

The FairPoint Operating Companies Summary of FCC Waiver FUSC Line Rates For FairPoint FCC No. 1

Exhibit - 1
TR 38

| Service Type FCC No. 1 | Calculated FUSC Rate (a) |
|-------------------------------------|-----------------------------|
| Res | \$ 1.02 |
| Non-Primary Res | \$ 1.02 |
| Single Line Bus | \$ 1.02 |
| Multi Line Payphone | \$ 1.08 |
| BRt - ISDN | \$ 1.92 |
| PRt - ISDN | \$ 18.36 |
| Multi Line Bus - Other | \$ 1.58 |
| PBX Trunk w/o End User Port Charge | \$ 1.58 |
| PBX Trunk with End User Port Charge | \$ 1.86 |
| Centrex (>= 9 Lines) | \$ 0.18 |
| Centrex (8 Lines) | \$ 0.21 |
| Centrex (7 Lines) | \$ 0.22 |
| Centrex (6 Lines) | \$ 0.26 |
| Centrex (5 Lines) | \$ 0.32 |
| Centrex (4 Lines) | \$ 0.40 |
| Centrex (3 Lines) | \$ 0.53 |
| Centrex (2 Lines) | \$ 0.79 |
| Centrex (1 Line) | \$ 1.58 |

a) Proposed multi-line rates include the impact of the FCC Waiver Order as modified by the Payphone Modification Order.

The FairPoint Operating Companies Calculation of FUSC Rates 2nd Quarter 2013 Contribution Factor

| Service Type | (SLC) (a) | (ARC) (b) | (LNP) (c) | (Port Chg) (d) | Sum (e = a+b+c+d) | 3rd Quarter 2012 Contribution Factor | Max USF Rate Prior to Waiver (g = e x f) |
|---|--------------|--------------|--------------|-------------------|----------------------|--|---|
| Res, SL Bus | 6.15 | 0.41 | 0 | 0 | 6.56 | 0.155 | 1.02 |
| Non-Primary Res | 6.15 | 0.41 | 0 | 0 | 6.56 | | 1.02 |
| Multi Line Bus - Payphone | 6.15 | 0.82 | 0 | 0 | 6.97 | | 1.08 |
| BRI - ISDN | 6.15 | 0.41 | 0 | 1.90 | 8.46 | | 1.31 |
| PRI - ISDN | 30.75 | 4.10 | 0 | 46.01 | 80.86 | | 12.53 |
| Multi Line Bus - Other Except PBX & Flexpath & PSP | 6.15 | 0.82 | 0 | 0 | 6.97 | | 1.08 |
| PBX Trunks & Flexpath w/o Line Port Charges | 6.15 | 0.82 | 0 | 0 | 6.97 | | 1.08 |
| PBX Trunks with End User Port Charge (DID / Flexpath) | 6.15 | 0.82 | 0 | 1.21 | 8.18 | | 1.27 |
| Centrex (>= 9 Lines) | 6.15 | 0.82 | 0 | 0 | 6.97 | | 1.08 |
| Centrex (8 Lines) | 6.15 | 0.82 | 0 | 0 | 6.97 | | 1.08 |
| Centrex (7 Lines) | 6.15 | 0.82 | 0 | 0 | 6.97 | | 1.08 |
| Centrex (6 Lines) | 6.15 | 0.82 | 0 | 0 | 6.97 | | 1.08 |
| Centrex (5 Lines) | 6.15 | 0.82 | 0 | 0 | 6.97 | | 1.08 |
| Centrex (4 Lines) | 6.15 | 0.82 | 0 | 0 | 6.97 | | 1.08 |
| Centrex (3 Lines) | 6.15 | 0.82 | 0 | 0 | 6.97 | | 1.08 |
| Centrex (2 Lines) | 6.15 | 0.82 | 0 | 0 | 6.97 | | 1.08 |
| Centrex (1 Line) | 6.15 | 0.82 | 0 | 0 | 6.97 | | 1.08 |

The FairPoint Operating Companies Ratemaking for FUSC Per-line using Centrex Equivalency 2nd Quarter 2013 Contribution Factor

| Service Type | FCC Order - Separate Rates | | | Monthly FUSF Req't. | | | Accuracy Validation | |
|------------------------------------|----------------------------|--|---|--|--|---|----------------------------------|-------------------------|
| | Billing Lines (a) | Max USF Rate Prior to Waiver (b) | Full Rate Requirement (c = a x b) | CTX Rates P1CC Structure (d = b / g, 8, 7, etc.) | Monthly CTX Loss (e = [b - d] x a) | Adjusted Revenue Base (f = c - e) | Total Recovery (h = g x e) | Variance (i = h - c) |
| New England Combined | | | | | | | | |
| Multi-Line Rates | | | | | | | | |
| BRI - ISDN | 3,069 | 1.31 | \$ 4,020.39 | | \$ | 4,020.39 | \$ 5,892 | \$ 1,871 |
| PRI - ISDN | 1,887 | 12.53 | \$ 23,644.11 | | \$ | 23,644.11 | \$ 34,648 | \$ 11,004 |
| Multi Line Bus - Other | 76,800 | 1.08 | \$ 82,944.00 | | \$ | 82,944.00 | \$ 121,547 | \$ 38,603 |
| PBX Trunk w/o End User Port Charge | 4,230 | 1.08 | \$ 4,568.40 | | \$ | 4,568.40 | \$ 6,895 | \$ 2,126 |
| PBX Trunk w/ End User Port Charge | 2,841 | 1.27 | \$ 3,608.07 | | \$ | 3,608.07 | \$ 5,287 | \$ 1,679 |
| Centrex (>= 9 Lines) | 43,433 | 1.08 | \$ 46,907.64 | | \$ | 5,211.96 | \$ 7,638 | \$ (39,270) |
| Centrex (8 Lines) | 1,744 | 1.08 | \$ 1,883.52 | | \$ | 244.16 | \$ 358 | \$ (1,526) |
| Centrex (7 Lines) | 2,261 | 1.08 | \$ 2,441.88 | | \$ | 339.15 | \$ 497 | \$ (1,945) |
| Centrex (6 Lines) | 4,145 | 1.08 | \$ 4,477.68 | | \$ | 746.28 | \$ 1,094 | \$ (3,384) |
| Centrex (5 Lines) | 2,840 | 1.08 | \$ 3,067.20 | | \$ | 624.80 | \$ 916 | \$ (2,152) |
| Centrex (4 Lines) | 3,828 | 1.08 | \$ 4,134.24 | | \$ | 3,100.68 | \$ 1,515 | \$ (2,620) |
| Centrex (3 Lines) | 4,914 | 1.08 | \$ 5,307.12 | | \$ | 1,769.04 | \$ 2,592 | \$ (2,715) |
| Centrex (2 Lines) | 6,300 | 1.08 | \$ 6,804.00 | | \$ | 3,402.00 | \$ 4,985 | \$ (1,819) |
| Centrex (1 Line) | 289 | 1.08 | \$ 312.12 | | \$ | 312.12 | \$ 457 | \$ 145 |
| | 158,582 | | \$ 194,120 | | \$ | 61,652 | \$ 194,120 | \$ 0 |
| Multi-Line Adjustment Factor | | | | | | [(Revenue Loss / adjusted base) *1] = | | 1.47 |