

EXOGENOUS COST CHANGES

OVERVIEW

BellSouth has calculated its Exogenous Cost Changes pursuant to Section 61.45(d) of the Commission's Rules. The Exogenous Cost Changes included in this filing are:

1. Investment Tax Credit (ITC) Amortization
2. Reallocation of Investment from Regulated to Non-Regulated Activity
3. 2003 Telecommunications Relay Services (TRS) Fees Adjustment

As specified in Section 61.45(d)(3), BellSouth apportioned its Exogenous Cost Changes on a cost-causative basis between price cap services and non-price cap services, as described herein. Total Exogenous Cost Changes attributed to price cap services are recovered from services other than those used to calculate the Average Traffic Sensitive (ATS) charge. Exogenous Cost Changes were calculated using 2002 base period operations where applicable. Total Exogenous Cost Changes for the BellSouth Region are \$(2,815,733). The Price Cap basket allocation of the Total Exogenous Costs Changes is \$(2,239,755) to CMT, \$(44,495) to Traffic Sensitive, \$(529,229) to Special Access, and \$(2,254) to Interexchange. These basket amounts are displayed on Exhibit A-1, and reported on Form EXG-1 of the Tariff Review Plan (TRP).

1. INVESTMENT TAX CREDIT (ITC) AMORTIZATION

The ITC Amortization Exogenous Cost Change was developed by determining the difference between actual ITC Amortization amounts and estimates for the current tariff period (7/02-6/03) and estimates of ITC Amortization amounts for the new tariff period (7/03-6/04) resulting in an Exogenous Cost Change of \$(3,007,721). Part 36 Rules were used to determine interstate costs. Interstate costs were apportioned between non-price cap services and price cap services. The costs apportioned to price cap services were distributed among the price cap baskets as reported on TRP Form EXG-1, Page 1, Column D. Exhibit A-2 displays total company and interstate amounts for the base period calendar year 2002, the apportionment to price cap services, the method of basket allocation, the exogenous cost change calculation and tax rates used in the calculation.

2. REALLOCATION OF INVESTMENT FROM REGULATED TO NON-REGULATED ACTIVITY

BellSouth primarily utilized ARMIS FCC Report 495A and FCC Report 495B to calculate the amount of investment reallocated from regulated to non-regulated activity. The original non-regulated investment forecast for 2002 was made in BellSouth's Forecast of Investment Usage Report, FCC Report 495A, which was filed on April 1, 2002. BellSouth's Actual Usage of Investment Report, FCC Report 495B, was filed on April 1, 2003 for the period January 1, 2002 to December 31, 2002. BellSouth has determined that actual usage of some Non-Regulated Central Office Equipment (COE), Circuit and Cable and Wire investment was greater than forecasted.

BellSouth used data obtained from FCC Report 495B, company records, and Part 64 Rules to remove \$449,646 of investment from amounts subject to separations in 2002 base period costs. Part 36 Rules were used to determine interstate costs. Interstate costs were apportioned between non-price cap services and price cap services. The costs apportioned to price cap services were distributed among the price cap baskets as reported on TRP Form EXG-1, Page 1, Column I. BellSouth's Regulated to Non-Regulated Investment Reallocation Exogenous Cost Change amount of (\$2,787) is calculated on Exhibit A-3.

3. 2003 TELECOMMUNICATIONS RELAY SERVICE (TRS) ADJUSTMENT

The National Exchange Carrier Association (NECA) submitted the Telecommunications Relay Services (TRS) provider payment formulas and fund size estimate for the period July 2002 through June 2003, in accordance with Section 64.604 of the FCC rules, on May 1, 2002, and this estimate was released in a Public Notice on June 14, 2002.¹ NECA developed a TRS contribution factor of .00080 for the July 2002 through June 2003 tariff year to be used with the 2003 FCC Form 499A Telecommunications Reporting Worksheet. BellSouth's TRS Exogenous Cost Adjustment amount of \$194,775 was developed by taking the difference between the price cap service allocation of BellSouth's 2003 TRS Fund and the price cap service allocation of BellSouth's 2002 TRS Fund. The calculation of the TRS Exogenous Cost Adjustment amount is displayed on Exhibit A-4. BellSouth distributed the price cap portion of the 2003 TRS Fee to the baskets containing end user revenue based on the percentage of end user revenue for price cap

¹ In the Matter of Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, Payment Formula and Fund Size Estimate, Interstate Telecommunications Relay Services (TRS) Fund for July 2002 through June 2003, CC Docket 90-571, Public Notice released on June 14, 2002.

services, as displayed on Exhibit A-4, Line 8 through Line 15. The 2003 TRS Exogenous Cost Change Adjustment is reported on TRP Form EXG-1, Page 1, Column H.

SUPPORTING DOCUMENTATION

Exhibit A-5, provides the initial BellSouth FCC 492A Report for calendar year 2002 and the final BellSouth FCC 492A Report for calendar year 2001.

**EXOGENOUS COST CHANGE SUMMARY
 2003 Price Cap Revisions**

EXOGENOUS COST CHANGES	PRICE CAP SERVICES						
	Total CMT	Traffic Sensitive			Special Access Undesignated	Total Interexchange	Price Cap Services Total
		Database	BNA	Total			
Investment Tax Credit Amortization	(2,375,810)	(44,048)	(406)	(44,454)	(585,206)	(2,251)	(3,007,721)
Regulated to Non-Regulated Investment Reallocation	(2,201)	(41)	0	(41)	(542)	(3)	(2,787)
Telecommunications Relay Service (TRS)	138,256	-	-	0	56,519	0	194,775
TOTAL EXOGENOUS COST CHANGES	(2,239,755)	(44,089)	(406)	(44,495)	(529,229)	(2,254)	(2,815,733)

INVESTMENT TAX CREDIT (ITC) AMORTIZATION

Table 1: The Total Company and Interstate ITC for calendar year 2002 are the basis for calculating the projected difference between the estimated ITC for the current tariff year (7/02-6/03) and estimates of ITC for the new year (7/03-6/04). The Price Cap Services difference represents the projected interstate ITC difference less amounts allocated to excluded services.

Table 2: The Price Cap ITC Exogenous Cost Change has been assigned to Price Cap Services based on 2003 base period Filing Revenue ('R') included in price caps. ITC is allocated to Price Cap Services by applying the percentage of Filing 'R' to Table 1, Line 5.

<u>Table 1: Total Company, Interstate and Price Cap ITC</u>	(A) <u>2002</u>	(B) <u>7/02 - 6/03</u>	(C) (See Note) <u>7/03 - 6/04</u>	(D)= (C) - (B) <u>Difference</u>
1 Total Company ITC	29,673,144	16,769,482	29,673,144	12,903,662
2 Interstate ITC	7,893,726	4,436,101	7,893,726	3,457,625
3 Excluded Services Difference				1,613,487
4 Price Cap Services Difference				1,844,138
5 Price Cap ITC Exogenous Change Total (See Table 3)				(3,007,721)

<u>Table 2: Price Cap Services Allocation</u>	(E) <u>2003 Filing 'R'</u>	(F) <u>'R' % of Total</u>	(G) = (F) x Line 5 <u>Exogenous Cost Change</u>
6 Common Line	1,894,867,729	78.99%	(2,375,810)
7 Traffic Sensitive - BNA	323,398	0.01%	(406)
8 Traffic Sensitive - Database	35,131,524	1.46%	(44,048)
9 Special Access	466,740,452	19.46%	(585,206)
10 Interexchange	<u>1,796,072</u>	<u>0.07%</u>	<u>(2,251)</u>
11 Total	2,398,859,176	100.00%	(3,007,721)

Note: Beginning with 2002, BellSouth is amortizing the remaining unamortized balance of Total Company ITC equally over a five year period.

As a result of this change, the estimated exogenous cost amounts for the next five tariff periods will be as follows:

07/03-06/04	\$(3,007,722)
07/04-06/05	0
07/05-06/06	0
07/06-06/07	\$3,433,301
07/07-06/08	\$3,433,301

INVESTMENT TAX CREDIT AMORTIZATION

Table 3: The Exogenous Cost Change is calculated on Line 14 as a revenue requirement.

<u>Ln#</u>	<u>Classification</u>	<u>Price Cap Services</u>
1	Allowed Rate of Return	11.25%
2	Average Net Investment	0
3	Return	0
4	ITC (Exhibit A-2, Table 1, L4)	1,844,138
5	Fixed Charges	0
6	FIT Tax Adjs	0
7	FIT TI (Ln3-Ln4-Ln5+Ln6)	(1,844,138)
8	FIT Gross UP (.35/(1-.35))	0.5385
9	Gross FIT (Ln7 X Ln8)	(993,067)
10	Net FIT(Ln9-Ln4)	(2,837,205)
11	SIT Rate	0.0567
12	SIT Gross Up (Ln11/(1-Ln11))	0.0601
13	SIT [(Ln7+Ln9) X Ln12]	(170,516)
14	ITC Revenue Requirement	3,007,721
15	ITC Exogenous Cost Change (L3+L10+L13)	(3,007,721)

REGULATED TO NON-REGULATED INVESTMENT REALLOCATION

Table 1: Regulated to Non-Regulated Investment Reallocation is determined using ARMIS FCC 495A&B Reports and company records. Interstate Investment Reallocation is result of applying FCC Part 36 rules to investment reallocated in base period operations. Price Cap Services represents the interstate investment reallocation less amounts allocated to excluded services.

Table 2: The Price Cap Exogenous Cost Change has been assigned to Price Cap Services based on 2003 base period Filing Revenue ('R') included in price caps. Price Cap Services are allocated by applying the percentage of Filing 'R' to Table 1, Line 5.

Table 1: Investment Reallocation

	(A) <u>2002</u>
1 Regulated to Non-Regulated Investment Reallocation	449,646
2 Interstate Investment Reallocation	35,230
3 Excluded Services	16,440
4 Price Cap Services	18,790
5 Price Cap Exogenous Change Total (See Table 3)	(2,787)

Table 2: Price Cap Services Allocation

	(B) <u>2003 Filing 'R'</u>	(C) <u>'R' % of Total</u>	(D) = (C) x Line 5 <u>Exogenous Cost Change</u>
6 Common Line	1,894,867,729	78.99%	(2,201)
7 Traffic Sensitive - BNA	323,398	0.01%	-
8 Traffic Sensitive - Database	35,131,524	1.46%	(41)
9 Special Access	466,740,452	19.46%	(542)
10 Interexchange	<u>1,796,072</u>	<u>0.07%</u>	<u>(3)</u>
11 Total	2,398,859,176	100.00%	<u>(2,787)</u>

REGULATED TO NON-REGULATED INVESTMENT REALLOCATION

Table 3:

BellSouth used Part 64 rules to remove \$449,646 of investment subject to separations from 2002 base period costs. The impact on Price Cap services is summarized below. The Exogenous Cost Change is calculated as a revenue requirement on Line 14.

<u>Ln#</u>	<u>Classification</u>	<u>Price Cap Services</u>
1	Allowed Rate of Return	11.25%
2	Average Net Investment	15,186
3	Return	1,708
4	ITC	0
5	Fixed Charges	0
6	FIT Tax Adjs	0
7	FIT TI (Ln3-Ln4-Ln5+Ln6)	1,708
8	FIT Gross UP (.35/(1-.35))	0.5385
9	Gross FIT (Ln7 X Ln8)	921
10	Net FIT(Ln9-Ln4)	921
11	SIT Rate	0.0567
12	SIT Gross Up (Ln11/(1-Ln11))	0.0601
13	SIT [(Ln7+Ln9) X Ln12]	158
14	Regulated to Non-Regulated Revenue Requirement	2,787
15	Regulated to Non-Regulated Exogenous Cost Change (L3+L10+L13)	(2,787)

2003 TELECOMMUNICATIONS RELAY SERVICES (TRS) FEES WORKSHEET

<u>Price Cap TRS Fund Calculation</u>	<u>Source</u>	<u>Amount</u>
1) 2003 TRS Contribution Base	2003 FCC 499A: L420(d) + L420(e)+L412(e)-L511(b)	2,520,077,978
2) 2003 Excluded Services	2003 FCC 499A: L413(d) + L414(d) + L415(d) + L417(d) + Other	149,914,406
3) 2003 Price Cap Services	(L1-L2)	2,370,163,572
4) 2003 Contribution Rate	2002 Public Notice, CC 90-571, released on June 14, 2002	0.0008
5) 2003 TRS Fund: Price Cap Only	(L3 x L4)	1,896,131
6) 2002 TRS Fund: Price Cap Only	BellSouth Transmittal No. 647, Appendix A, Exhibit A-4	1,701,356
<u>Exogenous Cost Change Calculation</u>		
7) 2002 TRS Price Cap Exogenous Cost Change	(L5 - L6)	194,775
<u>Distribution to Price Cap Services</u>		
8) Interstate Common Line Revenue	2003 FCC 499A, L405(d)	1,614,997,526
9) Interstate Special Access Revenue	2003 FCC 499A, L406(d)	660,210,587
10) Interstate Common Line & Special Access Revenue	(L8 + L9)	2,275,208,113
11) Interstate Common Line %	(L8/ L10)	70.98%
12) Interstate Special Access %	(L9 / L10)	29.02%
13) Price Cap Common Line Exogenous Cost Change	(L7 x L11)	138,256
14) Price Cap Special Access Exogenous Cost Change	(L7 x L12)	56,519
15) Total Price Cap Exogenous Cost Change	(L13 + L14)	194,775

Note: The 2003 FCC 499A (Pages 5 and 6) are provided herein as Pages 2 and 3.

2003 FCC Form 499-A Telecommunications Reporting Worksheet

Block 4: End-User and Non-Telecommunications Revenue Information

401	Filer 499 ID [from Line 101]	802971				
402	Legal name of reporting entity [from Line 102]	BellSouth Telecommunications, Inc.				
Report billed revenues for January 1 through December 31, 2002. Do not report any negative numbers. Dollar amounts may be rounded to the nearest thousand dollars. However, report all amounts as whole dollars. See instructions regarding percent interstate & international.		Total Revenues (a)	If breakouts are not book amounts, enter whole percentage estimates		Breakouts	
Revenues from All Other Sources (end-user telecom. & non-telecom.)			Interstate (b)	International (c)	Interstate Revenues (d)	International Revenues (e)
403	Surcharges or other amounts on bills identified as recovering State or Federal universal service contributions	153,018,327			135,825,597	
<u>Fixed local services</u>						
404	Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges and PICC charges	9,219,856,019			104,543,434	
405	PICC charges levied by a local exchange carrier on a no-PIC customer and Tariffed subscriber line charges	1,632,991,889			1,614,997,526	
406	Local private line and special access service	1,277,503,695			660,210,587	
407	Payphone coin revenues (local and long distance)	0			0	
408	Other local telecommunications service revenues	0			0	
<u>Mobile services (including wireless telephony, paging & messaging, and other mobile services)</u>						
409	Monthly and activation charges	205,410			0	
410	Message charges including roaming, but excluding toll charges	0			0	
<u>Toll services</u>						
411	Prepaid calling card (including card sales to customers and non-carrier distributors) reported at face value of cards	0			0	
412	International calls that both originate and terminate in foreign points	0	0%	100%		
413	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenues reported on Line 412	1,816,827			45,498	
414	Ordinary long distance (direct-dialed MTS, customer toll-free 800/888 service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above)	172,817,246			3,772,932	
415	Long distance private line services	355,836,555			677,870	
416	Satellite services	0			0	
417	All other long distance services	4,698,233			4,534	
418	Information services, inside wiring maintenance, billing and collection customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, foreign carrier operations, and non-telecommunications revenues (See instructions.)	2,219,407,490				
419	Gross billed revenues from all sources [incl. reseller & non-telecom.] [Lines 303 through 314 plus Lines 403 through 418]	19,361,168,497			5,037,201,063	
420	Universal service contribution bases [Lines 403 through 411 & Lines 413 through 417]	12,818,744,201			2,520,077,978	

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2003 FCC Form 499-A Telecommunications Reporting Worksheet

Block 5: Additional Revenue Breakouts

501	Filer 499 ID [from Line 101]	802971
502	Legal name of reporting entity [from Line 102]	BellSouth Telecommunications, Inc.

Most filers must contribute to LNP administration and must provide the percentages requested in Lines 503 through 510. Filing entities that use Line 603 to certify that they are exempt from this requirement need not provide this information.

Percentage of revenues reported in Block 3 and Block 4 billed in each region of the country. Round or estimate to nearest whole percentage. Enter 0 if no service was provided in the region.

			Block 3	Block 4
			Carrier's Carrier (a)	End-User Telecom. (b)
503	Southeast:	Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and U.S. Virgin Islands	%	100 %
504	Western:	Alaska, Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming	%	%
505	West Coast:	California, Hawaii, Nevada, American Samoa, Guam, Johnston Atoll, Midway Atoll, Northern Mariana Islands, and Wake Island.	%	%
506	Mid-Atlantic:	Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, and West Virginia	%	%
507	Mid-West:	Illinois, Indiana, Michigan, Ohio, and Wisconsin	%	%
508	Northeast:	Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont	%	%
509	Southwest:	Arkansas, Kansas, Missouri, Oklahoma, and Texas	%	%
510	Total	[Percentages must add to 0 or 100.]	%	100 %

511 Revenues from resellers that do not contribute to Universal Service support mechanisms are included in Block 4, Line 420 but may be excluded from a filer's TRS, NANPA, LNP, and FCC interstate telephone service provider regulatory fee contribution bases. To have these amounts excluded, the filer has the option of identifying such revenues below.

	(a)	(b)
	Total Revenues	Interstate and International
Revenues from resellers that do not contribute to Universal Service	\$ 0	\$ 0

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FEDERAL COMMUNICATIONS COMMISSION
Washington D.C. 20554

See reverse side for information
regarding public burden estimate.

Approved By OMB
3060-0355
Expires 07/31/2004

1. Name and Address of Reporting Company

BellSouth Telecommunications, Inc.
675 W Peachtree Street NE
Atlanta, Georgia 30375

2. Reporting Calendar Year

(A) From: January 1, 2001 To: December 31, 2001

(B) First Report Filed: April 8, 2002

(C) Revised Final Report Filed: April 4, 2003

FCC 492A

PRICE-CAP REGULATION
RATE-OF-RETURN MONITORING REPORT
(Read Instructions on the Reverse Before Completing)
Dollar Amounts Shown in Thousands

3. Items	Total Interstate Services Subject to Price Cap Regulation		
	First Report Column A	Final Report Column B	Difference Column C = (B - A)
1 Total Revenues	2,870,116	2,886,239	16,123
2 Total Expenses and Taxes	1,644,929	1,659,192	14,263
3 Operating Income(Net Return)(Ln1-Ln2)	1,225,187	1,227,047	1,860
4 Rate Base (Avg. Net Investment)	5,773,621	5,773,621	0
5 Rate of Return (Ln3/Ln4)	21.22%	21.25%	0.03%
6 Sharing/Low End Adjustment Amount	NA	NA	
7 FCC Ordered Refund - Amortized for Current Period	NA	NA	

REMARKS

See attached footnotes page.

CERTIFICATION: I certify that I am the chief financial officer or the duly assigned accounting officer; that I have examined the foregoing report; that to the best of my knowledge and belief, all statements of fact contained in this report are true and this report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the specified period.

Date
04/04/03

Typed Name of Person Signing
Guy L Cochran
Telephone No. 404-927-7154

Title of Person Signing
Chief Financial Officer

Signature



PERSONS MAKING WILLFUL FALSE STATEMENTS IN THIS REPORT FORM CAN BE PUNISHED BY FINE
OR IMPRISONMENT UNDER THE PROVISIONS OF THE U.S. CODE, TITLE 18, SECTION 1001.

1. Name and Address of Reporting Company

BellSouth Telecommunications, Inc.
875 W Peachtree Street NE
Atlanta, Georgia 30375

2. Reporting Calendar Year

(A) From: January 1, 2001 To: December 31, 2001

(B) First Report Filed: April 8, 2002

(C) Revised Final Report Filed: April 4, 2003

FCC 492A

PRICE-CAP REGULATION
RATE-OF-RETURN MONITORING REPORT

FOOTNOTES / REMARKS PAGE

Excluded Services

In order to remove excluded services from Price Cap regulation in accordance with the FCC Price Cap plan, data in this report has been adjusted for the removal of excluded service offerings amounting to \$13,749. Earnings associated with these services have been removed at the same rate as total interstate services.

A tariff was filed to remove interexchange toll revenue from Price Caps in December 1999. For purposes of this report, interexchange toll revenue amounting to \$5,545 for the year 2001 is no longer part of price cap regulation.

On December 15, 2000, the FCC granted BellSouth pricing flexibility relief for Special Access and Dedicated Transport services in certain MSAs, including the removal of these services from Price Cap regulation. Accordingly, this report is adjusted to remove annual revenues associated with the services for which relief was granted amounting to \$1,523,504.

In accordance with the CALLS Order released on May 31, 2000, BellSouth removed all federal Universal Service Fund (USF) contribution recovery from Price Cap regulation effective July 2000 and established new end user charges outside of Price Caps to recover these contributions. The revenue associated with these charges was originally reported as \$148,190, but has been revised to \$132,063 for the year 2001.

Tax Rates:

The following tax rates and gross-up factors are provided per the TRP Order released by the FCC on March 25, 1998:

FIT Rate: .35 FIT G/U Factor: .5386 SIT Rate: .0667 SIT G/U Factor: .0601

The SIT rate is a composite rate for the states served by BellSouth Telecommunications, Inc.

The final report reflects changes in rate of return due to adjustments to reflect the latest 2001 ARMIS 43-01 data filed.

FEDERAL COMMUNICATIONS COMMISSION
Washington D.C. 20554

See reverse side for information
regarding public burden estimate.

Approved By OMB
3060-0355
Expires 07/31/2004

1. Name and Address of Reporting Company

BellSouth Telecommunications, Inc.
675 W Peachtree Street NE
Atlanta, Georgia 30375

2. Reporting Calendar Year

(A) From: January 1, 2002 To: December 31, 2002

(C) First Report Filed: March 31, 2003

(C) Final Report Filed:

FCC 492A

PRICE-CAP REGULATION
RATE-OF-RETURN MONITORING REPORT
(Read Instructions on the Reverse Before Completing)
Dollar Amounts Shown in Thousands

3. Items	Total Interstate Services Subject to Price Cap Regulation		
	First Report Column A	Final Report Column B	Difference Column C = (B - A)
1 Total Revenues	2,755,413		
2 Total Expenses and Taxes	1,648,092		
3 Operating Income(Net Return)(Ln1-Ln2)	1,107,321		
4 Rate Base (Avg. Net Investment)	5,746,027		
5 Rate of Return (Ln3/Ln4)	19.27%		
6 Sharing/Low End Adjustment Amount	NA		
7 FCC Ordered Refund - Amortized for Current Period	NA		

REMARKS

See attached footnotes page.

CERTIFICATION: I certify that I am the chief financial officer or the duly assigned accounting officer; that I have examined the foregoing report; that to the best of my knowledge and belief, all statements of fact contained in this report are true and this report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the specified period.

Date
03/31/03

Typed Name of Person Signing
Guy L Cochran
Telephone No. 404-927-7154

Title of Person Signing
Chief Financial Officer

Signature

Guy L. Cochran

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OR IMPRISONMENT UNDER THE PROVISIONS OF THE U.S. CODE, TITLE 18, SECTION 1001

1. Name and Address of Reporting Company

BellSouth Telecommunications, Inc.
675 W Peachtree Street NE
Atlanta, Georgia 30375

2. Reporting Calendar Year

(A) From: January 1, 2002 To: December 31, 2002

(C) First Report Filed: March 31, 2003

(C) Final Report Filed:

FCC 492A

PRICE-CAP REGULATION
RATE-OF-RETURN MONITORING REPORT

FOOTNOTES / REMARKS PAGE

Excluded Services

In order to remove excluded services from Price Cap regulation in accordance with the FCC Price Cap plan, data in this report has been adjusted for the removal of excluded service offerings amounting to \$11,999. Earnings associated with these services have been removed at the same rate as total interstate services.

A tariff was filed to remove interexchange toll revenue from Price Caps in December 1999. For purposes of this report, interexchange toll revenue amounting to \$3,451 for the year 2002 is no longer part of price cap regulation.

On December 15, 2000 and November 22, 2002, the FCC granted BellSouth pricing flexibility relief for Special Access and Dedicated Transport services in certain MSAs, including the removal of these services from Price Cap regulation. Accordingly, this report is adjusted to remove annual revenues associated with the services for which relief was granted amounting to \$1,692,392.

In accordance with the CALLS Order released on May 31, 2000, BellSouth removed all federal Universal Service Fund (USF) contribution recovery from Price Cap regulation effective July 2000 and established new end user charges outside of Price Caps to recover these contributions. The revenue associated with these charges amounted to \$133,415 for the year 2002.

Tax Rates:

The following tax rates and gross-up factors are provided per the TRP Order released by the FCC on March 25, 1998:

FIT Rate: .35 FIT G/U Factor: .5385 SIT Rate: .0567 SIT G/U Factor: .0601

The SIT rate is a composite rate for the states served by BellSouth Telecommunications, Inc.

2003 Annual Short Form Filing

APPENDIX A
WORKPAPER CL-1CALCULATION OF g (GROWTH IN MOU PER LINE)

<u>LINE</u> <u>NUMBER</u>	<u>DESCRIPTION</u>	<u>SOURCE</u>	<u>YEAR(t)</u> <u>AMOUNT</u> (A)
1.	MINUTES (t-1)	2001 DEMAND	82,347,416,139
2.	END USER LINES (t-1)	2001 DEMAND	284,532,612
3.	MINUTES PER LINE (t-1)	L1/L2	289.41
4.	MINUTES (t)	2002 DEMAND	79,216,810,572
5.	END USER LINES (t)	2002 DEMAND	266,828,655
6.	MINUTES PER LINE (t)	L4/L5	296.88
7.	g - GROWTH IN MINUTES PER LINE	$[(L6/L3)-1]*100$	2.5811%

Note: This workpaper displays the calculation of g (growth in MOU per line) for 2002 over 2001.

2003 Annual Short Form FilingAPPENDIX A
WORKPAPER TPT-1**Development of ATS LEC-Transport MOU**

	Meet-Point Billed MOU	Source	Subtotal	Amount
1	Access Tandem MOU to ICO EOs	CABS BDT Analysis		2,608,246,771
2	CLEC MOU	CABS BDT Analysis		905,306,364
3	ICO Dedicated MOU	CABS BDT Analysis		4,570,496,808
4	Total LEC-Transport MPB MOU	(r1 + r4 + r5) * r6		8,084,049,943
	TIC MOU			
5	Transport Provided TIC MOU	2003 Annual Filing		78,101,736,953
	BellSouth LEC-Transport MOU			
6	Total LEC-Transport MOU	r7 + r8		86,185,786,896
	Pricing Flexibility Adjustment			
7	Direct-Routed MOU at End Offices Meeting the Pricing Flexibility Phase 2 Trigger	CABS Statistical Usage Records		43,678,974,099
8	Base Period Transport Billed Revenue	CABS BDT	198,204,906	
9	Base Period Transport IOC Revenue For Facilities Where EO Gets Pricing Flex Relief But POP SWC Does Not	CABS BDT	1,746,952	
10	Cross-MSA Adjustment Percentage for Direct-Routed MOU	r11/r10	0.88%	
11	Pricing Flexibility LEC-Transport MOU Adjustment	r9 * (1-r12)		43,293,993,383
	BellSouth Pricing Flexibility LEC-Transport MOU			
12	Pricing Flexibility LEC-Transport MOU	r8 - r13		42,891,793,513

	EXISTING PCI (A)	EXISTING API (B)	EXISTING SBI (C)	EXISTING SBI LIMIT (D)	6/30/2003 PCI (E)	6/30/2003 SBI (F)
Common Line Basket						
Total Common Line	N/A	N/A	N/A	N/A	N/A	N/A
Traffic Sensitive Basket						
Local Switching	N/A	N/A	694	694	N/A	694
Information	N/A	N/A	647	647	N/A	647
Database Access	N/A	N/A	647	647	N/A	647
800 DB VertSvcs Sub-Cat	N/A	N/A	647	647	N/A	647
Billing Name and Address	N/A	N/A	647	647	N/A	647
Local Switching Trunk Ports	N/A	N/A	647	647	N/A	647
STP Port Terminations	N/A	N/A	647	647	N/A	647
Total Traffic Sensitive	647	694	N/A	N/A	647	N/A
Trunking Basket						
Interconnection Charge	N/A	N/A	N/A	N/A	N/A	N/A
Tandem Switched Transport	N/A	N/A	683	683	N/A	683
TST Density Zone 1	N/A	N/A	647	647	N/A	647
TST Density Zone 2	N/A	N/A	647	647	N/A	647
TST Density Zone 3	N/A	N/A	647	647	N/A	647
TST Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
TST Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
TST Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
TST Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
VoiceGrade/WATS - Switched	N/A	N/A	647	647	N/A	647
VG DTT/EF Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
VG DTT/EF Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
VG DTT/EF Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
VG DTT/EF Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
VG DTT/EF Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
VG DTT/EF Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
VG DTT/EF Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
High Cap & DDS - Switched	N/A	N/A	711	711	N/A	711
DS-1 SubCat - Switched	N/A	N/A	647	647	N/A	647
DS1 DTT Density Zone 1	N/A	N/A	647	647	N/A	647
DS1 DTT Density Zone 2	N/A	N/A	647	647	N/A	647
DS1 DTT Density Zone 3	N/A	N/A	647	647	N/A	647
DS1 DTT Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
DS1 DTT Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
DS1 DTT Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
DS1 DTT Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
DS-3 SubCat - Switched	N/A	N/A	647	647	N/A	647
DS3 DTT Density Zone 1	N/A	N/A	647	647	N/A	647
DS3 DTT Density Zone 2	N/A	N/A	647	647	N/A	647
DS3 DTT Density Zone 3	N/A	N/A	647	647	N/A	647
DS3 DTT Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
DS3 DTT Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
DS3 DTT Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
DS3 DTT Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sw Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sw Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sw Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sw Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sw Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sw Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sw Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
Signalling Interconnection	N/A	N/A	N/A	N/A	N/A	N/A
SigIntCon Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
SigIntCon Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
SigIntCon Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
SigIntCon Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
SigIntCon Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
SigIntCon Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A

2003 Annual Filing

IND-1 TRANSMITTAL REFERENCES

SigIntCon Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
Total Trunking	647	711	N/A	N/A	647	N/A
<u>Interexchange Basket</u>						
Total Interexchange	647	647	N/A	N/A	647	N/A
<u>Special Access Basket</u>						
VG/WATS, Met, Tgh - Special	N/A	N/A	716	716	N/A	716
VG Spec Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
VG Spec Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
VG Spec Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
VG Spec Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
VG Spec Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
VG Spec Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
VG Spec Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
Audio & Video	N/A	N/A	647	647	N/A	647
Audio/Video Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
Audio/Video Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
Audio/Video Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
Audio/Video Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
Audio/Video Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
Audio/Video Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
Audio/Video Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
High Cap & DDS - Special	N/A	N/A	716	716	N/A	716
DS-1 SubCat - Special	N/A	N/A	716	716	N/A	716
DS1 Spec Density Zone 1	N/A	N/A	647	647	N/A	647
DS1 Spec Density Zone 2	N/A	N/A	647	647	N/A	647
DS1 Spec Density Zone 3	N/A	N/A	647	647	N/A	647
DS1 Spec Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
DS1 Spec Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
DS1 Spec Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
DS1 Spec Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
DS-3 SubCat - Special	N/A	N/A	693	693	N/A	693
DS3 Spec Density Zone 1	N/A	N/A	693	693	N/A	693
DS3 Spec Density Zone 2	N/A	N/A	693	693	N/A	693
DS3 Spec Density Zone 3	N/A	N/A	647	647	N/A	647
DS3 Spec Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
DS3 Spec Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
DS3 Spec Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
DS3 Spec Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sp Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sp Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sp Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sp Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sp Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sp Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
DDS&Other Sp Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
Wideband	N/A	N/A	N/A	N/A	N/A	N/A
WB Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
WB Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
WB Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
WB Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
WB Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
WB Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
WB Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
Total Special Access	665	716	N/A	N/A	665	N/A

2002 New Services

BellSouth Native Mode LAN Interconnection Service: All rate elements assigned to the Special Access Basket, HICAP/DDS Services Band.

BellSouth Wavelength Service: All rate elements assigned to the Special Access Basket, HICAP/DDS Services Band.

BellSouth Enterprise DSL Service: All rate elements assigned to the Special Access Basket, HICAP/DDS Services Band.

Optical Service Arrangements for BellSouth SPA Managed Shared Network Service: All rate elements assigned to the Special Access Basket, HICAP/DDS Services Band.

Subrate Frame Relay Service: All rate elements assigned to the Trunking Basket, HICAP/DDS Services Band.

Subrate Asynchronous Transfer Mode Service: All rate elements assigned to the Trunking Basket, HICAP/DDS Services Band.

Back Up Port (Manual & Automatic) for Fast Packet Services: All rate elements assigned to the Trunking Basket, HICAP/DDS Services Band.

Frame Relay Service MultiCast PVC: All rate elements assigned to the Trunking Basket, HICAP/DDS Services Band.

Network Visibility Service: All rate elements assigned to the Trunking Basket, HICAP/DDS Services Band.

Current Part 69 Waivers

There are no Part 69 Waivers.