

NEVADA BELL TELEPHONE COMPANY

Universal Service Fee (USF) Rate Development

1st Quarter 2004 Contribution Factor	Source DA 03-3866	(A)	(B) 0.087	(C=A*B)
Basic USF Recovery Charge				
<i>Residential / Single-Line Business/ BRI ISDN</i>				USF Charge
End User Common Line Rate		5.39		
LNP End User Surcharge		0.41		
Total Basic Interstate End User Revenue		5.80		0.50
<i>Multi-line Business</i>	Exhibit 2			0.93
<i>PBX</i>	Exhibit 2			1.22
<i>PRI ISDN</i>	Exhibit 2			7.83
<i>CENTREX</i>	Exhibit 2			0.13
End User Port USF Recovery Charges				
BRI ISDN		3.90		0.33
Other USF Recovery Charges				
PIC Change Charge		5.00		0.43

Universal Service Fee (USF) Rate Development

1st Quarter 2004 Contribution Factor		Source DA 03-3866	(A)	(B) 0.087	(C=A*B) USF Charge
Basic USF Recovery Charge for MLB, PRI, & Centrex					
<i>Multi-line Business, PRI ISDN, CENTREX</i>					
<i>Lines as of September 2003</i>					
L1	MLB Lines		58,637		
L2	Centrex lines with less than 9 lines		10,292		
L3	Centrex Systems with less than 9 lines		1,143		
L4	Centrex lines with greater than 9 lines		47,501		
L5	PRI ISDN		429		
	Total		118,002		
L6	End User Common Line Rate		5.91		
L7	MLB	L6*L1	346,545		
L8	PRI ISDN	L6*L5*5	12,677		
L9	Centrex	(L6)*(L2+L4)	341,557		
L10	MLB, PRI ISDN, Centrex Revenue	L7:L9	700,778		
L11	MLB, PRI ISDN, Centrex Obligation	L10*8.7%	60,968		
L12	2002 Billable Lines	L1+L3+(L4/9)+(L5*5)	67,203		
	<i>(Centrex > 9 lines @ 1/9, Centrex Systems <9 lines, & PRI ISDN @5)</i>				
L13	Basic MLB Rate (excluding LNP recovery)	(L11/L12)			0.90
L14	Basic Centrex Rate (excluding LNP recovery)	L13/9			0.10
L15	Basic PRI ISDN Rate (excluding LNP and Port recovery)	L13*5			4.50
L16	Basic MLB USF Recovery	L1*L13	52,773		
L17	Basic Centrex USF Recovery	(L3*L13)+(L4*L14)	5,779		
L18	Basic PRI ISDN USF Recovery	(L5*L15)	1,931		
L19	Total MLB, PRI ISDN, Centrex Basic USF Recovery		60,483		
Additives to the Basic MLB Rate					
<i>Multi-line Business, Centrex</i>					
L20	LNP End User Surcharge		0.41		0.03
PBX					
L21	LNP End User Surcharge		3.69		0.32
PRI ISDN					
L22	LNP End User Surcharge		2.05		
L23	PRI ISDN Port Charge		36.29		
L24	PRI ISDN LNP and Port Recovery	L22+L23	38.34		3.33
Final Basic MLB, PRI ISDN, & Centrex USF Rates					
L25	MLB	L13+L20			0.93
L26	PBX	L13+L21			1.22
L27	PRI ISDN	L15+L24			7.83
L28	Centrex	L14+L20			0.13