

CALCULATION OF 3rd QTR 2004 BELL SOUTH FEDERAL UNIVERSAL SERVICE CHARGES

<u>Line</u>	<u>Description of Federal USF Line Item</u>	<u>EUCL Charge</u>	<u>Excess Line Port Charge</u>	<u>LNP Charge</u>	<u>Total</u>	3rd Qtr 2004	<u>Monthly Federal USF Charge</u>
						<u>USF Contribution Factor</u>	
	(a)	(b)	(c)	(d)	(e)=(b)+(c)+(d)	(f)	(g)=(e)*(f)
1	Primary Residence Line or Trunk	\$6.50	N/A	\$0.35	\$6.85	0.089	\$0.61
2	Single Line Business Line or Trunk	6.50	N/A	0.35	\$6.85	0.089	0.61
3	Additional Residence Line or Trunk	6.76	N/A	0.35	\$7.11	0.089	0.63
4	Basic Rate ISDN Digital Subscriber Line	6.76	\$2.44	0.35	\$9.55	0.089	0.85

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Initial USF Charge Calculations

<u>Line</u>	<u>Description of Federal USF Line Item</u> (a)	<u>EUCL Charge</u> (b)	<u>Excess Line Port Charge</u> (c)	<u>LNP Charge</u> (d)	<u>Total</u> (e)=(b)+(c)+(d)	<u>3rd Qtr 2004 USF Contribution Factor</u> (f)	<u>Initial USF Charge Calculation</u> (g)=(e)*(f)
1	Centrex Station Line	\$6.76	N/A	\$0.35	\$7.11	0.089	\$0.63
2	Multi-Line Business Line or Trunk	\$6.76	N/A	0.35	7.11	0.089	0.63
3	Primary Rate ISDN	\$33.80	14.00	1.75	49.55	0.089	4.41

Centrex USF Recovery Calculations

<u>Line</u>	<u>Description</u> (a)	<u>Source</u> (b)	<u>Amount</u> (c)
4	Total Centrex Lines: May 2004	Customer Rcds	1,134,673
5	Total Monthly Centrex USF Recovery	Line 1(g) * Line 4(c)	\$714,844
6	Total Annual Centrex USF Recovery	Line 5(c) * 12	\$8,578,128
7	Remaining Annual Centrex USF Recovery	Line 6(c) * 8/9	\$7,625,003
8	Multi-Line Business Lines: May 2004	Customer Rcds	3,533,828
9	Primary Rate ISDN Lines (5 times equivalency)	Customer Rcds	182,638
10	Total MLB and PRI ISDN Lines	Lines 8(c) + 9(c)	3,716,466
11	Remaining Centrex USF Recovery/ MLB and PRI ISDN Lines	(Line 7(c) / 10(c)) / 12	\$0.17
12	Allocated Centrex Portion	Line 11(c) / 9	\$0.02
13	Allocated MLB and PRI ISDN Portion	Line 11(c) - 12(c)	\$0.15

Calculation of Monthly USF Charges

<u>Line</u>	<u>Description</u> (a)	<u>Source</u> (b)	<u>Monthly USF Charge</u> (c)
14	Centrex Station Line	(Line 1(g)/9) + Line 12(c)	\$0.09
15	Multi-Line Business Line or Trunk	Line 2(g) + 13(c)	0.78
16	Primary Rate ISDN	Line 3(g) + (13(c) * 5)	5.16
17	Primary Rate ISDN Billed on 7/1/04		5.15