulated; Comments: AOCs, PB and SWBT rarely use this pool	Directly assigned to regulated; Comments: AOCs, PB, SNET and SWBT rarely use this cost pool	See General Note.	N/A-S

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VI-49 6341; 6351; 6362	See General Note.	See General Note.	See General Note.	N/A-S
VI-49 6341	Directly assigned to regulated; Directly assigned to nonregulated—no company specific comments.	Directly assigned to regulated; Directly assigned to nonregulated; Comments: SNET rarely uses this cost pool.	See General Note. SNET rarely uses the Directly assigned to regulated or the Directly assigned to nonregulated cost pools in Account 6341.	N/A-S
VI-50 6362; 6411; 6421; 6422; 6423	See General Note.	See General Note.	See General Note.	N/A-S
VI-50 6421	Direct Cost Pool; No comments.	Direct Cost Pool—Comments: By special permission from the FCC, SNET records Aerial Wire Expense (Account 6431) in this account.	See General Note.	N/A-S
VI-51 6423; 6424; 6426; 6431; 6441	See General Note.	See General Note.	See General Note.	N/A-S
VI-51 6424	The Companies rarely use this account.	The AOCs, NB, PB and SWBT rarely use this account.	SNET still commonly uses Account 6424, so the exact companies which rarely use the account are specifically listed.	N/A-S
VI-51 6431	No comments.	Comments: By special permission from the FCC, SNET records Aerial Wire Expense in Account 6421, Aerial Cable Expense.	See General Note.	N/A-S
VI-52	See General Note.	See General Note.	See General Note.	N/A-S

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6512; 6531				
VI-52 6531	Directly assigned to regulated; Comments on the SNET comment: SNET rarely uses this cost pool.	Directly assigned to regulated; Comments: NB rarely uses this cost pool.	See General Note. SNET commonly uses the Directly assigned to regulated cost pool in Account 6531 effective year 2006 and was therefore not referenced in the comments.	N/A-S
VI-53 6533; 6534	See General Note.	See General Note.	See General Note.	N/A-S
VI-53 6534	Directly assigned to nonregulated; Comments: Ameritech	Directly assigned to nonregulated; Comments: The AOCs	Replaced name of telco with acronym.	N/A
VI-54 6535; 6540	See General Note.	See General Note.	See General Note.	N/A-S
VI-54 6535	Directly assigned to nonregulated; Comments: Ameritech	Directly assigned to nonregulated; Comments: The AOCs and SNET rarely use this cost pool.	Replaced name of telco with acronym and added SNET as rarely using the Directly assigned to nonregulated cost pool in Account 6535.	N/A
VI-54 6535	Engineering – Central Office and Outside Plant Cost Pools; no comments.	Engineering – Central Office and Outside Plant Cost Pools; Comments: SNET rarely uses this cost pool.	See General Note.	N/A-S
VI-55 6561	See General Note.	See General Note.	See General Note.	N/A-S
VI-55 6561	Directly assigned to nonregulated comments: Nevada Bell rarely uses this cost pool.	Directly assigned to nonregulated comments: NB rarely uses this cost pool.	Replaced name of telco with acronym.	N/A
VI-55 6562	Cost Pool equals account.	Not applicable.	Account 6562 is not used by the Companies.	N/A

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VI-56 6563; 6564; 6611	See General Note.	See General Note.	See General Note.	N/A-S
VI-56 6564	Directly assigned to nonregulated; no comments.	Directly assigned to nonregulated; Comments: SNET rarely uses this cost pool.	See General Note.	N/A-S
VI-56 6611	Direct Cost Pools comments: Includes prior Accounts 6611 and 6612.	Direct Cost Pools comments: Includes prior Accounts 6611 and/or 6612.	Either or both legacy Accounts 6611 and 6612 could be included in the Direct Cost Pools.	N/A
VI-57 6611; 6613; 6621	See General Note.	See General Note.	See General Note.	N/A-S
VI-57 6611	Sales Administration Cost Pool comments: Includes prior Account 6612.	Sales Administration Cost Pool comments: Includes prior Account 6612. SNET rarely uses this cost pool.	SNET rarely uses the Sales Administration Cost Pool in Account 6611.	N/A
VI-57 6611	Product Management and Sales Cost Pool comments: Includes prior Accounts 6611 and 6612.	Product Management and Sales Cost Pool comments: Includes prior Accounts 6611 and/or 6612.	Either or both legacy Accounts 6611 and 6612 could be included in the Product Management and Sales Cost Pool.	N/A
VI-58 6622	See General Note.	See General Note.	See General Note.	N/A-S
VI-58 6622	Directory Cost Pool	N/A	The Directory Cost Pool is not in use effective January 2007.	Increase to regulated operations of \$2.7 million.
VI-59 6623	See General Note.	See General Note.	See General Note.	N/A-S

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VI-60 6623; 6720	See General Note.	See General Note.	See General Note.	N/A-S
VI-60 6623	N/A	Customer Services Residual Cost Pool; Based on description of accounting codes; Marketing Allocator; SNET rarely uses this cost pool.	See General Note.	N/A-S
VI-60 6720	N/A for SNET	Check mark added for SNET for the Directly Attributed Regulated cost pool.	SNET uses the Directly Attributed Regulated cost pool in Account 6720 effective year 2006.	Increase to regulated operations of \$1.5 million.
VI-61 6720	See General Note.	See General Note.	See General Note.	N/A-S
VI-61 6720	General and Administrative Operations Cost Pool and the Plant Investment Cost Pool; Based on description of accounting codes.	General and Administrative Operations Cost Pool and the Plant Investment Cost Pool; Based on description of accounting codes and computer usage. Also added regulated and nonregulated to the apportionment method for the Plant Investment Cost Pool.	To clarify the pooling and apportionment methods—no change to either in application.	N/A
VI-62 6720	See General Note.	See General Note.	See General Note.	N/A-S
VI-62 6720	Marketing Cost Pool, Information Management Cost Pool and the General and Administrative Residual Cost Pool; Based on description of accounting codes.	Marketing Cost Pool, Information Management Cost Pool and the General and Administrative Residual Cost Pool; Based on description of accounting codes and computer usage.	To clarify the pooling method—no change in application.	N/A
VI-62 6720	Directory Cost Pool	N/A	The Directory Cost Pool is not in use effective January 2007.	Increase to regulated operations of \$1.0 million.

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VI-63 6790	Cost Pool equals account; General allocator.	Not applicable; Not applicable.	Account 6790 is not used by the Companies.	N/A
VI-63 7100; 7210; 7220; 7230	See General Note.	See General Note.	See General Note.	N/A-S
VI-63 7100	Land and Artworks Cost Pool comments: NB and Ameritech rarely use this pool.	Land and Artworks Cost Pool comments: NB and the AOCs rarely use this cost pool.	Replaced name of telco with acronym and added the word cost in front of pool.	N/A
VI-64 7240; 7250; 7300	See General Note.	See General Note.	See General Note.	N/A-S
VI-64 7240	N/A	Direct Cost Pool; Based on description of accounting codes; Directly assigned to nonregulated.	All the Companies use the direct nonregulated cost pool in Account 7240 effective year 2006.	N/A
VI-64 7300	SNET comment for the Contributions Cost Pool in Account 7300—SNET rarely uses this cost pool.	N/A	Comment no longer applicable.	N/A
VI-65 7500	See General Note.	See General Note.	See General Note.	N/A-S
VI-66 7910	See General Note.	See General Note.	See General Note.	N/A-S
VII-1thru 9	See General Note.	See General Note.	See General Note.	N/A-S
VII-2	a. Conventional Positive Time Reporting – Ameritech, Southwestern Bell, Pacific Bell, Nevada Bell	a. Conventional Positive Time Reporting	See General Note. Since all companies are using conventional positive time reporting (including SNET), there is no need to list individual companies.	N/A

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VII-3	Southwestern Bell and Nevada Bell exception time report in 15-minute increments.	Southwestern Bell, The Southern New England Telephone Company (SNET) and Nevada Bell exception time report in 15-minute increments.	To add SNET to the CAM used by Southwestern Bell, Nevada Bell and Pacific Bell.	N/A-S
VII-4	Southwestern Bell, Pacific Bell and Nevada Bell use the allocation method described at B.1 to apportion select marketing costs under Part 64.	Southwestern Bell, The Southern New England Telephone Company (SNET), Pacific Bell and Nevada Bell use the allocation method described at B.1 to apportion select marketing costs under Part 64.	To add SNET as apportioning select marketing costs under Part 64 using the allocation method described at B.1 in Section VII.	N/A
VII-5	2. For Service Representatives – Pacific Bell – Sales Channel Study; This method of allocating non-exception reported time utilizes a time and motion study . . . exception reporting drives the expense to the Part 32 accounts associated with the exception code used."	N/A	To reflect process changes in the Service Representatives study.	N/A
VII-5	3. For Service Representatives – Southwestern Bell and Ameritech – Customer Operations Expense Study	2. For Service Representatives – Southwestern Bell, Pacific Bell, and Ameritech – Customer Operations Expense Study	Renumbered due to deletion of the original Section 2. Pacific Bell uses the Customer Operations Expense Study.	N/A
VII-6	4. For Service Representatives – Nevada Bell – Customer Operations Expense Study	3. For Service Representatives – Nevada Bell – Customer Operations Expense Study	Renumbered due to deletion of the original Section 2.	N/A
VII-7	N/A	Validation techniques are utilized . . . system checks are provided within the payroll and financial systems to support time reporting processes.	Detailed existing control procedures.	N/A

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IV-1	N/A	ABC Consolidation Corp., AT&T Communications Corp., Interpath Communications, Inc., Interpath Communications - Ohio, Inc., USInternetworking, Inc., USi Internetworking Services Pvt. Ltd., USi Internetworking Solutions Pvt. Ltd., USi Services B.V., USi Services Holdings Private Limited, and USi Services S.a.r.l.	New affiliates	N/A
IV-1	SBC Enterprise Services, Inc. and SBC International, Inc.	AT&T Enterprise Services, Inc. and AT&T International, Inc.	Affiliate name change	N/A
IV-1	N/A	2Wire, Inc.* and America Movil, S.A. de C.V.*	New affiliates	N/A
IV-1	SBC Hedging Management, LLC*, SBC Option Hedging, LLC, SBC Option Delivery, LLC, SBC General Leasing, LLC, and SBC International-Management Services, Inc.	AT&T Hedging Management, LLC*, AT&T Option Hedging, LLC, AT&T Option Delivery, LLC, AT&T General Leasing, LLC, and AT&T Mexico, Inc.	Affiliate name changes	N/A
IV-1	Compagne Generale De Videocommunication Ile-De-France, Inc., Nice Teleservice, Inc., Region Cable Cote D'opale, Inc., Region Cable Teledistribution, Inc., SBC International Transatlantic, Inc., and SBC International Transatlantic, LLC	N/A	Removed affiliates	N/A
IV-2	N/A	Telefonos de Mexico S.A. de C.V.*	New Affiliate	N/A
IV-2	Teleservice Boulogne-Sur-Mer, Inc., Teleservice Cannes, Inc., Teleservice Cote D'Azur, Inc., Teleservice Frejus, Inc., Teleservice Maures-Estrel, Inc., Teleservice Saint-Andre-Lez-Lille, Inc., Teleservice Suresnes, Inc., and Teleservice Victor Hugo, Inc.	N/A	Removed affiliates	N/A
IV-2	SBC Knowledge Ventures GP, Inc., SBC Knowledge Ventures, L.P. *, SBC Laboratories, Inc., SBC Management Services Holdings, Inc., SBC-MSI, LLC, SBC Management Services, L.P.	AT&T Knowledge Ventures GP, Inc., AT&T Knowledge Ventures, L.P. *, AT&T Labs, Inc., AT&T Management Services Holdings, Inc., AT&T-MSI, LLC, AT&T Management Services, L.P.,	Affiliate name changes	N/A
IV-2, 18	Southwestern Bell Messaging Services, Inc.	N/A	Reorganized and changed page numbers on chart	N/A
IV-2	SBC Operations, Inc., SBC Option Hedging, LLC*, SBC Services, Inc.*, SBC Teleholdings, Inc., Southwestern Bell Video Services, Inc.,	AT&T Operations, Inc., AT&T Option Hedging, LLC*, AT&T Services, Inc.*, AT&T Teleholdings, Inc., AT&T Video Services, Inc.	Affiliate name changes	N/A

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IV-2	N/A	AT&T Yellow Pages Holdings, LLC	New affiliate	N/A
IV-2	Inquent Holdings, Inc.	N/A	Removed affiliate	N/A
IV-3	Pacific Telesis Group and Southern New England Telecommunications Corporation	N/A	Removed affiliate	N/A
IV-3	Bell IP Holding, LLC, Bell Telephone Company of Nevada, Calisma, Nevada Bell Telephone Company, Nevada Bell Leasing Company, New Southwestern Bell Mobile Systems, Inc., Pacific Bell Directory, PBD Holdings, PBD Services, LLC, SBC Advertising, L.P., Pacific Bell Telephone Company, Pacific Bell Information Services, Pacific Bell Leasing Company, Pacific Telephone & Telegraph Company, Pactel Finance, PTF/FCLC Associates (LP), PTF/GECC (California) Associates (LP), SBC Hedging Management, LLC, Pacific Telesis, Inc., PTG Properties, Inc., and SBC Knowledge Ventures, LP, SBC Advanced Solutions, Inc., SBC Alloy Holdings, Inc., SBC Internet Services, Inc., AT&T Services, Inc., Southwestern Bell Yellow Pages, Inc., Telesis, Inc. (CA), Telesis, Inc. (NV), and The Pacific Telephone Corporation	N/A	Removed affiliate/changed page numbers	N/A
IV-3	N/A	SBC Communications, Inc. (Delaware name holder)	New affiliate	N/A
IV-3	SBC Data Services, Inc. and SBC Directory Operations, Inc.	N/A	Removed affiliates	N/A
IV-3	Bell IP Holding, L.L.C., Corporate Media Partners (Delaware Partnership) d/b/a Americast, SBC Alloy Holdings, Inc., SBC Advanced Solutions, Inc., SBC Internet Services, Inc., SBC Services, Inc., SBC Tower Holdings LLC, SNET America, Inc., SNET Credit, Inc., SNET Diversified Group, Inc., SNET Information Services, Inc., SNET Properties, Inc., SBC Knowledge Ventures, LP, SNET Real Estate, Inc., The Southern New England Telephone Company, and The Woodbury Telephone Company		Removed affiliate/changed page numbers	N/A
IV-3	TAU Merger Sub Corporation	N/A	Removed affiliate	N/A
IV-4-15	N/A	AT&T Corp and affiliates	AT&T Corp. and affiliates added to chart	N/A

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IV-16	SBC Teleholdings, Inc.	AT&T Teleholdings, Inc.	Changed affiliate name	N/A
IV-16	Ameritech Denmark Funding Corporation, Ameritech Denmark Holdings, LLC (Delaware) US Partnership, SBC Hedging Management, LLC, and Ameritech International Denmark Corporation	N/A	Removed affiliates	N/A
IV-16	Ameritech International Belgium, LLC (Illinois) US Partnership, Ameritech International Spain, S.L. (Spanish Corporation) US Partnership, and ADSB Telecommunications B.V. Netherlands Corporation	N/A	Removed affiliates	N/A
IV-16	SBC Hedging Management, LLC	AT&T Hedging Management, LLC	Changed affiliate name	N/A
IV-16	Ameritech Managed Services, Inc. and AT&T Hedging Management, LLC	N/A	Removed affiliates	N/A
IV-16	SBC Knowledge Ventures, L.P.	AT&T Knowledge Ventures, L.P.	Changed affiliate name	N/A
IV-16	Ameritech Publishing, Inc., Ameritech Management Corporation, Ameritech Publishing of Illinois, Inc., Consumer Direct Access, Ameritech Mobile Services, Inc., and Ameritech St. Louis Paging Corporation	N/A	Removed affiliates	N/A
IV-16	Ameritech Credit Corporation, SBC Hedging Management, LLC, and Continental/Ameritech N78001 Trust	AT&T Capital Services, Inc., AT&T Hedging Management, LLC, and Continental/Ameritech N78001 Trust Aircraft	Changed affiliate names	N/A
IV-17	Belgacom (1998-1) Trustee Trust, SBC Hedging Management, LLC, TeleDenmark A/S Ameritech Capital TACC 1998 Trust, States Jamvager/Ameritech 12/98, and SBC DataComm	Belgacom (1998-1) Trustee Trust Digital Switching Equipment, AT&T Hedging Management, LLC, TeleDenmark A/S Ameritech Capital TACC 1998 Trust Digital Switching Equipment, States Jamvager/Ameritech 12/98 OT Ferry Boat, and AT&T DataComm	Changed affiliate names	N/A
IV-17	Southwestern Bell Messaging Services, Inc.	AT&T Messaging, LLC	Changed affiliate name	N/A
IV-17	N/A	AT&T Messaging, LLC, AT&T Services, Inc., Bell IP Holding, L.L.C., Bell Telephone Company of Nevada, Callisma, Inc., Corporate Media Partners (Delaware Partnership) d/b/a Americast	Added affiliates/changed page numbers	N/A
IV-17	SBC Services, Inc.	AT&T Services, Inc.	Changed affiliate name	N/A

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IV-17	N/A	Nevada Bell Telephone Company, Nevada Bell Leasing Company, and New Southwestern Bell Mobile Systems, Inc.	Added affiliates/changed page numbers	N/A
IV-18	SBC Services, Inc.	AT&T Services, Inc.	Changed affiliate name	N/A
IV-18	N/A	Pacific Bell Telephone Company, Pacific Bell Information Services, Pacific Bell Leasing Company, The Pacific Telephone Corporation, Pacific Telephone & Telegraph Company, Pacific Telesis, Inc., Pactel Finance, AT&T Hedging Management, LLC, PTF/FCLC Associates (LP), PTF/GECC (California) Associates (LP), PTG Properties, Inc., AT&T Knowledge Ventures, L.P., SBC Advanced Solutions, Inc., Cingular Wireless LLC, SBC Long Distance, LLC, SNET America, Inc., SNET Credit, Inc., SNET Diversified Group, Inc., SNET Properties, SNET Real Estate, Inc., The Southern New England Telephone Company, Telesis Inc. (CA), and Telesis Inc. (NV)	Added affiliates/changed page numbers	N/A
IV-19	SBC Services, Inc.	AT&T Services, Inc.	Changed affiliate name	N/A
IV-19	N/A	The Woodbury Telephone Company	Added affiliates/changed page numbers	N/A
IV-20	SBC Advertising, L.P.	AT&T Advertising, L.P.	Changed affiliate name	N/A
IV-20	N/A	Southwestern Bell Yellow Pages, Inc., Ameritech Publishing, Inc., Ameritech Management Corporation, and SNET Information Services, Inc.	Added affiliates/changed page numbers	N/A
IV-21	Texas RSA 1B Tower Holdings, LP	N/A	Removed affiliate	N/A
IV-22	N/A	Nistevo Corporation	New affiliate	N/A
IV-22	N/A	Yantra Solutions Private Limited (India), Yantra Corporation U.K. Limited, and Yantra GMBH (Germany)	Moved affiliate names	N/A
IV-22	Yantra Corporation	N/A	Removed affiliate	N/A

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V-1	N/A	The Southern New England Telephone Company	Added Telco to Introduction	N/A-S
V-1-24	N/A	The Southern New England Telephone Company	Updated list of Telcos within footer	N/A-S
V-3	recording Telco books	recording on Telco books	Clarified sentence	N/A
V-3	first \$500,000 of service-by-service basis	first \$500,000 of services on a service-by-service basis	Clarified sentence	N/A
V-3	Telco may record fully distributed cost	Telco may record the fully distributed cost	Clarified sentence	N/A
V-3	The Telcos provide instructions, outlined below,	The Telcos provide instructions	Clarified sentence	N/A
V-3	or fair market value of the service:	or fair market value of the service.	Punctuated sentence	N/A
V-4	First, if the affiliate provides a rate pursuant to a tariff or publicly filed agreement, Telco must record at that rate.	First, if the affiliate provides a service pursuant to a tariff or publicly filed agreement, Telco must record the service at that rate.	Clarified sentence	N/A
V-4	cost will be used as a ceiling for recording on Telco books.	cost will be used as a ceiling for recording the service on Telco books.	Clarified sentence	N/A
V-5	Ameritech Advanced Data Services, Ameritech Payphone Services, Inc. and AT&T Labs, Inc.	Ameritech Advanced Data Services, Ameritech Payphone Services, Inc. and AT&T Labs, Inc.	Modified affiliate descriptions	N/A
V-5, 6	SBC DataComm, Inc.	AT&T DataComm, Inc.	Modified affiliate name and changed page numbers	N/A
V-5, 6	Southwestern Bell Video Services, Inc.	AT&T Video Services, Inc.	Modified affiliate name	N/A
V-5-12	Blank Lines	N/A	Removed blank lines	N/A
V-5, 6	Gateway Rivers Insurance Company	Gateway Rivers Insurance Company	Changed page numbers	N/A
V-6	SNET Information Services, Inc.	SNET Information Services, Inc.	Modified affiliate description	N/A
V-6	N/A	SNET Real Estate, Inc.	Added affiliate name and description	N/A-S
V-7-9	All Services	All Services	Arranged in alpha order	N/A
V-7	Administrative Services and Customer Premises Equipment (CPE) and Wire Services	Administrative Services and Customer Premises Equipment (CPE) and Wire Services	Modified service descriptions	N/A
V-7	Billing and Collections and Digital Subscriber Loop (DSL) Network Planning & Engineering	Billing and Collection Services and Digital Subscriber Loop (DSL) Network Planning & Engineering Services	Modified service names and descriptions	N/A

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V-7	Digital Subscriber Loop (DSL) Maintenance and Provisioning	Digital Subscriber Loop (DSL) Maintenance and Provisioning	Modified service description	N/A
V-8	N/A	Engineering Support	Added service name and description	N/A-S
V-8	Fiber Broadband Service and Marketing Services	Fiber Broadband Service and Marketing Services	Modified service descriptions	N/A
V-8	N/A	Layer 1/2/3 and Voice Network Planning and Engineering Service, Network Operations Support, and Network Performance Monitoring	Added service names and descriptions	N/A-S
V-8	Official Communications	Official Communications Services	Modified service name and description	N/A
V-9	N/A	Operator Services and Power Management	Added service names and descriptions	N/A-S
V-9	Primary Interexchange Carrier (PIC), Public Relations, Real Estate Services, Tariffed Telecommunications Services, Telecommunications and Equipment Services, Telephone Directory Services, Temporary Projects, and Training Provided to Others	Primary Interexchange Carrier (PIC), Public Relations, Real Estate Services, Tariffed Telecommunications Services, Telecommunications and Equipment Services, Telephone Directory Services, Temporary Projects, and Training Provided to Others	Modified service descriptions	N/A
V-9	Regulatory	Regulatory Services	Modified service name and description	N/A
V-9	Wholesale Telecommunications Services	Wholesale Services	Modified service name and description	N/A
V-10-12	All Services	All Services	Arranged in alpha order	N/A
V-10	Advertising and Image Promotion, Billing and Collection Services, Broadband IP Service, and Call Center Customer Care	Advertising and Image Promotion, Billing and Collection Services, Broadband IP Service, and Call Center Customer Care	Modified service descriptions	N/A
V-10	Telecommunications Services and Equipment	Communications Services and Equipment	Modified service name and description	N/A
V-11	Information Technology Services and Marketing Services	Information Technology Services and Marketing Services	Modified service descriptions	N/A
V-11	N/A	Layer 1/2/3 and Voice Network Planning and Engineering Service	Added service name and description	N/A

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V-12	N/A	Operator Services	Added service name and description	N/A
V-12	Procurement Support Services, Real Estate Support Services, Temporary Projects, and White Pages Directory Services	Procurement Support Services, Real Estate Support Services, Temporary Projects, and White Pages Directory Services	Modified service descriptions	N/A
V-13-20	N/A	N/A	Modified column widths to standardize format	N/A
V-13-16	Southwestern Bell Video Services, Inc., #25	AT&T Video Services, Inc., #25	Modified affiliate name on matrix	N/A
V-13	Tariffed Tele-communications Services	Tariffed Telecommunications Services	Modified service name on matrix	N/A
V-13	N/A	Tariffed Telecommunications Services – SNET Information Services, Inc., #27 and SNET America, Inc., #28, Daily	Added service to affiliates	N/A-S
V-13, 14, 17, 18	Wholesale Telecommunications Services	Wholesale Services	Modified service name on matrix	N/A
V-13	N/A	CPE and Wire Services (PP) – AT&T Corp., #15 and SNET America, Inc., #28, Daily	Added service to affiliates	N/A-S
V-13	N/A	CPE and Wire Services (PP) – Sterling Commerce, Inc., #23, Occasionally	Added service to affiliate	N/A-S
V-13	N/A	Billing and Collections (PP) – SNET America, Inc., #28, Daily	Added service to affiliate	N/A-S
V-14	N/A	Telecommunications and Equipment Services (PP) -SNET Diversified Group, Inc., #5, AT&T Corp., #15, SBC Advanced Solutions, Inc., #20, SNET Information Services, Inc., #27, and SNET America, Inc., #28, Daily	Added service to affiliates	N/A-S
V-14, 18	N/A	Land and Building	Added asset category to matrix	N/A
V-14 7100/7300	N/A	Inventory – AT&T Services, Inc., #12, Occasionally	Added service to affiliate	Zero impact on regulated operations
V-14 2682/3420	N/A	Support Assets – Southwestern Bell Yellow Pages, Inc., #19, Occasionally	Added service to affiliate	Under \$0.4 million impact on regulated operations
V-14 5200	N/A	Finance & Treasury Services (FDC, FMV) – SBC Internet Services, Inc., #8 and AT&T Corp., Inc., #15, Daily	Added service to affiliates	Under \$0.1 million impact on regulated operations
V-14	Administrative Services (FDC, FMV) – AT&T Corp, #15, Occasionally	Administrative Services (FDC, FMV) – AT&T Corp, #15, Daily	Updated matrix	N/A

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V-14	N/A	Official Communications (FDC, FMV) – SBC Long Distance, LLC, #2, SNET Diversified Group, Inc., #5, SNET Information Services, Inc., #27, and SNET America, Inc., #28, Occasionally	Added service to affiliates	N/A-S
V-14 5200	N/A	Official Communications (FDC, FMV) – AT&T Enterprise Services, Inc., #16, Occasionally	Added service to affiliate	Under \$0.1 million impact on regulated operations
V-14 5200	N/A	Real Estate Services (FDC, FMV) – AT&T Enterprise Services, Inc., #16, Daily	Added service to affiliate	Under \$0.1 million impact on regulated operations
V-14	N/A	Real Estate Services (FDC, FMV) – Sterling Commerce, Inc., #23, SNET Information Services, Inc., #27, and SNET America, Inc., #28, Daily	Added service to affiliate	N/A-S
V-15 5200	N/A	Temporary Projects (FDC, FMV) – AT&T Corp., Inc., #15, Occasionally	Added service to affiliate	Under \$0.1 million impact on regulated operations
V-15	Marketing Services (FDC, FMV) – Pacific Bell Directory, #4, Daily	Marketing Services (FDC, FMV) – Pacific Bell Directory, #4, Occasionally	Updated matrix	N/A
V-15	Marketing Services (FDC, FMV) – SNET Diversified Group, Inc., #5, Occasionally	Marketing Services (FDC, FMV) – SNET Diversified Group, Inc., #5, Daily	Updated matrix	N/A-S
V-15	CPE and Wire Svcs (FDC, FMV)	CPE and Wire Services (FDC, FMV)	Updated service name on matrix	N/A
V-15	N/A	CPE and Wire Services (FDC, FMV) – SNET America, Inc., #28, Occasionally	Updated matrix	N/A-S
V-15	N/A	Telephone Directory Services (FDC) – SNET Information Services, Inc., #27, Daily	Updated matrix	N/A-S
V-15 5200	N/A	Regulatory (FDC, FMV) – AT&T Corp., #15 and AT&T Enterprise Services, Inc., #16, Monthly	Added service to affiliates	Under \$0.5 million impact on regulated operations
V-15	Regulatory (FDC, FMV) – SNET America, Inc., #28, Daily	Regulatory (FDC, FMV) – SNET America, Inc., #28, Occasionally	Updated matrix	N/A
V-15 5200	N/A	Training Provided to Others (FDC, FMV) – AT&T Corp., #15 and SNET America, Inc., #28, Occasionally	Added service to affiliates	\$2.1 million impact on regulated operations
V-15	N/A	Collection Services (FDC, FMV) – SNET Diversified Group, Inc., #5 and AT&T Corp., #15, Occasionally	Added service to affiliates	N/A-S
V-15, 19	N/A	Operator Services (FDC)	Added service name to matrix	N/A-S

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V-15	N/A	Operator Services (FDC) – SNET Diversified Group, Inc., #5, Daily	Added service to affiliate	N/A-S
V-15, 19, 23	N/A	Layer 1/2/3 and Voice Network Planning and Engineering Service	Added service name to matrix	N/A
V-15	N/A	Layer 1/2/3 and Voice Network Planning and Engineering Service (FDC/FMV) – SBC Long Distance, Inc., #2, AT&T Corp., #15, SBC Advanced Solutions, Inc., #20, Daily and SNET America, Inc., #28, Occasionally	Added service to affiliates	N/A
V-16	Telecommunications and Equipment Services (FDC, FMV)- SBC Long Distance, LLC, #2, Occasionally	Telecommunications and Equipment Services (FDC, FMV)- SBC Long Distance, LLC, #2, Daily	Updated matrix	N/A-S
V-16	N/A	Telecommunications and Equipment Services (FDC, FMV)- SNET Diversified Group, Inc., #5, SBC Internet Services, Inc., #8, AT&T Services, Inc., #12, AT&T Operations, Inc., #14, SNET Information Services, Inc., #27, and SNET America, Inc., #28, Daily	Added service to affiliates	N/A-S
V-16	N/A	Telecommunications and Equipment Services (FDC, FMV) – Pacific Bell Information Services, #6, Callisma, Inc., #7, and AT&T Messaging, LLC, #21, Occasionally	Added service to affiliates	N/A-S
V-16, 20	N/A	Engineering Support (FDC), Network Operations Support (FDC), Network Performance Monitoring (FDC), and Power Management (FDC)	Added service names to matrix	N/A-S
V-16	N/A	Public Relations Services (FDC, FMV) – AT&T Corp., #15, Occasionally	Updated matrix	N/A
V-16	N/A	Engineering Support (FDC) – SNET Diversified Group, Inc., #5, and AT&T Operations, Inc., #14, Occasionally	Added service to affiliates	N/A-S
V-16	N/A	Engineering Support (FDC) – SBC Advanced Solutions, Inc., #20, Daily	Added service to affiliate	N/A-S
V-16	N/A	Network Operations Support (FDC) – SBC Long Distance, LLC, #2, Daily	Added service to affiliate	N/A-S
V-16	N/A	Network Performance Monitoring (FDC) – SBC Long Distance, LLC, #2, Occasionally	Added service to affiliate	N/A-S
V-16	N/A	Power Management (FDC) – SBC Long Distance, LLC, #2, Daily and SBC Internet Services, Inc., #8, Occasionally	Added service to affiliates	N/A-S

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V-17-20	SBC DataComm, Inc., #37	AT&T DataComm, Inc., #37	Modified affiliate name on matrix	N/A
V-17	Billing & Collection Services (Tariff) – AT&T DataComm, Inc., #37, Daily	Billing & Collection Services (Tariff) – AT&T DataComm, Inc., #37, Occasionally	Updated matrix	N/A
V-18	N/A	Land and Building – SBC Asset Management, Inc., #31, Occasionally	Added service to affiliate	N/A
V-18	N/A	Finance & Treasury Services (FDC, FMV) – Ameritech Advanced Data Services, Inc., #33, Daily	Updated matrix	N/A
V-18	Administrative Services (FDC, FMV) – SBC Global Services, Inc., #32-Daily	Administrative Services (FDC, FMV) – SBC Global Services, Inc., #32-Occasionally	Updated matrix	N/A
V-19	Real Estate Services (FDC, FMV) – Ameritech Information Industry Services, Inc., #40, Daily	N/A	Removed service to affiliate	N/A
V-19	N/A	Layer 1/2/3 and Voice Network Planning and Engineering Service (FDC/FMV) – Ameritech Advanced Data Services, Inc., #33, Daily	Added service to affiliate	N/A
V-20	N/A	Telecommunications and Equipment Services (FDC, FMV) – SBC Global Services, Inc., #32, Occasionally and AT&T DataComm, Inc., #37, Daily	Added service to affiliates	N/A-S
V-21-24	N/A, #2 and N/A, #3	SNET Real Estate, Inc., #2 and SNET Information Services, Inc., #3	Added affiliates to matrix	N/A-S
V-21-24	SBC DataComm, Inc., #21	AT&T DataComm, Inc., #21	Modified affiliate name on matrix	N/A
V-21 6623	N/A	Tariffed Telecommunications Services – SBC Advanced Solutions, Inc., #12 and SNET Diversified Group, Inc., #13, Daily	Added service to affiliate	\$0.6 million impact on regulated operations
V-21	N/A	Advertising (PP) – SNET Information Services, Inc., #3, Daily	Added service to affiliate	N/A-S
V-21, 22, 24	Telecommunications Services and Equipment	Communications Services and Equipment	Modified service name on matrix	N/A
V-21	Communications Services and Equipment (PP) – SBC Advanced Solutions, Inc., #12 and Ameritech Advanced Data Services, Inc., #15, Occasionally	N/A	Removed service from affiliates	N/A
V-21	N/A	Communications Services and Equipment (PP) – Sterling Commerce, Inc., #24, Occasionally	Added service from affiliate	N/A-S

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V-21	N/A	Real Estate Support Services (PP)	Added service name to matrix	N/A
V-21 6121	N/A	Real Estate Support Services (PP) – AT&T Corp., #32, Daily	Added service from affiliate	Under \$0.1 million impact on regulated operations
V-21, 22	Leasehold Building Improvements and Support Assets	Leasehold Building Improvements and Support Assets	Changed page numbers	N/A
V-21	N/A	Amortizable Assets	Added asset category to matrix	N/A
V-21 26XX	N/A	Amortizable Assets – SNET America, Inc., #9, Occasionally	Added service from affiliate	Zero impact on regulated operations
V-22	N/A	Information Origination/Termination Assets	Added asset category to matrix	N/A
V-22 23XX	N/A	Information Origination/Termination Assets – SNET America, Inc., #9, Occasionally	Added service from affiliate	Zero impact on regulated operations
V-22 21XX	N/A	Support Assets – SBC Internet, Services Inc., #7, SNET America, Inc., #9, and SBC Long Distance, LLC, #23, Occasionally	Added service from affiliates	Under \$0.1 million impact on regulated operations
V-22	Billing & Collection Services (No Charge)	N/A	Removed service name from matrix	N/A
V-22	Billing and Collection Services (No Charge) – AT&T Corp., #32 – Occasionally	N/A	Removed service from affiliate	N/A
V-22	Temporary Projects (FDC)	Temporary Projects (FDC, FMV)	Modified service valuation	N/A
V-22	Temporary Projects (FDC, FMV) – AT&T DataComm, Inc., #21, Occasionally	N/A	Removed service from affiliate	N/A
V-22	N/A	Temporary Projects (FDC, FMV) – SBC Advanced Solutions, Inc., #12, Ameritech Advanced Data Services, Inc., #15, and AT&T Corp., #32, Occasionally	Added service from affiliates	N/A
V-22	White Pages Directory Services (FDC) or at no charge to SBC Midwest telcos from Ameritech Publishing, Inc.	White Pages Directory Services (FDC)	Modified service valuation and description on matrix	N/A
V-22	White Pages Directory Services (FDC) – Ameritech Publishing, Inc., #29, Daily	N/A	Removed service from affiliate	N/A
V-22	N/A	White Pages Directory Services (FDC) – SNET Information Services, Inc., #3, Daily	Added service from affiliate	N/A-S

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V-22	Marketing Services (FDC, FMV) Employee referral at no charge from SBCLD	Marketing Services (FDC, FMV)	Modified service valuation and description on matrix	N/A
V-22	Marketing Services (FDC, FMV) – SBC Long Distance, LLC, #23, Occasionally	N/A	Removed service from affiliate	N/A
V-22	Real Estate Support Services (FDC, FMV) or Real Estate Management Services at no charge to telcos from AT&T Corp.	Real Estate Support Services (FDC, FMV)	Updated service valuation and description on matrix	N/A
V-22	N/A	Real Estate Support Services (FDC, FMV) – SNET Real Estate, Inc., #2, Daily	Added service from affiliate	N/A-S
V-22	Call Center Customer Care (No charge)	Call Center Customer Care (FDC, FMV)	Modified service valuation	N/A
V-22	N/A	Operator Services (FDC, FMV)	Added service name to matrix	N/A
V-22 6621	N/A	Operator Services (FDC, FMV) – SNET Diversified Group, Inc., #13, Daily	Added service from affiliate	\$7.5 million impact on regulated operations
V-23	Administrative Services (FDC) – AT&T Operations, Inc., #1, Occasionally	N/A	Removed service from affiliate	N/A
V-23 61XX/67XX	N/A	Administrative Services (FDC) – AT&T Enterprise Services, Inc., #31, Occasionally	Added service from affiliate	\$29.5 million impact on regulated operations
V-23 6725	N/A	Legal Services (FDC) – AT&T Enterprise Services, Inc., #31, Occasionally	Added service from affiliate	\$49.0 million impact on regulated operations
V-23	N/A	Layer 1/2/3 and Voice Network Planning and Engineering Service – AT&T Services, Inc., #14 and AT&T Enterprise Services, Inc., #31, Daily	Added service from affiliates	N/A
V-24	N/A	No Charge	Added pricing valuation to matrix	N/A
V-24	N/A	White Pages Directory Services, Marketing Services, Real Estate Support Services, Billing and Collections Services, Call Center Customer Care, and Temporary Projects	Added service names to matrix	N/A
V-24 65XX	N/A	Communications Services and Equipment (FDC) – AT&T Enterprise Services, Inc., #31, Occasionally	Added service from affiliate	\$9.2 million impact on regulated operations
V-24	N/A	White Pages Directory Services (NC) – Ameritech Publishing, Inc., #29, Daily	Updated matrix, separately disclose pricing valuation	N/A

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V-24	N/A		Marketing Services (NC) - SBC Long Distance, LLC , #23 – Occasionally	Updated matrix, separately disclose pricing valuation	N/A
V-24	N/A		Real Estate Support Services (NC) – AT&T Corp., #32 – Daily	Updated matrix, separately disclose pricing valuation	N/A
V-24	N/A		Billing and Collection Services (NC) – AT&T Corp., #32 – Occasionally	Updated matrix, separately disclose pricing valuation	N/A
V-24	N/A		Call Center Customer Care (NC) – AT&T Corp., Inc., #32 – Daily	Updated matrix, separately disclose pricing valuation	N/A
V-24	N/A		Temporary Projects (NC) – SBC Advanced Solutions, Inc., #12, Ameritech Advanced Data Services, Inc., #15, and AT&T Corp., #32, Occasionally	Added service from affiliates	N/A
V-25 (Old page #)	Intentionally Left Blank Page		N/A	Removed blank page	N/A

SECTION I - INTRODUCTION

OVERVIEW

In compliance with the Federal Communication Commission (FCC) Report and Order (the "Joint Cost Order"), CC Docket No. 86-111, released February 6, 1987¹, Ameritech, Nevada Bell, Pacific Bell, **The Southern New England Telephone Company** and Southwestern Bell Telephone, L.P. (the "Companies") have prepared a Cost Allocation Manual (CAM) based on the attributable cost method of fully distributing costs, with an emphasis on cost causation. This CAM provides the Companies' methodology for separating the costs of regulated telephone service from the costs of nonregulated activities.

The Joint Cost Order established two separate but complementary sets of rules: (1) a cost allocation process which separates the costs of regulated and nonregulated activities offered by a carrier, and (2) rules governing transactions for goods and services between a carrier and its nonregulated affiliates. These rules require carriers to file and maintain current CAMs describing the application of these rules to their particular operations, the results of which are reviewed by an independent auditor.

This CAM establishes the procedures for the identification of costs associated with nonregulated activities. These procedures follow the FCC rules and are intended to guard against the subsidy of nonregulated activities by regulated activities and to detail transactions between the Companies and their nonregulated affiliates. The Companies' CAM complies with the FCC's Joint Cost Order, Order on Reconsideration², and Order on Further Reconsideration³, in CC Docket No. 86-111, and Report and Orders in CC Docket Nos. 96-150⁴, 99-253⁵ and 00-199⁶, RAO 19⁷ and RAO 26⁸.

¹In the Matter of Separation of costs of regulated telephone service from costs of nonregulated activities, CC Docket No. 86-111, Report and Order ("Joint Cost Order"), released February 6, 1987.

²In the Matter of Separation of costs of regulated telephone service from costs of nonregulated activities, CC Docket No. 86-111, Order on Reconsideration, released October 16, 1987.

³In the Matter of Separation of costs of regulated telephone service from costs of nonregulated activities, CC Docket No. 86-111, Order on Further Reconsideration, released November 18, 1988.

⁴In the Matter of Implementation of the Telecommunications Act of 1996: Accounting Safeguards Under the Telecommunications Act of 1996, CC Docket No. 96-150, Report and Order, released December 24, 1996 (FCC 96-490) (Report and Order).

⁵In the Matter of Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase I, CC Docket No. 99-253, Report and Order, released March 8, 2000.

⁶In the Matter of 2000 Biennial Regulatory Review—Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2, CC Docket No. 00-199, Report and Order, released November 5, 2001.

⁷ Re: CC Docket No. 86-111 Cost Allocation Manual-Format and Filing procedures, Responsible Accounting Officer (RAO) 19, released December 23, 1991, (DA-91-1570).

⁸ Re: Cost Allocation Manuals – Section V, Transactions with Affiliates, Responsible Accounting Officer (RAO) 26, released May 6, 1998, (DA 98-855).

COST ALLOCATION REQUIREMENTS

Regulated products and services refer to activities which (a) are subject to the Title II tariff filing requirements; (b) are common carrier products and services tarified by the state commissions; (c) are non-tarified activities offered incidental to the Companies' regulated tarified services; or (d) are nontarified services offered pursuant to a Section 252(e) agreement (Title 47 of the Code of Federal Regulations, Section 64.901(b)(1)). Products and services which are preemptively deregulated by the FCC or which have never been subject to regulation are classified as nonregulated activities. Regulated services the FCC ordered to be treated as nonregulated for federal accounting purposes are also classified as nonregulated activities.

All Companies' revenues, expenses and investments are recorded on the regulated set of books in accordance with the Uniform System of Accounts, Part 32 of the FCC's Rules and Regulations. In accordance with Part 64, The Companies use the attributable cost method of fully distributed cost allocation to apportion total company booked costs between regulated and nonregulated activities.

THE ATTRIBUTABLE COST ALLOCATION CONCEPT

The CAM utilizes an attributable cost allocation approach (i.e., fully distributed costing) that provides for an evaluation of all direct and all other costs that bear a direct or indirect causal relationship to nonregulated activities. The CAM accounts for all of the costs contained in appropriate Part 32 accounts. Any costs not accounted for by a tariff rate, direct cost assignment, or direct or indirect cost causal apportionment, will be allocated via the marketing allocator or the general allocator.⁹

Attributable cost, as applied in the CAM, dictates the necessity of a careful study of all costs and the identification of a causal relationship between each cost and its related final cost objective(s). Emphasis is placed on direct assignment, then attribution.

The CAM's attributable cost approach also provides sufficient controls to ensure that all of the Companies' costs are accounted for and that no cost is counted more than once in the calculation of total costs for nonregulated activities. The attributable costing approach presented herein supports this objective.

THE COST POOL ALLOCATION CONCEPT

Cost pools are the vehicles through which direct costs are assigned and common costs are allocated to regulated and nonregulated cost objectives. Cost pools contain only homogeneous cost data. A homogeneous cost pool, as described here, contains costs similar in nature. All costs that are not directly assigned are allocated to final cost objectives via these homogeneous cost pools. Thus, whenever a cost is applicable to regulated and nonregulated cost objectives, that cost will be assigned to the proper cost pool and then will be allocated. The allocation process will attribute all cost data in that pool to regulated and nonregulated activities.

⁹Joint Cost Order at para. 161.

THE COST CLASSIFICATION CONCEPT

The CAM categorizes costs according to the following fully distributed costing hierarchy:

- (1) Tariff rate (including a Section 252(e) agreement): When regulated services are used in the provision of nonregulated products and services, the Companies will impute the regulated service at its tariffed rate to the nonregulated product or service. Imputation to nonregulated requires the Companies to record a debit to Account 5280, Nonregulated Revenue (and credit regulated revenue), to charge nonregulated the tariff rate for use of the regulated service.
- (2) Direct Assignable Costs: Those costs that are directly identifiable with (exclusively used for) regulated or nonregulated activities. The Companies CAM will use the direct assignment method for as many costs as possible.
- (3) Directly Attributable Costs: Costs associated with resources and assets used to provide both regulated and nonregulated services are attributed using direct measures of cost causation.
- (4) Indirectly Attributable Costs: Costs associated with resources and assets used to provide both regulated and nonregulated services, which require an indirect (surrogate) measure of cost causation in order to relate the costs to a final cost objective, are attributed using the indirect measure.
- (5) Residual Costs:
 - (a) Costs Allocated by the General Allocator: Shared residual costs (non-marketing) incurred for the common benefit of both regulated and nonregulated activities, but which are considered unattributable, i.e., for which no causal relationship exists, are allocated to regulated and nonregulated activities by the general allocator. These costs will be grouped into a cost pool and allocated to regulated and nonregulated activities as described in the Order on Reconsideration.
 - (b) Costs Allocated by the Marketing Allocator: Shared residual marketing costs incurred for the common benefit of both regulated and nonregulated activities, but which are considered unattributable, i.e., for which no causal relationship exists, are allocated to regulated and nonregulated activities by the marketing allocator.

COST ALLOCATION PROCEDURES

The following provides the procedures for separating the costs of nonregulated activities from the costs of regulated activities. These procedures were filed with the FCC pursuant to the Joint Cost Order permitting each of the companies to prepare and file with the FCC a Cost Allocation Manual (CAM) as a prerequisite to engaging in nonregulated activities. The CAM should be considered an evolving document and not a final statement of position.

The CAM is a costing method used for the removal of CAM developed nonregulated costs from the jurisdictional separations process. As the Commission recognized in the Joint Cost Order, it "...is not our purpose, nor should it be our purpose, to seek to attribute costs to particular nonregulated activities for purposes of establishing a relationship between cost and price."¹⁰ The Companies agree that the CAM method should not dictate pricing strategy.

The CAM is based on accounting for all costs recorded in appropriate Part 32 accounts in the Companies' books of account and supplemental records as required by the FCC. This concept allows an auditor to "audit" the development of the nonregulated activities' total costs by tracing back to the source of those costs in the Company's books of account. The CAM will serve to assist in provision of an audit trail that tracks costs from the books of account to appropriate final cost objectives (i.e., total regulated or total nonregulated activities).

COST ALLOCATION MANUAL SECTIONS

The Companies' CAM is comprised of the following sections in accordance with RAO 19:

Section I – Introduction - This section describes the cost allocation requirements; the attributable cost allocation concept; the cost pool allocation concept; the cost classification concept; and cost allocation procedures.

Section II – Nonregulated Activities - This section contains descriptions of nonregulated activities that the Companies offer. A matrix indicates which accounts are impacted by each nonregulated activity.

Section III – Incidental Activities - This section includes a listing of activities which the Companies classified as incidental for accounting treatment pursuant to the guidelines set forth in the Joint Cost Order. This section also includes a brief statement of these guidelines.

Section IV – Chart of Affiliates - This section contains a chart of the Companies' affiliates.

Section V – Transactions with Affiliates - This section lists the transactions between the Companies and its affiliates. A matrix indicates, by service, which affiliates provide transactions to the Companies and which affiliates receive transactions from the Companies in accordance with RAO 26. The provisions of RAO 26 apply to all affiliate transactions and are detailed in Section V.

Section VI – Cost Apportionment Tables - This section contains a full description of the cost apportionment table development, and the cost apportionment table itself which addresses appropriate Part 32 accounts. The introduction defines the column headings in the cost apportionment table: USOA

¹⁰Joint Cost Order at para. 40.

Part 32 accounts; cost pool name; cost pool identification basis; cost pool apportionment method; and the comments section.

Section VII – Time Reporting Procedures - This section contains time reporting methods; a discussion of teaching, monitoring and reinforcing time reporting systems, methods and procedures; and an explanation of how nonproductive time is allocated. Per RAO 19, Section VII contains a matrix showing the time reporting method used by each employee group.

DEFINITIONS

This section provides definitions of general terms used throughout this manual. Definitions of more specific terms unique to a section will be defined in that section.

AOCs – Ameritech Operating Companies, i.e., Illinois Bell Telephone Company; Indiana Bell Telephone Company, Incorporated; Michigan Bell Telephone Company; The Ohio Telephone Company; and Wisconsin Bell, Inc.

CAM - Cost Allocation Manual – The CAM is the Companies' manual that documents the methods used to separate regulated and nonregulated costs. The CAM comprises the seven sections previously listed, i.e., Introduction; Nonregulated Activities; Incidental Activities; Chart of Affiliates; Transactions With Affiliates; Cost Apportionment Tables; and Time Reporting Procedures. The rules pertaining to the CAM are codified in the Code of Federal Regulations, Title 47, Part 64.901-904, Subpart I – Allocation of Costs.

The "Companies" – Ameritech (i.e., Ameritech Operating Companies), Nevada Bell, Pacific Bell, **The Southern New England Telephone Company** and Southwestern Bell Telephone.

FDC - Fully Distributed Cost – Carriers required to separate their regulated costs from nonregulated costs shall use the attributable cost method of cost allocation for such purpose. (CFR 47 64.901(a)) This method is also known as fully distributed cost (FDC). The FDC methodology was described previously in Section I under "The Cost Classification Concept" (Joint Cost Order, para. 161). Per the Accounting Safeguards Order, para. 165, the FCC concludes, "... that a reasonable rate of return to be used by all incumbent local exchange carriers in determining the fully distributed costs associated with affiliate transactions is the rate of return on interstate services, as amended periodically by the Commission. In establishing the prescribed interstate rate of return, the Commission considered the cost of capital to provide interstate access services and prescribed a rate of return of 11.25% for the local exchange carriers."

General Allocator - The method by which expenses that are considered unattributable are allocated to regulated and nonregulated activities. This method will not be applied to residual marketing expenses.

Marketing Allocator - The method by which marketing expenses that are considered unattributable are allocated to regulated and nonregulated activities. The marketing allocator will be employed to determine the regulated and nonregulated amounts of residual marketing expenses.

NB – Nevada Bell Telephone Company (a/k/a Nevada Bell)

OCS - Official Communications Service.

Project Number – A code placed on transactions to provide cost tracking associated with a specific project or undertaking. Project numbers may be used to track specific regulated, nonregulated and affiliate costs.

PB – Pacific Bell Telephone Company (a/k/a Pacific Bell)

RAO - Responsible Accounting Officer letter issued by the FCC.

AT&T – AT&T Inc. - The parent entity of the Companies.

SNET – The Southern New England Telephone Company (a/k/a Southern New England Telephone; operates in the State of Connecticut)

SWBT - Southwestern Bell Telephone, L.P. (a/k/a Southwestern Bell Telephone)

Telco - Telephone company.

USOA - Uniform System of Accounts (Part 32).

SECTION II – NONREGULATED ACTIVITIES

The Companies presently offer the following nonregulated activities. If individual operating companies are not specified, the activity is provided by Ameritech, Nevada Bell, Pacific Bell, **Southern New England Telephone (SNET)** and Southwestern Bell Telephone.

Billing and Payment Processing Services - Southwestern Bell

This service provides billing and processing of customer bill payments for outside third parties and affiliates. It includes billing, customer support, receiving, depositing and processing the payments and creating the payment data.

Computer Services

Computer services involve the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available data which may be conveyed via intraLATA telecommunications. It includes the E911 automatic location identification (ALI) service, which is also offered interLATA on an integrated basis in accordance with CC Docket No. 96-149.

It also includes computer bureau services, which involve providing the use of company-owned or leased computer hardware, as well as the systems personnel, to process software owned or licensed by the customer. It also involves related report generation and systems maintenance. Also included is Responsible Organization Services offered by Ameritech.

Customer Premises Equipment and Wire Services

These services include the sale or lease, installation, maintenance and repair of customer premises equipment (CPE), simple and complex wire, intra- and inter-building cable and voice, data and/or video equipment as well as other related telecommunications equipment on the customer's side of the network interface. For example, this would include Digital NCTE. This service also includes installation, maintenance and/or management services (e.g., consulting, design, engineering and administration activities) associated with customer-owned networks. These network plans can consist of customized wiring (copper, coaxial or fiber) and/or equipment that provide voice, data and/or video services. Inside wire maintenance plans are also offered as a part of this service.

Directory Listing Services

These services include the provision of (1) nonregulated operator-assisted directory information, including listings for out-of-region interLATA telephone numbers, such as National Directory Assistance, International Directory Assistance and Reverse Directory Assistance, (2) directory-provided information services such as Category Search, and (3) electronic directory services, such as Electronic White Pages and Reverse Number Search, in which directory listing information is provided in response to an electronic customer request.

Directory White Page Service - Southwestern Bell

This service involves providing individual business customers with advertising in the business white pages through the sale of enhanced listings (e.g., "Feature Bold Listing") and cover advertising.

Incidental InterLATA Services – Ameritech, Pacific Bell and Southwestern Bell

This activity is classified as nonregulated for accounting purposes and consists of certain incidental interLATA services that the Companies were authorized to provide pursuant to Section 271(g) (but not including interLATA services described at 271(g)(4)) of the Telecommunications Act of 1996. Such services were not previously authorized or permitted under the Modification of Final Judgment ("MFJ"). These services are being classified as nonregulated, even though they may be provided under tariff, pursuant to the requirements of the Accounting Safeguards Order, CC Docket No. 96-150, adopted December 23, 1996, paragraphs 75-76.

Internet Protocol Services—Ameritech, Pacific Bell, Southwestern Bell and SNET

Internet Protocol (IP) Services which include internet access and IP video.

Marketing Services

Marketing services include retail sales of products and the administrative support of sales operations, including joint marketing, for outside third parties and affiliates.

Pay Telephone CPE and Service

CC Docket 96-128, Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, adopted rules to implement Section 276 of the Telecommunications Act of 1996 which established pay telephone service as a competitive nonregulated service. The new law required the reclassification of pay telephone equipment and service to nonregulated effective April 15, 1997. Consistent with the 1996 Act's definition, "payphone service" means the provision of public and semi-public pay telephones, the provision of inmate telephone service in correctional facilities and any ancillary services.

Phone Cost Management Support - Ameritech, Nevada and Pacific Bell

Phone Cost Management Support offers customers such products as Customer Dialed Account Recording (CDAR) and Account Code. The products permit a customer to add a customer-designated account number to the Automatic Message Accounting (AMA) record for any Station Message Detail Recording (SMDR) call. The record is provided to the customer with the monthly bill and contains all information required for SMDR plus the customer-designated account number.

Planning and Development Activities

This service involves the planning and development of potential nonregulated services, and also includes regulated services that are classified as nonregulated. These planning and development activities include all preparation activities prior to introducing the product for public offering. There are no revenues associated with this activity.

Post Sales Customer Care

This activity begins after the initial point of sale. It includes handling customer complaints; and customer inquiries and change requests related to due dates, services, features, pricing plans, etc.

Professional Services – Ameritech

This activity provides outside third parties with an array of professional services (e.g., legal, tax, marketing, human resources) by third party vendors as well as developed internally. This service also includes provision to outside third parties of training classes/curriculums and training materials which have been developed or acquired for use within the Company, and which may be modified to meet a customer's specific needs. Training services for employees of affiliates are provided by a separate subsidiary, as displayed in Section V.

Protocol Conversion - Ameritech, Pacific Bell and Southwestern Bell

The Protocol Conversion service provides net conversions between different transmission protocols (e.g., asynchronous, bisynchronous, X.25, X.75, 370 SNA, X.PC), excluding conversions between X.25 and X.75. Net conversion occurs when the protocol originated at the sending computer or terminal is different than that delivered at the receiving end.

Protocol processing includes both regulated (basic) and nonregulated (enhanced) components. The basic components support like - protocol transmissions (e.g., asynchronous to asynchronous, X.25 to X.25) and X.25 to X.75 transport, and are offered as tariffed services. The enhanced portion provides net conversion between protocols, excluding X.25 to X.75.

Software Services - Ameritech and Southwestern Bell

These services include: a) the licensing, sub-licensing or other sale of programming efforts to create, maintain or customize software for outside third parties and affiliates; and b) funding the development of applications software by outside third parties and affiliates, for which royalties may be received.

Spread Spectrum Alarm Service – Ameritech

This service provides for the "enhanced" transmission of alarm information between an alarm company and its customers over ordinary telephone loops. This service is provided subject to the conditions outlined in the Commission's AST Order, including that the costs associated with the scanning and routing functions be treated as nonregulated.

Voice Messaging Services – Ameritech and SNET

These services provide customers the ability to record customized greetings for incoming messages, and store messages for future retrieval, forwarding and deletion.

NONREGULATED ACTIVITIES

ACTIVITY																		
1: Billing and Payment Processing Services							7: Marketing Services							13: Protocol Conversion				
2: Computer Services							8: Pay Telephone CPE and Service							14: Software Services				
3: Customer Premises Equipment and Wire Services							9: Phone Cost Management Support							15: Spread Spectrum Alarm Service				
4: Directory Listing Services							10: Planning and Development Activities							16: Voice Messaging Services				
5: Directory White Page Service							11: Post Sales Customer Care							17: Reserved				
6: Incidental InterLATA Services							12: Professional Services							18: Internet Protocol Services				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
ACCT																		
1220	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
1410	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
2002			X					X										
2003		X	X	X		X		X		X				X	X	X		X
2111	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
2112	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			X
2114	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			X
2121	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
2122	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
2123	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
2124	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
2211									X									
2212						X			X	X			X					X
2220				X														
2231						X												
2232						X									X			X
2311			X															
2341		X	X															
2351								X										
2362			X															X
2411									X									
2421																		X
2422						X												X
2423						X												X
2441						X												
2681	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			X
2682	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
2690	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X

NONREGULATED ACTIVITIES

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
ACCT																		
3100	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
3410	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			X
3420	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
4100	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
4300	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
4340	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
5280	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
5300	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
6112		X	X	X	X	X	X	X	X	X	X		X	X	X			X
6114		X	X	X	X	X	X	X	X	X	X		X	X	X			X
6121		X	X	X	X	X	X	X	X	X	X		X	X	X	X		X
6122		X	X	X	X	X	X	X	X	X	X		X	X	X	X		X
6123	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X		X
6124	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
6211									X									
6212						X				X						X		X
6220				X				X										
6231						X												
6232		X	X			X												X
6311			X															
6341			X															
6351								X										
6362		X	X							X								X
6421			X															X
6422			X			X												X
6423			X															X
6441			X			X												
6512	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
6531			X	X		X	X				X		X			X		X
6532			X	X		X		X		X						X		
6533			X				X	X			X				X			
6534	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
6535	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X

NONREGULATED ACTIVITIES

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
ACCT																		
6540								X										
6561	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
6563	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
6564	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
6611	X	X	X	X			X	X	X	X	X		X	X	X	X		X
6613		X	X	X			X	X	X		X			X	X	X		X
6622			X	X	X			X										
6623		X	X	X			X	X	X	X	X		X		X	X		X
6720	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
7100	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
7210		X	X	X	X	X	X	X	X	X	X		X	X	X	X		X
7220	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
7230	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
7240	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
7250	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
7300	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
7500	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X

SECTION III - INCIDENTAL ACTIVITIES

OVERVIEW

Ameritech, Nevada Bell, Pacific Bell, **Southern New England Telephone** and Southwestern Bell Telephone (Telcos) classify as incidental, for accounting treatment, those nontariffed activities that meet the qualitative and quantitative criteria promulgated by the Commission. Specifically, each incidental activity listed in this section meets the following criteria:

- a) The activity is an outgrowth of regulated operations;
- b) The activity is not a separate line of business:
 - There is no business or marketing plan,
 - The Telcos do not actively solicit customers for the activity,
 - There is only an insubstantial commitment of resources or investment made by the Telcos.
- c) The total revenue of all incidental activities does not exceed, in the aggregate, one percent of total revenues.

The incidental activities included herein do not include activities such as nonregulated lines of business, transactions limited to affiliates or court-ordered arrangements, e.g., shared network facilities, equal access. When incidental services are provided to affiliates, the affiliate transaction rules apply. See Section V for services provided to affiliates. Activities provided under state tariffs are not considered incidental.

LISTING OF INCIDENTAL ACTIVITIES:

1) Directory Revenue

This activity includes:

- The leasing of White Pages street address directories. Furnishing lists of telephone subscribers under a license arrangement is tariffed in Wisconsin. Revenue earned from this activity in Wisconsin is not included in incidental activities.
- Contracts billed through the Dallas special bill unit including all revenues associated with any listing sales agreements related to the local White Pages directories for the purpose of publishing a telephone directory.

2) Rent Revenue

This activity includes:

- Revenue from the rental of surplus land (other than right of way property) and space in buildings.
- Revenues from the rental of pole line space for attachments, space in conduits and use of right of way based on agreements with other utility and CATV companies (tariffed in Illinois, Indiana, Michigan, Ohio and Wisconsin).
- Revenues from the rental to others of central office equipment such as circuit, switching equipment and plant and circuits furnished apart from

telephone service rendered by the Company. Amounts received for the use of facilities in connection with Extended Area Service (EAS) shall be included in this account.

3) Corporate Operations Revenue

This activity includes:

Revenue derived from services rendered to other companies under a license agreement, general services contract or other arrangement providing for the furnishing of general accounting, financial, legal, patent and other general services associated with the provision of regulated telecommunications services.

4) Special Billing Arrangements Revenue

This activity includes:

Revenue derived from the provision, either under tariff or through contractual arrangements, of special billing information to customers in the form of files, magnetic tapes, cards or statements. Special billing information provides detail in a format and/or a level of detail not normally provided in the standard billing rendered for the regulated telephone services utilized by the customer.

5) Customer Operations Revenue

This activity includes:

- Revenue derived from the performance of customer operations services for others incident to the company's regulated telecommunications operations that are not provided for elsewhere.
- This further includes company operator services; flat amounts charged other Telephone Companies for operating services on toll lines of such connecting Companies terminating in the switchboard of the Company; providing centralized rate and route information for others; and rendering unattended dial exchange operating office service.

6) Plant Operations Revenue

This activity includes:

Revenue from contract services (plant maintenance) performed for others incident to the company's regulated telephone operations. This includes revenue from the incidental performance of nontariffed operating and maintenance activities for others which are similar in nature to those activities which are performed by the company in operating and maintaining its own telecommunications plant facilities.

7) Other Incidental Regulated Revenue

This activity includes:

Miscellaneous intrastate regulated revenues not accounted for elsewhere.

- Operator services not covered by tariff.
- Operator services functions such as directory assistance (excluding nonregulated directory assistance, credit card and third number party calls provided to customers of local exchange carriers and billed to that carrier.

8) Income From Custom Work

This activity includes:

Profits realized from custom work (plant construction) performed for others incident to the company's regulated telecommunications operations. This includes profits from the incidental performance of nontariffed construction activities (including associated engineering and design) for others, which are similar in nature, to those activities performed by the company in constructing its own telecommunications plant facilities.

INCIDENTAL ACTIVITIES	AOCs	NB	PB	SNET	SWBT
1) Directory Revenue	X				X
2) Rent Revenue	X	X	X	X	X
3) Corporate Operations Revenue			X		
4) Special Billing Arrangements Revenue	X	X	X		X
5) Customer Operations Revenue	X	X	X		X
6) Plant Operations Revenue	X		X		X
7) Other Incidental Regulated Revenue	X				
8) Income From Custom Work	X	X	X	X	X

SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

AT&T Inc.

ABC Consolidation Corp.

AT&T Corp. (see separate chart)

AT&T Communications Corp.

Interpath Communications, Inc.

Interpath Communications – Ohio, Inc.

USinternetworking, Inc.

USi Internetworking Services Pvt. Ltd.

USi Internetworking Solutions Pvt. Ltd.

USi Services B.V.

USi Services Holdings Private Limited

USi Services S.a r.l.

AT&T Enterprise Services, Inc.

AT&T International, Inc.

2Wire, Inc.*

AMDOCS Limited*

America Movil, S.A. de C.V.*

AT&T Hedging Management, LLC*

AT&T Option Hedging, LLC*

AT&T Option Delivery, LLC

AMDOCS Limited*

AT&T General Leasing, LLC

AT&T Mexico, Inc.

SBC CCPR Holdings, LLC

Beach Holding Corporation*

SBC Global Management Support, LLC

SBC International APS

SBC International Arabia, Inc.*

SBC International IP Holdings, Inc.

Bell IP Holding, LLC*

SBC International Taiwan, Inc.

SBC Investment Portfolio, LLC*

Complus, LP.

Hotelevision, Inc.*

SBC Venture Holdings, LLC

Twoway TV LTD. (UK)*

Sterling Commerce, Inc. (see separate chart)

Twoway TV LTD. (UK)*

SBC Portfolio Holdings, LTD.*

SBC Investment Portfolio, LLC*

Complus, LP.

Hotelevision, Inc.*

SBC Venture Holdings, LLC

Twoway TV LTD. (UK)*

Sterling Commerce, Inc. (see separate chart)

Twoway TV LTD. (UK)*

SBC Venture Capital Corporation*

Southwestern Bell International Holdings S.A. de C.V.*

Southwestern Bell Telecom (UK) Limited

*Not Wholly Owned

Ameritech/Nevada Bell/Pacific Bell/

Southern New England Telephone/Southwestern Bell Telephone

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IV-1

Revised: 12/21/06

SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

Telefonos de Mexico S.A. de C.V.*
AT&T Knowledge Ventures GP, Inc.
 AT&T Knowledge Ventures, L.P.*
 SBC Telecom Properties, Inc.
 AT&T Knowledge Ventures, L.P.*
AT&T Labs, Inc.
AT&T Management Services Holdings, Inc.
 AT&T-MSI, LLC
 AT&T Management Services, L.P.
 AT&T Management Services, L.P.
 SBC Alloy Holdings, Inc.*
 SBC Aviation Holdings, Inc.
AT&T Operations, Inc.
 Chasecom Limited Partnership*
 RWB Wireless Broadband, LLC
 TC Enterprises LLC*
 Chasecom Limited Partnership*
AT&T Option Hedging, LLC*
AT&T Services, Inc.*
 SBC Media Solutions, LLC*
 SBC Alloy Holdings, Inc.*
 SBCSI Leasing (GP) Company
 SBCSI Purchasing & Leasing Limited Partnership
 SBCSI Leasing (LP) Company
 SBCSI Purchasing & Leasing Limited Partnership
AT&T Teleholdings, Inc. (see separate chart)
AT&T Video Services, Inc.
AT&T Yellow Pages Holdings, LLC (see separate chart)
Cingular Wireless Corporation*
Gateway Rivers Insurance Company
New SBC Wireless, Inc.
 Chase Telecommunications Holdings, Inc.*
 Delaware Valley Cellular Corporation
 AWACS, Inc.
 Bristol Bay Cellular Partnership*
 Jacksonville MSA Limited Partnership*
 Marais Des Cygnes of Missouri Limited Partnership*
 Missouri RSA 9B1 Limited Partnership*
 Missouri RSA 9B1 Tower Holdings, LLC*
 SBC Alloy Holdings, Inc.*
 Cingular Wireless, LLC*
 SBC Tower Holdings LLC* (see separate chart)
 Worcester Tower Holdings, LLC*
New Southwestern Bell Mobile Systems, Inc.*
 North American GSM Alliance, LLC*
 SBC Alloy Holdings, Inc.*
 Cingular Wireless, LLC*
 SBC Tower Holdings LLC* (see separate chart)
 SBC Alloy Holdings, Inc.*

*Not Wholly Owned

SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

- Cingular Wireless, LLC*
- SBC Advanced Solutions, Inc.*
 - ASI Leasing (GP) Company
 - SBC ASI Purchasing & Leasing Limited Partnership
 - ASI Leasing (LP) Company
 - SBC ASI Purchasing & Leasing Limited Partnership
- SBC Asset Management, Inc.
- SBC Communications, Inc. (Delaware name holder)**
- SBC International Development Corporation
 - Southwestern Bell International Development (Africa) (Proprietary) Limited
- SBC International Operations, Inc.
- SBC Network Technologies, Inc.
- SBC Ventures, Inc.
- Southwestern Bell Texas Holdings, Inc.
 - SWBT Texas, LLC
 - Southwestern Bell Telephone, L.P.
 - Southwestern Bell Telephone, L.P.
 - Arkansas Bell Telephone Company
 - Kansas Bell Telephone Company
 - Missouri Bell Telephone Company
 - Oklahoma Bell Telephone Company
 - Southwestern Bell Telephone Company of Arkansas
 - Southwestern Bell Telephone Company (Oklahoma)
 - SWBT Leasing (GP) Company
 - SWBT Purchasing & Leasing Limited Partnership
 - SWBT Leasing (LP) Company
 - SWBT Purchasing & Leasing Limited Partnership
 - Texas Bell Telephone Company

*Not Wholly Owned

SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

Supplemental Affiliate Information:

AT&T Corp.

- 2001 Investment Fund, LLC**
- Telecable KCFN Holding Corp.**
- AT&T Communications - East, Inc.**
- Alascom, Inc.**
 - KamAlascom, Ltd**
 - MagAlascom, Ltd.**
- MNS Acquisition Corp.**
- AT&T Support Services Company, Inc.**
- Teleport Communications Group Inc.**
 - Teleport Communications Boston, Inc.**
 - TCG Connecticut Holdings III, Inc.**
 - TCG Connecticut**
 - TCG Connecticut Holdings II, Inc.**
 - TCG Connecticut**
 - TCG South Florida Holdings II, Inc.**
 - TCG South Florida**
 - TCG Indiana, Inc.**
 - TCG Indianapolis**
 - TCG San Diego Holdings, Inc.**
 - TCG San Diego**
 - TCG America, Inc.**
 - TCG Services, Inc.**
 - AT&T Broadband Phone of Kentucky II, LLC**
 - TCG Milwaukee, Inc.**
 - TCG New Jersey, Inc.**
 - TCG New York, Inc.**
 - TC New York Holdings I, Inc.**
 - Teleport Communications New York**
 - TC Systems, Inc.**
 - TC New York Holdings II, Inc.**
 - Teleport Communications New York**
 - TCG Seattle, Inc.**
 - TCG Seattle**
 - TCG Joint Venture Holdings, Inc.**
 - TCG Colorado**
 - TCG Data - New York**
 - TCG Maryland**
 - TCG New Jersey**
 - TCG Ohio**
 - TCG Oregon**
 - TCG Rhode Island**
 - TCG Utah**
- ACC Corp.**
 - ACC National Telecom Corp.**
 - ACC National Long Distance Corp.**
 - AT&T Canada Investments Inc.**

*Not Wholly Owned

SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

AT&T Canada L.D. Holdings Inc.
JV1 General Partnership
AT&T Canada GP LLC
AT&T Canada Holdings Limited Partnership
Teleport Communications Houston, Inc.
Teleport Communications Dallas, Inc.
TCG Dallas
Teleport Communications Chicago, Inc.
TCG Chicago
Teleport Communications Atlanta, Inc.
Teleport Communications San Francisco, Inc.
TCG San Francisco
Teleport Communications Washington, D.C., Inc.
TCG Delaware Valley, Inc.
Biztel Communications, Inc.
Biztel, Inc.
TCG Billing Services, Inc.
TCG Detroit Holdings II, Inc.
TCG Detroit
Endlink, Incorporated
TCG Phoenix Holdings I, Inc.
TCG Phoenix
Teleport Communications Group America, Inc.
TCG St. Louis Holdings, Inc.
TCG St. Louis
TCG Detroit Holdings I, Inc.
TCG Detroit
TCG South Florida Holdings I, Inc.
TCG South Florida
TCG Dallas Holdings II, Inc.
TCG Dallas
TCG Dallas Holdings I, Inc.
TCG Dallas
TCG Omaha Holdings, Inc.
TCG Omaha
TCG DV Holdings, Inc.
TCG of the Carolinas, Inc.
TCG Kansas City, Inc.
TCG Cerfnet, Inc.
TCG Partners Holdings I, Inc.
TCG Partners
TCG Los Angeles, Inc.
TCG Colorado
TCG Connecticut
TCG Dallas
TCG Data - New York
TCG Detroit
TCG Illinois
TCG Indianapolis

*Not Wholly Owned

SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

- TCG Maryland
- TCG New Jersey
- TCG Ohio
- TCG Omaha
- TCG Oregon
- TCG Phoenix
- TCG Pittsburgh
- TCG Rhode Island
- TCG San Diego
- TCG San Francisco
- TCG South Florida
- TCG St. Louis
- TCG Utah
- TCG Seattle Holdings I, Inc.
 - TCG Seattle
- TCG Connecticut Holdings, Inc.
 - TCG Connecticut
- TCG Minnesota, Inc.
- TCG Partners Holdings III, Inc.
 - TCG Partners
- TCG Virginia, Inc.
- TCG Midsouth, Inc.
- TCG Partners Holdings II, Inc.
 - TCG Partners
- TCG Charitable Foundation, Inc.
- TCG Pittsburgh Holdings, Inc.
 - TCG Pittsburgh
- TCG San Francisco Holdings I, Inc.
 - TCG San Francisco
- TCG Southwestern Holdings, Inc.
 - TCG Los Angeles, Inc.
 - TCG Phoenix
 - TCG San Diego
 - TCG Los Angeles, Inc.
 - TCG Partners
 - TCG Chicago
 - TCG Detroit
 - TCG Illinois
 - TCG San Francisco
 - TCG Seattle
 - TCG South Florida
 - TCG St. Louis
- TCG Illinois Holdings, Inc.
- TCG Chicago Holdings, Inc.
- American Bell Technologies, Inc.
- AT&T Investment Management Corporation
- AT&T Communications of Ohio, LLC
- AT&T Communications of the Southern States, LLC
- AT&T New Jersey Holdings, LLC

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SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

AT&T Communications of NJ, LP
AT&T Communications Holdings of Wisconsin, LLC
AT&T Communications of Wisconsin, LP
AT&T Delaware Valley, LLC
AT&T Communications of NJ, LP
AT&T Communications Services, Inc.
TCI NJFT, Inc.
Antares Satellite Corporation
AT&T Froghall Holdings II LLC
AT&T Froghall Holdings LLC
AT&T Communications of Wisconsin, LP
ATTDH, Inc.
AT&T Communications of Indiana GP
Channel 64 Acquisition, Inc.
United Artists Operator Services Corporation
UCT Video, Inc.
AT&T Broadband T-Holdings, Inc.
AT&T Holdings Virginia LLC
AT&T Broadband T-Services, Inc.
United Artist Broadcast Properties, Inc.
United Artists K-1 Investments, Inc.
United Artists Satellite, Inc.
United Microwave Corporation
United Artists Payphone Corporation
United's Home Video Centers, Inc.
UAll Merger Corp.
UAll Sub No. 24, Inc.
United Artists Investments Holding, LLC
United Artists Investments, LLC
United Artists Telecommunications, Inc.
American Movie Classics Investment, Inc.
Cable Shopping Investment, Inc.
Discovery Programming Investment, Inc.
United Artists Investments, Inc.
United Cable Television Investments, LTD.
United Artists Preferred Investments, Inc.
United Artists Republic Investments, Inc.
United Cable AD-Link, Inc.
United Cable Advertising, Inc.
United Cable Productions, Inc.
United Cable Shopping Channel, Inc.
United Cable Television Acquisition Corporation
United Cable Television Financing Corporation
United Cable Video Investment, Inc.
United Carphone Corporation
United Corporate Communications Company
United Entertainment Corporation, Inc.
United Hockey, Inc.
United Paging Corporation

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SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

United Tribune Paging Corporation
TCI LL, Inc.
TCI Teleport Holdings, Inc.
TCI Teleport, Inc.
UA Think, Inc.
UCT Aircraft, Inc.
United Advertising Network, Inc.
Digital Direct, Inc.
C-Group Merger Corp.
AT&T Teletype Corp.
AT&T Transaction Services, Inc.
 JV1 General Partnership
AT&T Communications of New England, LLC
AT&T Communications of Pennsylvania, LLC
 GXT 1 Corp.
AT&T Communications of Washington D.C., LLC
AT&T Communications of Virginia, LLC
AT&T Communications of Maryland, LLC
AT&T Communications of Michigan, LLC
AT&T Wisconsin Inc.
American Telephone and Telegraph California Inc.
AT&T Communications of California, Inc.
AT&T Network Procurement Management LLC
 AT&T Network Procurement LP
 AT&T Broadband Phone of Kentucky III, LLC
AT&T Network Procurement LP
AT&T Communications of Ohio, Inc.
AT&T Ohio Inc.
The Ohio Telephone and Telegraph Company
a2b Music Inc.
AT&T Ventures Corporation
 AT&T Ventures Management, Inc.
 AT&T Ventures Partners
 AT&T Ventures Company L.P.
 AT&T Ventures Company L.P.
Lucky Dog Phone Company
Smart Card Systems and Solutions, Inc.
AT&T WorldPlus Inc.
AT&T WorldPlus USA Inc.
WorldPlus International Inc.
American Telephone and Telegraph Company
American Telephone and Telegraph Company of Arkansas
AT&T Communications of Delaware, LLC
AT&T Communications of New England, Inc.
AT&T Communications of New York, Inc.
AT&T Communications of the Midwest, Inc.
AT&T Communications of the Mountain States, Inc.
AT&T Communications of the Pacific Northwest, Inc.
AT&T Communications of the South Central States, LLC

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SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

AT&T Broadband Phone of Kentucky I, LLC
AT&T Communications of the Southwest, Inc.
AT&T Communications of Texas, L.P.
AT&T Communications of Texas, LLC
AT&T Communications of West Virginia, Inc.
AT&T Finance Corp.
AT&T Communications of Michigan, Inc.
American Telephone and Telegraph Company of Michigan
American Telephone and Telegraph Company of Virginia
AT&T Capital Holdings International, Inc.
AT&T Credit Investments I, Inc.
AT&T Capital Holdings, Inc.
AT&T Credit Holdings, Inc.
AT&T Network Services LLC
AT&T Global Network Services LLC
AT&T Global Network Services Taiwan yu-hsien-kungsze
Ipanema Leasing, Inc.
Ipanema Sales Corporation
AT&T Credit FSC, Inc.
AT&T Financial Services Inc.
AT&T Illinois - East, Inc.
AT&T Michigan - East, Inc.
AT&T Mountain Inc.
AT&T New Jersey Inc.
AT&T North Central Inc.
AT&T Northwest Coast Inc.
AT&T Pennsylvania Equipment Inc.
AT&T Teleticket Services, Inc.
AT&T Virginia Inc.
AT&T West Virginia Inc.
AT&T Nevada Inc.
East Pittsburgh Telephone Company
The American Telegraph and Telephone Company of Pennsylvania
The American Telephone & Telegraph Company of Illinois
American Telephone and Telegraph Company of Wisconsin
AT&T Communications of Nevada, Inc.
AT&T Indiana Inc.
AT&T Communications of Indiana, Inc.
AT&T Communications of Indiana GP
AT&T Communications of Illinois, Inc.
AT&T Professional Services Corp.
World Partners Company
AT&T Communications of Hawaii, Inc.
American Telephone and Telegraph Company of Wyoming
AT&T Technical Services Company, Inc.
American Bell Communications, Inc.
American Bell Information, Inc.
American Bell International, Inc.
American Bell, Inc.

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SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

American Telephone and Telegraph Company of Delaware
American Telephone and Telegraph Company of Indiana, Inc.
American Telephone and Telegraph Company of New Jersey
AT&T of Puerto Rico, Inc.
 AT&T of Puerto Rico, Inc. (Puerto Rico Branch Office)
GCI, Incorporated
 Azincourt Holdings, Inc.
 Eleven Shores Holding AG
 Swiss ABS AG *
 Agave Resources, Inc.
 Exeter Data Services, Inc.
Global Card Holdings LLC
Pudong LLC
 Shanghai Symphony Telecommunications Co., Ltd. *
Ranger Acquisition Corp.
AT&T Communications Services of Jamaica LLC
 VLT US Holdco L.L.C.
 Rewolf Holding N.V.
 AT&T (Australia) Pty. Ltd.
 AT&T Chile S.A.
 AT&T Hong Kong Ltd,
 AT&T Servicios de Comunicaciones Guatemala S.A.
 AT&T Telecommunications Services Singapore Pte. Ltd.
AT&T Transoceanic Communications LLC
 AT&T Global Venture Holdings LLC
 AT&T Global Communications Korea Ltd.
VLT GP Holdco L.L.C.
 AT&T Chile S.A.
 AT&T (Hong Kong) Limited
 AT&T Servicios de Comunicaciones Guatemala S.A.
 AT&T Telecommunications Services Singapore Pte. Ltd.
 AT&T Communications Services Venezuela S.R.L.
AT&T (Australasia) Pty Limited
AT&T Communications Services (Japan) Ltd.
AT&T Communications Services Venezuela S.R.L.
AT&T Global Communications Korea Ltd.
AT&T (New Zealand) Company
AT&T Global Venture Holdings LLC
AT&T Transoceanic Communications LLC (Guam Branch Office)
AT&T Transoceanic Communications LLC (Virgin Islands Branch Office)
AT&T Solutions Inc.
AT&T Telecom Mexico Inc.
 Alestra, S. de R.L. de C.V. *
 Servicios Alestra, S.A. de C.V. *
 Coneutividad Inalambrica 76Hz, S. de R.L. de C.V. *
 Alestra Telecomunicaciones Inalambricas, S. de R.L. de C.V. *
 Servicios Alestra, S.A. de C.V. *
AT&T Investments UK LLC
 AT&T Global Markets (EMEA) Limited

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SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

- AT&T (UK) Ltd.**
- AT&T Pan-European Services, Inc.**
- AT&T Global Network Services Czech Republic s.r.o.**
- AT&T Seamless Services, Inc.**
- AT&T Canada Investments Inc.**
- AT&T Communications Services International Inc.**
- AT&T Communications Americas, Inc.**
- AT&T Global Communications Services Inc.**
 - AT&T Global Communications Services Inc. - Virgin Islands Branches**
 - AT&T Global Communications Services Inc. - Guam Branch**
- AT&T Rosnet International, Inc.**
- AT&T World Personnel Services Inc.**
- AT&T China, Inc.**
 - AT&T Dominicana, C. por A.**
 - AT&T China, Inc. (China Representative Offices)**
- AT&T Holdings LLC**
- Interchange Holdings International Inc.**
- AT&T Communications Services Holdings Inc.**
 - AT&T Servicios de Comunicaciones Guatemala S.A.**
 - AT&T Servicios de Comunicacion de Costa Rica S.A.**
 - AT&T Communications Services Overseas Limited**
 - AT&T Dominicana, C. por A.**
 - AT&T Communications Services de El Salvador, S.A. de C.V.**
 - AT&T Guatemala, S.A.**
 - AT&T Communication Services India Pvt. Ltd.**
 - AT&T Communications (1998) Ltd.**
 - AT&T Servicios de Comunicaco Brasil Ltda.**
- AT&T Communications Services Africa, Inc.**
 - AT&T Communications Services Africa, Inc. (Kenya Branch Office)**
- AT&T Communications Services Taiwan Inc.**
 - AT&T Dominicana, C. por A.**
 - AT&T Communications Services Taiwan Inc. (Taiwan Branch Office))**
- AT&T Communications Services Asia/Pacific Inc.**
- AT&T Servicios de Comunicaciones Guatemala S.A.**
- AT&T Servicios de Comunicacion de Costa Rica S.A.**
- AT&T Communications Services Overseas Limited**
- AT&T Communications Services Danmark A/S**
- AT&T Dominicana, C. por A.**
- AT&T Communications Services de El Salvador, S.A. de C.V.**
- AT&T France S.A.**
- AT&T Guatemala, S.A.**
- AT&T Asia/Pacific Group Ltd.**
- AT&T Communication Services India Pvt. Ltd.**
- PT Sistelindo Mitralintas ***
- AT&T Communications (1998) Ltd.**
- AT&T Japan Ltd.**
- AT&T Communications Services (Malaysia) Sdn. Bhd.**
- AT&T Communications Services Nederland B.V.**
- AT&T Communications Services de Panama S.A.**

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SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

- AT&T Singapore Pte. Ltd.
- AT&T Communications Services South Africa (Proprietary) Limited
- AT&T Espana, S.A.
- AT&T International, S.A.
- AT&T de Venezuela, S.A.
- AT&T Communications Services Gulf States Inc.
 - AT&T Communications Services Gulf States Inc. (Bahrain Branch Office)
 - AT&T Communications Services Gulf States Inc. (Saudia Arabian Project Branch)
 - AT&T Communications Services Gulf States Inc. (Dubai Branch Office)
- AT&T CIS Ltd.
 - AT&T CIS Ltd. (Russia Representative Office)
- Cuban American Telephone & Telegraph Company
- AT&T Communications Services Turkey Ltd.
 - AT&T Communications Services Turkey Ltd. (Branch Office)
- AT&T Egypt Ltd.
 - AT&T Egypt Ltd. (Egypt Representative Office)
- AT&T India Ltd.
- AT&T Mediterranean Ltd.
 - AT&T Mediterranean Ltd. (Greece Branch Office)
 - AT&T Mediterranean Ltd. (Egypt Branch Office)
 - AT&T Mediterranean Ltd. (Israel Branch Office)
- AT&T Middle East Ltd.
- AT&T Northern Ventures Ltd.
 - AT&T Canada Investments Inc.
 - AT&T Enterprises Canada Co.
- AT&T Vietnam Ltd.
 - AT&T Vietnam Ltd. (Vietnam Representative Offices)
- AT&T Communications Services Thailand Ltd.
 - AT&T Communications Services Thailand Ltd (Thailand Branch Office)
- AT&T Communications Services Philippines Inc.
- AT&T Istel
 - AI Purchasing Systems Limited
 - InView Limited
 - A ISP
 - ISTEL Limited
 - ISTEL Nominee Limited
 - AI Purchasing Systems Limited
 - InView Limited
- AT&T of the Virgin Islands, Inc.
 - AT&T of the Virgin Islands, Inc. (Virgin Islands Branch Office)
- AT&T Global Network Services Group LLC
 - AT&T Global Network Services Venezuela LLC
 - AT&T Global Network Services Venezuela LLC (Venezuela Branch Office)
 - AT&T Global Network CER Holdings LLC
 - AT&T Global Network Services OOO
 - AT&T Global Network Enterprises LLC
 - AT&T Global Network CER Holdings LLC
 - AT&T Communications Services Argentina S.R.L.

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SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

AT&T Global Network Services Belgium Luxembourg S.P.R.L. - Luxembourg
Branch Office
AT&T Global Network Holdings Brasil Ltda.
AT&T Global Network Services Brasil Ltda.
AT&T Global Network Services Brasil Ltda.
AT&T Red Global de Telecomunicaciones Ltda.
AT&T Global Network Services Colombia Ltda.
AT&T Global Network Services Netherlands Antilles N.V. (Curacao)
AT&T Global Network Services Cyprus Limited
AT&T Global Network Services Ecuador Cia. Ltda.
AT&T Global Network Services Korea Limited (Yuhan Hoesa)
AT&T Global Network Services Mexico S. de R.L. de C.V.
AT&T Global Network Services del Peru S.R.L.
AT&T Worldwide Telecommunications Services Singapore Pte. Ltd.
AT&T Global Network Services Belgium Luxembourg S.P.R.L.
AT&T Global Network Services Taiwan Ltd. [yu hsien kungsze]
AT&T Global Iletisim Servisleri Limited Sirketi [Ltd. Sti.]
AT&T Global Network Holdings LLC
AT&T Communications Services Argentina S.R.L.
AT&T Global Network Services Australia Pty. Ltd.
AT&T Global Network Services Austria GmbH
AT&T Global Network Services Belgium Luxembourg S.P.R.L.
AT&T Global Network Services Bulgaria EOOD
AT&T Global Network Services Brasil Ltda.
AT&T Red Global de Telecomunicaciones Ltda.
AT&T (China) Co. Ltd.
AT&T Global Network Services Colombia Ltda.
AT&T Global Network Services Hrvatska drustvo s organiceonom
adgovernoscu (d.o.o.) (Croatia)
AT&T Global Network Services Netherlands Antilles N.V. (Curacao)
AT&T Global Network Services Cyprus Ltd.
AT&T Global Network Services Danmark ApS
AT&T Global Network Services Deutschland GmbH
AT&T Global Network Services Ecuador Cia. Ltda.
AT&T Global Network Services Estonia OU
AT&T Global Network Services Finland Oy
AT&T Global Network Services France, SAS
AT&T Global Network Services Hellas Limited E.P.E. (Greece)
AT&T Global Network Services Hong Kong Limited
AT&T Global Network Services Hungary Kft.
P.T. AT&T Global Network Services Indonesia
AT&T Global Network Services Ireland Limited
AT&T Global Network Services Italia S.r.l.
AT&T Global Network Services Korea Limited (Yuhan Hoesa)
SIA AT&T Global Network Services Latvia
UAB AT&T Lietuva (Lithuania)
AT&T Global Network Services Mexico S. de R.L. de C.V.
AT&T Global Network Services Nederland B.V.
AT&T Global Network Services (UK) B.V.

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SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

AT&T Global Network Services (UK) B.V. (UK Branch Office)
AT&T Global Network Services del Peru S.R.L.
AT&T Global Network Services Polska Sp. z o.o.
AT&T Servicos de Telecomunicacoes, Sociedade Unipessoal, Lda.
AT&T South Africa (Proprietary) Limited *
AT&T Global Network Services Romania SRL
AT&T Worldwide Telecommunications Services Singapore Pte. Ltd.
AT&T Global Network Services Slovakia, s.r.o.
AT&T globalne omrezne storitve d.o.o. (Slovenia)
AT&T Global Network Services Espana, SRL
AT&T Global Network Services Switzerland GmbH
AT&T Global Network Services Taiwan Ltd. [yu hsien kungsze]
Thai Global Network Services Holding Co., Ltd.
AT&T Global Network Services (Thailand) Co., Ltd.
AT&T Global Iletisim Servisleri Limited Sirketi [Ltd. Sti.] (Turkey)
Newshelf 124 (Pty) Ltd.
AT&T Global Network Services Canada Holdings LLC
AT&T Global Services Canada Co.
AT&T Global Network Services International Inc.
AT&T Global Network Services Taiwan Ltd. [yu hsien kungsze]
AT&T Global Network Services International Inc. (Israel Branch Office)
AT&T Global Network Services International Inc. (New Zealand Branch Office)
AT&T Global Network Services International Inc. (Philippines Branch Office)
AT&T Global Network Services International Inc. (Pakistan Branch Office)
AT&T Global Network Partners Inc.
AT&T Global Network Services Austria GmbH
AT&T Global Network Services Belgium Luxembourg S.P.R.L.
AT&T Global Network Services Danmark ApS
AT&T Global Network Services France, SAS
AT&T Global Network Services Deutschland GmbH
AT&T Global Network Services Hong Kong Limited
AT&T Global Network Services Nederland B.V.
AT&T Global Network Services Espana, S.L.
AT&T Global Network Services Sweden AB
AT&T Global Network Services Switzerland GmbH
AT&T Global Network Services Taiwan Ltd. [yu hsien kungsze]
AT&T Global Network Services Puerto Rico Inc.
AT&T Global Network Services Norge LLC
AT&T Global Network Services Norge LLC (Norwegian Branch Office)
AT&T Global Network Services Japan LLC *
AT&T Global Network Services Japan LLC (Japan Branch Office) *
AT&T Global Services KK (aka AT&T Global Network Services Japan KK) *
AT&T Global Network Services Ecuador Cia. Ltda.
AT&T Global Network Services Taiwan Ltd. [yu hsien kungsze]
AT&T Global Information Solutions Company
AT&T Information Systems, Inc.
AT&T Technologies, Inc.
AT&T Resource Management Corporation

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SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

AT&T Global Services

A PrePaid Card (UK)

AT&T Government Solutions, Inc.

GRC Technical Services Company, Inc.

Telehouse International Corporation of America *

ITelTech, LLC

AT&T Communications Services of Jamaica LLC (Jamaica Branch Office)

American Ridge Insurance Company

222 Realty, Inc.

Cuban American Telephone & Telegraph Company

ATTLA Holding Corp.

AT&T Global Network Services India Private Limited *

AT&T Foundation

Eastern Telephone and Telegraph Co.

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Ameritech/Nevada Bell/Pacific Bell/

Southern New England Telephone/Southwestern Bell Telephone

Cost Allocation Manual

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Revised: 12/21/06

SECTION IV – CHART OF AFFILIATES
(As of September 30, 2006)

Supplemental Affiliate Information:

AT&T Teleholdings, Inc.

- Ameritech Advanced Data Services of Illinois, Inc.
 - SBC Northern Leasing, L.P.*
- Ameritech Advanced Data Services of Indiana, Inc.
 - SBC Northern Leasing, L.P.*
- Ameritech Advanced Data Services of Michigan, Inc.
 - SBC Northern Leasing, L.P.*
- Ameritech Advanced Data Services of Ohio, Inc.
 - SBC Northern Leasing, L.P.*
- Ameritech Advanced Data Services of Wisconsin, Inc.
 - SBC Northern Leasing, L.P.*
- Ameritech Capital Funding Corporation
- Ameritech Cayman Islands Investment, Inc.
- Ameritech Center Phase I, Inc.*
- Ameritech Civicnet, LLC
- Ameritech Communications Services, Inc.
- Ameritech Corporation (Nevada)
 - SBC Tower Holdings, LLC
- Ameritech CT Acquisition Corporation
- Ameritech Information Industry Services, Inc.
- Ameritech Information Technologies Corporation (Nevada)
- Ameritech International, Inc.
 - Ameritech Denmark, Inc.
- Ameritech Management Corporation*
- Ameritech Media Ventures, Inc.
 - Corporate Media Partners d/b/a Americast*
- Ameritech New Media, LLC
- Ameritech New Zealand Funding Corporation
 - Ameritech International Spain, S.L. (Spanish Corporation) US Partnership
 - ADSB Telecommunications B.V. Netherlands Corporation*
- Ameritech Managed Services, Inc.
 - AT&T Hedging Management, LLC***
- Ameritech New Zealand Investments, Inc.
 - Ameritech International Spain, S.L. (Spanish Corporation) US Partnership
 - ADSB Telecommunications B.V. Netherlands Corporation*
- Ameritech Payphone Services, Inc.
- Ameritech Properties, Inc.
 - AT&T Knowledge Ventures, L.P.***
- Ameritech Wireless Holdings, Inc.
- AT&T Capital Services, Inc.**
 - Ameritech Belgium Leasing
 - Ameritech Belgium Assets, LLC
 - AT&T Hedging Management, LLC***
- Ameritech C777, Inc.
 - Continental/Ameritech N78001 Trust **Aircraft**
 - Quentin International Sales, Inc.
 - AT&T Hedging Management, LLC***

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