

BELLSOUTH TELECOMMUNICATIONS, INC. (BellSouth)
DESCRIPTION AND JUSTIFICATION
SEPTEMBER 16, 2008

PURPOSE

In this filing, BellSouth Telecommunications, Inc. (BellSouth) proposes to:

- File a revised Tariff Review Plan (TRP) with updated exogenous cost changes due to the revised Regulatory Fee factor of .00314, released by the FCC on August 8, 2008.

EXOGENOUS COST

Part 61.45(d) (3) requires that exogenous cost changes be apportioned between price cap services and excluded services. BellSouth adjusted the Regulatory Fees exogenous cost changes to remove impacts associated with services that are excluded from price cap regulation, to the extent that revenues for these services existed and were identifiable. In accordance with Part 61.45(d) (3), no exogenous adjustment is allocated to Average Traffic Sensitive (ATS) revenue. The Regulatory Fees exogenous cost change is allocated to the Common Line Basket and the Special Access Basket. *Exhibit 1* demonstrates the revenue impact for corresponding rate adjustments.

REGULATORY FEE PAYMENTS EXOGENOUS ADJUSTMENTS

The filing for exogenous treatment of Regulatory Fees is consistent with Parts 61.45(a) and 61.45(d)(1)(vi) of the Commission's Rules and Regulations and the Common Carrier Bureau's October 7, 1994 *Order*.¹ On August 8, 2008, the Commission released its Order, *In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2008*, MD Docket 08-65 (FCC 08-182) detailing the proposed factor for the Fiscal Year 2008. BellSouth is estimating

¹ *Price Cap Treatment of Regulatory Fees Imposed by Section 9 of the Communications Act Order*, (DA 94-1119) (Common Carrier Bureau, released October 7, 1994), (Erratum released November 2, 1994) paragraph 6, granting a waiver to permit exogenous cost treatment of regulatory fees.

regulatory fee payments and the corresponding exogenous adjustment based on the proposed factor and revenue. The exogenous adjustment is detailed in *Exhibit 2*.

PRICE CAP COMPLIANCE

The attached Tariff Review Plan (TRP) reflects the net revenue changes resulting from the exogenous cost changes associated with the revised Reg Fee factor.

FEDERAL UNIVERSAL SERVICE FUND (FUSF) ADJUSTMENTS

No FUSF adjustments will be made in this filing, as the 4th Quarter contribution factor will remain at 11.4 percent, as provided in the Commission's Public Notice, DA 08-2091, released September 12, 2008.

BELLSOUTH TELECOMMUNICATIONS, INC.
SUMMARY OF EXOGENOUS COSTS AND DISTRIBUTIONS
TO NON-ATS SERVICES

LINE	DESCRIPTION	'R' VALUE	DISTRIBUTION	TRS EXOG	REG FEE EXOG	Payphone Reversal	TOTAL
		(A)	(B) = (A/LINE 9A)	(E)	(F)		
1	INTERSTATE EXOGENOUS COST TO BE DISTRIBUTED (Exhibit 2.5 b)						
2	% OF EDT AND ITC EXOG COST W/EXCLUDED SERVICES EXHIBIT 2.5						
3	EXOGENOUS COSTS TO BE DISTRUBUTED (L1*(1-L2))			-	-	-	-
4	COMMON LINE EUCL AND PICC 'R' (Sum1 Column A, Row 100)	1,501,995,375	79.29%	-	(56,287)	-	(56,287)
5	DATABASE SERVICE CATEGORY 'R'	24,030,473	1.27%	-	-	-	-
6	BNA SERVICE CATEGORY 'R'	-	0.00%	-	-	-	-
7	INTEREXCHANGE BASKET 'R'	245,939	0.01%	-	-	-	-
8	SPECIAL ACCESS BASKET 'R'	368,020,934	19.43%	-	(2,305)	-	(2,305)
9	TOTAL (SUM L4 THRU L8)	1,894,292,721	100.00%	-	(58,592)	-	(58,592)

BellSouth Telecommunication, Inc.
2008 Revised Regulatory Fee
Exogenous Cost Detail

Exhibit 2

Regulatory Fee Support:

2007 Interstate End User Rev (499A Row 420d)	Current Reg Fee Factor 0.00317	Revised Reg Fee Factor 0.00314	Revised Exogenous	9 month Grossed- up Amount
\$ 1,669,253,907	\$ 5,291,535	\$ 5,241,457	\$ (50,078)	\$ (66,770)
	<u>Common Line</u>	<u>Special</u>	<u>Excluded</u>	<u>Total Less</u> <u>ATS Revenue</u>
2007 End User Revenues (499A)	\$ 1,407,183,158	\$ 57,625,989	\$ 204,444,759	\$ 1,669,253,907
Allocation Basis	84.30%	3.45%	12.25%	100.00%
Regulatory Fee Support:	\$ (56,287)	\$ (2,305)	\$ (8,178)	\$ (66,770)