

**NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
UNIVERSAL SERVICE FUND
ATTACHMENT 1 - RURAL HIGH COST LOOP FUND
CAP DEVELOPMENT**

	<u>Source</u>	<u>Data</u>
1 RURAL LOOPS AS OF 12/2003	2004 Submission	21,193,981
2 ACQUIRED EXCHANGE LOOPS	2004 Submission	762,551
3 ADJUSTED 12/2003 RURAL LOOPS	Ln 1 - Ln 2	20,431,430
4 RURAL LOOPS AS OF 12/2004	Appendix D	20,483,840
5 ACQUIRED EXCHANGE LOOPS	Appendix D	741,535
6 ADJUSTED 12/2004 LOOPS	Ln 4 - Ln 5	19,742,305
7 CHANGE IN RURAL ILEC LOOPS	(Ln 6 - Ln 3) / Ln 3	-3.3729%
8 GDP-CPI 2003	BEA, Table 6 *	106.310
9 GDP-CPI 2004	BEA, Table 6 *	109.102
10 CHANGE IN GDP-CPI 2004	(Ln 9 - Ln 8) / Ln 8	2.6263%
11 RURAL GROWTH FACTOR	Ln 7 + Ln 10	-0.7466%
12 MAXIMUM 2005 RURAL FUND SIZE	2004 Submission	\$1,055,196,452
13 MAXIMUM 2006 RURAL FUND SIZE	Ln 12 x Ln 11	\$1,047,318,355
14 ACQUIRED EXCHANGE SUPPORT	from USAC	\$9,634,812
15 MAXIMUM 2006 EXPENSE ADJUSTMENTS (EXCL. ACQUIRED EXCHANGE SUPPORT)	Ln 13 - Ln 14	\$1,037,683,543

* U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product: Second Quarter 2005 (Preliminary), *News Release*, rel. August 31, 2005, at Table 6.