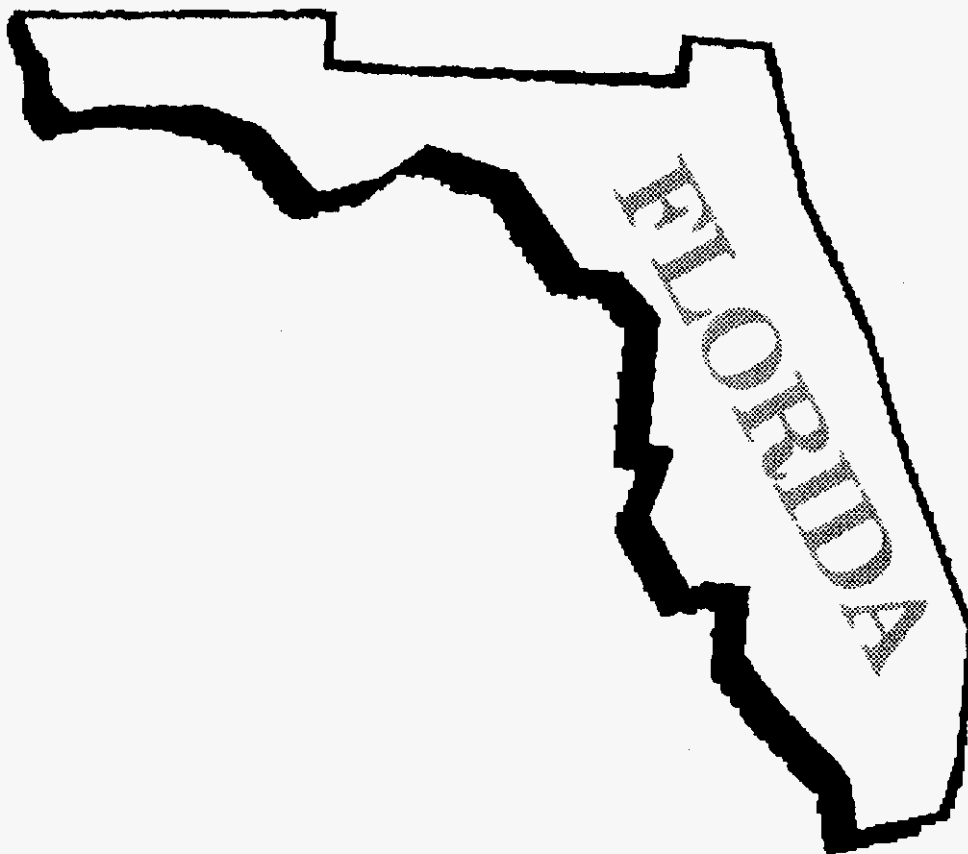


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**SOUTHERN BELL - FLORIDA
DOCKET 920260 - TL
MINIMUM FILING REQUIREMENTS
JULY 2, 1993**



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Southern Bell FILE COPY

A. M. Lombardo
Assistant Vice President - Regulatory Relations

150 South Monroe Street
Suite 400
Tallahassee, Florida 32301

July 2, 1993

Mr. Steve C. Tribble
Director, Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: FPSC Docket 920260-TL Minimum Filing Requirements

Dear Mr. Tribble:

BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company ("Southern Bell") hereby submits the attached non-proprietary Minimum Filing Requirements¹ ("MFRs") pursuant to Florida Rule 25-4.141.

Accompanying this filing are two sets of diskettes, as requested by Staff, containing selected data in LOTUS format. One set of diskettes contains the 1992 Historical Schedule E-1a, and one set contains the 1993 Test Year Schedule E-1a.

Also, in agreement with Staff, a limited number of copies (four) is being provided for certain large MFR Schedules (B-5a, C-24h, E-1a, and F-2). In the event additional information is needed to fulfill the MFR filing requirements, please contact me as soon as possible.

Sincerely,

A M Lombardo (PME)
A. M. Lombardo

Attachments

cc: Office of Public Counsel
Harris R. Anthony
R. Douglas Lackey

¹ Certain portions of this MFR filing contain proprietary and confidential business information. Consequently, on this same day, Southern Bell is filing a request for Confidential Classification for the information deemed to be proprietary. Staff can obtain access to this information pursuant to the customary procedures relating to proprietary information filed with the Commission.

BellSouth Telecommunications, Inc.
d/b/a Southern Bell
Request for Waiver and Modification
of Minimum Filing Requirements

(Updated 5/28/93)

As noted in Southern Bell's March 26, 1993 "test year letter," Southern Bell plans to file MFRs utilizing forecast year 1993. In compliance with Rule 25-4.141(2)(a), Florida Administrative Code, and consistent with individual Schedule requirements, Southern Bell will also file MFRs utilizing the 1992 actual results. In addition, pursuant to Rule 25-4.141(4), Southern Bell requests modification or waiver of MFR requirements as follows:

(A)

InterLATA, IntraLATA, and Local Detail

Southern Bell's budget process forecasts total intrastate operations, but does not provide a breakdown of interLATA and intraLATA expense and investment. Furthermore, the budget process does not forecast allocation factors for interLATA or intraLATA calculations. In the absence of the pooling arrangements that previously existed, intrastate interLATA and intrastate intraLATA cost allocations are of limited use, since they do not form the basis for rate setting for intrastate access charges and other intrastate tariffs. Also, in view of the minimal impact of intraLATA private line pooling, and in anticipation of the ending of the intraLATA private line pool, Southern Bell does not forecast interLATA or intraLATA allocation factors or the underlying usage data, nor does it incorporate any interLATA/intraLATA forecasting algorithms in its budget models. To develop the data now would require a substantial work effort involving extensive programming changes to the budget models and many hours would also need to be devoted to the development of relevant factor inputs. Southern Bell therefore requests that the Commission waive the requirement to populate interLATA, intraLATA, and local detail on the following MFR schedules:

A-6b	Analysis of individual rate case adjustments
B-1a	Summary rate base information - per books
B-1b	Summary rate base information - adjusted
B-3b	Florida separated average balance sheet
C-1a	Per books operating income summary
C-1b	Adjusted operating income summary
C-3	Separated income statement
C-24a	Annual minutes of use
C-24b	Monthly minutes of use
C-24c	Schedule of separation percents
C-24f	Calculation of unadjusted intrastate independent company settlements

(B)

Schedule B-5a - Monthly Operating Reports
Schedule C-24h - Monthly Cost Studies
Schedule C-24i - Traffic and Revenue Settlements Agreement
Schedule E-1a - Present and Proposed Rates and
Revenue Increases
Schedule F-2 - Demand and Facility Charts

Southern Bell requests that it not be required to file the twenty (20) copies of these reports as set forth in Rule 25-4.141(1)(i). The monthly operating reports consist of approximately 1134 pages of information, the monthly cost studies consist of 96 sheets of microfiche, the settlements agreements consist of approximately 1024 pages of information, the rates and revenue increases consist of approximately 1100 pages, and the Demand & Facility (D&F) charts consist of approximately 1250 pages. Southern Bell proposes to limit the number of copies served for each of these schedules to four (4) copies.

(C)

Schedule B-6a - Working Capital
Materials and Supplies

The detail requested in the Schedule B-6a format is not available in Southern Bell's accounting system on a forecasted or historical basis. Therefore, for historical data Southern Bell proposes to provide material data in the format shown in Attachment 1, as it did in the November 1991 MMFRs in Docket 911109-TL and in the test year 1991 Minimum Filing Requirements previously filed in Docket 920260-TL. For forecasted data, Southern Bell proposes to provide the forecasted balance of Account 1220 by month.

(D)

Schedule B-7b - Abandoned Projects

Southern Bell proposes to provide total forecasted abandoned projects. The forecast of this amount will be trended based on historical information. The identity of the specific projects that could subsequently be abandoned is not known in advance.

(E)

Schedule C-7 - Charitable Contributions and
Social Service Club Dues and Expenses

Charitable contributions are forecasted only in the aggregate, based on trended data, and are therefore available only in total on a budget basis. Under its current regulatory plan, Southern Bell excludes all

of these expenses from regulatory treatment. Therefore, this schedule is not applicable and Southern Bell proposes to exclude it from both the historical and forecasted schedules.

(F)

Schedule C-11b - Company and Contract Personnel
by Department
Schedule C-11c - Summary of Employee Compensation
Schedule C-11d - Loaded Hourly Labor Rate

Southern Bell contracts on an individual job basis rather than on an employee basis. Thus, the contract personnel information sought by this schedule is not available, and Southern Bell requests a waiver of the requirement to provide the contract personnel data in the format requested in this schedule. However, Southern Bell proposes to provide three (3) sample contractor bills, including Company labor comparisons where appropriate, and will make other contractor billing information available for the FPSC Staff's review.

In addition, Southern Bell proposes to revise job titles where the titles listed in Schedule C-11b are no longer applicable (see Attachment 2).

(G)

Schedule C-24f - Independent Company Settlements

Southern Bell requests a waiver for portions of the material to be provided in Schedule C-24f. As explained in item "A" above, Southern Bell's budget process does not forecast interLATA or intraLATA allocation factors or amounts. Southern Bell therefore does not have the information to populate page 1 of Schedule C-24f in its 1993 budget.

The pool data on page 2 of this schedule is prepared from the cost study data submitted by all pool participants. Because most of the participants exited the pool at the end of 1992, it was agreed that it would not be necessary to submit 1992 cost studies. Therefore, Southern Bell does not have the information to prepare page 2 of Schedule C-24f for 1992 or 1993.

(H)

Schedule C-28, Cost of Equal Access and
Network Reconfiguration

Southern Bell proposes to provide the data in the revised format shown in Attachment 3. The format of Schedule C-28 requires more detail than is available from the Company's Equal Access/Network Reconfiguration

tracking procedures. In Order 14452 of Docket No. 820537, the Commission utilized the benefit of depooling as a source of funds to offset Equal Access. Subsequently, in Docket No. 880069, rates were set for total revenue requirements which included Equal Access costs. Therefore, the requested information pertaining to interexchange carrier reimbursement and associated finance cost is not applicable to Southern Bell.

(I)

Schedule E-8 - Zone/mileage Charges

Because Florida Zone/Mileage charges applicable to local exchange service have been eliminated, this schedule is not applicable.

(J)

Schedule F-1b - Annual Quality of Service Standards

Southern Bell requests waiver of the requirement to provide items #2 (Call Completions), #4 (Adequacy of Intercept), and #6 (Repair Service Rebates-24 Hours) of Schedule F-1b. The programming required to modify Southern Bell's mechanized systems to provide summary reports containing this information would be impractical and would be an excessive economic burden. However, Southern Bell will provide a summary of results from the 1992 and 1993 Service Evaluations addressing all of the above topics which have been conducted by the Florida Public Service Commission Staff.

(K)

Schedules G-1 through G-9

Interim rates are not applicable since no interim rates changes will be requested in the July 2 submission.

(L)

Additional Minor Changes

In addition, we propose to make the same minor changes to several forms that we have made in the 1991 and 1990 filings. These include:

- (1) Schedule A-6b - Add lines for Cash Working Capital and Uncollectibles.
- (2) Schedule A-2a - Omit line 7 "Vehicles and Other Work Equipment" (Part 31 account) and renumber lines so rows match A-2d.

- (3) Schedules B-4a and B-4b - Add account 2220 and account 2351, and renumber the rows.
- (4) Schedules C-2a and C-2b - Correct the calculation description for the headings in columns 15 and 16 of Schedule C-2a, and column 7 of Schedule C-2b.
- (5) Schedule B-3b - Insert an additional column to show both the balance sheet amounts recorded on the Southern Bell Company books and the amounts allocated to Florida.
- (6) Schedule B-3a - Use Part 32 accounts designated in Schedule B-1 of Form M.
- (7) Schedule D-9 - Use the revised format used previously that shows the allocation of total company balances to Florida.

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

2. Schedule A-1b-- An analysis of the reasons for the proposed rate change, separately identifying those relating to changes in cost of capital, rate base, depreciation, attrition, revenue, expense and other relevant changes since the last rate change that explain the rate change requirement.

FLORIDA PUBLIC SERVICE COMMISSION
 Company SOUTHERN BELL — FLORIDA
 Docket No. 920260—TL
 Test Year—1 1992

Reasons for Requested Rate Increase
 (\$000)

Schedule A—1b
 Page 1 of 1
 Witness Responsible W. S. Reid

Check Whether Data Is:
 Historic ☒ or Projected ☐
 Average ☒ or Year End ☐

Line No.	Description	Type of Attrition	Revenue Requirement Effect (\$000)	Percent of Total
-----	-----	-----	-----	-----
	(1)	(2)	(3)	(4)
1.	Increase requested to make utility whole (floor of last allowed return), earning ____ % rate of return on previously authorized rate base of \$_____.	NOI	N/A	N/A
2.	Amount requested to allow utility to earn mid—point of previously authorized rate of return of 9.27% (13.2% on equity) on previously authorized rate base of \$4,212,060.	NOI	39,465	85.34%
3.	Amount requested to allow utility to earn rate of return of 9.29% based on current capital structure, mid—point of last allowed equity return of 13.2% on previously authorized rate base.	Cost of Capital	1,393	3.01%
4.	Amount requested to allow utility to earn rate of return of 9.29% (3. above) on increase (decrease) in previously authorized rate base of \$4,212,060 to 'per book' rate base of \$4,034,591.	Rate Base	(27,259)	—58.94%
5.	Amount requested to increase equity return to 14% and overall rate of return 9.69% on the 'per book' rate base.	Cost of Capital	26,683	57.70%
6.	Amount requested for attrition allowance computed at 9.69%	Other	0	0.00%
7.	Other Adjustments (listed separately where the effect exceeds 5%):	Other		
	Excess Plug Ins		(2,900)	—6.27%
	WECO Tax Credits		3,466	7.49%
	Other Reg./Nonreg. Adjustments		9,454	20.44%
	Interest Reconciliation & AFUDC Debt		5,238	11.33%
	Out of Period Expenses		6,976	15.08%
	Other Out of Period Revenue		(4,292)	—9.28%
	Bond Refinancing Adjustment		3,917	8.47%
	1992 Depreciation Represcription		(12,720)	—27.51%
	Other		(3,176)	—6.87%
	Subtotal		5,963	12.89%
8.	Total (See Note)		46,245	100.00%
			=====	=====

NOTE: Southern Bell's current earnings are within the authorized range under terms of its Incentive Plan. No increase in revenue requirement is requested.

Supporting Schedules:

B—2b, C—1a, C—2b, C—13

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

3. Schedule A-1c-- A narrative description of all new or novel issues in the present case that have not been previously addressed by the Commission (e.g., depreciation methodology, etc.).

New Issues

FLORIDA PUBLIC SERVICE COMMISSION

Company: Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year- 1 1992

Schedule A-1c

Page 1 of 1

Witnesses Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☒ or Year End ☐

Item	Title	Description
1 1.	BellSouth Telecommunications Inc.	Effective January 1, 1992, we merged Southern Bell,
2	(BST)	South Central Bell and BellSouth Services into one company,
3		BellSouth Telecommunications, Inc. (BST). In addition, certain
4		employees dedicated to customer premises equipment were
5		transferred from BST to subsidiaries of BellSouth Business
6		Systems, a subsidiary of BST. Previously, premises business
7		sales employees had also been transferred to BellSouth Business
8		Systems.
9		
10 2.	Deferral of Hurricane Andrew costs	It has been a FPSC surveillance report standard proforma to
11		amortize casualty expense over a five-year period. Because of
12		the magnitude of Hurricane Andrew, Southern Bell deferred and
13		amortized one years worth of Intrastate expenses related to
14		the Hurricane on its books of account.
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Supporting Schedules:

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

(A) EXECUTIVE SUMMARY--

1. Schedule A-1a-- An intrastate summary schedule showing for the presently proposed and the previously authorized rate change, authorized and requested test year rate base, operating income, earned rate of return, authorized and requested income requirements, income deficiency/excess, revenue increase/decrease. Also show dollar and percent difference in each of the above. Show reconciled capital structure and capital cost rates. Separately show docket numbers, test year, interim and permanent rate changes, the average number of access lines, and the effective date of new rates in the last case.

Overall Financial Summary @
Revenue Increase Requested
(\$000)

FLORIDA PUBLIC SERVICE COMMISSION
Company SOUTHERN BELL - FLORIDA
Docket No. 920260-TL
Test Year- 1 1992

Schedule A-1a
Page 1 of 3
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	(1) Description	(2) Last Rate Case Authorized	(3) Current Case Requested	(4) Difference Col. 3 - Col. 2	(5) % Change
1	Test Year Ended	12/31/91	12/31/92	N/A	N/A
2	Jurisdictional Adjusted Rate Base	4,212,060	4,053,493	(158,567)	-3.76%
3	Rate of Return	9.27%	9.69%	N/A	N/A
4	Jurisdictional Income Requested (L2 * L3)	390,036	392,750	2,714	0.70%
5	Jurisdictional Adjusted Net Operating Income	618,844	364,814	(254,030)	-41.05%
6	Income Deficiency (Excess) (L4 - L5)	(228,608)	27,936	256,744	-112.21%
7	Net Operating Income Factor	0.609299	0.604826	N/A	N/A
8	Revenue Deficiency (Excess) (L6 / L7)	(375,527)	46,189	421,716	-112.30%
9	Attrition Allowance	0	0	0	0.00%
10	Increased Independent Companies Settlements*	(1,029)	0	1,029	-100.00%
11	Revenue Increase Required	(374,498)	See Note	374,498	-100.00%
12	Date of New Rates	10/1/88	See Note	XXXX	
13	Average Number of Access Lines	4,504,100	4,823,117	319,017	7.08%

* For Southern Bell only

Note: Southern Bell's current earnings are within the authorized range under terms of its Incentive Plan. No increase in revenue requirement is requested. Any excess over 14% would be subject to sharing provisions of the Incentive Plan.

@ See page 3 of this schedule for a list of the assumptions underlying the data in this Minimum Filing Requirements package.

Overall Financial Summary
Revenue Increase Requested

FLORIDA PUBLIC SERVICE COMMISSION
Company SOUTHERN BELL - FLORIDA
Docket No. 920260-TL
Test Year - 1 1992

Schedule A-1a
Page 2 of 3
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

LAST RATE CASE

Line No.	(1) Class of Capital	(2) Cost of Capital Dollars (000)	(3) Requested Ratio #	(4) Cost Rate	(5) Weighted Cost
1	Long-Term Debt	1,028,516	24.42%	8.88%	2.17%
2	Short-Term Debt	194,017	4.61%	8.45%	0.39%
3	Preferred Stock	0	0.00%	0.00%	0.00%
4	Customer Deposits	46,858	1.11%	7.73%	0.09%
5	Common Equity	1,959,174	46.51%	13.20%	6.14%
6	Tax Credits - Wtd. Cost	171,677	4.08%	11.71%	0.48%
7	Cost Free Capital *	811,818	19.27%	0.00%	0.00%
8	Other (Explain)	0	0.00%	0.00%	0.00%
9	Total	4,212,060	100.00%		9.27%

PRESENT RATE CASE

Line No.	(6) Class of Capital	(7) Cost of Capital Dollars (000)	(8) Requested Ratio	(9) Cost Rate	(10) Weighted Cost
10	Long-Term Debt	1,065,930	26.30%	8.63%	2.27%
11	Short-Term Debt	118,444	2.92%	3.91%	0.11%
12	Preferred Stock	0	0.00%	0.00%	0.00%
13	Customer Deposits	54,983	1.36%	8.57%	0.12%
14	Common Equity	1,974,394	48.71%	14.00%	6.82%
15	Tax Credits - Wtd. Cost	124,735	3.08%	12.12%	0.37%
16	Cost Free Capital **	715,007	17.64%	0.00%	0.00%
17	Other (Explain)	0	0.00%	0.00%	0.00%
18	Total	4,053,493	100.00%		9.69%

* Includes Deferred Tax Credits - Zero Cost (Pre '70)

** Includes Deferred Tax Credits - Zero Cost (Pre '70) of \$97

The ratios shown are those authorized by Commission Order No. 20162.

Overall Financial Summary
List of Major Assumptions

FLORIDA PUBLIC SERVICE COMMISSION
Company SOUTHERN BELL - FLORIDA
Docket No. 920260-TL
Test Year- 1 1992

Schedule A-1a
Page 3 of 3
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

- 1 South Central Bell Telephone Company and BellSouth Services, Inc. were merged into Southern Bell Telephone and Telegraph Company on January 1, 1992. At that time, the name of Southern Bell Telephone and Telegraph company was changed to BellSouth Telecommunications, Inc. In Order PSC 92-0079-FOF-TL in Docket No. 920009, the Commission approved the name change from Southern Bell Telephone and Telegraph Company to BellSouth Telecommunications, Inc. d/b/a/ Southern Bell Telephone and Telegraph Company (Southern Bell). The company name on the Minimum Filing Requirement schedules is shown as Southern Bell for both historical and projected data. Where there might be confusion as to the data shown on a particular schedule, the schedule will be labeled to indicate the basis of the data shown.
- 2 Numerous schedules request data from the "last rate case." The data provided is the 1990 forecasted data as reflected in Commission Order No. 20162 in Docket No. 880069.
- 3 Several schedules require the use of an authorized rate of return. For calculation of proforma adjustments and other rate base impacts, the return on equity used is 13.2% and the overall is 9.29%. For calculation of an overall revenue requirement, the return on equity is 14% and the overall is 9.69%.
- 4 Southern Bell is utilizing forecast 1993 as the test year for the Minimum Filing Requirements. In compliance with Rule 25-4.140, Southern Bell is also providing Minimum Filing Requirements using 1992 historical data. The schedules for test year 1993 are so labeled as the form requires; the schedules for 1992 data are labeled "Test Year- 1 1992."
- 5 On May 28, 1993 Southern Bell filed a waiver request with the Commission requesting waivers or modifications of certain schedule formats in the Minimum Filing Requirements package. Southern Bell has prepared this package on the basis set forth in the request as amended by the FPSC staff's recommendations communicated to us on June 3, 1993. A copy of Southern Bell's May 28, 1993 letter is attached.

May 28, 1993

Mr. Steve C. Tribble
Director, Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: Updated Minimum Filing Requirements Waiver Requests

Dear Mr. Tribble:

Attached are updated requests for Waiver and Modification of certain schedules in the Florida Minimum Filing Requirements that Southern Bell plans to file July 2, 1993. This set of Waiver Requests completely supersedes the previous Waiver Request filed April 22, 1993. Please forward your concurrence to me as soon as possible.

I can be reached at 224-7798 if you wish to discuss further.

Sincerely,

Anthony M. Lombardo

Attachments
cc: All parties of record

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

4. Schedule A-2a-- A 12-month average jurisdictional rate base computation for the test period (adjusted) and as determined by the Commission in the last rate case (adjusted). Indicate dollar and percentage changes and compound annual growth rates for each component of rate base.

Rate Base
(000)

Schedule A-2a
Page 1 of 1
Witness Responsible: W. S. Reid

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year-1 1992

Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Line No.	Account (1)	Last Rate Case * Adjusted Intrastate (2)	Present Rate Case Adjusted Intrastate (3)	Increase Over Last Rate Case (4)	% Increase Over Last Rate Case (5)	Compound Annual Growth Rate (6)
1	General Support	916,593	888,775	(27,818)	-3.03%	-1.53%
2	Central Office	2,167,224	2,480,621	313,397	14.46%	6.99%
3	Info Orig./Term.	244,236	120,319	(123,917)	-50.74%	-29.81%
4	Cable & Wire Fac.	2,866,446	3,242,596	376,150	13.12%	6.36%
5	Amortizable Assets	50,390	16,383	(34,007)	-67.49%	-42.98%
6	Total Plant in Service	6,244,889	6,748,694	503,805	8.07%	3.96%
7	Less: Depreciation Reserve	2,063,852	2,661,050	597,198	28.94%	13.55%
8	Net Plant in Service	4,181,037	4,087,644	(93,393)	-2.23%	-1.12%
9	Plant Under Construction ST	30,879	24,074	(6,805)	-22.04%	-11.70%
10	Property Held for Future Use	144	170	26	18.39%	8.81%
11	Net Plant	4,212,060	4,111,889	(100,171)	-2.38%	-1.20%
12	Working Capital	0	(58,396)	(58,396)	0.00%	0.00%
13	Rate Base	4,212,060	4,053,493	(158,567)	-3.76%	-1.90%

* Last Rate Case amounts are 1990 forecasted data as reflected in Commission Order 20162 in Docket No. 880069-TL.

Supporting Schedules: A-2d, A-6a, A-6b, B-1b, B-2b

Recap Schedules: A-1a

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

5. Schedule A-2b-- A summary of jurisdictional net operating income for the test period (adjusted) and as determined by the Commission in last rate case (adjusted). Indicate dollar and percentage changes and compound annual growth rates for each component of net operating income. Also, identify rate base and rate of return.

Net Operating Income and Rate of Return
(000)

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year-1 1992

Schedule A-2b
Page 1 of 1
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End [X]

Line No.	Account (1)	Last Rate Case * Adjusted Intrastate (2)	Present Rate Case Adjusted Intrastate (3)	Increase Over Last Rate Case (4)	% Increase Over Last Rate Case (5)	Compound Annual Growth Rate (6)
1	Operating Revenues					
2	Local Service	1,385,055	1,398,692	13,637	0.98%	0.49%
3	InterLATA	292,493	281,978	(10,515)	-3.59%	-1.81%
4	IntraLATA	371,241	360,734	(10,507)	-2.83%	-1.43%
5	Miscellaneous	221,440	300,070	78,630	35.51%	18.41%
6	Uncollectibles	26,506	38,872	12,166	45.90%	20.79%
7	Total Operating Revenues	2,243,723	2,302,802	59,079	2.63%	1.31%
8	Operating Expenses					
9	Plant Specific	459,668	391,561	(68,107)	-14.82%	-7.71%
10	Plant Nonspecific	200,187	209,114	8,927	4.46%	2.21%
11	Depreciation	504,359	541,360	37,001	7.34%	3.60%
12	Customer Operations	271,690	333,709	62,019	22.83%	10.83%
13	Corporate Operations	184,969	215,397	30,428	16.45%	7.91%
14	Other	(83)	(1,173)	(1,090)	-1312.80%	-275.87%
15	Total Operating Expenses	1,620,790	1,689,968	69,178	4.27%	2.11%
16	Taxes					
17	Federal Income Tax	103,709	91,855	(11,854)	-11.43%	-5.89%
18	State Income Tax	26,280	24,552	(1,728)	-6.57%	-3.34%
19	Other Tax Expense	111,607	131,614	20,007	17.93%	8.59%
20	Total Tax Expenses	241,596	248,020	6,424	2.66%	1.32%
21	Total Operating Expenses and Taxes	1,862,386	1,937,988	75,602	4.06%	2.01%
22	Net Operating Income	381,337	364,814	(16,523)	-4.33%	-2.19%
23	Rate Base	4,212,060	4,053,493	(158,567)	-3.76%	-1.90%
24	Rate of Return	9.05%	9.00%			

* Last Rate Case amounts are 1990 forecasted data as reflected in Commission Order 20162 in Docket No. 880069-TL.

Supporting Schedules: A-2d, A-2e, A-6a, A-6b, B-1b, B-2b, C-1b, C-2b

Recap Schedules: A-1a

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

6. Schedule A-2c-- A jurisdictional cost of capital as determined by the Commission in the company's last rate case compared to the jurisdictional cost of capital requested by the company in the current case.

SUMMARY OF JURISDICTIONAL CAPITAL STRUCTURE AND COST RATES

FLORIDA PUBLIC SERVICE COMMISSION
 Company: Southern Bell Telephone & Telegraph
 Docket No. 920260-TL
 Test Year: 1992

Schedule A-2c
 Page 1 of 1
 Witness Responsible : WILLIAM B. KECK

Check Whether Data Is:
 Historic [X] or Projected []
 Average [X] or Year End []

Line No.	(1) Capital Structure Item	(2) Jurisdictional Capital Structure As Determined By Commission in Last Case \$ Ended 12/31/90 (Forecasted)	(3) Jurisdictional Capital Structure As Requested By Company in Current Case ## Ended 12/31/92 (Actual Adjusted)	(4) Jurisdictional Cost Rates As Determined By Commission in Last Case %	(5) Jurisdictional Cost Rates As Requested By Company in Current Case ## Ended 12/31/92 (Actual)
1.	Long-Term Debt	\$1,028,516	\$1,065,930	8.88%	8.63%
2.	Short-Term Debt	194,017	118,444	8.45%	3.91%
3.	Preferred Stock	0	0	0.00%	0.00%
4.	Customer Deposits	46,858	54,982	7.73%	8.57%
5.	Common Equity	1,959,174	1,974,394	13.20%	NA *
6.	Cost Free Capital @	811,818	715,007	0.00%	0.00%
7.	Investment Tax Credits	171,677	124,736	11.71%	NA *
9.	Other (Explain)				
10.	Total Capital	\$4,212,060	\$4,053,493		

@ Includes Deferred Tax Credits Zero Cost (Pre-'70)

* Southern Bell, in filing the Minimum Filing Requirements package, has not requested any change in its currently authorized return on equity.

Investor-supplied capital spread based on Southern Bell (4 states) capital structure and Southern Bell cost rates are used for Long-Term and Short Term Debt.

Investor-supplied capital spread based on BellSouth Telecommunications (9 states) capital structure and BellSouth Telecommunications cost rates are used for Long-Term and Short-Term Debt.

Supporting Schedules: D-1, D-9

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

7. Schedule A-2d-- A jurisdictional rate base computation (per books, adjusted) comparing Commission basis with company basis, for the test period.

Rate Base
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year - 1 1992

Schedule A-2d

Page 1 of 1

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☒ or Year End ☐

Line No.	Account (1)	Intrastate Per Books (2)	Commission Basis Adjusted Intrastate (3)	Company Basis Adjusted Intrastate (4)
1.	General Support	888,628	888,775	888,775
2.	Central Office	2,486,128	2,480,621	2,480,621
3.	Information Orig./Term.	120,103	120,319	120,319
4.	Cable and Wire Fac.	3,215,697	3,242,596	3,242,596
5.	Amortizable Assets	16,389	16,383	16,383
6.	Total Plant in Service	6,726,946	6,748,694	6,748,694
7.	Less: Depreciation Reserve	2,658,222	2,661,050	2,661,050
8.	Net Plant in Service	4,068,724	4,087,644	4,087,644
9.	Plant Under Construction	24,083	24,074	24,074
10.	Property Held for Future Use	170	170	170
11.	Net Plant	4,092,978	4,111,889	4,111,889
12.	Working Capital	(58,386)	(58,396)	(58,396)
13.	Rate Base	4,034,591	4,053,493	4,053,493

Supporting Schedules: A-2a, A-2b, A-2e, A-6a, A-6b, B-1a, B-1b, B-2b

Recap Schedules: A-1a

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

8. Schedule A-2e-- A jurisdictional rate of return calculation, per books (adjusted), showing the effect of the proposed rate increase on a Commission basis and on a company basis.

Rate of Return
Per Book, Adjusted and Proposed
(000)

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year-1 1992

Schedule A-2e
Page 1 of 1
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Account (1)	Intrastate Per Books (2)	Commission Basis Adjusted Results (3)	Earnings at Proposed Rates (4)	Company Basis Adjusted Results (5)	Earnings at Proposed Rates (6)
1.	Operating Revenues					
2.	Local Service	1,395,109	1,398,692	1,398,692	1,398,692	1,398,692
3.	InterLATA	283,191	281,978	281,978	281,978	281,978
4.	IntraLATA	360,812	360,734	360,734	360,734	360,734
5.	Miscellaneous	300,839	300,070	300,070	300,070	300,070
6.	Uncollectibles	38,738	38,672	38,672	38,672	38,672
7.	Total Operating Revenues	2,301,213	2,302,802	2,302,802	2,302,802	2,302,802
8.	Operating Expenses					
9.	Plant Specific	392,580	391,561	391,561	391,561	391,561
10.	Plant Nonspecific	206,698	209,114	209,114	209,114	209,114
11.	Depreciation	554,348	541,360	541,360	541,360	541,360
12.	Customer Operations	332,375	333,709	333,709	333,709	333,709
13.	Corporate Operations	209,799	215,397	215,397	215,397	215,397
14.	Other	68	(1,173)	(1,173)	(1,173)	(1,173)
15.	Total Operating Expenses	1,695,866	1,689,968	1,689,968	1,689,968	1,689,968
16.	Taxes					
17.	Federal income tax	85,789	91,855	91,855	91,855	91,855
18.	State income tax	22,974	24,552	24,552	24,552	24,552
19.	Other taxes	129,996	131,614	131,614	131,614	131,614
20.	Total Tax Expense	238,758	248,020	248,020	248,020	248,020
21.	Total Operating Expenses and Taxes	1,934,624	1,937,988	1,937,988	1,937,988	1,937,988
22.	Net Operating Income	366,589	364,814	364,814	364,814	364,814
23.	Rate Base (from Schedule A-2d)	4,034,591	4,053,493	4,053,493	4,053,493	4,053,493
24.	Rate of Return	9.09%	9.00%	9.00%	9.00%	9.00%

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

9. Schedule A-3-- A calculation of the jurisdictional revenue deficiency/excess using the test period per books rate base, required rate of return, per books net operating income, tax expansion factor and adjustments consistent with those that were used in the company's most recent rate case on a Commission and company basis. The required rate of return for this calculation is the weighted average cost of capital for the test year from Schedule D-1.

Calculation of Intrastate Revenue Deficiency (Excess)

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year-1 1992

Schedule A-3
Page 1 of 1
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description (1)	Refer to Supporting Schedule (2)	Per Books (3)	Commission Basis (4)	Company Basis (5)
1.	Rate Base	A-2d	4,034,591	4,053,493	4,053,493
2.	Operating Income	C-1a, C-1b	366,589	364,814	364,814
3.	Earned Rate of Return (2 - 1)	A-2e	9.09%	9.00%	9.00%
4.	Last Authorized Rate of Return		9.69%	9.69%	9.69%
5.	Required Operating Income (1 x 4)		390,919	392,750	392,750
6.	Operating Income Deficiency (5 - 2)		24,330	27,936	27,936
7.	Revenue Expansion Factor	C-13	0.604826	0.604826	0.604826
8.	Revenue Deficiency (Excess) (6 / 7)		40,226	46,189	46,189
9.*	Increased Payments to Ind. Cos. Due to Line 8		0	0	0
10.	Attrition Allowance		0	0	0
11.	Total Revenue Requirement (8 + 9* + 10)		N/A	See Note	See Note

* For Southern Bell Only

Note: Southern Bell's current earnings are well within the authorized range under terms of its Incentive Plan. No increase in revenue requirement is requested. Any excess over 14% would be subject to sharing provisions of the Incentive Plan.

Supporting Schedules:
A-2d, A-2e, C-1a, C-1b, C-13

Recap Schedules:
A-1a

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

10. Schedule A-4-- A summary of financial indicators including interest coverage ratios, preferred dividend coverage, ratio of earnings to fixed charges, and earnings per share, both including and excluding AFUDC for the test year of the last rate case, the test year of the present rate case, and the year immediately following the present test year. Also include AFUDC as a percent of income available for common, percent of contribution funds generated internally, and dividends per share. Show the ratios both with and without the requested rate increase.

Summary of Financial Indicators

FLORIDA PUBLIC SERVICE COMMISSION
Company: Southern Bell Telephone & Telegraph
Docket No.: 920260-7L
Test Year: 1992

Schedule A-4
Page 1 of 1
Witness Responsible WALTER REID
Prepared By WILLIAM B. KECK

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

	(1)	(2)	(3)	(4)
Line No.	Indicator	Test Year Last Rate Case Prior to Rate Increase *	Test Year 1992 This Rate Case Prior To Requested Rate Increase	Year After Current Test Year (1993) Without Requested Rate Increase
	Interest Coverage Ratios: -----			
1.	Including AFUDC in Income Before Interest Charges	N/A	4.16	5.22
2.	Excluding AFUDC from Income Before Interest Charges	N/A	4.15	5.21
	Other Financial Ratios: -----			
3.	AFUDC as a percent of Income Available for Common	N/A	0.53%	0.34%
4.	Percent of Construction Funds Generated Internally	N/A	92.0% @	91.8% @
	Preferred Dividend Coverage: -----			
5.	Including AFUDC	N/A	N/A	N/A
6.	Excluding AFUDC	N/A	N/A	N/A
	Ratio of Earnings to Fixed Charges: -----			
7.	Including AFUDC	N/A	2.17	2.71
8.	Excluding AFUDC	N/A	2.16	2.70
	Earnings Per Share -----			
9.	Including AFUDC	N/A	3.30 #	N/A
10.	Excluding AFUDC	N/A	N/A	N/A
11.	Dividends Per Share	N/A	2.76 #	N/A

* Florida-specific information was not developed for last rate case.

e This information is not available specifically for Florida. The percentages provided are for Southern Bell.

This information is not available specifically for Florida. Earnings Per Share and Dividends Per Share are for BellSouth.

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

11. Schedule A-5a-- A summary, categorized by revenue sources (tariff and other) of test year revenues, proposed annual revenues, and associated dollar and percentage change. Before compiling this information, the company shall obtain approval of the revenue source categories from the Communications Department. The sum of proposed increases from all revenue categories shall collectively equal the total dollar rate increase requested. All subtotals and totals shall match those contained in Schedule E-1a. Tariff items proposed for transfer from one tariff subsection to another or proposed for rate structure modification shall not be included in either the old or new tariff subsection but shall be separately explained and identified.

Major Service Summary of Annual Revenues

Line No.	Tariff Sec.	Service Description	PRESENT RECURRING REVENUE	PRESENT NON-RECURRING REVENUE	PRESENT REVENUE TOTAL	PROPOSED RECURRING REVENUE	PROPOSED NON-RECURRING REVENUE	PROPOSED REVENUE TOTAL	\$ REVENUE CHANGE	% REVENUE CHANGE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	A002	GENERAL REGULATIONS	\$0	\$19,207,620	\$19,207,620	\$0	\$19,207,620	\$19,207,620	\$0	0.00%
2	A003	BASIC LOCAL EXCHANGE SERVICE	\$934,471,617	\$0	\$934,471,617	\$934,471,617	\$0	\$934,471,617	\$0	0.00%
3	A004	SERVICE CHARGES	\$0	\$92,528,480	\$92,528,480	\$0	\$92,528,480	\$92,528,480	\$0	0.00%
4	A005	CHGS APPL. UNDER SPECIAL COND.	\$14,000,400	\$1,847,953	\$15,848,353	\$14,000,400	\$1,847,953	\$15,848,353	\$0	0.00%
5	A006	DIRECTORY LISTINGS	\$21,650,517	\$0	\$21,650,517	\$21,650,517	\$0	\$21,650,517	\$0	0.00%
6	A007	COIN TELEPHONE SERVICE	\$53,279,572	\$2,060	\$53,281,632	\$53,279,572	\$2,060	\$53,281,632	\$0	0.00%
7	A008	TELEPHONE ANS. SVC. FACILITIES	\$292,771	\$0	\$292,771	\$292,771	\$0	\$292,771	\$0	0.00%
8	A009	FX SERVICE AND FOREIGN CO SVC.	\$31,873,901	\$826,627	\$32,700,528	\$31,873,901	\$826,627	\$32,700,528	\$0	0.00%
9	A011	PBX IDENT.-OUTWARD-DIALING SV	\$93,990	\$0	\$93,990	\$93,990	\$0	\$93,990	\$0	0.00%
10	A012.0	GENERAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
11	A012.1	ESSX ANALOG	\$11,829,775	\$1,160,312	\$12,990,087	\$11,829,775	\$1,160,312	\$12,990,087	\$0	0.00%
12	A012.4	ESSX - ACD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
13	A012.5	ESSX ETS	\$3,120	\$947	\$4,067	\$3,120	\$947	\$4,067	\$0	0.00%
14	A012.6	MISCELLANEOUS FEATURES	\$15,209,352	\$950,495	\$16,159,847	\$15,209,352	\$950,495	\$16,159,847	\$0	0.00%
15	A012.13	ESSX DIGITAL	\$15,961,428	\$1,150,001	\$17,111,429	\$15,961,428	\$1,150,001	\$17,111,429	\$0	0.00%
16	A012.16	PRESTIGE COMMUNICATIONS SERV	\$2,342,245	\$0	\$2,342,245	\$2,342,245	\$0	\$2,342,245	\$0	0.00%
17	A012.17	DIGITAL ETS	\$43,273	\$48,309	\$91,582	\$43,273	\$48,309	\$91,582	\$0	0.00%
18	A012.18	ISDN	\$65,409	\$37,692	\$103,101	\$65,409	\$37,692	\$103,101	\$0	0.00%
19	A013	MISCELLANEOUS SVC. ARRANGEMENTS	\$230,229,547	\$2,145,812	\$232,375,359	\$230,229,547	\$2,145,812	\$232,375,359	\$0	0.00%
20	A014	AUXILIARY EQUIPMENT	\$55,807	\$1,139,316	\$1,195,123	\$55,807	\$1,139,316	\$1,195,123	\$0	0.00%
21	A015	CONN. OF TERM. EQ./COMM. SYS.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
22	A018	LONG DISTANCE MTS	\$272,883,312	\$0	\$272,883,312	\$272,883,312	\$0	\$272,883,312	\$0	0.00%

Florida Public Service Commission
Southern Bell Telephone & Telegraph
Docket No. 920260-TL
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Historic [x] or Projected []
Average [] or Year End [x]

FPSC MFR Schedule A-5a
Page 2 of 4
Witness : N. H. Sims

Major Service Summary of Annual Revenues

Line No.	Tariff Sec.	Service Description	PRESENT RECURRING REVENUE	PRESENT NON-RECURRING REVENUE	PRESENT REVENUE TOTAL	PROPOSED RECURRING REVENUE	PROPOSED NON-RECURRING REVENUE	PROPOSED REVENUE TOTAL	\$ REVENUE CHANGE	% REVENUE CHANGE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	A019	WIDE AREA TELE. COMM. SERVICE	\$18,327,277	\$91,555	\$18,418,832	\$18,327,277	\$91,555	\$18,418,832	\$0	0.00%
2	A023	SHARED TENANT SERVICE	\$24,816	\$600	\$25,416	\$24,816	\$600	\$25,416	\$0	0.00%
3	A024	UNIV. EMERG. NUM. SVC. - 911	\$1,892,596	\$1,610	\$1,894,206	\$1,892,596	\$1,610	\$1,894,206	\$0	0.00%
4	A028	PERSONAL SIGNALING SERVICE	\$1,184,094	\$0	\$1,184,094	\$1,184,094	\$0	\$1,184,094	\$0	0.00%
5	A029	DATA TRANSPORT SERVICE	\$2,042,788	\$167,035	\$2,209,823	\$2,042,788	\$167,035	\$2,209,823	\$0	0.00%
6	A030	EQUIP. FOR DISABLED CUSTOMERS	\$40,010	\$60,510	\$100,520	\$40,010	\$60,510	\$100,520	\$0	0.00%
7	A031	MULTI-LOCATION BUSINESS SERVICE	\$100,761	\$16,010	\$116,771	\$100,761	\$16,010	\$116,771	\$0	0.00%
8	A032	A032 INTEGRATION PLUS* MGT SVCS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
9	A035	INTERCON. OF MOBILE SERVICE	\$17,428,230	\$391,542	\$17,819,772	\$17,428,230	\$391,542	\$17,819,772	\$0	0.00%
10	A037	BILLING AND COLLECTION SERVICE	\$188,575	\$6,000	\$194,575	\$188,575	\$6,000	\$194,575	\$0	0.00%
11	A039	A039 ABBREVIATED DIALING	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
12	A103	OBS. BASIC LOCAL EXCHANGE SVC.	\$889	\$0	\$889	\$889	\$0	\$889	\$0	0.00%
13	A105	OBS. CHGS UNDER SPEC COND	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
14	A107	OBS. SVC. OFF.-COIN TELE. SVC.	\$6,659	\$0	\$6,659	\$6,659	\$0	\$6,659	\$0	0.00%
15	A108	OBS. TAS FACILITIES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
16	A109	OBS. FOREIGN EXCHANGE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
17	A112.1	OBS. CENTREX SERV TO MIL BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
18	A112.2	OBS. CENTREX CO SERVICE	\$5,129	\$0	\$5,129	\$5,129	\$0	\$5,129	\$0	0.00%
19	A112.3	OBS. ESSX-1 ATTENDANT SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
20	A112.4	OBS. AUTO-CALL DIST.-ESS (ACD-ESS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
21	A112.5	OBS. ETS - SMDR-P	\$7,873	\$340	\$8,213	\$7,873	\$340	\$8,213	\$0	0.00%
22	A112.8	OBS. ESSX-1 SERVICE	\$210,189	\$555	\$210,744	\$210,189	\$555	\$210,744	\$0	0.00%

Florida Public Service Commission
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 Average [] or Year End [x]

FPSC MFR Schedule A-5a
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 Witness : N. H. Sims

Major Service Summary of Annual Revenues

Line No.	Tariff Sec.	Service Description	PRESENT RECURRING REVENUE	PRESENT NON-RECURRING REVENUE	PRESENT REVENUE TOTAL	PROPOSED RECURRING REVENUE	PROPOSED NON-RECURRING REVENUE	PROPOSED REVENUE TOTAL	\$ REVENUE CHANGE	% REVENUE CHANGE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	A112.9	OBS. ELEC. TANDEM SWITCH (ETS)	\$777	\$0	\$777	\$777	\$0	\$777	\$0	0.00%
2	A112.10	OBS. MISC. ESS FEATURES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
3	A112.11	OBS. ESSX S,M,L;CTX;ESSX-1 CUST M	\$6,072	\$6	\$6,078	\$6,072	\$6	\$6,078	\$0	0.00%
4	A112.12	OBS. ESSX S,M,L - 85	\$4,134,825	\$0	\$4,134,825	\$4,134,825	\$0	\$4,134,825	\$0	0.00%
5	A112.13	OBS. DIGITAL ESSX - 85	\$3,255,608	\$0	\$3,255,608	\$3,255,608	\$0	\$3,255,608	\$0	0.00%
6	A112.14	OBS. ETS FEATURES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
7	A112.15	OBS. MISCELLANEOUS SERVICES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
8	A112.16	OBS. DIGITAL ESSX SVC 88	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
9	A112.17	OBS. PRESTIGE COMM PACKAGE	\$789,261	\$3,682	\$792,943	\$789,261	\$3,682	\$792,943	\$0	0.00%
10	A112.18	OBS. PRESTIGE SINGLE LINE SERV	\$665,644	\$0	\$665,644	\$665,644	\$0	\$665,644	\$0	0.00%
11	A112.19	OBS. DIG ELEC BUS SET SVC II	\$15,763	\$8,098	\$23,861	\$15,763	\$8,098	\$23,861	\$0	0.00%
12	A112.20	OBS. ESSX SVC VINTAGE 2	\$25,320	\$600	\$25,920	\$25,320	\$600	\$25,920	\$0	0.00%
13	A112.21	OBS. PRESTIGE DELUXE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
14	A112.22	OBS. ESSX SMDR PREM	\$10,930	\$2,500	\$13,430	\$10,930	\$2,500	\$13,430	\$0	0.00%
15	A112.23	OBS. DIG ESSX OPT SVC	\$49,799	\$0	\$49,799	\$49,799	\$0	\$49,799	\$0	0.00%
16	A113	OBS. MISCELLANEOUS SERVICE	\$544,881	\$23,546	\$568,427	\$544,881	\$23,546	\$568,427	\$0	0.00%
17	A114	OBS. AUXILIARY EQUIPMENT	\$5,153	\$0	\$5,153	\$5,153	\$0	\$5,153	\$0	0.00%
18	A115	OBS. TERM. EQUIP. AND SYSTEMS	\$169,564	\$862	\$170,426	\$169,564	\$862	\$170,426	\$0	0.00%
19	A117	OBS. MOBILE TELEPHONE SERVICE	\$99,984	\$0	\$99,984	\$99,984	\$0	\$99,984	\$0	0.00%
20	A118	OBS. MTS	\$2,505	\$0	\$2,505	\$2,505	\$0	\$2,505	\$0	0.00%
21	A124	OBS. EMERG. REPORT SERVICE	\$6,572,945	\$286,289	\$6,859,234	\$6,572,945	\$286,289	\$6,859,234	\$0	0.00%
22	A130	OBS. SER OFF - EQUIP FOR DISAB.	\$26,018	\$0	\$26,018	\$26,018	\$0	\$26,018	\$0	0.00%

Major Service Summary of Annual Revenues

Line No.	Tariff Sec.	Service Description	PRESENT RECURRING REVENUE	PRESENT NON-RECURRING REVENUE	PRESENT REVENUE TOTAL	PROPOSED RECURRING REVENUE	PROPOSED NON-RECURRING REVENUE	PROPOSED REVENUE TOTAL	\$ REVENUE CHANGE	% REVENUE CHANGE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	B002	REGULATIONS	\$0	\$19,278	\$19,278	\$0	\$19,278	\$19,278	\$0	0.00%
2	B003	RESTRUCTURED PRIVATE LINE	\$32,251,761	\$3,177,596	\$35,429,357	\$32,251,761	\$3,177,596	\$35,429,357	\$0	0.00%
3	B005	CHGS APPL. UNDER SPECIAL COND.	\$3,061,320	\$185,460	\$3,246,780	\$3,061,320	\$185,460	\$3,246,780	\$0	0.00%
4	B007	DIGITAL NETWORK SERVICE	\$35,583,412	\$2,306,471	\$37,889,883	\$35,583,412	\$2,306,471	\$37,889,883	\$0	0.00%
5	B103	OBS. SERVICE OFFERINGS - CHAN	\$5,247,678	\$141,204	\$5,388,882	\$5,247,678	\$141,204	\$5,388,882	\$0	0.00%
6	B104	OBS. SERVICE OFFERINGS - EQUIP	\$1,284	\$0	\$1,284	\$1,284	\$0	\$1,284	\$0	0.00%
7	B106	OBS. DATAPHONE DIGITAL SERVICE	\$457,502	\$372	\$457,874	\$457,502	\$372	\$457,874	\$0	0.00%
8	E003	CARRIER COMMON LINE ACCESS	\$114,715,462	\$0	\$114,715,462	\$114,715,462	\$0	\$114,715,462	\$0	0.00%
9	E005	ORDERING OPTIONS	\$0	\$123,667	\$123,667	\$0	\$123,667	\$123,667	\$0	0.00%
10	E006	SWITCHED ACCESS SERVICE	\$127,125,012	\$1,475,398	\$128,600,410	\$127,125,012	\$1,475,398	\$128,600,410	\$0	0.00%
11	E007	SPECIAL ACCESS SERVICE	\$15,565,867	\$1,267,723	\$16,833,590	\$15,565,867	\$1,267,723	\$16,833,590	\$0	0.00%
12	E008	BILLING AND COLLECTIONS SERV.	\$9,215,630	\$0	\$9,215,630	\$9,215,630	\$0	\$9,215,630	\$0	0.00%
13	E009	DIRECTORY ASSISTANCE SERVICES	\$4,348,664	\$0	\$4,348,664	\$4,348,664	\$0	\$4,348,664	\$0	0.00%
14	E013	ADD. ENG./LABOR/MISC CHARGES	\$441,519	\$171,112	\$612,631	\$441,519	\$171,112	\$612,631	\$0	0.00%
15	E018	OPERATOR SERVICES	\$1,120,559	\$0	\$1,120,559	\$1,120,559	\$0	\$1,120,559	\$0	0.00%
16	TOTAL	INTRASTATE TARIFFED	\$2,011,256,641	\$130,975,245	\$2,142,231,886	\$2,011,256,641	\$130,975,245	\$2,142,231,886	\$0	0.00%
17		INTERSTATE			\$784,991,678			\$784,991,678	\$0	0.00%
18		NON-TARIFFED AND NON-REGULATED			\$263,679,514			\$263,679,514	\$0	0.00%
19	GRAND TOTAL		\$2,011,256,641	\$130,975,245	\$3,190,903,078	\$2,011,256,641	\$130,975,245	\$3,190,903,078	\$0	0.00%

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12. Schedule A-5b-- Structural tariff changes and proposed transfers from one tariff subsection to another identified by current tariff subsection, indicating the minimum, maximum, and average dollar and percentage changes that would be reflected on an individual customer's bill as a result of the proposed rate structure change. Also provide a narrative of structural rate changes explaining the reason for the change in structure and the perceived customer and company benefits resulting from the changes.

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Witness Responsible:
N. H. Sims

Structural tariff changes are provided in the schedule A-5b in the 1993 test year binder.

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13. Schedule A-6a-- An index of the proposed intrastate rate base and income statement adjustments made for rate case purposes with the rate base effect, operations effect, net operating income effect and revenue requirement effect of each adjustment. Also, show amounts applicable to the interim period, if any, and estimated duration of interim rates.

Index of Intrastate Rate Base and Income Statement Adjustments
For Rate Case Purposes
(000)

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Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Line No.	Entry No.	Description	Operations Effect					Total NOI Effect	Increased (decr.) Revenue Requirements	Portion Affecting Interim Period	Method to Define Interim Portion	
			Rate Base Effect	Revenues	Expenses	Oper. Taxes	Income Taxes					Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	1	Excess Plug-In Units	1,681	0	0	0	0	0	1,681	(2,780)	N/A	N/A
2	2	WECO Tax Credits	(2,010)	0	0	0	0	0	(2,010)	3,323	N/A	N/A
3	3	BELLCORE Invest & Divid	(480)	790	0	0	89	701	221	(365)	N/A	N/A
4	4	ENFIA	68	0	(214)	(28)	100	142	210	(347)	N/A	N/A
5	5	Other Rate Base Adjustments	(350)	0	0	0	0	0	(350)	578	N/A	N/A
6	6	Out-of-Period Rev & Settl (ICO)	0	975	0	13	362	600	600	(991)	N/A	N/A
7	7	Out-of-Period Expenses	0	3	6,830	(29)	(2,579)	(4,219)	(4,219)	6,976	N/A	N/A
8	8	Out-of-Period MR & FR Taxes	0	0	0	1,663	(268)	(1,395)	(1,395)	2,306	N/A	N/A
9	9	Other Out-of-Period Revenue	0	4,218	0	56	1,566	2,596	2,596	(4,292)	N/A	N/A
10	10	Other Reg/Nonreg Adjustments	0	(561)	3,803	(5)	1,359	(5,718)	(5,718)	9,454	N/A	N/A
11	11	Yellow Page Profits	0	0	0	0	0	0	0	0	N/A	N/A
12	12	Gains on Sales of Property	0	(233)	1	(3)	(87)	(144)	(144)	238	N/A	N/A

Supporting Schedules: A-2a, A-2b, A-2d, A-2e, A-6b, B-1b, B-2b, C-1b

Recap Schedules: C-2b

Index of Intrastate Rate Base and Income Statement Adjustments
For Rate Case Purposes
(000)

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Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Line No.	Entry No.	Description	Operations Effect						Total NOI Effect	Increased (decr.) Revenue Requirements	Portion Affecting Interim Period	Method to Define Interim Portion
			Rate Base Effect	Revenues	Expenses	Oper. Taxes	Income Taxes	Total				
			(3)	(4)	(5)	(6)	(7)	(8)				
	(1)	(2)							(9)	(10)	(11)	(12)
24	13	Income Related to Temp Cash Inv	0	248	0	3	93	152	152	(251)	N/A	N/A
25												
26	14	Interest Reconciliation	0	0	0	0	3,168	(3,168)	(3,168)	5,238	N/A	N/A
27												
28	15	Interest Imputation	0	0	0	0	(1,422)	1,422	1,422	(2,351)	N/A	N/A
29												
30	16	Lobbying Expense	0	0	(446)	0	168	278	278	(460)	N/A	N/A
31												
32	17	Corporate Advertising Expense	0	0	(280)	0	105	175	175	(289)	N/A	N/A
33												
34	18	Abandoned Projects	0	0	399	0	(150)	(249)	(249)	412	N/A	N/A
35												
36	19	Casualty Expense	0	0	(19)	0	7	12	12	(20)	N/A	N/A
37												
38	20	Other Regulatory Adjustments	0	0	(1,639)	0	617	1,022	1,022	(1,690)	N/A	N/A
39												
40	21	Bond Refinancing Adjustment	0	(3,851)	0	(53)	(1,429)	(2,369)	(2,369)	3,917	N/A	N/A
41												
42	22	1992 Depreciation Represcription	(666)	0	(14,333)	0	5,945	8,388	7,722	(12,768)	N/A	N/A
43												
44	23	Not used	0	0	0	0	0	0	0	0	N/A	N/A
45												
46	24	Not used	0	0	0	0	0	0	0	0	N/A	N/A
47												
48	25	Not used	0	0	0	0	0	0	0	0	N/A	N/A
49												
50	Total		(1,756)	1,589	(5,898)	1,618	7,644	(1,775)	(3,531)	5,838	N/A	N/A

Supporting Schedules: A-2a, A-2b, A-2d, A-2e, A-6b, B-1b, B-2b, C-1b

Recap Schedules: C-2b

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14. Schedule A-6b-- For each adjustment indexed in Schedule A-6a, description and analysis of each proposed rate case adjustment showing the effect on revenues, expenses, taxes and rate base for total company Florida operations, interstate toll operations, total intrastate operations, intrastate toll (InterLATA and IntraLATA) and local operations.

Analysis of Each
Rate Case Adjustment
(000)
Unadjusted Data

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Company Southern Bell Telephone & Telegraph Co.
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Schedule A-6b
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Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Line No.	Effect On (1)	(3 + 4) Total Company * (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll			Local (8)
						InterLATA (6)	IntraLATA (7)		
1.	Local Revenue	1,395,233	124	1,395,109	0	0	0		1,395,109
2.	Interstate	760,802	760,802	0	0	0	0		0
3.	InterLATA	283,191	0	283,191	283,191	283,191	0		0
4.	IntraLATA	362,645	1,833	360,812	360,812	0	360,812		0
5.	Miscellaneous Revenue	325,928	25,089	300,839	0	0	0		300,839
6.	Uncollectibles	(40,951)	(2,213)	(38,738)	0	0	0		(38,738)
7.	Operating Expenses	2,256,914	561,049	1,695,866	405,388	183,150	222,238		1,290,477
8.	Other Taxes	163,503	33,508	129,996	26,875	9,589	17,285		103,121
9.	SIT (1)	36,404	13,429	22,974	15,347	6,015	9,332		7,627
10.	FIT (2)	126,546	40,757	85,789	49,860	21,127	28,733		35,929
11.	Subtotal – Net								
12.	Operating Income	503,481	136,892	366,589	146,533	63,310	83,223		258,794
13.	Plant–In–Service	9,065,973	2,339,027	6,726,946	1,522,296	770,134	752,163		5,204,649
14.	Depreciation Reserve	3,598,992	940,770	2,658,222	602,342	307,809	294,533		2,055,880
15.	Plant Under Construction	32,687	8,604	24,083	5,456	2,782	2,674		18,627
16.	Property for Future Use	230	59	170	39	20	19		132
17.	Cash Working Capital (3)	(132,868)	(35,204)	(97,664)	(22,119)	(11,247)	(10,872)		(75,545)
18.	Materials & Supplies	53,940	14,662	39,278	8,857	4,955	3,903		30,421
19.	Total Investment	5,420,970	1,386,378	4,034,591	912,187	458,834	453,353		3,122,404
20.	Subtotal – Net								
21.	Operating Income	N/A	N/A	N/A	N/A	N/A	N/A		N/A
22.	Total Net Operating Income	N/A	N/A	366,589	146,533	63,310	83,223		258,794
23.	Total Revenue Requirement	N/A	N/A	N/A	N/A	N/A	N/A		N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

Analysis of Each
Rate Case Adjustment
(000)

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Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Item # 1
Description Excess Plug-in Units

Line No.	Effect On (1)	(3 + 4) Total Company * (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll			Local (8)
						InterLATA (6)	IntraLATA (7)		
1.	Local Revenue	0	0	0	0	0	0	0	0
2.	Interstate	0	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0	0
7.	Operating Expenses	0	0	0	0	0	0	0	0
8.	Other Taxes	0	0	0	0	0	0	0	0
9.	SIT (1)	0	0	0	0	0	0	0	0
10.	FIT (2)	0	0	0	0	0	0	0	0
11.	Subtotal ~ Net								
12.	Operating Income	0	0	0	0	0	0	0	0
13.	Plant-In-Service	(24,182)	(6,082)	(18,100)	(4,201)	(1,886)	(2,315)		(13,899)
14.	Depreciation Reserve	0	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0	0
19.	Total Investment	(24,182)	(6,082)	(18,100)	(4,201)	(1,886)	(2,315)		(13,899)
20.	Subtotal ~ Net								
21.	Operating Income	N/A	N/A	1,681	N/A	N/A	N/A		N/A
22.	Total Net Operating Income	N/A	N/A	1,681	0	0	0		0
23.	Total Revenue Requirement	N/A	N/A	(2,780)	N/A	N/A	N/A		N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

Analysis of Each
Rate Case Adjustment
(000)

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Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Item # 2
Description WECO Tax Credits

Line No.	Effect On (1)	(3 + 4) Total Company * (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll		Local (8)
						InterLATA (6)	IntraLATA (7)	
1.	Local Revenue	0	0	0	0	0	0	0
2.	Interstate	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0
7.	Operating Expenses	0	0	0	0	0	0	0
8.	Other Taxes	0	0	0	0	0	0	0
9.	SIT (1)	0	0	0	0	0	0	0
10.	FIT (2)	0	0	0	0	0	0	0
11.	Subtotal – Net							
12.	Operating Income	0	0	0	0	0	0	0
13.	Plant–In–Service	50,484	13,360	37,125	8,416	4,424	3,992	28,709
14.	Depreciation Reserve	21,066	5,573	15,493	3,519	1,847	1,672	11,974
15.	Plant Under Construction	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0
19.	Total Investment	29,418	7,787	21,632	4,897	2,577	2,320	16,735
20.	Subtotal – Net							
21.	Operating Income	N/A	N/A	(2,010)	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	(2,010)	0	0	0	0
23.	Total Revenue Requirement	N/A	N/A	3,323	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

Supporting Schedules:

Recap Schedules:

**Analysis of Each
Rate Case Adjustment
(000)**

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Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Item # 3
Description BELLCORE Invest & Divid

Line No.	Effect On (1)	(3 + 4) Total Company *	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll			Local (8)
		(2)		InterLATA (6)	IntraLATA (7)				
1.	Local Revenue	790	0	790	0	0	0	0	790
2.	Interstate	0	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0	0
7.	Operating Expenses	0	0	0	0	0	0	0	0
8.	Other Taxes	0	0	0	0	0	0	0	0
9.	SIT (1)	13	0	13	0	0	0	0	13
10.	FIT (2)	76	0	76	0	0	0	0	76
11.	Subtotal -- Net								
12.	Operating Income	701	0	701	0	0	0	0	701
13.	Plant--in--Service	6,978	1,807	5,171	0	0	0	0	5,171
14.	Depreciation Reserve	0	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0	0
19.	Total Investment	6,978	1,807	5,171	0	0	0	0	5,171
20.	Subtotal -- Net								
21.	Operating Income	N/A	N/A	(480)	N/A	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	221	0	0	0	0	701
23.	Total Revenue Requirement	N/A	N/A	(365)	N/A	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

Analysis of Each
Rate Case Adjustment
(000)

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Check Whether Data is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Item # 4
Description ENFIA

Line No.	Effect On (1)	(3 + 4) Total Company *	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll			Local (8)
						InterLATA (6)	IntraLATA (7)		
1.	Local Revenue	0	0	0	0	0	0		0
2.	Interstate	0	0	0	0	0	0		0
3.	InterLATA	0	0	0	0	0	0		0
4.	IntraLATA	0	0	0	0	0	0		0
5.	Miscellaneous Revenue	0	0	0	0	0	0		0
6.	Uncollectibles	0	0	0	0	0	0		0
7.	Operating Expenses	0	214	(214)	(214)	(214)	0		0
8.	Other Taxes	0	28	(28)	(28)	(28)	0		0
9.	SIT (1)	0	(14)	14	14	14	0		0
10.	FIT (2)	0	(86)	86	86	86	0		0
11.	Subtotal - Net								
12.	Operating Income	0	(142)	142	142	142	0		0
13.	Plant-In-Service	0	1,237	(1,237)	(1,237)	(1,237)	0		0
14.	Depreciation Reserve	0	518	(518)	(518)	(518)	0		0
15.	Plant Under Construction	0	4	(4)	(4)	(4)	0		0
16.	Property for Future Use	0	0	0	0	0	0		0
17.	Cash Working Capital (3)	0	0	0	0	0	0		0
18.	Materials & Supplies	0	10	(10)	(10)	(10)	0		0
19.	Total Investment	0	733	(733)	(733)	(733)	0		0
20.	Subtotal - Net								
21.	Operating Income	N/A	N/A	68	N/A	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	210	142	142	0		0
23.	Total Revenue Requirement	N/A	N/A	(347)	N/A	N/A	N/A		N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

Analysis of Each
Rate Case Adjustment
(000)

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Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Item # 5
Description Other Rate Base Adjustments

Line No.	Effect On (1)	(3 + 4) Total Company * (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll			Local (8)
						InterLATA (6)	IntraLATA (7)		
1.	Local Revenue	0	0	0	0	0	0		0
2.	Interstate	0	0	0	0	0	0		0
3.	InterLATA	0	0	0	0	0	0		0
4.	IntraLATA	0	0	0	0	0	0		0
5.	Miscellaneous Revenue	0	0	0	0	0	0		0
6.	Uncollectibles	0	0	0	0	0	0		0
7.	Operating Expenses	0	0	0	0	0	0		0
8.	Other Taxes	0	0	0	0	0	0		0
9.	SIT (1)	0	0	0	0	0	0		0
10.	FIT (2)	0	0	0	0	0	0		0
11.	Subtotal ~ Net								
12.	Operating Income	0	0	0	0	0	0		0
13.	Plant-In-Service	254	1,484	(1,210)	(296)	115	(410)		(915)
14.	Depreciation Reserve	(4,554)	426	(4,980)	(1,133)	(497)	(636)		(3,847)
15.	Plant Under Construction	0	5	(5)	(1)	0	(1)		(4)
16.	Property for Future Use	0	0	0	0	0	0		0
17.	Cash Working Capital (3)	0	0	0	0	0	0		0
18.	Materials & Supplies	0	0	0	0	0	0		0
19.	Total Investment	4,808	1,043	3,765	837	612	225		2,929
20.	Subtotal ~ Net								
21.	Operating Income	N/A	N/A	(350)	N/A	N/A	N/A		N/A
22.	Total Net Operating Income	N/A	N/A	(350)	0	0	0		0
23.	Total Revenue Requirement	N/A	N/A	578	N/A	N/A	N/A		N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Check Whether Data Is:
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Average [X] or Year End []

Item #
Description Out-of-Period Rev & Sett (ICO)

Line No.	Effect On (1)	(3 + 4)	Interstate Toll (3)	(5 + 8)	(6 + 7)	Intrastate Toll		Local (8)
		Total Company * (2)		Total Intrastate (4)	Intrastate Toll (5)	InterLATA (6)	IntraLATA (7)	
1.	Local Revenue	0	0	0	0	0	0	0
2.	Interstate	0	0	0	0	0	0	0
3.	InterLATA	1,053	0	1,053	1,053	1,053	0	0
4.	IntraLATA	(78)	0	(78)	(78)	0	(78)	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0
7.	Operating Expenses	0	0	0	0	0	0	0
8.	Other Taxes	13	0	13	13	14	(1)	0
9.	SIT (1)	53	0	53	53	57	(4)	0
10.	FIT (2)	309	0	309	309	334	(25)	0
11.	Subtotal – Net							
12.	Operating Income	600	0	600	600	648	(48)	(0)
13.	Plant–In–Service	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0
20.	Subtotal – Net							
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	600	600	648	(48)	(0)
23.	Total Revenue Requirement	N/A	N/A	(991)	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Check Whether Data Is:
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Line No.	Effect On (1)	Item # Description		7 Out-of-Period Expenses		Intrastate Toll			
		(3 + 4) Total Company *	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	InterLATA (6)	intraLATA (7)	Local (8)	
1.	Local Revenue	0	0	0	0	0	0	0	0
2.	Interstate	0	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	(3)	3	1	0	1	2	0
6.	Uncollectibles	0	0	0	0	0	0	0	0
7.	Operating Expenses	4,709	(2,121)	6,830	1,574	278	1,296	5,256	0
8.	Other Taxes	0	29	(29)	(7)	1	(8)	(22)	0
9.	SIT (1)	(259)	115	(374)	(85)	(15)	(70)	(289)	0
10.	FIT (2)	(1,513)	692	(2,205)	(509)	(88)	(421)	(1,696)	0
11.	Subtotal - Net								
12.	Operating Income	(2,937)	1,282	(4,219)	(972)	(176)	(796)	(3,247)	0
13.	Plant-In-Service	0	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0	0
20.	Subtotal - Net								
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	(4,219)	(972)	(176)	(796)	(3,247)	0
23.	Total Revenue Requirement	N/A	N/A	6,976	N/A	N/A	N/A	N/A	0

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Check Whether Data Is:
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Item # 8
Description Out-of-Period MR & FR Taxes

Line No.	Effect On (1)	(3 + 4)	Interstate Toll (3)	(5 + 8)	(6 + 7)	Intrastate Toll		Local (8)
		Total Company * (2)		Total Intrastate (4)	Intrastate Toll (5)	InterLATA (6)	IntraLATA (7)	
1.	Local Revenue	0	0	0	0	0	0	0
2.	Interstate	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0
7.	Operating Expenses	0	0	0	0	0	0	0
8.	Other Taxes	(110)	(1,773)	1,663	(681)	(24)	(657)	2,344
9.	SIT (1)	1,457	313	1,144	318	146	172	826
10.	FIT (2)	(885)	527	(1,412)	32	(39)	71	(1,444)
11.	Subtotal – Net							
12.	Operating Income	(462)	933	(1,395)	331	(83)	414	(1,726)
13.	Plant-In-Service	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0
20.	Subtotal – Net							
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	(1,395)	331	(83)	414	(1,726)
23.	Total Revenue Requirement	N/A	N/A	2,306	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Check Whether Data Is:
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Average [X] or Year End []

Item # 9
Description Other Out-of-Period Revenue

Line No.	Effect On (1)	(3 + 4)	Interstate Toll (3)	(5 + 8)	(6 + 7)	Intrastate Toll		Local (8)
		Total Company * (2)		Total Intrastate (4)	Intrastate Toll (5)	InterLATA (6)	IntraLATA (7)	
1.	Local Revenue	7,256	0	7,256	0	0	0	7,256
2.	Interstate	0	0	0	0	0	0	0
3.	InterLATA	(2,266)	0	(2,266)	(2,266)	(2,266)	0	0
4.	IntraLATA	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	(772)	0	(772)	0	0	0	(772)
6.	Uncollectibles	0	0	0	0	0	0	0
7.	Operating Expenses	0	0	0	0	0	0	0
8.	Other Taxes	56	0	56	(31)	(31)	0	87
9.	SIT (1)	229	0	229	(123)	(123)	0	352
10.	FIT (2)	1,337	0	1,337	(718)	(718)	0	2,055
11.	Subtotal – Net							
12.	Operating Income	2,596	0	2,596	(1,394)	(1,394)	0	3,990
13.	Plant–In–Service	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0
20.	Subtotal – Net							
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	2,596	(1,394)	(1,394)	0	3,990
23.	Total Revenue Requirement	N/A	N/A	(4,292)	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Line No.	Effect On (1)	Item # Description		10 Other Reg/Nonreg Adjustments		Intrastate Toll		
		(3 + 4) Total Company *	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	InterLATA (6)	IntraLATA (7)	Local (8)
1.	Local Revenue	(561)	0	(561)	0	0	0	(561)
2.	Interstate	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0
7.	Operating Expenses	5,041	1,238	3,803	835	409	426	2,968
8.	Other Taxes	(5)	0	(5)	0	0	0	(5)
9.	SIT (1)	330	159	171	219	82	137	(48)
10.	FIT (2)	2,064	876	1,188	1,253	634	619	(65)
11.	Subtotal - Net							
12.	Operating Income	(7,991)	(2,273)	(5,718)	(2,307)	(1,125)	(1,182)	(3,411)
13.	Plant-In-Service	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0
20.	Subtotal - Net							
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	(5,718)	(2,307)	(1,125)	(1,182)	(3,411)
23.	Total Revenue Requirement	N/A	N/A	9,454	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Check Whether Data Is:
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Item # 11
Description Yellow Page Profits

Line No.	Effect On (1)	(3 + 4) Total Company * (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll		Local (8)
						InterLATA (6)	IntraLATA (7)	
1.	Local Revenue	0	0	0	0	0	0	0
2.	Interstate	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0
7.	Operating Expenses	0	0	0	0	0	0	0
8.	Other Taxes	0	0	0	0	0	0	0
9.	SIT (1)	0	0	0	0	0	0	0
10.	FIT (2)	0	0	0	0	0	0	0
11.	Subtotal -- Net							
12.	Operating Income	0	0	0	0	0	0	0
13.	Plant--In--Service	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0
20.	Subtotal -- Net							
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	0	0	0	0	0
23.	Total Revenue Requirement	N/A	N/A	0	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Item # 12
Description Gains on Sales of Property

Line No.	Effect On (1)	(3 + 4)	Interstate Toll (3)	(5 + 8)	(6 + 7)	Intrastate Toll		Local (8)
		Total Company * (2)		Total Intrastate (4)	Intrastate Toll (5)	InterLATA (6)	IntraLATA (7)	
1.	Local Revenue	(233)	0	(233)	0	0	0	(233)
2.	Interstate	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0
7.	Operating Expenses	1	0	1	0	0	0	1
8.	Other Taxes	(3)	(0)	(3)	0	0	0	(3)
9.	SIT (1)	(13)	0	(13)	0	0	0	(13)
10.	FIT (2)	(74)	0	(74)	0	0	0	(74)
11.	Subtotal -- Net							
12.	Operating income	(144)	0	(144)	0	0	0	(144)
13.	Plant--In--Service	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0
20.	Subtotal -- Net							
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	(144)	0	0	0	(144)
23.	Total Revenue Requirement	N/A	N/A	238	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Line No.	Effect On (1)	(3 + 4) Total Company *	Interstate Toll (3)	13 Income Related to Temp Cash Inv		Intrastate Toll			
				(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	InterLATA (6)	IntraLATA (7)	Local (8)	
1.	Local Revenue	248	0	248	0	0	0	248	
2.	Interstate	0	0	0	0	0	0	0	
3.	InterLATA	0	0	0	0	0	0	0	
4.	IntraLATA	0	0	0	0	0	0	0	
5.	Miscellaneous Revenue	0	0	0	0	0	0	0	
6.	Uncollectibles	0	0	0	0	0	0	0	
7.	Operating Expenses	0	0	0	0	0	0	0	
8.	Other Taxes	3	0	3	0	0	0	3	
9.	SIT (1)	14	0	14	0	0	0	14	
10.	FIT (2)	79	0	79	0	0	0	79	
11.	Subtotal - Net								
12.	Operating Income	152	0	152	0	0	0	152	
13.	Plant-In-Service	0	0	0	0	0	0	0	
14.	Depreciation Reserve	0	0	0	0	0	0	0	
15.	Plant Under Construction	0	0	0	0	0	0	0	
16.	Property for Future Use	0	0	0	0	0	0	0	
17.	Cash Working Capital (3)	0	0	0	0	0	0	0	
18.	Materials & Supplies	0	0	0	0	0	0	0	
19.	Total Investment	0	0	0	0	0	0	0	
20.	Subtotal - Net								
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A	
22.	Total Net Operating Income	N/A	N/A	152	0	0	0	152	
23.	Total Revenue Requirement	N/A	N/A	(251)	N/A	N/A	N/A	N/A	

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Item # 14
Description Interest Reconciliation

Line No.	Effect On (1)	(3 + 4) Total Company * (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll			Local (8)
						InterLATA (6)	IntraLATA (7)		
1.	Local Revenue	0	0	0	0	0	0	0	0
2.	Interstate	0	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0	0
7.	Operating Expenses	0	0	0	0	0	0	0	0
8.	Other Taxes	0	0	0	0	0	0	0	0
9.	SIT (1)	463	0	463	0	0	0	0	463
10.	FIT (2)	2,705	0	2,705	0	0	0	0	2,705
11.	Subtotal - Net								
12.	Operating Income	(3,168)	0	(3,168)	0	0	0	0	(3,168)
13.	Plant-In-Service	0	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0	0
20.	Subtotal - Net								
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	(3,168)	0	0	0	0	(3,168)
23.	Total Revenue Requirement	N/A	N/A	5,238	N/A	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

Analysis of Each
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(000)

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Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Item # 15
Description Interest Imputation

Line No.	Effect On (1)	(3 + 4)	Interstate Toll (3)	(5 + 8)	(6 + 7)	Intrastate Toll		Local (8)
		Total Company * (2)		Total Intrastate (4)	Intrastate Toll (5)	InterLATA (6)	IntraLATA (7)	
1.	Local Revenue	0	0	0	0	0	0	0
2.	Interstate	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0
7.	Operating Expenses	0	0	0	0	0	0	0
8.	Other Taxes	0	0	0	0	0	0	0
9.	SIT (1)	(208)	0	(208)	0	0	0	(208)
10.	FIT (2)	(1,214)	0	(1,214)	0	0	0	(1,214)
11.	Subtotal – Net							
12.	Operating Income	1,422	0	1,422	0	0	0	1,422
13.	Plant–In–Service	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0
20.	Subtotal – Net							
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	1,422	0	0	0	1,422
23.	Total Revenue Requirement	N/A	N/A	(2,351)	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Item # 16
Description Lobbying Expense

Line No.	Effect On (1)	(3 + 4)	Interstate Toll (3)	(5 + 8)	(6 + 7)	Intrastate Toll		Local (8)
		Total Company * (2)		Total Intrastate (4)	Intrastate Toll (5)	InterLATA (6)	IntraLATA (7)	
1.	Local Revenue	0	0	0	0	0	0	0
2.	Interstate	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0
7.	Operating Expenses	(446)	0	(446)	(100)	(46)	(54)	(346)
8.	Other Taxes	0	0	0	0	0	0	0
9.	SiT (1)	25	0	25	5	2	3	20
10.	FIT (2)	143	0	143	32	15	17	111
11.	Subtotal – Net							
12.	Operating income	278	0	278	63	29	34	215
13.	Plant–In–Service	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0
20.	Subtotal – Net							
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	278	63	29	34	215
23.	Total Revenue Requirement	N/A	N/A	(460)	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Item # 17
Description Corporate Advertising Expense

Line No.	Effect On (1)	(3 + 4)	Interstate Toll (3)	(5 + 8)	(6 + 7)	Intrastate Toll		Local (8)
		Total Company * (2)		Total Intrastate (4)	Intrastate Toll (5)	InterLATA (6)	IntraLATA (7)	
1.	Local Revenue	0	0	0	0	0	0	0
2.	Interstate	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0
7.	Operating Expenses	(280)	0	(280)	(63)	(29)	(34)	(217)
8.	Other Taxes	0	0	0	0	0	0	0
9.	SIT (1)	15	0	15	4	2	2	11
10.	FIT (2)	90	0	90	20	9	11	70
11.	Subtotal – Net							
12.	Operating Income	175	0	175	39	18	21	136
13.	Plant–In–Service	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0
20.	Subtotal – Net							
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	175	39	18	21	136
23.	Total Revenue Requirement	N/A	N/A	(289)	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Effect On (1)	Item # Description		18 Abandoned Projects		Intrastate Toll			
		(3 + 4) Total Company *	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	InterLATA (6)	IntraLATA (7)	Local (8)	
1.	Local Revenue	0	0	0	0	0	0	0	0
2.	Interstate	0	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0	0
7.	Operating Expenses	399	0	399	90	40	50	309	
8.	Other Taxes	0	0	0	0	0	0	0	0
9.	SIT (1)	(22)	0	(22)	(5)	(2)	(3)	(17)	
10.	FIT (2)	(128)	0	(128)	(29)	(13)	(16)	(99)	
11.	Subtotal - Net								
12.	Operating Income	(249)	0	(249)	(56)	(25)	(31)	(193)	
13.	Plant-In-Service	0	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0	0
20.	Subtotal - Net								
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	(249)	(56)	(25)	(31)	(193)	
23.	Total Revenue Requirement	N/A	N/A	412	N/A	N/A	N/A	N/A	

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Check Whether Data Is: Historic [X] or Projected [] Average [X] or Year End []		Item #	19							
		Description	Casualty Expense							
Line No.	Effect On (1)	(3 + 4) Total Company * (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll				
						InterLATA (6)	IntraLATA (7)	Local (8)		
1.	Local Revenue	0	0	0	0	0	0	0	0	
2.	Interstate	0	0	0	0	0	0	0	0	
3.	InterLATA	0	0	0	0	0	0	0	0	
4.	IntraLATA	0	0	0	0	0	0	0	0	
5.	Miscellaneous Revenue	0	0	0	0	0	0	0	0	
6.	Uncollectibles	0	0	0	0	0	0	0	0	
7.	Operating Expenses	(19)	0	(19)	(4)	(2)	(2)	(15)		
8.	Other Taxes	0	0	0	0	0	0	0	0	
9.	SIT (1)	1	0	1	0	0	0	1		
10.	FIT (2)	6	0	6	2	1	1	4		
11.	Subtotal - Net									
12.	Operating Income	12	0	12	2	1	1	10		
13.	Plant--In--Service	0	0	0	0	0	0	0	0	
14.	Depreciation Reserve	0	0	0	0	0	0	0	0	
15.	Plant Under Construction	0	0	0	0	0	0	0	0	
16.	Property for Future Use	0	0	0	0	0	0	0	0	
17.	Cash Working Capital (3)	0	0	0	0	0	0	0	0	
18.	Materials & Supplies	0	0	0	0	0	0	0	0	
19.	Total Investment	0	0	0	0	0	0	0	0	
20.	Subtotal - Net									
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	
22.	Total Net Operating Income	N/A	N/A	12	2	1	1	10		
23.	Total Revenue Requirement	N/A	N/A	(20)	N/A	N/A	N/A	N/A	N/A	

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

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Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Item # 20
Description Other Regulatory Adjustments

Line No.	Effect On (1)	(3 + 4)	Interstate Toll (3)	(5 + 8)	(6 + 7)	Intrastate Toll		Local (8)
		Total Company * (2)		Total Intrastate (4)	Intrastate Toll (5)	InterLATA (6)	IntraLATA (7)	
1.	Local Revenue	0	0	0	0	0	0	0
2.	Interstate	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0
6.	Uncollectibles	0	0	0	0	0	0	0
7.	Operating Expenses	(1,639)	0	(1,639)	(383)	(174)	(209)	(1,256)
8.	Other Taxes	0	0	0	0	0	0	0
9.	SIT (1)	90	0	90	22	10	12	68
10.	FIT (2)	527	0	527	123	56	67	404
11.	Subtotal – Net							
12.	Operating Income	1,022	0	1,022	238	108	130	784
13.	Plant – In – Service	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0
20.	Subtotal – Net							
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	1,022	238	108	130	784
23.	Total Revenue Requirement	N/A	N/A	(1,690)	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

Analysis of Each
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Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Item # 21
Description Bond Refinancing Adjustment

Line No.	Effect On (1)	(3 + 4)	Interstate Toll (3)	(5 + 8)	(6 + 7)	Intrastate Toll			Local (8)
		Total Company * (2)		Total Intrastate (4)	Intrastate Toll (5)	InterLATA (6)	IntraLATA (7)		
1.	Local Revenue	(3,917)	0	(3,917)	0	0	0	0	(3,917)
2.	Interstate	0	0	0	0	0	0	0	0
3.	InterLATA	0	0	0	0	0	0	0	0
4.	IntraLATA	0	0	0	0	0	0	0	0
5.	Miscellaneous Revenue	0	0	0	0	0	0	0	0
6.	Uncollectibles	66	0	66	0	0	0	0	66
7.	Operating Expenses	0	0	0	0	0	0	0	0
8.	Other Taxes	(53)	0	(53)	0	0	0	0	(53)
9.	SIT (1)	(209)	0	(209)	0	0	0	0	(209)
10.	FIT (2)	(1,220)	0	(1,220)	0	0	0	0	(1,220)
11.	Subtotal – Net								
12.	Operating Income	(2,369)	0	(2,369)	0	0	0	0	(2,435)
13.	Plant–In–Service	0	0	0	0	0	0	0	0
14.	Depreciation Reserve	0	0	0	0	0	0	0	0
15.	Plant Under Construction	0	0	0	0	0	0	0	0
16.	Property for Future Use	0	0	0	0	0	0	0	0
17.	Cash Working Capital (3)	0	0	0	0	0	0	0	0
18.	Materials & Supplies	0	0	0	0	0	0	0	0
19.	Total Investment	0	0	0	0	0	0	0	0
20.	Subtotal – Net								
21.	Operating Income	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A
22.	Total Net Operating Income	N/A	N/A	(2,369)	0	0	0	0	(2,435)
23.	Total Revenue Requirement	N/A	N/A	3,917	N/A	N/A	N/A	N/A	N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

**Analysis of Each
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Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Item # 22
Description 1992 Depreciation Represcription

Line No.	Effect On (1)	(3 + 4) Total Company * (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll			Local (8)
						InterLATA (6)	IntraLATA (7)		
1.	Local Revenue	0	0	0	0	0	0		0
2.	Interstate	0	0	0	0	0	0		0
3.	InterLATA	0	0	0	0	0	0		0
4.	IntraLATA	0	0	0	0	0	0		0
5.	Miscellaneous Revenue	0	0	0	0	0	0		0
6.	Uncollectibles	0	0	0	0	0	0		0
7.	Operating Expenses	(14,333)	0	(14,333)	(3,308)	(1,616)	(1,692)		(11,025)
8.	Other Taxes	0	0	0	0	0	0		0
9.	SIT (1)	172	0	172	31	14	17		141
10.	FIT (2)	5,773	0	5,773	2,787	1,389	1,398		2,986
11.	Subtotal - Net								
12.	Operating Income	8,388	0	8,388	490	213	277		7,898
13.	Plant-In-Service	0	0	0	0	0	0		0
14.	Depreciation Reserve	(7,167)	0	(7,167)	(1,854)	(808)	(846)		(5,513)
15.	Plant Under Construction	0	0	0	0	0	0		0
16.	Property for Future Use	0	0	0	0	0	0		0
17.	Cash Working Capital (3)	0	0	0	0	0	0		0
18.	Materials & Supplies	0	0	0	0	0	0		0
19.	Total Investment	7,167	0	7,167	1,854	808	846		5,513
20.	Subtotal - Net								
21.	Operating Income	N/A	N/A	(666)	N/A	N/A	N/A		N/A
22.	Total Net Operating Income	N/A	N/A	7,722	490	213	277		7,898
23.	Total Revenue Requirement	N/A	N/A	(12,768)	N/A	N/A	N/A		N/A

* Total Company column is total regulated.

(1) Includes current expense and current deferred.

(2) Includes current expense and current deferred, net of ITC.

(3) Excludes Materials and Supplies

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

(B) RATE BASE

1. Schedule B-1a-- Summary of rate base, per books, calculated on a 12-month average basis for the test period and divided into the following classifications: total company Florida operations, interstate toll operations, total intrastate operations, intrastate toll (InterLATA and IntraLATA), and local operations. As used in this paragraph, the term "12-month average" means the average of the twelve monthly average balances for the test period indicated.

**Rate Base Summary
Per Books
(000)**

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Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Line No.	Rate Base Component (1)	(3 + 4) Total Company (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll			Local (8)
						InterLATA (6)	IntraLATA (7)		
1.	Plant in Service	9,065,973	2,339,027	6,726,946	1,522,296	770,134	752,163		5,204,649
2.	Less Reserve for								
3.	Accumulated								
4.	Depreciation	3,598,992	940,770	2,658,222	602,342	307,809	294,533		2,055,880
5.	Net Plant in Service	5,466,981	1,398,258	4,068,724	919,954	462,325	457,629		3,148,769
6.	Plus Short-Term Plant								
7.	Under Construction on								
8.	which no Interest Was								
9.	Charged	32,687	8,604	24,083	5,456	2,782	2,674		18,627
10.	Plus Property Held for								
11.	Future Telephone Use	230	59	170	39	20	19		132
12.	Plus Working Capital								
13.	Allowance	(78,928)	(20,542)	(58,386)	(13,262)	(6,292)	(6,969)		(45,124)
14.	Other Items		0		0				0
15.	Rate Base	5,420,970	1,386,378	4,034,591	912,187	458,834	453,353		3,122,404

Supporting Schedules:

Recap Schedules:

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SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

2. Schedule B-1b-- Same as B-1a but on an adjusted, rather than per book, basis.

Rate Base Summary
Adjusted
(000)

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Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Line No.	Rate Base Component (1)	(3 + 4) Total Company (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll InterLATA (6)	IntraLATA (7)	Local (8)
1.	Plant in Service	9,099,506	2,350,812	6,748,694	1,524,978	771,549	753,429	5,223,716
2.	Less Reserve for							
3.	Accumulated							
4.	Depreciation	3,608,337	947,287	2,661,050	602,556	307,833	294,723	2,058,494
5.	Net Plant in Service	5,491,170	1,403,526	4,087,644	922,423	463,717	458,706	3,165,222
6.	Plus Short-Term Plant							
7.	Under Construction on							
8.	which no Interest Was							
9.	Charged	32,687	8,613	24,074	5,451	2,778	2,673	18,623
10.	Plus Property Held for							
11.	Future Telephone Use	230	59	170	39	20	19	132
12.	Plus Working Capital							
13.	Allowance	(78,928)	(20,532)	(58,396)	(13,272)	(6,302)	(6,969)	(45,124)
14.	Other Items	0	0	0	0	0	0	0
15.	Rate Base	5,445,158	1,391,665	4,053,493	914,640	460,212	454,429	3,138,852

Supporting Schedules: A-6a, A-6b, B-2a, B-2b, C-1b

Recap Schedules: A-1a, A-2a, A-2b, A-2d, A-2e

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

3. Schedule B-2a-- A summary of the effect of proposed rate case adjustments to total company rate base reconciling booked and adjusted amounts.

Summary of Adjustments to Rate Base
(Total Company)
(000)

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell
Docket No. 920260-TL
Test Year-1 1992

Schedule B-2a
Page 1 of 2
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Entry No.	Description	Plant in Service	Depr. Reserve	Plant Under Construction	Property for Future Use	Materials & Supplies	Cash Working Capital	Total Investment Rate Base	Effect on NOI
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		Unadjusted	9,065,973	3,598,992	32,687	230	53,940	(132,868)	5,420,970	N/A
2										
3	1	Excess Plug-in Units	(24,182)	0	0	0	0	0	(24,182)	N/A
4										
5	2	WECO Tax Credits	50,484	21,066	0	0	0	0	29,418	N/A
6										
7	3	BELLCORE Invest & Divid	6,978	0	0	0	0	0	6,978	N/A
8										
9	4	ENFIA	0	0	0	0	0	0	0	N/A
10										
11	5	Other Rate Base Adjustments	254	(4,554)	0	0	0	0	4,808	N/A
12										
13	6	Out-of-Period Rev & Sett (ICO)	0	0	0	0	0	0	0	N/A
14										
15	7	Out-of-Period Expenses	0	0	0	0	0	0	0	N/A
16										
17	8	Out-of-Period MR & FR Taxes	0	0	0	0	0	0	0	N/A
18										
19	9	Other Out-of-Period Revenue	0	0	0	0	0	0	0	N/A
20										
21	10	Other Reg/Nonreg Adjustments	0	0	0	0	0	0	0	N/A
22										
23	11	Yellow Page Profits	0	0	0	0	0	0	0	N/A
24										
25	12	Gains on Sales of Property	0	0	0	0	0	0	0	N/A

Summary of Adjustments to Rate Base
(Total Company)
(000)

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell
Docket No. 920260-TL
Test Year-1 1992

Schedule B-2a
Page 2 of 2
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Entry No.	Description	Plant in Service	Depr. Reserve	Plant Under Construction	Property for Future Use	Materials & Supplies	Cash Working Capital	Total Investment Rate Base	Effect on NOI
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
26	13	Income Related to Temp Cash Inv	0	0	0	0	0	0	0	N/A
27										
28	14	Interest Reconciliation	0	0	0	0	0	0	0	N/A
29										
30	15	Interest Imputation	0	0	0	0	0	0	0	N/A
31										
32	16	Lobbying Expense	0	0	0	0	0	0	0	N/A
33										
34	17	Corporate Advertising Expense	0	0	0	0	0	0	0	N/A
35										
36	18	Abandoned Projects	0	0	0	0	0	0	0	N/A
37										
38	19	Casualty Expense	0	0	0	0	0	0	0	N/A
39										
40	20	Other Regulatory Adjustments	0	0	0	0	0	0	0	N/A
41										
42	21	Bond Refinancing Adjustment	0	0	0	0	0	0	0	N/A
43										
44	22	1992 Depreciation Represcription	0	(7,167)	0	0	0	0	7,167	N/A
45										
46	23	Not used	0	0	0	0	0	0	0	N/A
47										
48	24	Not used	0	0	0	0	0	0	0	N/A
49										
50	25	Not used	0	0	0	0	0	0	0	N/A
51										
52		Adjusted Results	9,099,506	3,608,337	32,687	230	53,940	(132,868)	5,445,158	N/A

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

4. Schedule B-2b-- A summary of the effect of proposed rate case adjustments to intrastate rate base reconciling booked and adjusted amounts.

Summary of Adjustments to Rate Base
(Intrastate)
(000)

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell
Docket No. 920260-TL
Test Year-1 1992

Schedule B-2b
Page 1 of 2
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Entry No.	Description	Plant in Service	Depr. Reserve	Plant Under Construction	Property for Future Use	Materials & Supplies	Cash Working Capital	Total Investment Rate Base	Effect on NOI
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		Unadjusted	6,726,946	2,658,222	24,083	170	39,278	(97,664)	4,034,591	N/A
2										
3	1	Excess Plug-in Units	(18,100)	0	0	0	0	0	(18,100)	1,681
4										
5	2	WECO Tax Credits	37,125	15,493	0	0	0	0	21,632	(2,010)
6										
7	3	BELLCORE Invest & Divid	5,171	0	0	0	0	0	5,171	(480)
8										
9	4	ENFIA	(1,237)	(518)	(4)	0	(10)	0	(733)	68
10										
11	5	Other Rate Base Adjustments	(1,210)	(4,980)	(5)	0	0	0	3,765	(350)
12										
13	6	Out-of-Period Rev & Sett (ICO)	0	0	0	0	0	0	0	0
14										
15	7	Out-of-Period Expenses	0	0	0	0	0	0	0	0
16										
17	8	Out-of-Period MR & FR Taxes	0	0	0	0	0	0	0	0
18										
19	9	Other Out-of-Period Revenue	0	0	0	0	0	0	0	0
20										
21	10	Other Reg/Nonreg Adjustments	0	0	0	0	0	0	0	0
22										
23	11	Yellow Page Profits	0	0	0	0	0	0	0	0
24										
25	12	Gains on Sales of Property	0	0	0	0	0	0	0	0

Supporting Schedules: A-2a, A-2b, A-2d, A-2e, A-6a, A-6b, C-1a, C-1b

Recap Schedules: A-1a, B-1a, B-1b

Summary of Adjustments to Rate Base
(Intrastate)
(000)

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell
Docket No. 920260-TL
Test Year-1 1992

Schedule B-2b
Page 2 of 2
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Entry No.	Description	Plant in Service	Depr. Reserve	Plant Under Construction	Property for Future Use	Materials & Supplies	Cash Working Capital	Total Investment Rate Base	Effect on NOI
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
26	13	Income Related to Temp Cash Inv	0	0	0	0	0	0	0	0
27										
28	14	Interest Reconciliation	0	0	0	0	0	0	0	0
29										
30	15	Interest Imputation	0	0	0	0	0	0	0	0
31										
32	16	Lobbying Expense	0	0	0	0	0	0	0	0
33										
34	17	Corporate Advertising Expense	0	0	0	0	0	0	0	0
35										
36	18	Abandoned Projects	0	0	0	0	0	0	0	0
37										
38	19	Casualty Expense	0	0	0	0	0	0	0	0
39										
40	20	Other Regulatory Adjustments	0	0	0	0	0	0	0	0
41										
42	21	Bond Refinancing Adjustment	0	0	0	0	0	0	0	0
43										
44	22	1992 Depreciation Represcription	0	(7,167)	0	0	0	0	7,167	(666)
45										
46	23	Not used	0	0	0	0	0	0	0	0
47										
48	24	Not used	0	0	0	0	0	0	0	0
49										
50	25	Not used	0	0	0	0	0	0	0	0
51										
52		Adjusted Results	6,748,694	2,661,050	24,074	170	39,268	(97,664)	4,053,493	(1,756)

Supporting Schedules: A-2a, A-2b, A-2d, A-2e, A-6a, A-6b, C-1a, C-1b

Recap Schedules: A-1a, B-1a, B-1b

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

5. Schedule B-3a-- Comparative balance sheets on a 12-month average basis (total company) for the test year and the prior year using the accounts designated in Schedule 10 of Form M of the annual report filed with the F.C.C./F.P.S.C.

Comparative Balance Sheets
for the Test Period
and Prior Year

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year - 1 1992

Schedule B-3a
Page 1 of 4
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Total Southern Bell 1991	Total Southern Bell 1992 (See Note 1)	Difference (3-2)	% Change
	(1)	(2)	(3)	(4)	
1	CURRENT ASSETS				
2	1130 Cash	54,597,697	102,594,266	47,996,569	88%
3	1140 Special Cash Deposits	3,512,304	639,075	(2,873,229)	-82%
4	1150 Working Cash Advance	953,205	3,328,803	2,375,598	249%
5	1160 Temporary Investments	0	33,095,790	33,095,790	0%
6	1180 Telecomm. Accounts Receivable	1,053,770,855	1,755,615,189	701,844,334	67%
7	1181 Telecomm. Accounts Rec. Allowance	(49,911,280)	(84,881,244)	(34,969,964)	-70%
8	1190 Other Accounts Receivable	61,463,322	144,243,074	82,779,751	135%
9	1191 Accounts Receivable Allowance-Other	0	0	0	0%
10	1200 Notes Receivable	248,626	401,664	153,038	62%
11	1201 Notes Receivable Allowance	0	0	0	0%
12	1210 Interest and Dividends Receivable	4,778,631	445,355	(4,333,276)	-91%
13	1220 Material and Supplies	143,795,718	269,927,171	126,131,454	88%
14	1290 Prepaid Rents	794,801	1,578,007	783,206	98%
15	1300 Prepaid Taxes	2,884,835	21,814,382	18,929,547	656%
16	1310 Prepaid Insurance	5,920,779	8,030,135	2,109,356	36%
17	1320 Prepaid Directory Expenses	0	0	0	0%
18	1330 Other Prepayments	6,704,747	4,932,112	(1,772,635)	-26%
19	1350 Other Current Assets	480	2,249,785	2,249,285	468338%
20	TOTAL CURRENT ASSETS	1,289,514,721	2,264,011,544	974,496,823	76%
21					
22	NONCURRENT ASSETS				
23	1401 Investments in Affiliated Co. *	101,332,028	28,566,388	(72,765,641)	-72%
24	1402 Inv. In Nonaffiliated Co.	1,631,414	2,163,888	532,474	33%
25	1406 Nonregulated Investments	0	0	0	0%
26	1407 Unamortized Debt Issuance Expense	146,896,016	191,158,424	44,262,408	30%
27	1408 Sinking Funds	0	0	0	0%
28	1410 Other Noncurrent Assets	15,214,557	3,823,155	(11,391,403)	-75%
29	1438 Deferred Maint. & Retire.	4,381,851	3,496,494	(885,357)	-20%
30	1439 Deferred Charges	226,172,793	340,030,456	113,857,663	50%
31	1500 Other Jurisdictional Assets - Net	0	0	0	0%
32	TOTAL NONCURRENT ASSETS	495,628,660	569,238,804	73,610,144	15%
33					

* Account 1401 has been adjusted to remove \$1,104,177 and 131,978,717 in 1991 and 1992, respectively, for investment in BBS.

Note 1: South Central Bell Telephone Company and BellSouth Services, Inc. were merged into Southern Bell Telephone and Telegraph Company on January 1, 1992. The changes in account level balances due to the merger distort comparison of 1991 and 1992 company-level data.

Comparative Balance Sheets
for the Test Period
and Prior Year

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year-1 1992

Schedule B-3a
Page 2 of 4
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Line No.	Description	Total Southern Bell 1991	Total Southern Bell 1992 (See Note 1)	Difference (3-2)	% Change
	(1)	(2)	(3)	(4)	
34	TELEPHONE PLANT IN SERVICE				
35	2001 Telecomm. Plant in Service	20,558,402,730	37,362,406,428	16,804,003,698	82%
36	2002 Property Held for Future Use	701,374	1,020,348	318,973	45%
37	2003 Plant under Construction - Short Term	126,435,587	205,521,067	79,085,481	63%
38	2004 Plant under Construction - Long Term	67,843,824	95,754,231	27,910,407	41%
39	2005 Plant Adjustment	330,648	4,672,119	4,341,470	1313%
40	2006 Nonoperating Plant	18,439,441	37,525,472	19,086,031	104%
41	2007 Goodwill	0	2,038,183	2,038,183	0%
42	SUBTOTAL	20,772,153,605	37,708,937,848	16,936,784,244	82%
43	LESS:				
44	3100 Acc. Depreciation	(7,371,348,973)	(14,581,489,328)	(7,210,140,355)	-98%
45	3200 Acc. Depreciation - Held for Future Use	(21,376)	(128,393)	(107,017)	-501%
46	3300 Acc. Depreciation - Nonoperating	(8,018,850)	(11,975,400)	(3,956,551)	-49%
47	3410 Acc. Amort. - Capitalized Leases	(10,005,102)	(27,845,611)	(17,840,509)	-178%
48	3420 Acc. Amort. - Leasehold Improvements	(18,353,145)	(39,413,373)	(21,060,229)	-115%
49	3500 Acc. Amort. Intangible	0	0	0	0%
50	3600 Acc. Amort. - Other	0	0	0	0%
51	SUBTOTAL	(7,407,747,445)	(14,660,852,106)	(7,253,104,661)	-98%
52	NET TELEPHONE PLANT IN SERVICE	13,364,406,160	23,048,085,743	9,683,679,583	72%
53					
54	TOTAL ASSETS	15,149,549,541	25,881,336,091	10,731,786,550	71%

Note 1: South Central Bell Telephone Company and BellSouth Services, Inc. were merged into Southern Bell Telephone and Telegraph Company on January 1, 1992. The changes in account level balances due to the merger distort comparison of 1991 and 1992 company-level data.

Supporting Schedules:

Recap Schedules:

Comparative Balance Sheets
for the Test Period
and Prior Year

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year-1 1992

Schedule B-3a
Page 3 of 4
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Total Southern Bell 1991	Total Southern Bell 1992 (See Note 1)	Difference (3-2)	% Change
	(1)	(2)	(3)	(4)	
55	CURRENT LIABILITIES				
56	4010 Accounts Payable	547,212,776	917,283,429	370,070,654	68%
57	4020 Notes Payable	527,902,083	643,710,708	115,808,622	22%
58	4030 Advanced Billing and Payments	168,550,937	287,456,591	118,905,654	71%
59	4040 Customers' Deposits	103,898,552	120,611,092	16,912,539	16%
60	4050 Current Maturities - Long Term	0	1,104	1,104	0%
61	4060 Current Maturities - Capital Leases	4,752,968	11,891,271	7,138,303	150%
62	4070 Income Taxes - Accrued	70,119,852	145,015,759	74,895,907	107%
63	4080 Other Taxes - Accrued	115,004,023	230,015,743	115,011,720	100%
64	4100 Net Current Deferred Op. Inc. Taxes	(9,461,814)	(17,938,440)	(8,476,626)	-90%
65	4110 Net Current Def. Nonop. Inc. Taxes	684,540	543,898	(140,642)	-21%
66	4120 Other Accrued Liabilities	418,375,517	863,522,406	445,146,889	106%
67	4130 Other Long-Term Debt	22,337,537	46,656,634	24,319,097	108%
68	TOTAL CURRENT LIABILITIES	1,969,176,972	3,248,770,193	1,279,593,221	65%
69					
70	LONG-TERM DEBT				
71	4210 Funded Debt	3,600,000,000	6,397,083,333	2,797,083,333	78%
72	4220 Premium on Long-Term Debt	355,889	1,965,257	1,609,367	452%
73	4230 Discount on Long-Term Debt	(39,068,106)	(52,824,941)	(13,756,835)	-35%
74	4240 Recquired Debt	0	0	0	0%
75	4250 Obligations under Capital Leases	12,931,821	32,856,284	19,924,463	154%
76	4260 Advanced from Affiliated Companies	0	0	0	0%
77	4270 Other Long-Term Debt	756,093	1,513,880	757,787	100%
78	TOTAL LONG-TERM DEBT	3,574,975,697	6,380,593,813	2,805,618,116	78%
79					

Note 1: South Central Bell Telephone Company and BellSouth Services, Inc. were merged into Southern Bell Telephone and Telegraph Company on January 1, 1992. The changes in account level balances due to the merger distort comparison of 1991 and 1992 company-level data.

Supporting Schedules:

Recap Schedules:

Comparative Balance Sheets
for the Test Period
and Prior Year

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year-1 1992

Schedule B-3a
Page 4 of 4
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Total Southern Bell 1991	Total Southern Bell 1992 (See Note 1)	Difference (3-2)	% Change
-----	-----	-----	-----	-----	-----
	(1)	(2)	(3)	(4)	
80	OTHER LIABILITIES AND DEFERRED CREDITS				
81	4310 Other Long-Term Liabilities	211,224,645	434,257,783	223,033,137	106%
82	4320 Unamortized Operating ITC - Net	412,013,433	647,295,981	235,282,547	57%
83	4330 Unamortized Nonoperating ITC - Net	21	0	(21)	-100%
84	4340 Net Noncur. Def. Oper. Income Taxes	2,269,899,670	3,748,170,679	1,478,271,009	65%
85	4350 Net Noncur. Def. Nonoper. Income Taxes	178,581	(2,036,349)	(2,214,930)	-1240%
86	4360 Other Deferred Credits	116,211,093	98,399,934	(17,811,159)	-15%
87	4370 Other Juris. Liab. & Def. Credits	0	0	0	0%
88	TOTAL OTHER LIAB. & DEF. CREDITS	3,009,527,444	4,926,088,026	1,916,560,583	64%
89					
90	STOCKHOLDER'S EQUITY				
91	4510 Capital Stock *	4,293,518,414	7,155,179,395	2,861,660,982	67%
92	4520 Additional Paid-in Capital	9,239	0	(9,239)	100%
93	4530 Treasury Stock	0	0	0	0%
94	4540 Other Capital	3,464	91,305,548	91,302,083	100%
95	4550 Retained Earnings **	2,302,338,311	4,079,399,116	1,777,060,805	77%
96					
97	TOTAL STOCKHOLDER'S EQUITY	6,595,869,427	11,325,884,059	4,730,014,632	72%
98					
99	TOTAL LIABILITIES AND EQUITY	15,149,549,541	25,881,336,091	10,731,786,550	71%

* Account 4510 has been adjusted to remove \$1,087,389 and 173,584,247 in 1991 and 1992, respectively, for equity impact of BBS.

** Account 4550 has been adjusted to remove \$16,788 and <38,767,456> in 1991 and 1992, respectively, for equity impact of BBS.

Note 1: South Central Bell Telephone Company and BellSouth Services, Inc. were merged into Southern Bell Telephone and Telegraph Company on January 1, 1992. The changes in account level balances due to the merger distort comparison of 1991 and 1992 company-level data.

Supporting Schedules:

Recap Schedules:

Comparative Balance Sheets
for the Test Period
and Prior Year
(Florida)

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year 1992

Schedule B-3a
Page 1 of 4
Witness Responsible W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Florida Data 1991	1992	Difference (3-2)	% Change
	(1)	(2)	(3)	(4)	
1	CURRENT ASSETS				
2	1130 Cash	22,799,798	24,338,560	1,538,762	7%
3	1140 Special Cash Deposits	1,466,725	151,608	(1,315,117)	-90%
4	1150 Working Cash Advance	398,055	789,696	391,641	98%
5	1160 Temporary Investments	0	7,851,354	7,851,354	0%
6	1180 Telecomm. Accounts Receivable	440,050,844	416,466,688	(23,564,156)	-5%
7	1181 Telecomm. Accounts Rec. Allowance	(20,842,787)	(20,136,479)	706,288	3%
8	1190 Other Accounts Receivable	25,668,858	34,218,957	8,552,099	33%
9	1191 Accounts Receivable Allowance-Other	0	0	0	0%
10	1200 Notes Receivable	103,825	95,287	(8,538)	-8%
11	1201 Notes Receivable Allowance	0	0	0	0%
12	1210 Interest and Dividends Receivable	1,995,539	105,652	(1,889,887)	-95%
13	1220 Material and Supplies	38,514,118	53,939,826	15,425,708	40%
14	1290 Prepaid Rents	331,906	373,878	41,972	13%
15	1300 Prepaid Taxes	1,204,696	5,175,052	3,970,356	330%
16	1310 Prepaid Insurance	2,472,496	1,904,999	(567,497)	-23%
17	1320 Prepaid Directory Expenses	0	0	0	0%
18	1330 Other Prepayments	2,799,876	1,170,051	(1,629,827)	-58%
19	1350 Other Current Assets	201	533,715	533,514	265430%
20	TOTAL CURRENT ASSETS	516,962,172	526,998,844	10,036,672	2%
21					
22	NONCURRENT ASSETS				
23	1401 Investments in Affiliated Co.	42,315,884	6,776,838	(35,539,046)	-84%
24	1402 Inv. in Nonaffiliated Co.	681,272	513,342	(167,930)	-25%
25	1406 Nonregulated Investments	0	0	0	0%
26	1407 Unamortized Debt Issuance Expense	61,343,238	45,348,741	(15,994,497)	-26%
27	1408 Sinking Funds	0	0	0	0%
28	1410 Other Noncurrent Assets	6,353,543	906,972	(5,446,571)	-86%
29	1438 Deferred Maint. & Retire.	1,829,845	829,477	(1,000,368)	-55%
30	1439 Deferred Charges	94,448,929	80,665,831	(13,783,098)	-15%
31	1500 Other Jurisdictional Assets - Net	0	0	0	0%
32	TOTAL NONCURRENT ASSETS	206,972,711	135,041,201	(71,931,510)	-35%
33					

Note: This balance sheet is calculated by allocating certain accounts to Florida which are recorded only at the Company level. It is included for information purposes only and should not be considered to be an official financial report.

Comparative Balance Sheets
for the Test Period
and Prior Year
(Florida)

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920280-TL
Test Year 1992

Schedule B-3a
Page 2 of 4
Witness Responsible W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Florida Data 1991	1992	Difference (3-2)	% Change
	(1)	(2)	(3)	(4)	
34	TELEPHONE PLANT IN SERVICE				
35	2001 Telecomm. Plant in Service	8,762,002,309	9,065,972,919	303,970,610	3%
36	2002 Property Held for Future Use	327,030	229,513	(97,517)	-30%
37	2003 Plant under Construction - Short Term	55,548,355	32,687,207	(22,859,148)	-41%
38	2004 Plant under Construction - Long Term	32,913,441	23,811,132	(9,102,309)	-28%
39	2005 Plant Adjustment	0	0	0	0%
40	2006 Nonoperating Plant	7,700,243	8,902,213	1,201,970	16%
41	2007 Goodwill	0	483,521	483,521	0%
42	SUBTOTAL	8,858,489,378	9,132,086,505	273,597,127	3%
43	LESS:				
44	3100 Acc. Depreciation	(3,197,682,101)	(3,588,808,999)	(391,126,898)	-12%
45	3200 Acc. Depreciation - Held for Future Use	(14,154)	0	14,154	100%
46	3300 Acc. Depreciation - Nonoperating	(3,348,642)	(2,840,938)	507,704	15%
47	3410 Acc. Amort. - Capitalized Leases	(3,331,642)	(3,250,183)	81,458	2%
48	3420 Acc. Amort. - Leasehold Improvements	(6,500,461)	(6,932,465)	(432,004)	-7%
49	3500 Acc. Amort. Intangible	0	0	0	0%
50	3600 Acc. Amort. - Other	0	0	0	0%
51	SUBTOTAL	(3,210,876,999)	(3,601,832,585)	(390,955,586)	-12%
52	NET TELEPHONE PLANT IN SERVICE	5,647,612,379	5,530,253,920	(117,358,459)	-2%
53					
54	TOTAL ASSETS	6,371,547,262	6,192,293,965	(179,253,297)	-3%

Note: This balance sheet is calculated by allocating certain accounts to Florida which are recorded only at the Company level. It is included for information purposes only and should not be considered to be an official financial report.

Supporting Schedules:

Recap Schedules:

Comparative Balance Sheets
for the Test Period
and Prior Year
(Florida)

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year 1992

Schedule B-3a
Page 3 of 4
Witness Responsible W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Florida Data 1991	1992	Difference (3-2)	% Change
	(1)	(2)	(3)	(4)	
55	CURRENT LIABILITIES				
56	4010 Accounts Payable	228,514,048	217,608,243	(10,905,805)	-5%
57	4020 Notes Payable	220,449,974	152,708,259	(67,741,715)	-31%
58	4030 Advanced Billing and Payments	70,386,253	68,193,670	(2,192,583)	-3%
59	4040 Customers' Deposits	53,423,096	55,049,768	1,626,672	3%
60	4050 Current Maturities - Long Term	0	262	262	0%
61	4060 Current Maturities - Capital Leases	1,984,822	2,820,981	836,159	42%
62	4070 Income Taxes - Accrued	29,281,793	34,402,262	5,120,469	17%
63	4080 Other Taxes - Accrued	48,025,258	54,586,909	6,561,651	14%
64	4100 Net Current Deferred Op. Inc. Taxes	(13,160,576)	(6,254,881)	6,905,696	52%
65	4110 Net Current Def. Nonop. Inc. Taxes	285,881	129,029	(156,852)	-55%
66	4120 Other Accrued Liabilities	174,712,081	204,854,451	30,142,370	17%
67	4130 Other Long-Term Debt	9,328,074	11,068,409	1,740,335	19%
68	TOTAL CURRENT LIABILITIES	823,230,684	795,147,362	(28,083,322)	-3%
69					
70	LONG-TERM DEBT				
71	4210 Funded Debt	1,503,346,796	1,517,587,719	14,240,924	1%
72	4220 Premium on Long-Term Debt	148,618	466,220	317,602	214%
73	4230 Discount on Long-Term Debt	(16,314,698)	(12,531,724)	3,782,974	23%
74	4240 Recquired Debt	0	0	0	0%
75	4250 Obligations under Capital Leases	5,400,281	7,794,536	2,394,255	44%
76	4260 Advanced from Affiliated Companies	0	0	0	0%
77	4270 Other Long-Term Debt	315,741	359,140	43,399	14%
78	TOTAL LONG-TERM DEBT	1,492,896,737	1,513,875,891	20,779,154	1%
79					

Note: This balance sheet is calculated by allocating certain accounts to Florida which are recorded only at the Company level. It is included for information purposes only and should not be considered to be an official financial report.

Supporting Schedules:

Recap Schedules:

Comparative Balance Sheets
for the Test Period
and Prior Year
(Florida)

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year 1992

Schedule B-3a
Page 4 of 4
Witness Responsible W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Florida Data 1991	1992	Difference (3-2)	% Change
	(1)	(2)	(3)	(4)	
80	OTHER LIABILITIES AND DEFERRED CREDITS				
81	4310 Other Long-Term Liabilities	88,206,837	103,019,492	14,812,855	17%
82	4320 Unamortized Operating ITC - Net	194,002,881	167,311,425	(26,691,256)	-14%
83	4330 Unamortized Nonoperating ITC - Net	9	0	(9)	-100%
84	4340 Net Noncur. Def. Oper. Income Taxes	980,314,693	929,863,396	(50,451,296)	-5%
85	4350 Net Noncur. Def. Nonoper. Income Taxes	74,575	(483,086)	(557,661)	-748%
86	4360 Other Deferred Credits	48,529,328	23,343,534	(25,185,792)	-52%
87	4370 Other Juris. Liab. & Def. Credits	0	0	0	0%
88	TOTAL OTHER LIAB. & DEF. CREDITS	1,311,127,921	1,223,054,761	(88,073,159)	-7%
89					
90	STOCKHOLDER'S EQUITY				
91	4510 Capital Stock	1,792,957,541	1,697,431,753	(95,525,788)	-5%
92	4520 Additional Paid-in Capital	3,858	0	(3,858)	100%
93	4530 Treasury Stock	0	0	0	0%
94	4540 Other Capital	1,447	21,660,524	21,659,077	100%
95	4550 Retained Earnings	961,448,036	967,760,728	6,312,692	1%
96					
97	TOTAL STOCKHOLDER'S EQUITY	2,754,410,882	2,686,853,005	(67,557,877)	-2%
98					
99	Allocation Adjustment	(10,118,961)	(28,437,054)	(16,318,093)	-161%
100					
101	TOTAL LIABILITIES AND EQUITY	6,371,547,262	6,192,293,965	(179,253,297)	-3%

Note: This balance sheet is calculated by allocating certain accounts to Florida which are recorded only at the Company level. It is included for information purposes only and should not be considered to be an official financial report.

Supporting Schedules:

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

6. Schedule B-3b-- A separated average balance sheet on a 12-month average basis for the test year and prior year using the accounts designated in Schedule 10 of Form M annual report, divided into the following classifications: total company Florida operations, interstate toll operations, total intrastate operations, intrastate toll (InterLATA and IntraLATA), and local operations. Where separations procedures do not exist and direct assignment cannot be made between categories, provide details of the separations method employed.

Separated Balance Sheets
for the Test Period and Prior Year
1992 Data

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year-1 1992

Schedule B-3b
Page 1 of 4
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Total Southern Bell (See Note 1)	Florida Regulated *	Interstate Toll	(6 + 9) Total Intrastate	(7 + 8) Intrastate Toll	Intrastate Toll		Local
							IntraLATA	InterLATA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	CURRENT ASSETS								
2	1130 Cash	102,594,266	24,336,560	6,322,249	18,016,311	4,080,446	2,005,657	2,074,789	13,935,665
3	1140 Special Cash Deposits	639,075	151,608	39,382	112,226	25,417	12,493	12,924	86,809
4	1150 Working Cash Advance	3,328,803	789,696	205,134	584,562	132,395	65,076	67,319	452,167
5	1160 Temporary Investments	33,095,790	7,851,354	2,039,469	5,811,885	1,316,307	647,003	669,304	4,495,558
6	1180 Telecomm. Accounts Receivable	1,755,615,189	416,466,668	108,167,690	308,298,998	69,825,461	34,321,233	35,504,228	238,473,537
7	1181 Telecomm. Accounts Rec. Allowance	(84,881,244)	(20,136,479)	(5,230,705)	(14,905,774)	(3,375,952)	(1,659,378)	(1,716,574)	(11,529,822)
8	1190 Other Accounts Receivable	144,243,074	34,218,957	8,888,807	25,330,150	5,736,928	2,819,866	2,917,062	19,593,222
9	1191 Accounts Receivable Allowance-Other	0	0	0	0	0	0	0	0
10	1200 Notes Receivable	401,664	95,287	24,752	70,535	15,975	7,852	8,123	54,560
11	1201 Notes Receivable Allowance	0	0	0	0	0	0	0	0
12	1210 Interest and Dividends Receivable	445,355	105,652	27,444	78,208	17,713	8,708	9,007	60,495
13	1220 Material and Supplies	269,927,171	53,939,826	14,662,216	39,277,610	8,857,045	3,902,528	4,954,517	30,420,565
14	1290 Prepaid Rents	1,576,007	373,878	97,120	276,758	62,682	30,810	31,872	214,076
15	1300 Prepaid Taxes	21,614,382	5,175,052	1,344,285	3,830,767	867,616	426,458	441,158	2,963,151
16	1310 Prepaid Insurance	8,030,135	1,904,999	494,848	1,410,151	319,379	156,964	162,395	1,090,772
17	1320 Prepaid Directory Expenses	0	0	0	0	0	0	0	0
18	1330 Other Prepayments	4,932,112	1,170,051	303,936	866,115	196,163	96,420	99,743	669,952
19	1350 Other Current Assets	2,249,765	533,715	138,639	395,076	89,480	43,982	45,498	305,596
20	TOTAL CURRENT ASSETS	2,264,011,544	526,998,844	137,545,286	389,453,558	88,167,055	42,865,690	45,281,365	301,286,503
21									
22	NONCURRENT ASSETS								
23	1401 Investments in Affiliated Co. **	28,566,388	6,776,838	1,760,369	5,016,469	1,138,161	558,456	577,705	3,880,308
24	1402 Inv. in Nonaffiliated Co.	2,163,888	513,342	133,347	379,995	86,064	42,303	43,761	293,931
25	1406 Nonregulated Investments	0	0	0	0	0	0	0	0
26	1407 Unamortized Debt Issuance Expense	191,158,424	45,348,741	11,779,910	33,568,831	7,602,877	3,737,034	3,865,843	25,965,954
27	1408 Sinking Funds	0	0	0	0	0	0	0	0
28	1410 Other Noncurrent Assets	3,823,155	906,972	235,597	671,375	152,057	74,740	77,317	519,318
29	1438 Deferred Maint. & Retire.	3,496,494	829,477	215,467	614,010	139,064	68,354	70,710	474,946
30	1439 Deferred Charges	340,030,456	80,665,831	20,953,971	59,711,860	13,523,911	6,647,393	6,876,518	46,187,949
31	1500 Other Jurisdictional Assets - Net	0	0	0	0	0	0	0	0
32	TOTAL NONCURRENT ASSETS	569,238,804	135,041,201	35,078,661	99,962,540	22,640,134	11,128,280	11,511,854	77,322,406
33									

* This column is calculated by allocating certain accounts to Florida which are recorded only at the Company level. It is included for information purposes only and should not be considered to be an official financial report.

** Total Southern Bell has been adjusted to remove \$131,978,717 investment in BBS.

Note 1: South Central Bell Telephone Company and BellSouth Services, Inc. were merged into Southern Bell Telephone and Telegraph Company on January 1, 1992. The changes in account level balances due to the merger distort comparison of 1991 and 1992 company-level data.

Separated Balance Sheets
for the Test Period and Prior Year
1992 Data

FLORIDA PUBLIC SERVICE COMMISSION
Company: Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year— 1 1992

Schedule B-3b
Page 2 of 4
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Total Southern Bell (See Note 1)	Florida Regulated *	Interstate Toll	(6 + 9)	(7 + 8)	Intrastate Toll		Local
					Total Intrastate	Intrastate Toll	IntraLATA	InterLATA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
34	TELEPHONE PLANT IN SERVICE								
35	2001 Telecomm. Plant In Service	37,362,406,428	9,065,972,919	2,339,027,255	6,726,945,664	1,522,296,306	752,162,591	770,133,715	5,204,649,358
36	2002 Property Held for Future Use	1,020,348	229,513	59,032	170,481	38,602	18,983	19,619	131,879
37	2003 Plant under Construction – Short Term	205,521,067	32,687,207	8,603,915	24,083,292	5,456,259	2,674,317	2,781,942	18,627,033
38	2004 Plant under Construction – Long Term	95,754,231	23,811,132	6,137,123	17,674,009	3,993,465	1,961,776	2,031,689	13,680,544
39	2005 Plant Adjustment	4,672,119	0	0	0	0	0	0	0
40	2006 Nonoperating Plant	37,525,472	8,902,213	2,312,463	6,589,750	1,492,488	733,601	758,887	5,097,262
41	2007 Goodwill	2,038,183	483,521	125,801	357,920	81,064	39,845	41,219	278,856
42	SUBTOTAL	37,708,937,848	9,132,086,505	2,356,265,389	6,775,821,116	1,533,356,184	757,591,113	775,787,071	5,242,462,932
43	LESS:								
44	3100 Acc. Depreciation	(14,581,489,328)	(3,588,808,999)	(938,444,671)	(2,650,364,328)	(600,587,335)	(293,584,800)	(307,002,735)	(2,049,776,993)
45	3200 Acc. Depreciation – Held for Future Use	(128,393)	0	(2)	2	0	17	(17)	2
46	3300 Acc. Depreciation – Nonoperating	(11,975,400)	(2,840,938)	(737,970)	(2,102,968)	(476,293)	(234,112)	(242,181)	(1,626,675)
47	3410 Acc. Amort. – Capitalized Leases	(27,845,611)	(3,250,183)	(742,139)	(2,508,045)	(560,028)	(302,754)	(257,274)	(1,948,017)
48	3420 Acc. Amort. – Leasehold Improvements	(39,413,373)	(8,932,465)	(1,582,941)	(5,349,523)	(1,194,509)	(645,758)	(548,751)	(4,155,014)
49	3500 Acc. Amort. Intangible	0	0	0	0	0	0	0	0
50	3600 Acc. Amort. – Other	0	0	0	0	0	0	0	0
51	SUBTOTAL	(14,660,852,106)	(3,601,832,585)	(941,507,723)	(2,660,324,862)	(602,818,165)	(294,787,207)	(308,050,958)	(2,057,506,697)
52	NET TELEPHONE PLANT IN SERVICE	23,048,085,743	5,530,253,920	1,414,757,666	4,115,496,254	930,540,019	462,823,906	467,716,113	3,184,956,235
53									
54	TOTAL ASSETS	25,861,336,091	6,192,293,965	1,587,381,613	4,604,912,352	1,041,347,208	516,837,876	524,509,332	3,563,565,144

* This column is calculated by allocating certain accounts to Florida which are recorded only at the Company level. It is included for information purposes only and should not be considered to be an official financial report.

Note 1: South Central Bell Telephone Company and BellSouth Services, Inc. were merged into Southern Bell Telephone and Telegraph Company on January 1, 1992. The changes in account level balances due to the merger distort comparison of 1991 and 1992 company-level data.

Supporting Schedules:

Recap Schedules:

Separated Balance Sheets
for the Test Period and Prior Year
1992 Data

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year-1 1992

Schedule B-3b
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Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Total Southern Bell (See Note 1)	Florida Regulated *	Interstate Toll	(6 + 9) Total Intrastate	(7 + 8) Intrastate Toll	Intrastate Toll		Local
							IntraLATA	InterLATA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
55	CURRENT LIABILITIES								
56	4010 Accounts Payable	917,283,429	217,608,243	56,526,496	161,081,747	36,482,789	17,932,346	18,550,443	124,598,958
57	4020 Notes Payable	643,710,706	152,708,259	39,667,904	113,040,355	25,602,076	12,584,162	13,017,916	87,436,277
58	4030 Advanced Billing and Payments	287,456,591	68,193,670	17,714,169	50,479,501	11,432,909	5,619,605	5,813,304	39,046,592
59	4040 Customers' Deposits	120,611,092	55,049,768	14,299,674	40,749,894	9,229,288	4,536,462	4,692,826	31,520,606
60	4050 Current Maturities - Long Term	1,104	262	68	194	44	22	22	150
61	4060 Current Maturities - Capital Leases	11,691,271	2,820,981	732,786	2,088,195	472,947	232,467	240,480	1,615,248
62	4070 Income Taxes - Accrued	145,015,759	34,402,262	8,936,423	25,465,839	5,767,661	2,834,972	2,932,669	19,698,178
63	4080 Other Taxes - Accrued	230,015,743	54,566,909	14,174,445	40,392,464	9,148,335	4,496,671	4,651,664	31,244,129
64	4100 Net Current Deferred Op. Inc. Taxes	(17,938,440)	(8,254,881)	(1,504,676)	(4,750,004)	(1,071,106)	(554,188)	(516,918)	(3,678,898)
65	4110 Net Current Def. Nonop. Inc. Taxes	543,698	129,029	33,517	95,512	21,632	10,633	10,999	73,880
66	4120 Other Accrued Liabilities	663,522,406	204,854,451	53,213,536	151,640,915	34,344,571	16,881,350	17,463,221	117,296,344
67	4130 Other Long-Term Debt	46,656,634	11,068,409	2,875,159	8,193,250	1,855,657	912,109	943,548	6,337,593
68	TOTAL CURRENT LIABILITIES	3,246,770,193	795,147,362	206,669,501	588,477,662	133,286,805	65,486,611	67,800,194	455,191,057
69									
70	LONG-TERM DEBT								
71	4210 Funded Debt	6,397,083,333	1,517,587,719	394,212,624	1,123,375,095	254,426,931	125,059,176	129,369,755	868,946,164
72	4220 Premium on Long-Term Debt	1,965,257	466,220	121,107	345,113	78,164	38,420	39,744	266,949
73	4230 Discount on Long-Term Debt	(52,624,941)	(12,531,724)	(3,255,274)	(9,276,450)	(2,100,988)	(1,032,696)	(1,066,292)	(7,175,462)
74	4240 Recquired Debt	0	0	0	0	0	0	0	0
75	4250 Obligations under Capital Leases	32,856,284	7,794,536	2,024,729	5,769,807	1,306,782	642,321	664,461	4,463,025
76	4260 Advanced from Affiliated Companies	0	0	0	0	0	0	0	0
77	4270 Other Long-Term Debt	1,513,880	359,140	93,291	265,849	60,211	29,595	30,616	205,638
78	TOTAL LONG-TERM DEBT	6,380,593,613	1,513,675,891	393,196,477	1,120,479,414	253,773,100	124,736,616	129,036,284	866,706,314
79									

* This column is calculated by allocating certain accounts to Florida which are recorded only at the Company level. It is included for information purposes only and should not be considered to be an official financial report.

Note 1: South Central Bell Telephone Company and BellSouth Services, Inc. were merged into Southern Bell Telephone and Telegraph Company on January 1, 1992. The changes in account level balances due to the merger distort comparison of 1991 and 1992 company-level data.

Supporting Schedules:

Recap Schedules:

Separated Balance Sheets
for the Test Period and Prior Year
1992 Data

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year-1 1992

Schedule B-3b
Page 4 of 4
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Total Southern Bell (See Note 1)	Florida Regulated *	Interstate Toll	(6 + 9) Total Intrastate	(7 + 8) Intrastate Toll	Intrastate Toll		Local
							IntraLATA	InterLATA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
80	OTHER LIABILITIES AND DEFERRED CREDITS								
81	4310 Other Long-Term Liabilities	434,257,783	103,019,492	26,760,617	76,258,875	17,271,581	8,489,481	8,782,100	58,987,294
82	4320 Unamortized Operating ITC - Net	647,295,981	167,311,425	40,021,981	127,289,444	27,922,094	14,618,662	13,303,432	99,367,350
83	4330 Unamortized Nonoperating ITC - Net	0	0	0	0	0	0	0	0
84	4340 Net Noncur. Def. Oper. Income Taxes	3,748,170,679	929,863,396	223,718,018	706,145,378	159,232,881	82,388,745	76,848,136	546,912,497
85	4350 Net Noncur. Def. Nonoper. Income Taxes	(2,036,349)	(483,086)	(125,488)	(357,598)	(80,991)	(39,809)	(41,182)	(275,607)
86	4360 Other Deferred Credits	98,399,934	23,343,534	6,063,779	17,279,755	3,913,626	1,923,660	1,989,966	13,366,129
87	4370 Other Juris. Liab. & Def. Credits	0	0	0	0	0	0	0	0
88	TOTAL OTHER LIAB. & DEF. CREDITS	4,926,088,026	1,223,054,761	296,438,907	926,615,854	208,259,191	107,378,739	100,880,452	718,356,663
89									
90	STOCKHOLDER'S EQUITY								
91	4510 Capital Stock **	7,155,179,395	1,697,431,753	440,929,389	1,256,502,364	284,580,417	139,879,503	144,700,914	971,921,947
92	4520 Additional Paid-in Capital	0	0	0	0	0	0	0	0
93	4530 Treasury Stock	0	0	0	0	0	0	0	0
94	4540 Other Capital	91,305,548	21,660,524	5,626,595	16,033,929	3,631,463	1,784,969	1,846,494	12,402,466
95	4550 Retained Earnings @	4,079,399,116	967,760,728	251,388,104	716,372,624	162,246,498	79,749,825	82,496,673	554,124,126
96									
97	TOTAL STOCKHOLDER'S EQUITY	11,325,884,059	2,686,853,005	697,944,088	1,988,908,917	450,460,378	221,414,297	229,046,081	1,538,448,539
98									
99	Allocation Adjustment	0	(26,437,054)	(6,667,359)	(19,569,695)	(4,432,266)	(2,178,587)	(2,253,679)	(15,137,429)
100									
101	TOTAL LIABILITIES AND EQUITY	25,681,336,091	6,192,293,965	1,587,381,613	4,604,912,352	1,041,347,208	516,637,876	524,509,332	3,583,565,144

* This column is calculated by allocating certain accounts to Florida which are recorded only at the Company level. It is included for information purposes only and should not be considered to be an official financial report.

** Total Southern Bell Account 4510 has been adjusted to remove \$173,584,247 equity impact of BBS.

@ Total Southern Bell Account 4550 has been adjusted to remove \$<38,767,456> equity impact of BBS.

Accounts for which no separations procedures exist and for which direct assignment cannot be made have been separated using net investment, comprising net plant, materials and supplies, less deferred income taxes and unamortized investment tax credit.

Note 1: South Central Bell Telephone Company and BellSouth Services, Inc. were merged into Southern Bell Telephone and Telegraph Company on January 1, 1992. The changes in account level balances due to the merger distort comparison of 1991 and 1992 company-level data.

Supporting Schedules:

Recap Schedules:

Separated Balance Sheets
for the Test Period and Prior Year
1991 Data

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year-1 1992

Schedule B-3b
Page 1 of 4
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Southern Bell Total Company	Florida Regulated *	Interstate Toll	(6 + 9) Total Intrastate	(7 + 8) Intrastate Toll	Intrastate Toll		Local
							IntraLATA	InterLATA	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(9)
1	CURRENT ASSETS								
2	1130 Cash	54,597,697	22,799,799	6,119,155	16,680,643	3,849,757	1,906,631	1,943,136	12,830,876
3	1140 Special Cash Deposits	3,512,304	1,466,725	393,649	1,073,076	247,658	122,655	125,003	825,416
4	1150 Working Cash Advance	953,205	398,055	106,833	291,222	67,212	33,267	33,925	224,010
5	1160 Temporary Investments	0	0	0	0	0	0	0	0
6	1160 Telecomm. Accounts Receivable	1,053,770,855	440,050,844	118,103,654	321,947,190	74,302,997	36,799,212	37,503,785	247,644,193
7	1161 Telecomm. Accounts Rec. Allowance	(49,911,260)	(20,842,787)	(5,593,915)	(15,248,852)	(3,519,320)	(1,742,974)	(1,776,346)	(11,729,532)
8	1190 Other Accounts Receivable	61,463,322	25,666,856	6,888,635	16,778,223	4,333,873	2,148,369	2,187,464	14,444,350
9	1191 Accounts Receivable Allowance-Other	0	0	0	0	0	0	0	0
10	1200 Notes Receivable	248,626	103,825	27,865	75,990	17,531	8,682	8,849	58,429
11	1201 Notes Receivable Allowance	0	0	0	0	0	0	0	0
12	1210 Interest and Dividends Receivable	4,778,831	1,995,539	535,575	1,459,964	336,949	166,877	170,072	1,123,015
13	1220 Material and Supplies	143,795,718	38,514,118	10,944,107	27,570,011	6,347,781	2,855,429	3,492,352	21,222,230
14	1290 Prepaid Rents	794,801	331,906	89,079	242,827	56,043	27,756	28,287	186,784
15	1300 Prepaid Taxes	2,864,835	1,204,696	323,324	881,372	203,414	100,743	102,671	677,956
16	1310 Prepaid Insurance	5,920,779	2,472,496	663,584	1,809,912	417,483	206,762	210,721	1,391,429
17	1320 Prepaid Directory Expenses	0	0	0	0	0	0	0	0
18	1330 Other Prepayments	6,704,747	2,799,878	751,449	2,048,429	472,762	234,140	238,622	1,575,667
19	1350 Other Current Assets	480	201	54	147	34	17	17	113
20	TOTAL CURRENT ASSETS	1,269,514,721	516,982,172	139,353,048	377,609,124	67,134,164	42,865,606	44,266,576	290,474,940
21									
22	NONCURRENT ASSETS								
23	1401 Investments in Affiliated Co. **	101,332,028	42,315,664	11,357,007	30,956,677	7,145,077	3,538,662	3,606,415	23,813,800
24	1402 Inv. in Nonaffiliated Co.	1,631,414	681,272	182,844	498,428	115,033	58,971	58,062	383,395
25	1406 Nonregulated Investments	0	0	0	0	0	0	0	0
26	1407 Unamortized Debt Issuance Expense	146,866,016	61,343,236	16,463,690	44,679,546	10,357,663	5,129,623	5,228,040	34,521,685
27	1408 Sinking Funds	0	0	0	0	0	0	0	0
28	1410 Other Noncurrent Assets	15,214,557	6,353,543	1,705,204	4,648,339	1,072,801	531,314	541,487	3,675,538
29	1438 Deferred Maint. & Retire	4,381,851	1,829,845	491,105	1,336,740	308,971	153,021	155,950	1,029,769
30	1439 Deferred Charges	226,172,793	94,448,929	25,348,806	69,100,123	15,947,790	7,696,263	8,049,507	53,152,333
31	1500 Other Jurisdictional Assets - Net	0	0	0	0	0	0	0	0
32	TOTAL NONCURRENT ASSETS	495,628,660	206,972,711	55,548,656	151,424,055	34,947,535	17,308,074	17,639,461	116,476,520
33									

* This column is calculated by allocating certain accounts to Florida which are recorded only at the Company level. It is included for information purposes only and should not be considered to be an official financial report.

** Total Southern Bell has been adjusted to remove \$1,104,177 investment in BBS.

Supporting Schedules: B-3a

Recap Schedules:

Separated Balance Sheets
for the Test Period and Prior Year
1991 Data

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year-1 1992

Schedule B-3b
Page 2 of 4
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Southern Bell Total Company	Florida Regulated *	Interstate Toll	(6 + 9) Total Intrastate	(7 + 8) Intrastate Toll	Intrastate Toll		Local
							IntraLATA	InterLATA	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
34	TELEPHONE PLANT IN SERVICE								
35	2001 Telecomm. Plant In Service	20,558,402,730	8,782,002,309	2,381,224,046	6,400,778,283	1,479,152,095	734,359,898	744,792,197	4,921,626,168
36	2002 Property Held for Future Use	701,374	327,030	88,132	238,898	55,199	27,438	27,763	183,899
37	2003 Plant under Construction - Short Term	126,435,587	55,548,355	14,955,380	40,590,975	9,381,888	4,662,672	4,719,216	31,209,087
38	2004 Plant under Construction - Long Term	67,843,624	32,913,441	8,860,265	24,053,178	5,559,278	2,761,848	2,797,632	18,493,898
39	2005 Plant Adjustment	330,648	0	0	0	0	0	0	0
40	2006 Nonoperating Plant	18,439,441	7,700,243	2,066,640	5,633,803	1,300,193	643,932	656,261	4,333,410
41	2007 Goodwill	0	0	0	0	0	0	0	0
42	SUBTOTAL	20,772,153,605	8,858,489,378	2,387,194,463	6,471,294,915	1,495,448,653	742,455,584	752,993,069	4,975,846,262
43	LESS:								
44	3100 Acc. Depreciation	(7,371,348,973)	(3,197,682,101)	(889,865,235)	(2,307,816,865)	(533,494,071)	(262,255,281)	(271,238,789)	(1,774,322,795)
45	3200 Acc. Depreciation - Held for Future Use	(21,376)	(14,154)	(3,619)	(10,335)	(2,388)	(1,185)	(1,203)	(7,947)
46	3300 Acc. Depreciation - Nonoperating	(8,018,850)	(3,348,642)	(898,730)	(2,449,912)	(585,421)	(280,030)	(285,391)	(1,884,491)
47	3410 Acc. Amort. - Capitalized Leases	(10,005,102)	(3,331,642)	(777,459)	(2,554,183)	(570,307)	(310,674)	(259,633)	(1,983,676)
48	3420 Acc. Amort. - Leasehold Improvements	(18,353,145)	(8,500,461)	(1,518,922)	(4,983,539)	(1,112,742)	(806,166)	(506,577)	(3,870,797)
49	3500 Acc. Amort. Intangible	0	0	0	0	0	0	0	0
50	3600 Acc. Amort. - Other	0	0	0	0	0	0	0	0
51	SUBTOTAL	(7,407,747,445)	(3,210,876,999)	(893,082,165)	(2,317,814,834)	(535,744,929)	(263,453,336)	(272,291,592)	(1,782,069,906)
52	NET TELEPHONE PLANT IN SERVICE	13,364,406,160	5,647,612,379	1,494,132,298	4,153,480,081	959,703,724	479,002,248	480,701,477	3,193,776,356
53									
54	TOTAL ASSETS	15,149,549,541	8,371,547,262	1,889,034,002	4,682,513,280	1,081,785,443	539,175,928	542,609,516	3,600,727,816

* This column is calculated by allocating certain accounts to Florida which are recorded only at the Company level. It is included for information purposes only and should not be considered to be an official financial report.

Supporting Schedules:

Recap Schedules:

Separated Balance Sheets
for the Test Period and Prior Year
1991 Data

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260-TL
Test Year--1 1992

Schedule B-3b
Page 3 of 4
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Southern Bell Total Company	Florida Regulated *	Interstate Toll	(6 + 9) Total Intrastate	(7 + 8) Intrastate Toll	Intrastate Toll		Local
							IntraLATA	InterLATA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
55	CURRENT LIABILITIES								
56	4010 Accounts Payable	547,212,776	228,514,048	61,330,059	167,183,989	38,584,810	19,109,466	19,475,344	126,599,179
57	4020 Notes Payable	527,902,083	220,449,974	59,165,771	161,284,203	37,223,184	18,435,109	18,788,075	124,061,019
58	4030 Advanced Billing and Payments	168,550,937	70,386,253	18,890,712	51,495,541	11,884,785	5,886,044	5,998,741	39,610,756
59	4040 Customers' Deposits	103,698,552	53,423,096	14,338,031	39,085,065	9,020,540	4,487,502	4,553,038	30,064,525
60	4050 Current Maturities - Long Term	0	0	0	0	0	0	0	0
61	4060 Current Maturities - Capital Leases	4,752,968	1,984,822	532,699	1,452,123	335,139	165,981	169,158	1,116,984
62	4070 Income Taxes - Accrued	70,119,852	29,281,793	7,858,834	21,422,959	4,944,258	2,448,687	2,495,571	16,476,701
63	4080 Other Taxes - Accrued	115,004,023	48,025,258	12,889,325	35,135,933	8,109,110	4,018,108	4,093,002	27,026,823
64	4100 Net Current Deferred Op. Inc. Taxes	(9,461,814)	(13,160,576)	(3,291,680)	(9,868,896)	(2,292,787)	(1,180,991)	(1,111,796)	(7,576,109)
65	4110 Net Current Def. Nonop. Inc. Taxes	684,540	285,861	76,721	209,140	48,268	23,905	24,363	160,872
66	4120 Other Accrued Liabilities	418,375,517	174,712,081	48,890,343	127,821,738	29,500,299	14,610,282	14,890,017	98,321,439
67	4130 Other Long-Term Debt	22,337,537	9,328,074	2,503,528	6,824,546	1,575,054	780,059	794,995	5,249,492
68	TOTAL CURRENT LIABILITIES	1,969,176,972	823,230,684	221,184,343	602,046,341	138,932,660	68,782,152	70,170,508	483,113,681
69									
70	LONG-TERM DEBT								
71	4210 Funded Debt	3,600,000,000	1,503,346,795	403,477,807	1,099,868,988	253,841,513	125,717,238	128,124,275	848,027,475
72	4220 Premium on Long-Term Debt	355,889	148,618	39,887	108,731	25,094	12,428	12,666	83,837
73	4230 Discount on Long-Term Debt	(39,068,106)	(18,314,698)	(4,376,643)	(11,936,055)	(2,754,752)	(1,364,315)	(1,390,437)	(9,181,303)
74	4240 Recquired Debt	0	0	0	0	0	0	0	0
75	4250 Obligations under Capital Leases	12,931,821	5,400,281	1,449,362	3,950,919	911,842	451,598	460,244	3,039,077
76	4260 Advanced from Affiliated Companies	0	0	0	0	0	0	0	0
77	4270 Other Long-Term Debt	756,093	315,741	84,741	231,000	53,313	26,404	26,909	177,667
78	TOTAL LONG-TERM DEBT	3,574,975,697	1,492,896,737	400,673,154	1,092,223,583	252,077,010	124,843,353	127,233,657	840,146,573
79									

* This column is calculated by allocating certain accounts to Florida which are recorded only at the Company level. It is included for information purposes only and should not be considered to be an official financial report.

Supporting Schedules:

Recap Schedules:

Separated Balance Sheets
for the Test Period and Prior Year
1991 Data

FLORIDA PUBLIC SERVICE COMMISSION
Company: Southern Bell Telephone & Telegraph Company
Docket No. 920280-TL
Test Year-1 1992

Schedule B-3b
Page 4 of 4
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Southern Bell Total Company	Florida Regulated *	Interstate Toll	(6 + 9) Total Intrastate	(7 + 8) Intrastate Toll	Intrastate Toll		Local
							IntraLATA	InterLATA	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
80	OTHER LIABILITIES AND DEFERRED CREDITS								
81	4310 Other Long-Term Liabilities	211,224,645	88,206,637	23,673,460	64,533,177	14,893,773	7,376,272	7,517,501	49,639,404
82	4320 Unamortized Operating ITC - Net	412,013,433	194,002,681	48,734,746	145,267,935	33,512,096	16,667,965	16,844,133	111,755,837
83	4330 Unamortized Nonoperating ITC - Net	21	9	2	7	2	1	1	5
84	4340 Net Noncur. Def. Oper. Income Taxes	2,269,899,670	980,314,693	245,193,093	735,121,599	170,786,825	87,970,524	82,816,301	564,334,774
85	4350 Net Noncur. Def. Nonoper. Income Taxes	178,581	74,575	20,015	54,560	12,592	6,236	6,356	41,968
86	4360 Other Deferred Credits	116,211,093	48,529,326	13,024,610	35,504,716	8,194,222	4,058,260	4,135,962	27,310,494
87	4370 Other Juris. Liab. & Def. Credits	0	0	0	0	0	0	0	0
88	TOTAL OTHER LIAB. & DEF. CREDITS	3,009,527,444	1,311,127,921	330,645,926	980,481,994	227,399,512	116,079,258	111,320,254	753,082,482
89									
90	STOCKHOLDER'S EQUITY								
91	4510 Capital Stock **	4,293,518,414	1,792,967,541	481,205,388	1,311,752,153	302,742,559	149,935,911	152,806,648	1,008,009,594
92	4520 Additional Paid-in Capital	9,239	3,858	1,035	2,823	652	323	329	2,171
93	4530 Treasury Stock	0	0	0	0	0	0	0	0
94	4540 Other Capital	3,464	1,447	388	1,059	244	121	123	815
95	4550 Retained Earnings @	2,302,338,311	961,448,036	258,039,559	703,408,477	162,341,402	80,401,007	81,940,396	541,067,075
96									
97	TOTAL STOCKHOLDER'S EQUITY	6,595,869,427	2,754,410,882	739,246,370	2,015,164,512	465,084,857	230,337,362	234,747,496	1,550,079,655
98									
99	Allocation Adjustment	0	(10,118,961)	(2,715,791)	(7,403,170)	(1,708,596)	(846,197)	(862,399)	(5,694,574)
100									
101	TOTAL LIABILITIES AND EQUITY	15,149,549,541	6,371,547,262	1,689,034,002	4,682,513,260	1,081,785,443	539,175,928	542,609,516	3,600,727,617

* This column is calculated by allocating certain accounts to Florida which are recorded only at the Company level. It is included for information purposes only and should not be considered to be an official financial report.

** Total Southern Bell Account 4510 has been adjusted to remove \$1,087,389 equity impact of BBS.

@ Total Southern Bell Account 4550 has been adjusted to remove \$16,788 equity impact of BBS.

Supporting Schedules:

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

7. Schedule B-4a-- A dollar breakdown of the end of period plant investment by each F.C.C. and F.P.S.C. property account and subaccount for the 3 years preceding the test year, the test year, and one year following the test year. Furnish balances for accounts 2001, Telephone Plant in Service, 2002, Property Held for Future Use, 2003 & 2004, Telephone Plant Under Construction, 2005, Telephone Plant Adjustment, 2006 Nonoperating Plant and 2007, Goodwill for the same periods. Show yearly percentage increases or decreases in each account.

Plant Investment By Accounts and Subaccounts
Test Year, Historical and Projected Data
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-4a

Page 1 of 1

Witness Responsible W. S. Reid

Check Whether Data Is:

Historic (X) or Projected ()

Average () or Year End (X)

Line No.	FCC Acct No.	Account	1989	1990	Percent Increase (Decrease)	1991	Percent Increase (Decrease)	1992	Percent Increase (Decrease)	1993	Percent Increase (Decrease)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	2001	TELEPHONE PLANT IN SERVICE	8,570,195	8,619,775	0.58%	8,959,496	3.94%	9,302,754	3.83%	9,681,869	4.08%
2	2111	Land	48,644	49,204	1.15%	49,494	0.59%	49,387	-0.22%	49,387	0.00%
3	2112-5	Veh. & Garage Work Equip.	41,222	31,961	-22.47%	33,413	4.54%	42,753	27.95%	47,397	10.86%
4	2116	Other Work Equipment	59,448	61,400	3.28%	68,404	11.41%	80,098	17.10%	80,124	0.03%
5	2121	Buildings	588,599	608,720	3.42%	623,284	2.39%	639,629	2.62%	649,270	1.51%
6	2122-3	Off. Furniture and Equip.	161,641	155,774	-3.63%	71,057	-54.38%	59,611	-16.11%	32,114	-46.13%
7	2124	General Purpose Computers	207,351	244,140	17.74%	346,622	41.98%	338,032	-2.48%	360,962	6.78%
8		SubTotal (Lines 2-7)	1,106,904	1,151,199	4.00%	1,192,275	3.57%	1,209,511	1.45%	1,219,254	0.81%
9	2210	CO - Switching	1,400,779	1,500,368	7.11%	1,563,193	4.19%	1,592,905	1.90%	1,640,095	2.96%
10	2220	Operator Systems	18,786	29,779	58.51%	35,088	17.83%	37,544	7.00%	40,710	8.43%
11	2230	CO - Transmission	1,409,275	1,557,036	10.48%	1,662,263	6.76%	1,785,096	7.39%	1,934,205	8.35%
12	2311	Station Apparatus	357	604	69.50%	700	15.90%	734	4.83%	734	-0.04%
13	2321	Customer Premises Wiring	419,948	0	-100.00%	0	0.00%	0	0.00%	0	0.00%
14	2341	Large PBX	5,240	5,561	6.13%	6,041	8.64%	6,780	12.23%	7,279	7.36%
15	2351	Public Tele. Equipment	78,310	79,740	1.83%	72,928	-8.54%	60,954	-16.42%	61,354	0.66%
16	2362	Other Terminal Equipment	80,438	87,045	8.21%	93,822	7.79%	96,862	3.24%	98,024	1.20%
17	2411	Poles	105,754	109,843	3.87%	114,418	4.17%	122,075	6.69%	127,975	4.83%
18	2421	Aerial Cables	571,173	595,786	4.31%	625,273	4.95%	656,129	4.94%	682,180	3.97%
19	2422	Underground Cable	837,752	863,612	3.09%	869,491	0.68%	889,866	2.34%	914,866	2.81%
20	2423	Buried Cables	1,867,764	1,963,701	5.14%	2,033,373	3.55%	2,130,851	4.79%	2,223,201	4.33%
21	2431	Aerial Wires	4,324	4,374	1.16%	4,413	0.90%	4,427	0.31%	4,077	-7.91%
22	2441	Conduit Systems	577,463	594,890	3.02%	615,558	3.47%	635,390	3.22%	656,390	3.31%
23		Other Cable and Wire	50,271	51,602	2.65%	51,349	-0.49%	51,949	1.17%	51,299	-1.25%
24	2681	Capital Leases	22,336	11,619	-47.98%	6,331	-45.51%	6,920	9.30%	5,467	-20.99%
25	2682	Leasehold Improvements	13,321	13,016	-2.29%	12,980	-0.28%	14,759	13.71%	14,759	-0.00%
26	2690	Intangibles	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
27		SubTotal (Lines 8-24)	8,570,195	8,619,775	0.58%	8,959,496	3.94%	9,302,754	3.83%	9,681,869	4.08%
28	2002	Property Held For Future Use	392	555	41.57%	236	-57.53%	236	0.00%	236	0.18%
29	2003	TPUC - Short Term	51,983	57,464	10.54%	34,044	-40.76%	38,269	12.41%	29,346	-23.32%
30	2004	TPUC - Long Term	34,724	30,656	-11.71%	18,311	-40.27%	42,489	132.04%	526	-98.76%
31		SubTotal (Lines 25-28)	8,657,294	8,708,450	0.59%	9,012,088	3.49%	9,383,748	4.12%	9,711,977	3.50%
32	2005	Telephone Plant Adjustment	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
33	2006	Nonoperating Plant	13,540	12,824	-5.29%	13,527	5.49%	13,332	-1.44%	13,334	0.01%
34	2007	Goodwill	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
35		Total	8,670,834	8,721,273	0.58%	9,025,615	3.49%	9,397,081	4.12%	9,725,311	3.49%

Supporting Schedules: B-4b

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

8. Schedule B-4b-- A 14-month analysis of each property account for the test year and one month immediately preceding and following the test year.

Plant Investment By Accounts and Subaccounts

Test Year, Historical and Projected Data

(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule B-4b

Page 1 of 1

Witness Responsible W. S. Reid

Check Whether Data Is:

Historic (X) or Projected ()

Average () or Year End (X)

Line No.	FCC		Test Year													
	Acct No.	Account	DECEMBER 1991	JANUARY 1992	FEBRUARY 1992	MARCH 1992	APRIL 1992	MAY 1992	JUNE 1992	JULY 1992	AUGUST 1992	SEPTEMBER 1992	OCTOBER 1992	NOVEMBER 1992	DECEMBER 1992	JANUARY 1993 *
		(1)														
1	2001	TELEPHONE PLANT IN SERVICE	8,971,319	9,009,096	9,031,928	9,062,789	9,088,064	9,125,847	9,151,527	9,167,307	9,187,188	9,195,805	9,234,775	9,252,218	9,302,754	9,327,838
2	2111	Land	49,494	49,482	49,485	49,487	49,488	49,491	49,493	49,387	49,388	49,373	49,384	49,384	49,387	49,390
3	2112-5	Veh. & Garage Work Equip.	31,800	31,595	30,829	30,795	31,206	32,150	32,520	33,539	34,287	35,515	37,907	39,257	42,753	43,307
4	2116	Other Work Equipment	73,858	73,720	74,705	75,731	75,584	76,102	77,380	77,793	78,282	77,779	78,518	79,024	80,098	80,215
5	2121	Buildings	623,284	622,585	623,788	624,321	625,548	627,280	628,917	629,372	630,354	631,388	632,473	633,202	639,629	641,935
6	2122-3	Off. Furniture and Equip.	72,577	71,487	70,854	70,334	70,088	69,069	70,397	70,778	70,483	60,353	60,220	59,911	59,611	55,718
7	2124	General Purpose Computers	347,415	346,506	347,682	349,175	344,374	346,555	347,648	345,264	339,928	326,027	328,565	329,706	338,032	332,905
8		SubTotal (Lines 2-7)	1,198,428	1,195,375	1,197,303	1,199,842	1,196,289	1,200,628	1,206,335	1,206,111	1,202,703	1,179,438	1,187,087	1,190,484	1,209,511	1,203,471
9	2210	CO - Switching	1,565,083	1,567,081	1,568,860	1,572,908	1,578,472	1,587,048	1,583,954	1,577,238	1,580,878	1,583,988	1,583,927	1,584,835	1,582,905	1,593,571
10	2220	Operator Systems	35,088	34,488	34,483	34,488	34,705	35,715	36,395	37,009	37,457	37,498	37,533	38,844	37,544	39,881
11	2230	CO - Transmission	1,662,263	1,670,028	1,678,384	1,689,757	1,699,848	1,711,242	1,723,201	1,733,980	1,743,480	1,757,198	1,771,919	1,788,888	1,785,096	1,791,475
12	2311	Station Apparatus	700	708	708	728	728	728	728	728	728	728	728	728	734	735
13	2321	Customer Premises Wiring	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	2341	Large PBX	6,041	5,989	5,996	6,011	6,021	6,055	6,304	6,282	6,448	6,647	6,857	6,671	6,780	6,841
15	2351	Public Tele. Equipment	72,928	72,157	71,871	71,410	69,502	69,027	68,799	65,713	63,550	62,508	61,988	60,808	60,954	60,877
16	2362	Other Terminal Equipment	93,822	93,981	94,353	95,144	95,830	95,353	95,509	96,034	96,378	96,927	98,414	98,637	98,882	97,267
17	2411	Poles	114,418	114,682	115,071	115,398	115,842	116,322	116,669	117,020	117,352	117,788	118,830	119,173	122,075	122,556
18	2421	Aerial Cables	625,273	630,772	632,582	635,284	637,506	639,482	641,479	643,399	645,171	648,619	653,519	658,740	656,129	667,950
19	2422	Underground Cable	889,434	875,388	878,955	878,820	880,812	883,135	885,188	886,846	887,840	889,513	892,018	892,594	889,866	890,607
20	2423	Buried Cables	2,033,430	2,052,668	2,058,246	2,064,505	2,071,674	2,078,304	2,085,213	2,091,532	2,098,039	2,105,942	2,113,883	2,121,134	2,130,851	2,137,827
21	2431	Aerial Wires	4,413	4,413	4,410	4,408	4,407	4,407	4,400	4,398	4,398	4,404	4,405	4,420	4,427	4,429
22	2441	Conduit Systems	615,558	616,994	618,224	620,092	622,100	623,821	625,386	626,950	628,592	630,918	632,433	633,682	635,390	637,025
23		Other Cable and Wire	51,349	51,640	51,859	51,481	51,624	51,625	51,637	51,725	51,785	51,812	51,885	51,904	51,949	51,785
24	2681	Capital Leases	8,779	8,681	8,681	8,601	8,521	8,521	7,862	7,862	8,128	8,245	7,239	7,040	6,920	6,820
25	2682	Leasehold Improvements	14,332	14,071	14,144	14,134	14,183	14,436	14,467	14,501	14,486	14,527	14,531	14,635	14,759	14,821
26	2690	Intangibles	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27		SubTotal (Lines 8-24)	8,971,319	9,009,096	9,031,928	9,062,789	9,088,064	9,125,847	9,151,527	9,167,307	9,187,188	9,195,805	9,234,775	9,252,218	9,302,754	9,327,838
28	2002	Property Held For Future Use	236	236	236	236	236	236	236	236	236	236	236	236	236	236
29	2003	TPUC - Short Term	34,044	33,633	36,041	39,645	36,768	31,310	32,083	33,342	32,745	31,963	26,289	26,936	38,289	46,200
30	2004	TPUC - Long Term	18,311	21,293	21,504	24,975	26,337	26,133	25,695	16,695	17,256	13,837	32,964	33,384	42,489	36,399
31		SubTotal (Lines 25-28)	9,023,910	9,064,257	9,089,708	9,127,845	9,151,405	9,183,525	9,209,541	9,217,579	9,237,425	9,241,841	9,294,243	9,312,773	9,383,748	9,410,473
32	2005	Telephone Plant Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	2006	Nonoperating Plant	13,527	13,248	13,248	13,248	13,248	13,247	13,247	13,359	13,359	13,345	13,333	13,333	13,332	13,332
34	2007	Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35		Total	9,037,438	9,077,506	9,102,956	9,140,893	9,164,653	9,196,772	9,222,787	9,230,939	9,250,784	9,255,188	9,307,576	9,326,106	9,397,081	9,423,805

* Amounts for January are actual

Supporting Schedules:

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

9. Schedule B-4c-- A listing and explanation of all changes in accounts and subaccounts in Schedule B-4a that exceed the annual access line growth rate plus 10% for the test period compared to the prior twelve (12) month period. Show percent and dollar level of annual change for all accounts meeting the above criteria and the annual number and percent change in average access lines for each of the three (3) years preceding the test year, the test year and the average annual change for the entire four-year period.

Explanation of Changes in Plant Investment*
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule B-4c

Page 1 of 1

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☒ or Year End ☒

Line No.	Account Number	Description	Increase in Amount From 1991 to 1992		Explanation*
			Dollars	Percent	
	(1)	(2)	(3)	(4)	(5)
1.	2112-5	Vehicle & Garage Work Equip	9,340	27.95%	Due to new vehicles purchased in 1992, in lieu of leasing.
2.	2116	Other Work Equipment	11,694	17.10%	Transfer from BellSouth Services to establish BellSouth Telecommunications; purchase of test sets for the First Dispatch Strategy and buy-out of leased Melard & CMC terminals for field use.
3.	2682	Leasehold Improvements	1,779	13.71%	Transfer of leased warehouses from BellSouth Services to BellSouth Telecommunications; additions/alterations to leased buildings.
4.	2004	TPUC - Long Term	24,178	132.04%	Replacement of analog (1AESS) switching systems with digital equipment in various central offices.

Average Annual Access Line Growth Rate

Period	Average Access Lines	Annual Percent Increase (Decrease)
(1)	(2)	(3)
1989	4,310,989	XXXX
1990	4,511,804	4.66%
1991	4,663,857	3.37%
1992	4,823,117	3.41%

Average Growth Rate for the Entire Period 3.81%

* Explain all percentage changes which exceed the annual access line growth rate plus 10%

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

10. Schedule B-5a-- Monthly operating reports for the test year.
These reports shall be provided in a separate binder.

FLORIDA PUBLIC SERVICE COMMISSION
Company: Southern Bell - Florida
Docket No. 920260-TL
Test Year: 1992

Schedule B-5a
Page 1 of 1
Witness Responsible:
W. S. Reid

Southern Bell's Monthly Operating Reports are provided in a limited number of copies in Volumes 6 through 9 of the 1992 historical MFRs.

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

11. Schedule B-5b-- The company's official financial forecast, i.e., construction and operations budgets for the calendar year following the test period.

Official Forecast

FLORIDA PUBLIC SERVICE COMMISSION
Company SOUTHERN BELL - FLORIDA
Docket No. 920260-TL
Test Year-1 1992

Schedule B--5b
Page 1 of 1
Witness Responsible W. S. Reid

Check Whether Data Is:
Historic ☐ or Projected ☒
Average ☒ or Year End ☐

The official forecast is provided on the following pages as an Attachment, pages 1 through 16.

Supporting Schedules:

Recap Schedules:

PAGE: 1
BOOK: REG/INT
SCALE: \$000 DA

BST - SEPARATION
FEBRUARY 1, 1993
TELEPHONE

TAIL - INTRASTATE
VIEW OF 1993-1995
OPERATIONS

DATE: 02/12/93
TIME: 10:49 AM
RPT#: CBS00505

	***** FRINTRA	1993 REGANTRA	***** REGINTRA
(5000.0) Local Service	-6,722,592	-	-6,722,592
(5080.A) Network Access - Inter	-	-	-
(5080.B) Network Access - Intra	-927,466	-	-927,466
(5100.B) Long Distance - Inter	-	-	-
(5100.A) Long Distance - Intra	-1,139,135	-	-1,139,135
(52xx.x) Miscellaneous - Regulatory	-870,067	-	-870,067
(5300.A) Uncollectibles - Inter	-	-	-
(5300.B) Uncollectibles - Intra	130,122	-	130,122
	-----	-----	-----
TOTAL REVENUE ACCOUNTS	-9,529,138	-	-9,529,138
(6110.0) Network Support	14,808	-	14,808
(6120.0) General Support	464,098	-	464,098
(62xx.x) CO Equipment	521,338	-	521,338
(6310.0) Inf/Org/Trm	101,552	-	101,552
(6410.0) Cable & Wire	715,273	-	715,273
	-----	-----	-----
PLANT SPECIFIC EXPENSES	1,817,068	-	1,817,068
(6510.0) Other PPE	6,420	-	6,420
(6530.0) Network Operations	735,210	-	735,210
	-----	-----	-----
PLANT NON-SPECIFIC EXPENSES	741,630	-	741,630
(6610.0) Cust Oper - Marketing	340,343	-	340,343
(6620.0) Cust Oper - Services	947,301	-	947,301
(67xx.x) Corporate Operations	705,974	-	705,974
(6540.A) Access Expense - Inter	-	-	-
(6540.B) Access Expense - Intra	11,760	-	11,760
(6560.0) Depreciation and Amort	2,151,141	-	2,151,141
	-----	-----	-----
TOTAL EXPENSE ACCOUNTS	6,715,216	-	6,715,216
REVENUES LESS EXPENSES	-2,813,922	-	-2,813,922
	*****	*****	*****
(71xx.x) Other Oper. Inc/Exp (Net)	-606	-	-606
(7240.2) Gross Receipts Taxes	150,797	-	150,797
(724x.x) Other Taxes	328,348	-	328,348
	-----	-----	-----
OTHER OPERATING TAXES	479,145	-	479,145
OPERATING INCOME BEFORE INCOME TAX	-2,335,383	-	-2,335,383

PAGE: 2
BOOK: REG/IN
SCALE: \$000 L

BST - SEPARATION DETAIL - INTRASTATE
FEBRUARY 1, 1993 LONG VIEW OF 1993-1995
TELEPHONE OPERATIONS

DATE: 02/12/93
TIME: 10:49 AM
RPT#: CBS00505

	*****	1993	*****
	FRINTRA	REGANTRA	REGINTRA
Operating Perm Diff Federal-TELOP	-73,489	-4,320	-77,809
Operating Temp Diff Federal-TELOP	-64,322	-	-64,322
Operating Perm Diff State Operating	-	-	-
Operating Temp Diff State Operating	294,089	-	294,089
	-----	-----	-----
SIT ADJUSTMENTS	156,278	-4,320	151,958
	-----	-----	-----
Oper Income Before Income Tax-TELOP	-2,335,383	-	-2,335,383
AFUDC - TELOP	-12,056	7,200	-4,856
(75xx.x) Interest Expenses - TELOP	429,940	-	429,940
SIT Adjustments	156,278	-4,320	151,958
	-----	-----	-----
State Taxable Income	-1,761,221	2,880	-1,758,341
State Apportioned SIT Rate	-	-	-
Additional SIT	-	-	-
	-----	-----	-----
(7230.0) Operating SIT - Current	116,134	-166	115,968
(7250.8) Operating SIT - Deferred	5,715	-	5,715
	-----	-----	-----
OPERATING STATE INCOME TAX	121,849	-166	121,683
	-----	-----	-----
Oper Income Before Income Tax	-2,335,383	-	-2,335,383
(7340.0) AFUDC	-12,056	7,200	-4,856
Operating SIT - Current	116,134	-166	115,968
(75xx.x) Interest Expenses	429,940	-	429,940
Operating Perm Diff Federal	-73,489	-4,320	-77,809
Operating Temp Diff Federal	-64,322	-	-64,322
	-----	-----	-----
Federal Taxable Income	-1,939,176	2,714	-1,936,462
Additional FIT	1,123	-	1,123
Superfund	3,218	-	3,218
	-----	-----	-----
(7220.0) Operating FIT - Current	681,699	-923	680,776
(7250.A) Operating FIT - Deferred	-66,248	-	-66,248
	-----	-----	-----
Gross Federal Income Taxes	615,451	-923	614,528
(7210.1) Operating ITC - Realized	-	-	-
(7210.2) Operating ITC - Amortized	-53,998	-	-53,998
	-----	-----	-----
OPERATING FEDERAL INCOME TAXES	561,453	-923	560,530
	-----	-----	-----
TOTAL OPERATING EXPENSES AND TAXES	7,865,001	6,112	7,871,113

	*****	1993	*****
	FRINTRA	REGANTRA	REGINTRA
(7370.1) Abandoned Projects	2,589	-	2,589
(7370.2) Contributions	10,218	-	10,218
(7370.3) Memberships	115	-	115
(7370.9) Trustee, Membership & PAC	9,048	-	9,048
(7370.A) Other Special Charges	2,555	-	2,555
	-----	-----	-----
NON-OPERATING SPECIAL CHARGES	24,525	-	24,525
 (7310.0) Dividend Income	-	-	-
(7320.0) Interest Income	-898	-	-898
(7330.0) Income from Funds	-	-	-
(7340.0) AFUDC	-12,056	7,200	-4,856
(7350.0) Gain/Loss on Property	-	-	-
(7360.0) Other Non-Oper Income	-1,940	-	-1,940
	-----	-----	-----
NON-OPERATING OTHER INC/EXP	-14,895	7,200	-7,695
 Non-Oper Perm Diff Federal - TELOP	2,622	-	2,622
Non-Oper Temp Diff Federal - TELOP	-	-	-
Non-Oper Perm Diff State	-	-	-
Non-Oper Perm Diff Federal	2,622	-	2,622
Non-Oper Temp Diff Federal	-	-	-
Non-Oper Temp Diff State	-	-	-
	-----	-----	-----
FIT ADJUSTMENTS	5,243	-	5,243
 Non-Oper Special Charges	24,525	-	24,525
Non-Oper Other Inc/Exp	-14,895	7,200	-7,695
(7440.0) Non-Oper Other Taxes	-	-	-
	-----	-----	-----
Non-Oper Income Before Taxes	9,630	7,200	16,831
 (7430.0) Non-Oper SIT - Current	-1,400	-	-1,400
(7450.B) Non-Oper SIT - Deferred	-	-	-
(7420.0) Non-Oper FIT - Current	-7,789	-	-7,789
(7450.A) Non-Oper FIT - Deferred	-	-	-
(7410.0) Non-Oper ITC - Amortized	-	-	-
	-----	-----	-----
TOTAL NON-OPERATING NET INCOME	442	7,200	7,642
 <u>MISCELLANEOUS INCOME ITEMS</u>			
(6727.x) Research and Development	36,477	-	36,477
(7110.x) Income from Custom Work	-	-	-
(7130.x) Return from Non Reg	-	-	-
(7140.x) Foreign Exchg Gain/Loss	-	-	-
(7150.x) Land Artwork Gain/Loss	-	-	-
(7160.1) Other Operating Gains	-369	-	-369
(7160.2) Other Operating Losses	-237	-	-237

	*****	1993	*****
	FRINTRA	REGANTRA	REGINTRA
Operating Income Before Income Tax	-2,335,383	-	-2,335,383
Operating FIT	561,453	-923	560,530
Operating SIT	121,849	-166	121,683
NET OPERATING INCOME (NOI)	-1,652,081	-1,089	-1,653,170
ADJUSTMENTS			
Interest on Customer Deposits	-	7,436	7,436
(7340.0) AFUDC	-12,056	7,200	-4,856
(7310.0) Dividend Income	-	-	-
(7370.1) Abandoned Projects	2,589	-	2,589
(7370.2) Contributions	10,218	-	10,218
(7370.3) Memberships	115	-	115
(7360.3) BellCore Dividend	-	-3,296	-3,296
Interest Synchronization	-	-3,022	-3,022
Other Misc Adjustments	-	-50,852	-50,852
Total Pre-tax Income Adjustments	-3,956	-50,024	-53,981
FIT on Adjustments	-288	18,263	17,975
SIT on Adjustments	-52	3,283	3,231
NET ADJUSTMENTS TO NOI	-4,296	-28,478	-32,775
Net Operating Income	-1,652,081	-1,089	-1,653,170
Net Adjustments to NOI	-4,296	-28,478	-32,775
Less: (7340.0) AFUDC	-12,056	7,200	-4,856
NOI AFTER ADJS, BEFORE EXTRA0	-1,656,378	-29,567	-1,685,945
	*****	*****	*****

PAGE: 5
 BOOK: REG/INTRA
 SCALE: \$000 DR/

BSI - SEPARATIONS DETAIL - INTRASTATE
 FEBRUARY 1, 1993 MON VIEW OF 1993-1995
 TELEPHONE RATIONS

DATE: 02/12/93
 TIME: 10:49 AM
 RPT#: CBS00505

	***** FRINTRA	1993 REGANTRA	***** REGINTRA
TOTAL PLANT IN-SERVICE (2001.0)	28,754,504	-	28,754,504
(2002.0) Plant Held for Future Use	49	-	49
(2003.0) ST - Plant under Constr	171,316	-	171,316
(2004.0) LT - Plant under Constr	102,954	-	102,954
(2005.0) Plant Adjustment	3,298	-	3,298
(2006.0) Non-operating Plant	32,830	-	32,830
(2007.0) Goodwill	1,448	-	1,448
(1220.0) Materials and Supplies	213,743	-	213,743
	-----		-----
TOTAL OTHER INVESTMENTS	525,637	-	525,637
(3100.0) Accum Depr - Plant	-11,648,592	--	-11,648,592
(3200.0) Accum Depr - Future Use	-99	-	-99
(3300.0) Accum Depr - Non-operating	-9,312	-	-9,312
(34xx.x) Accum Amort - Leases	-65,645	-	-65,645
(35xx.x) Accum Amort - Intangible	-133	-	-133
(36xx.x) Accum Amort - Other	-	-	-
(4100.x) Current Def Op Income Tax	10,991	-	10,991
(4320.x) Unamort Op ITC - Net	-438,626	-	-438,626
(4330.x) Unamort Monop ITC - Net	-	-	-
(4340.x) Non-Cur Def Op Income Tax (excluding 4340.3000)	-2,791,829	-	-2,791,829
	-----		-----
TOTAL DEDUCTIONS	-14,943,246	--	-14,943,246
NET INVESTMENT BEFORE ADJUSTMENTS	14,336,895	-	14,336,895
	*****	*****	*****
MISCELLANEOUS BALANCE SHEET ITEMS			
(1401.1) Invest in Affiliates	21,377	-	21,377
(1402.0) Invest in Non-Affiliates	-696	-	-696
(1410.1) Deferred Excess Pension	-	-	-
(1438.0) Deferred Maint/Retires	112,326	-	112,326
(1439.8) Deferred Equal Access Cost	2,232	-	2,232
(4040.0) Customers Deposits	-97,844	-	-97,844
(4120.4) Deferred Comp Absences	-197,008	-	-197,008
(4110.0) Non-Op Def FIT/SIT Current	-386	-	-386
(4310.1) Other LT Liabs - Pensions	-364,113	-	-364,113
(4350.x) Non-Op Def FIT/SIT Non-Cur	591	-	591
(4360.0) Other Deferred Credits	-107,577	-	-107,577
Avg Cash Working Capital	-	24,838	24,838
Avg Capitalized AFUDC	-	-	-
Avg Other Rate Base Adjs	-	37,491	37,491
Avg Comp Abs - Asset	-	37,016	37,016
	-----		-----
NET RATE BASE ADJUSTMENTS	21,884	84,005	105,889
NET INVESTMENT AFTER ADJUSTMENTS	14,358,779	84,005	14,442,784
	*****	*****	*****

Schedule B-5b
 Attachment
 Page 5 of 16

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BST - SEPARATION DETAIL - INTRASTATE
 FEBRUARY 1, 1993 LONG VIEW OF 1993-1995
 TELEPHONE OPERATIONS

DATE: 02/12/93
 TIME: 10:49 AM
 RPT#: CBS00505

	***** 1993 *****		
	FRINTRA	REGANTRA	REGINTRA
Avg FR Combined Debt-TELOP	-	-	-7,083,594
Avg FR Combined Equity-TELOP	-	-	--11,265,190
TOT AVG FR COMBINED DEBT & EQ-TELOP	-	-	--18,348,784

Debt Ratio		0.382833
Equity Ratio	-	0.617167

FR Int Related to Capital - TELOP	542,530	542,530	542,530
Weighted Cost of Debt	-	-	0.773074

Net Investment After Adjustments		14,442,784
Debt portion of Net Inv aft Adjs		5,542,601
Equity portion of Net Inv aft Adjs	-	- 8,900,183
Rate Base (denominator)	6,295,945	- 11,330,748

NOI After Adjs, Before Extrao	-1,656,378	-29,567	-1,685,945
Debt portion of NOI aft adjs, bef Ex	-	-	-426,981
Equity portion of NOI aft adjs,befEx	-	-	-1,258,964
Rate Base Income, before Extrao	-718,871	-413	-1,445,120
	*****	*****	*****

	*****	1993	*****
	FRINTRA	REGANTRA	REGINTRA
Non-ROR, Local Service	-	-	-
Non-ROR, Network Access-Inter	-	-	-
Non-ROR, Network Access-Intra	-	-	-
Non-ROR, Long Distance	-	-	-
Non-ROR, Misc Rev	-	-	-
Non-ROR, Other	-	115,280	115,280
EXTRA0 NON-ROR (PRE-TAX)	-	115,280	115,280
Future Fixed, Local Service	-	-	-
Rev Transfer, Network Access-Inter	-	-	-
Future Fixed, Network Access-Intra	-	-	-
Future Fixed, Long Distance	-	-	-
Future Fixed, Misc Rev	-	-	-
Future Fixed, Other	-	-	-
EXTRA0 FUT FXD OF RV TRS (PRE-TAX)	-	-	-
Not Accrued ROR, Local	-	-	-
Not Accrued ROR, Netwk Acc-Inter	-	-	-
Not Accrued ROR, Netwk Acc-Intra	-	-	-
Not Accrued ROR, Long Distance	-	-	-
Not Accrued ROR, Misc Rev	-	-	-
Not Accrued ROR, Other	-	16,103	68,812
EXTRA0 NOT ACCRUED ROR (PRE-TAX)	-	16,103	68,812
TOTAL OF EXTRA0 PRE-TAX AMOUNTS	-	131,383	184,092
FIT on Extra0 Pre-Tax Amounts	-	-	-58,939
SIT on Extra0 Pre-Tax Amounts	-	-	-10,742
NET INCOME IMPACT OF EXTRA0 AMOUNTS	-	131,383	114,411
Pre-tax ROR Already Accrued	-	-	-
FIT on Already Accrued	-	-	-
SIT on Already Accrued	-	-	-
NET INCOME IMPACT OF ALREADY ACCRUED	-	-	-
Pre-tax Not Accrued ROR	-	16,103	68,812
Pre-tax ROR Already Accrued	-	-	-
Pre-Tax ROR Related Total	-	16,103	68,812
FIT on ROR	-	-	-22,001
SIT on ROR	-	-	-4,102
NI IMPACT OF ROR RELATED	-	16,103	42,709

Max Pre-Sharing Return Allowed
 Begin Sharing Return
 Percent Customer Keeps

	*****	1993	*****
	FRINTRA	REGANTRA	REGINTRA
Rate Base Income, before Extrao	-718,871	-413	-1,445,120
Rate Base (denominator)	6,295,945	-	11,330,748
Return before Extraordinary	11.4180	=	12.7540
Extrao Non-ROR (Pre-Tax)	-	115,280	115,280
FIT on Non-ROR	-	-	-36,938
SIT on Non-ROR	-	-	-6,640
NET INCOME IMPACT OF NON-ROR	-	115,280	71,703
Rate base Income, before Extrao	-718,871	-413	-1,445,120
RATE BASE INCOME WITH NON-ROR, ONLY	-	-	-1,373,418
Return with Non-ROR, only	-	-	111.9169
Pre-tax Future Fixed or Rev Transf	-	-	-
FIT on Future Fixed or Rev Transf	-	-	-
SIT on Future Fixed or Rev Transf	-	-	-
NI IMPACT FUTURE FIXED OR REV TRANSF	-	-	-
Rate Base Income with Non-ROR, only	-	-	-1,373,418
RATE BASE INC BEFORE ROR RELATED	-	-	-1,373,418
Return before ROR Related	-	-	111.9169
Pre-tax ROR Related Total	-	16,103	68,812
FIT on ROR Related	-	-	-22,001
SIT on ROR Related	-	-	-4,102
NI IMPACT OF ROR RELATED	-	16,103	42,709
Rate Base Inc before ROR Related	-	-	-1,373,418
RATE BASE INC AFTER ROR RELATED	-	-	-1,330,709
Return after ROR Related	-	-	107.1549
*****	*****	*****	*****

	***** FRINTRA	1993 REGANTRA	***** REGINTRA
(5000.0) Local Service	-1,554,981	-	-1,554,981
(5080.A) Network Access - Inter	-	-	-
(5080.B) Network Access - Intra	-314,410	-	-314,410
(5100.8) Long Distance - Inter	-	-	-
(5100.A) Long Distance - Intra	-343,444	-	-343,444
(52xx.x) Miscellaneous - Regulatory	-294,077	-	-294,077
(5300.A) Uncollectibles - Inter	-	-	-
(5300.B) Uncollectibles - Intra	40,795	-	40,795
	-----		-----
TOTAL REVENUE ACCOUNTS	-2,466,117	-	-2,466,117
(6110.0) Network Support	3,434	-	3,434
(6120.0) General Support	112,363	-	112,363
(62xx.x) CO Equipment	117,720	-	117,720
(6310.0) Inf/Org/Trm	30,426	-	30,426
(6410.0) Cable & Wire	165,812	-	165,812
	-----		-----
PLANT SPECIFIC EXPENSES	429,754	-	429,754
(6510.0) Other PPE	1,763	-	1,763
(6530.0) Network Operations	204,235	-	204,235
	-----		-----
PLANT NON-SPECIFIC EXPENSES	205,998	-	205,998
(6610.0) Cust Oper - Marketing	80,989	-	80,989
(6620.0) Cust Oper - Services	278,122	-	278,122
(67xx.x) Corporate Operations	205,639	-	205,639
(6540.A) Access Expense - Inter	-	-	-
(6540.B) Access Expense - Intra	11,760	-	11,760
(6560.0) Depreciation and Amort	571,280	-	571,280
	-----		-----
TOTAL EXPENSE ACCOUNTS	1,783,541	-	1,783,541
REVENUES LESS EXPENSES	-682,576	-	-682,576
	*****	*****	*****
(71xx.x) Other Oper. Inc/Exp (Net)	-91	-	-91
(7240.2) Gross Receipts Taxes	60,595	-	60,595
(724x.x) Other Taxes	80,331	-	80,331
	-----		-----
OTHER OPERATING TAXES	140,926	-	140,926
OPERATING INCOME BEFORE INCOME TAX	-541,740	-	-541,740

	*****	1993	*****
	FRINTRA	REGANTRA	REGINTRA
Operating Perm Diff Federal-TELOP	-73,489	-4,320	-77,809
Operating Temp Diff Federal-TELOP	-64,322	-	-64,322
Operating Perm Diff State Operating	-	-	-
Operating Temp Diff State Operating	310,361	-	310,361
	-----	-----	-----
SIT ADJUSTMENTS	172,550	-4,320	168,230
	-----	-----	-----
Oper Income Before Income Tax-TELOP	-2,335,383	-	-2,335,383
AFUDC - TELOP	-12,056	7,200	-4,856
(75xx.x) Interest Expenses - TELOP	429,940	-	429,940
SIT Adjustments	172,550	-4,320	168,230
	-----	-----	-----
State Taxable Income	-1,744,949	2,880	-1,742,069
State Apportioned SIT Rate	-	-	-
Additional SIT	-	-	-
	-----	-----	-----
(7230.0) Operating SIT - Current	24,027	-38	23,988
(7250.8) Operating SIT - Deferred	3,703	-	3,703
	-----	-----	-----
OPERATING STATE INCOME TAX	27,730	-38	27,692
	-----	-----	-----
Oper Income Before Income Tax	-541,740	-	-541,740
(7340.0) AFUDC	-1,115	1,115	-
Operating SIT - Current	24,027	-38	23,988
(75xx.x) Interest Expenses	104,790	-	104,790
Operating Perm Diff Federal	-17,416	-669	-18,085
Operating Temp Diff Federal	14,868	-	14,868
	-----	-----	-----
Federal Taxable Income	-416,587	408	-416,179
Additional FIT	277	-	277
Superfund	794	-	794
	-----	-----	-----
(7220.0) Operating FIT - Current	166,147	-139	166,008
(7250.A) Operating FIT - Deferred	-26,417	-	-26,417
	-----	-----	-----
Gross Federal Income Taxes	139,730	-139	139,591
(7210.1) Operating ITC - Realized	-	-	-
(7210.2) Operating ITC - Amortized	-14,647	-	-14,647
	-----	-----	-----
OPERATING FEDERAL INCOME TAXES	125,083	-139	124,945
	-----	-----	-----
TOTAL OPERATING EXPENSES AND TAXES	2,076,075	938	2,077,013

	*****	1993	*****
	FRINTRA	REGANTRA	REGINTRA
(7370.1) Abandoned Projects	282	-	282
(7370.2) Contributions	2,375	-	2,375
(7370.3) Memberships	20	-	20
(7370.9) Trustee, Membership & PAC	2,112	-	2,112
(7370.A) Other Special Charges	1,018	-	1,018
	-----	-----	-----
NON-OPERATING SPECIAL CHARGES	5,807	-	5,807
 (7310.0) Dividend Income	-	-	-
(7320.0) Interest Income	-218	-	-218
(7330.0) Income from Funds	-	-	-
(7340.0) AFUDC	-1,115	1,115	-
(7350.0) Gain/Loss on Property	-	-	-
(7360.0) Other Non-Oper Income	-471	-	-471
	-----	-----	-----
NON-OPERATING OTHER INC/EXP	-1,804	1,115	-689
 Non-Oper Perm Diff Federal - TELOP	2,622	-	2,622
Non-Oper Temp Diff Federal - TELOP	-	-	-
Non-Oper Perm Diff State	-	-	-
Non-Oper Perm Diff Federal	611	-	611
Non-Oper Temp Diff Federal	-	-	-
Non-Oper Temp Diff State	-	-	-
	-----	-----	-----
FIT ADJUSTMENTS	3,233	-	3,233
 Non-Oper Special Charges	5,807	-	5,807
Non-Oper Other Inc/Exp	-1,804	1,115	-689
(7440.0) Non-Oper Other Taxes	-	-	-
	-----	-----	-----
Non-Oper Income Before Taxes	4,003	1,115	5,118
 (7430.0) Non-Oper SIT - Current	-325	-	-325
(7450.B) Non-Oper SIT - Deferred	-	-	-
(7420.0) Non-Oper FIT - Current	-1,838	-	-1,838
(7450.A) Non-Oper FIT - Deferred	-	-	-
(7410.0) Non-Oper ITC - Amortized	-	-	-
	-----	-----	-----
TOTAL NON-OPERATING NET INCOME	1,841	1,115	2,956
 <u>MISCELLANEOUS INCOME ITEMS</u>			
(6727.x) Research and Development	9,058	-	9,058
(7110.x) Income from Custom Work	-	-	-
(7130.x) Return from Non Reg	-	-	-
(7140.x) Foreign Exchg Gain/Loss	-	-	-
(7150.x) Land Artwork Gain/Loss	-	-	-
(7160.1) Other Operating Gains	-91	-	-91
(7160.2) Other Operating Losses	-	-	-

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BST - SEPARATION DETAIL - INTRASTATE
FEBRUARY 1, 1993
REG VIEW OF 1993-1995
IDA

DATE: 02/12/93
TIME: 10:49 AM
RPT#: CBS00505

	*****	1993	*****
	FRINTRA	REGANTRA	REGINTRA
Operating Income Before Income Tax	-541,740	-	-541,740
Operating FIT	125,083	-139	124,945
Operating SIT	27,730	-38	27,692
	-----	-----	-----
NET OPERATING INCOME (NOI)	-388,927	-177	-389,104
ADJUSTMENTS			
Interest on Customer Deposits	-	3,521	3,521
(7340.0) AFUDC	-1,115	1,115	-
(7310.0) Dividend Income	-	-	-
(7370.1) Abandoned Projects	282	-	282
(7370.2) Contributions	2,375	-	2,375
(7370.3) Memberships	20	-	20
(7360.3) BellCore Dividend	-	-792	-792
Interest Synchronization	-	-	-
Other Misc Adjustments	-	-1,189	-1,189
	-----	-----	-----
Total Pre-tax Income Adjustments	282	1,540	1,822
FIT on Adjustments	-91	635	544
SIT on Adjustments	-16	114	98
	-----	-----	-----
NET ADJUSTMENTS TO NOI	176	2,289	2,464
	-----	-----	-----
Net Operating Income	-388,927	-177	-389,104
Net Adjustments to NOI	176	2,289	2,464
Less: (7340.0) AFUDC	-1,115	1,115	-
	-----	-----	-----
NOI AFTER ADJS, BEFORE EXTRA0	-388,751	2,112	-386,640
	*****	*****	*****

	***** FRINTRA	1993 REGANTRA	***** REGINTRA
TOTAL PLANT IN-SERVICE (2001.0)	7,135,089	-	7,135,089
(2002.0) Plant Held for Future Use	179	-	179
(2003.0) ST - Plant under Constr	34,223	-	34,223
(2004.0) LT - Plant under Constr	26,436	-	26,436
(2005.0) Plant Adjustment	-	-	-
(2006.0) Non-operating Plant	10,087	-	10,087
(2007.0) Goodwill	-	-	-
(1220.0) Materials and Supplies	52,647	-	52,647
	-----	-----	-----
TOTAL OTHER INVESTMENTS	123,572	-	123,572
(3100.0) Accum Depr - Plant	-3,037,622	-	-3,037,622
(3200.0) Accum Depr - Future Use	-	-	-
(3300.0) Accum Depr - Non-operating	-4,831	-	-4,831
(34xx.x) Accum Amort - Leases	-10,533	-	-10,533
(35xx.x) Accum Amort - Intangible	-	-	-
(36xx.x) Accum Amort - Other	-	-	-
(4100.x) Current Def Op Income Tax	3,416	-	3,416
(4320.x) Unamort Op ITC - Net	-115,856	-	-115,856
(4330.x) Unamort Monop ITC - Net	-	-	-
(4340.x) Non-Cur Def Op Income Tax (excluding 4340.3000)	-701,547	-	-701,547
	-----	-----	-----
TOTAL DEDUCTIONS	-3,866,973	-	-3,866,973
	-----	-----	-----
NET INVESTMENT BEFORE ADJUSTMENTS	3,391,688	-	3,391,688
	*****	*****	*****
<u>MISCELLANEOUS BALANCE SHEET ITEMS</u>			
(1401.1) Invest in Affiliates	5,143	-	5,143
(1402.0) Invest in Non-Affiliates	-2,028	-	-2,028
(1410.1) Deferred Excess Pension	-	-	-
(1438.0) Deferred Maint/Retires	46,313	-	46,313
(1439.8) Deferred Equal Access Cost	-	-	-
(4040.0) Customers Deposits	-42,770	-	-42,770
(4120.4) Deferred Comp Absences	-46,427	-	-46,427
(4110.0) Non-Op Def FIT/SIT Current	-204	-	-204
(4310.1) Other LT Liabs - Pensions	-85,076	-	-85,076
(4350.x) Non-Op Def FIT/SIT Non-Cur	72	-	72
(4360.0) Other Deferred Credits	-26,472	-	-26,472
Avg Cash Working Capital	-	-	-
Avg Capitalized AFUDC	-	-	-
Avg Other Rate Base Adjs	-	30,039	30,039
Avg Comp Abs - Asset	-	21,676	21,676
	-----	-----	-----
NET RATE BASE ADJUSTMENTS	-84,966	51,715	-33,251
	-----	-----	-----
NET INVESTMENT AFTER ADJUSTMENTS	3,306,721	51,715	3,358,436
	*****	*****	*****

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BST - SEPARATION TAIL - INTRASTATE
 FEBRUARY 1, 1993 W LG VIEW OF 1993-1995
 FLORIDA

DATE: 02/12/93
 TIME: 10:49 AM
 RPT#: CBS00505

	*****	1993	*****
	FRINTRA	REGANTRA	REGINTRA
Avg FR Combined Debt-TELOP	-	-	-7,083,594
Avg FR Combined Equity-TELOP	-	-	--11,265,190
	-----	-----	-----
TOT AVG FR COMBINED DEBT & EQ-TELOP	-	-	--18,348,784

Debt Ratio		0.386053
Equity Ratio	-	0.613947

FR Int Related to Capital - TELOP	542,530	542,530	542,530
Weighted Cost of Debt	-	-	0.076590

Net Investment After Adjustments			3,358,436
Debt portion of Net Inv aft Adjs			1,296,533
Equity portion of Net Inv aft Adjs	-	-	2,061,904
Rate Base (denominator)	-	-	2,061,904

NOI After Adjs, Before Extrao	-388,751	2,112	-386,640
Debt portion of NOI aft adjs, bef Ex	-	-	-99,301
Equity portion of NOI aft adjs,befEx	-	-	-287,339
Rate Base Income, before Extrao	-	-	-287,339
	*****	*****	*****

	*****	1993	*****
	FRINTRA	REGANTRA	REGINTRA
Non-ROR, Local Service	-	-	-
Non-ROR, Network Access-Inter	-	-	-
Non-ROR, Network Access-Intra	-	-	-
Non-ROR, Long Distance	-	-	-
Non-ROR, Misc Rev	-	-	-
Non-ROR, Other	-	73,000	73,000
-----	-----	-----	-----
EXTRA0 NON-ROR (PRE-TAX)	-	73,000	73,000
Future Fixed, Local Service	-	-	-
Rev Transfer, Network Access-Inter	-	-	-
Future Fixed, Network Access-Intra	-	-	-
Future Fixed, Long Distance	-	-	-
Future Fixed, Misc Rev	-	-	-
Future Fixed, Other	-	-	-
-----	-----	-----	-----
EXTRA0 FUT FXD OF RV TRS (PRE-TAX)	-	-	-
Not Accrued ROR, Local	-	-	-
Not Accrued ROR, Netwk Acc-Inter	-	-	-
Not Accrued ROR, Netwk Acc-Intra	-	-	-
Not Accrued ROR, Long Distance	-	-	-
Not Accrued ROR, Misc Rev	-	-	-
Not Accrued ROR, Other	-	-	-
-----	-----	-----	-----
EXTRA0 NOT ACCRUED ROR (PRE-TAX)	-	-	-
*****	*****	*****	*****
TOTAL OF EXTRA0 PRE-TAX AMOUNTS	-	73,000	73,000
FIT on Extra0 Pre-Tax Amounts	-	-	-23,973
SIT on Extra0 Pre-Tax Amounts	-	-	-2,492
-----	-----	-----	-----
NET INCOME IMPACT OF EXTRA0 AMOUNTS	-	73,000	46,535
Pre-tax ROR Already Accrued	-	-	-
FIT on Already Accrued	-	-	-
SIT on Already Accrued	-	-	-
-----	-----	-----	-----
NET INCOME IMPACT OF ALREADY ACCRUED	-	-	-
Pre-tax Not Accrued ROR	-	-	-
Pre-tax ROR Already Accrued	-	-	-
-----	-----	-----	-----
Pre-Tax ROR Related Total	-	-	-
FIT on ROR	-	-	324
SIT on ROR	-	-	-952
-----	-----	-----	-----
NI IMPACT OF ROR RELATED	-	-	-628

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BST - SEPARATIONS
 FEBRUARY 1, 1993 WK
 FLA...A

DATE: 02/12/93
 TIME: 10:49 AM
 RPT#: CBS00505

	*****	1993	*****
	FRINTRA	REGANTRA	REGINTRA
Max Pre-Sharing Return Allowed	-	18.00	18.00
Begin Sharing Return	-	14.00	14.00
Percent Customer Keeps	-	50.00	50.00
Rate Base Income, before Extrao	-	-	-287,339
Rate Base (denominator)	-	-	2,061,904
Return before Extraordinary	-	-	13.9356
Extrao Non-ROR (Pre-Tax)	-	73,000	73,000
FIT on Non-ROR	-	-	-24,296
SIT on Non-ROR	-	-	-1,540
NET INCOME IMPACT OF NON-ROR	-	73,000	47,163
Rate base Income, before Extrao	-	-	-287,339
RATE BASE INCOME WITH NON-ROR, ONLY	-	-	-240,175
Return with Non-ROR, only	-	-	11.6482
Pre-tax Future Fixed or Rev Transf	-	-	-
FIT on Future Fixed or Rev Transf	-	-	-
SIT on Future Fixed or Rev Transf	-	-	-
NI IMPACT FUTURE FIXED OR REV TRANSF	-	-	-
Rate Base Income with Non-ROR, only	-	-	-240,175
RATE BASE INC BEFORE ROR RELATED	-	-	-240,175
Return before ROR Related	-	-	11.6482
Pre-tax ROR Related Total	-	-	-
FIT on ROR Related	-	-	324
SIT on ROR Related	-	-	-952
NI IMPACT OF ROR RELATED	-	-	-628
Rate Base Inc before ROR Related	-	-	-240,175
RATE BASE INC AFTER ROR RELATED	-	-	-240,803
Return after ROR Related	-	-	11.6787
*****	*****	*****	*****

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

12. Schedule B-5c-- A copy of the most recent audited financial statements of the applicant and the parent company (i.e., annual report to stockholders) if available. Companies are not required to obtain certified statements to satisfy this requirement if none exists.

FLORIDA PUBLIC SERVICE COMMISSION
Company: Southern Bell Telephone & Telegraph
Docket No. 920260-TL
Test Year: 1992

Schedule B-5c
Page 1 of 1
Witness Responsible WILLIAM B. KECK

REQUEST: A copy of the most recent audited financial statements of the applicant
and the parent company (i.e. , annual report to stockholder) if available.

RESPONSE: See attached for BellSouth Telecommunications Form 10-K, BellSouth Form 10-K
and BellSouth Annual Report for 1992.

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

 X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1992

OR

 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period
from to

Commission file number
1-1049

BELLSOUTH TELECOMMUNICATIONS, INC.

A Georgia
Corporation

I.R.S. Employer
No. 58-0436120

675 West Peachtree Street, N. E., Atlanta, Georgia 30375

Telephone number 404 529-8611

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
See Attachment.	New York

Securities registered pursuant to Section 12(g) of the Act:
None.

At February 19, 1993, one share of Common Stock was outstanding.

THE REGISTRANT, A WHOLLY-OWNED SUBSIDIARY OF BELLSOUTH CORPORATION, MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION J(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTION J(2).

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [NOT APPLICABLE]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

DOCUMENTS INCORPORATED BY REFERENCE:

None.

Attachment

Title of each class

DEBENTURES

Issues denominated as South Central Bell Telephone Company Debentures

\$85,000,000	Principal Amount of Thirty-One Year 6½% Debentures, due 1999
\$100,000,000	Principal Amount of Thirty-Six Year 7½% Debentures, due 2007
\$200,000,000	Principal Amount of Thirty-Five Year 9.20% Debentures, due 2010
\$100,000,000	Principal Amount of Forty Year 7½% Debentures, due 2012
\$200,000,000	Principal Amount of Forty Year 8¼% Debentures, due 2013
\$250,000,000	Principal Amount of Thirty-Eight Year 8¼% Debentures, due 2015
\$210,000,000	Principal Amount of Forty Year 8¼% Debentures, due 2017
\$250,000,000	Principal Amount of Forty Year 9½% Debentures, due 2019
\$250,000,000	Principal Amount of Forty Year 10½% Debentures, due 2025
\$300,000,000	Principal Amount of Forty Year 8½% Debentures, due 2029

Issues denominated as Southern Bell Telephone and Telegraph Company Debentures

\$30,000,000	Principal Amount of Forty Year 3¼% Debentures, due 1995
\$75,000,000	Principal Amount of Thirty-Seven Year 5% Debentures, due 1997
\$70,000,000	Principal Amount of Thirty-Seven Year 4½% Debentures, due 1998
\$75,000,000	Principal Amount of Thirty-Nine Year 4½% Debentures, due 2001
\$70,000,000	Principal Amount of Forty Year 4½% Debentures, due 2003
\$100,000,000	Principal Amount of Thirty-Five Year 4¼% Debentures, due 2000
\$100,000,000	Principal Amount of Thirty-Eight Year 6% Debentures, due 2004
\$100,000,000	Principal Amount of Thirty-Seven Year 7.60% Debentures, due 2008
\$150,000,000	Principal Amount of Thirty-Eight Year 7½% Debentures, due 2010
\$350,000,000	Principal Amount of Forty Year 7½% Debentures, due 2013
\$300,000,000	Principal Amount of Forty Year 8% Debentures, due 2014
\$450,000,000	Principal Amount of Forty Year 8¼% Debentures, due 2016
\$275,000,000	Principal Amount of Forty Year 8½% Debentures, due 2017
\$150,000,000	Principal Amount of Forty Year 8½% Debentures, due 2018
\$300,000,000	Principal Amount of Thirty-Eight Year 8¼% Debentures, due 2024
\$500,000,000	Principal Amount of Forty Year 8½% Debentures, due 2026
\$300,000,000	Principal Amount of Forty Year 8½% Debentures, due 2029

BellSouth Telecommunications, Inc.

\$250,000,000	Principal Amount of Forty Year 8¼% Debentures, due 2032
\$300,000,000	Principal Amount of Forty Year 7½% Debentures, due 2032

NOTES

BellSouth Telecommunications, Inc.

\$275,000,000	Principal Amount of Seven Year 6½% Notes, Due February 1, 2000
\$150,000,000	Principal Amount of Twelve Year 7% Notes, Due February 1, 2005

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PART I

ITEM 1. BUSINESS

GENERAL

BellSouth Telecommunications, Inc. ("BellSouth Telecommunications"), a corporation wholly-owned by BellSouth Corporation ("BellSouth"), is the surviving corporation from the merger, effective at midnight December 31, 1991 of South Central Bell Telephone Company ("South Central Bell") and Southern Bell Telephone and Telegraph Company ("Southern Bell"). BellSouth Telecommunications provides predominantly tariffed wireline telecommunications services to approximately 67% of the population and 48% of the territory within Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. These areas were previously served by South Central Bell and Southern Bell. BellSouth Telecommunications continues to use the names South Central Bell and Southern Bell for various purposes.

South Central Bell was incorporated in 1967 under the laws of the State of Delaware and Southern Bell was incorporated in 1879 under the laws of the State of New York. On December 31, 1983, pursuant to a consent decree approved by the United States District Court for the District of Columbia (the "D. C. District Court") entitled "Modification of Final Judgment" (the "MFJ") settling antitrust litigation brought by the United States Department of Justice (the "Justice Department") in 1974, American Telephone and Telegraph Company ("AT&T") transferred to BellSouth its 100% ownership of South Central Bell and Southern Bell. On the same date, South Central Bell and Southern Bell were reincorporated through mergers into Georgia corporations. Effective January 1, 1984, ownership of BellSouth was divested from AT&T and BellSouth became a publicly traded company.

BellSouth Telecommunications has its principal executive offices at 675 West Peachtree Street, N.E., Atlanta, Georgia 30375 (telephone number 404 529-8611).

MODIFICATION OF FINAL JUDGMENT

Pursuant to the MFJ, AT&T divested the 22 wholly-owned operating telephone companies (the "Operating Telephone Companies"), including South Central Bell and Southern Bell, that were included in the former Bell System. The ownership of such 22 Operating Telephone Companies was transferred by AT&T to seven holding companies (the "Holding Companies"), including BellSouth. All territory in the continental United States served by the Operating Telephone Companies was divided into geographical areas termed "Local Access and Transport Areas" ("LATAs"). These LATAs are generally centered on a city or other identifiable community of interest.

The MFJ limits the telecommunications-related scope of the Operating Telephone Companies' post-divestiture business activities, and the D. C. District Court retained jurisdiction over its construction, implementation, modification and enforcement. Under the MFJ, the Operating Telephone Companies may provide local exchange, exchange access, information access and toll telecommunications services within the LATAs. Although prohibited from providing service between LATAs, the Operating Telephone Companies provide exchange access services that link a subscriber's telephone or other equipment in one of their LATAs to the transmission facilities of carriers (the "Interexchange Carriers"), which provide toll telecommunications services between different LATAs. The Operating Telephone Companies may market, but not manufacture, customer premises equipment ("CPE"), which is defined in the MFJ as equipment used on customers' premises to originate, route or terminate telecommunications. A similar restriction applies to the manufacture or provision of "telecommunications equipment," which is defined in the MFJ as including equipment used by carriers to provide telecommunications services. The MFJ restriction precluding the Holding Companies from providing information services was lifted by the D. C. District Court during 1991 but the decision has been

• The provisions of the MFJ are applicable to the Holding Companies.

appealed to the United States Court of Appeals for the District of Columbia Circuit (the "D. C. Circuit Court"). A general line of business restriction prohibiting the Holding Companies from providing non-telecommunications-related products and services was removed in 1987.

The MFJ requires the Operating Telephone Companies to provide, upon a bona fide request by any Interexchange Carrier or information service provider, exchange access, information access and exchange services for such access that will be equal to that provided to AT&T in quality, type and price. BellSouth Telecommunications believes it is in compliance with this requirement.

BUSINESS OPERATIONS

Approximately 86% of BellSouth Telecommunications' operating revenues for the years ended December 31, 1992, 1991 and 1990, respectively, were from wireline telecommunications services and the remainder of revenues was principally from directory publishing fees, billing and collection services, CPE sales and rental of facilities.

BellSouth Business Systems, Inc. ("BellSouth Business Systems"), a subsidiary of BellSouth Telecommunications, was created during 1991 for the purpose of serving primarily the needs of business customers. The principal companies that comprise BellSouth Business Systems are BellSouth Communications, Inc., BellSouth Communication Systems, Inc. and Dataserv, Inc. Respectively, these companies provide sales support within traditional telephone operating company service areas; sell, install and maintain CPE; and maintain and provide parts and integration services for computer and data processing equipment. BellSouth Business Systems provides service to locations throughout and beyond BellSouth Telecommunications' nine-state region.

In the aggregate, access revenues, revenues from billing and collection activities and rental of facilities comprised approximately 30%, 31% and 32% of 1992, 1991 and 1990 operating revenues, respectively. The majority of revenues was from services provided to AT&T, BellSouth Telecommunications' largest customer.

Telephone Company Operations

BellSouth Telecommunications provides services, which include local exchange, exchange access and intraLATA toll services, within each of the 38 LATAs in its combined nine-state operating area. (See "Local and Toll Services" and "Access Services"). The tables below set forth the following: network access lines in service at December 31 for the last five years; access lines in each state at December 31, 1992; and the annual percentage increase in access lines in each state at December 31 for the last four years.

	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>1988</u>
			(Millions)		
Network Access					
Lines in Service:					
Residence	13.3	12.9	12.6	12.3	12.0
Business	5.1	4.9	4.6	4.4	4.2
Other .....	.3	.3	.3	.3	.2
Total	<u>18.7</u>	<u>18.1</u>	<u>17.5</u>	<u>17.0</u>	<u>16.4</u>

States	Access Lines	Percent Access Line Increase			
	1992 (Millions)	1992	1991	1990	1989
Alabama	1.6	3.0	2.8	3.5	2.0
Florida	4.9	3.4	3.3	3.7	5.3
Georgia	3.1	4.7	4.2	3.4	4.0
Kentucky	1.0	3.0	3.1	1.8	2.0
Louisiana	1.9	2.4	1.9	2.7	1.1
Mississippi	1.0	2.4	2.8	2.9	1.9
North Carolina	1.8	3.7	3.0	2.7	4.5
South Carolina	1.2	2.9	2.8	3.5	4.4
Tennessee	2.2	3.5	3.2	3.5	1.5
Total Lines/Increase	18.7	3.4	3.2	3.2	3.4

Approximately 55% of such lines were in 49 metropolitan areas, each having a population of 125,000 or more, and about 28% were in other metropolitan areas having populations in excess of 25,000 but less than 125,000. Many localities and some sizable areas in the states in which BellSouth Telecommunications operates are served by non-affiliated telephone companies, which had approximately 29% of the network access lines in such states on December 31, 1992. BellSouth Telecommunications does not furnish local exchange, access or toll services in the areas served by such companies.

The following table reflects access minutes of use and toll message volume for the last five years.

	1992	1991	1990	1989	1988
	(Millions)				
Access Minutes of Use:*					
Interstate	50,546.4	47,255.3	44,903.3	41,415.7	37,422.0
Intrastate	13,994.2	13,237.7	12,119.5	11,271.5	10,349.1
Toll Messages*	1,280.5	1,390.0	1,459.6	1,463.0	1,377.9

The number of intraLATA toll messages carried by BellSouth Telecommunications has declined, primarily because of the effect of expanded local calling area plans and competition by others for the provision of toll services. Toll message volumes are expected to decline further upon implementation of additional intraLATA toll competition being authorized in many of the states served by BellSouth Telecommunications. (See "Competition" and "Management's Discussion and Analysis of Results of Operations and Financial Condition — Operating Environment and Trends of the Business — Volumes of Business").

Local And Toll Services

Charges for local services for the years ended December 31, 1992, 1991 and 1990 accounted for approximately 47%, 46% and 45%, respectively, of BellSouth Telecommunications' operating revenues. Local services operations provide lines from telephone exchange offices to subscribers' premises for the origination and termination of telecommunications including the following: basic local telephone service provided through the regular switching network; dedicated private line facilities for voice and special services, such as transport of data, radio and video, and foreign exchange services; switching services for customers' internal communications through facilities owned by BellSouth Telecommunications; services for data transport that include managing and configuring special service networks; and dedicated low or high capacity public or private digital networks. Other local services revenue is derived from intercept and directory assistance, coin telephones and various special and custom calling services.

* Prior period operating data is often revised at later dates to reflect the most current information. The above information reflects the latest data available for Access Minutes of Use and Toll Messages for the periods indicated.

BellSouth Telecommunications has the ability to offer certain enhanced services through its network. Such offerings include various forms of data and voice transmission, voice messaging and storage services and gateway communications between customers and information services providers. The extent to which these offerings can be profitably provided will depend on the degree of market acceptance and the resolution of various issues still pending before the Federal Communications Commission (the "FCC") regarding each company's offering of both enhanced and basic network services on an integrated basis. (See "Access Services").

BellSouth Telecommunications provides intraLATA toll services within, but not between, its 38 LATAs. Such toll services provided approximately 10%, 11% and 12% of BellSouth Telecommunications' operating revenues for the years ended December 31, 1992, 1991 and 1990, respectively. These services include the following: intraLATA service beyond the local calling area; Wide Area Telecommunications Service ("WATS" or "800" services) for customers with highly concentrated demand; and special services, such as transport of data, radio and video.

BellSouth Telecommunications is subject to state regulatory authorities in each state in which it provides telecommunications services with respect to intrastate rates, services and other issues.

Traditionally, BellSouth Telecommunications' rates were set in each state in its service areas at levels which were anticipated to generate revenues sufficient to cover its allowed expenses and to provide an opportunity to earn a stated return on its capital investment. BellSouth Telecommunications' primary regulatory focus is directed towards efforts to ensure that the regulatory processes more realistically reflect the increasingly competitive telecommunications environment. Modified forms of regulation have been approved in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, South Carolina and Tennessee.

Under a typical form of alternative regulation, economic incentives are provided to lower costs and increase productivity through the potential availability of "shared" earnings over a benchmark rate of return. Generally, when levels above targeted returns are reached, earnings are "shared" by providing refunds or rate reductions to customers. The amounts of any such excess which may be retained under some plans depend upon attaining mandated service standards, certain productivity improvement provisions or both. Under some plans, if earnings fall below a targeted minimum, additional earnings required to return to the bottom of the allowed range can be obtained through rate increases. Sharing plans are generally subject to renewal after two or three years, and may be subject to modification prior to renewal.

Despite the potential advantages offered by sharing plans, substantial rate reductions have been incurred in connection with their adoption and operation. Of the states in which these types of plans were in place throughout 1992, BellSouth Telecommunications achieved sharing levels above the targeted rates of return at times during the year in Alabama, Kentucky, Louisiana, Mississippi and South Carolina.

Alabama. A plan, adopted by the Alabama Public Service Commission has been in effect in Alabama since December 1988. The plan provides for a return on average capital* in the range of 11.65% to 12.30%. If earnings exceed 12.30%, sharing with customers may range from 0% to 50%, depending upon whether certain service and efficiency requirements are met. In November 1990, the Alabama Commission extended the plan through 1993 without additional rate reduction. Effective April 1992, and January 1993, BellSouth Telecommunications achieved a rate of return that required rate reductions of \$7.3 million and \$8.4 million, respectively.

Florida. In October 1988, the Florida Public Service Commission approved a plan providing for a return on equity* of 11.5% to 16%. Earnings from 14% to 16% would be shared 40% by BellSouth Telecommunications and 60% by customers. BellSouth Telecommunications' return on equity may not exceed 16% after sharing. In December 1990, the Florida Commission approved an extension of

* As defined in the plan for this state.

the Florida plan without significant modification or further rate reductions. Also, pursuant to the plan, the Florida Commission ordered a credit to customers in the amount of \$3.74 million per month beginning in 1992 until it makes a decision on the permanent disposition of 1992 revenues.

In mid-1992, BellSouth Telecommunications filed a proposed price regulation plan, which would replace the previous plan. The proposed plan places a ceiling on aggregate prices by limiting price changes to a formula which allows aggregate prices to increase or decrease by a percentage determined by an inflation factor, a productivity factor and adjustments related to exogenous changes. In addition, the proposed plan includes a sharing ratio of 50/50 above 14% return on equity* and initial annual rate reductions of approximately \$36 million. Hearings to consider BellSouth Telecommunications' proposed earnings should result in a decision in mid-1993. The Florida Commission is also investigating certain trouble reporting and sales practices from 1985 to 1992. The outcome, if unfavorable, might adversely affect proceedings before the Florida Commission.

Georgia. In December 1990, the Georgia Public Service Commission ordered BellSouth Telecommunications to reduce rates by \$149 million annually, approved institution of county-wide calling and agreed to a three year plan. The plan provides that BellSouth Telecommunications may retain all earnings up to a 14% return on equity*. Subject to the attainment of service standards and productivity improvement provisions, BellSouth Telecommunications may retain a portion of earnings between 14% and 16%. The plan also provides for a reduction of rates if earnings exceed 14% return on equity, even if the service standards and productivity improvement provisions are met. The amount of any sharing and rate adjustments would depend upon attaining certain service standards and productivity improvements.

Kentucky. In April 1991, the Kentucky Public Service Commission voted to modify and extend the 1988 sharing plan through May 1994 with a mid-plan cost of capital review, which is currently pending. Under the modified plan, BellSouth Telecommunications may earn a return on average total capital* in the range 10.99% to 11.61%. Earnings above 11.61% are subject to sharing. If the return on average total capital falls below 10.99%, 50% of the shortfall may be recovered from customers, and if the return falls below 9.49%, 75% of the shortfall may be recovered. BellSouth Telecommunications achieved the sharing level during 1992 and reduced rates in the amounts of \$6.1 million in June and \$4.3 million in December.

Louisiana. In 1989, the Louisiana Public Service Commission reduced BellSouth Telecommunications' authorized rate of return on equity* from 14.75% to 12.75% and ordered it to reduce rates by \$35.4 million in annual effect and refund \$36.4 million of previously collected revenues deemed in excess of the newly established rate of return. In 1991, the Louisiana Commission ordered BellSouth Telecommunications to further reduce its rates by \$55.6 million and refund \$32.1 million. The 1991 order also established an equity return range of 11.75% to 12.75% as part of a new sharing plan ordered by the Louisiana Commission. BellSouth Telecommunications appealed the orders and, following a January 1992 Louisiana Supreme Court ruling to the effect that substantial parts of the 1989 order were invalid, the Louisiana Commission in February 1992 adopted a settlement order regarding the 1989 and the 1991 orders.

The settlement provided that BellSouth Telecommunications credit customers with \$55.0 million, reduce rates in the amount of \$31.4 million and operate under a sharing plan that allows a return on investment* in the range of 10.7% to 11.7%, and provides for sharing of earnings above 11.7% and below 12.7%.

Based on 1992 data, BellSouth Telecommunications filed tariffs in January 1993 that resulted in a \$13.8 million rate reduction effective February of this year, reflecting its sharing obligation under the new plan.

* As defined in the plan for this state.

Mississippi. In June 1990, the Mississippi Public Service Commission authorized implementation of a plan that includes a return on average net investment* ranging from 10.74% to 11.74% and provides that earnings above 11.74% and shortfalls below 10.74% would be shared with customers on a 50/50 basis. Rate reductions totaling \$22.8 million on an annual basis were required prior to implementation of the plan. During 1992, BellSouth Telecommunications achieved a rate of return that resulted in sharing through rate reductions of \$11.9 million in July and \$4.9 million in January 1993. Additional revenue reductions in the amount of \$12.8 million related to intrastate access and area calling plan impacts became effective in January 1993.

North Carolina. In 1989, legislation was enacted in North Carolina authorizing the North Carolina Public Service Commission to consider alternative forms of regulation. No specific proposal has been approved or is pending.

The North Carolina Commission reviews BellSouth Telecommunications' rate structure annually. New depreciation rates were approved effective January, 1992, which resulted in additional annual intrastate depreciation expense of \$8.6 million. In addition, a one-time reserve deficiency amortization of \$21.8 million was authorized by the North Carolina Commission and accrued in October 1992.

South Carolina. In August 1991, the South Carolina Public Service Commission authorized implementation of a plan that includes a return on equity* ranging from 12.0% to 16.5%. Earnings between the return range of 14.0% to 16.5% will be shared 50/50 with customers while the disposition of earnings above 16.5%, before sharing, will be determined by the South Carolina Commission. During 1992, BellSouth Telecommunications accrued \$5 million in anticipated refunds as a result of a potential sharing obligation.

In February 1993, the South Carolina Commission authorized additional annual intrastate depreciation expense of \$12.2 million retroactive to January 1, 1992.

Tennessee. In August 1990, the Tennessee Public Service Commission adopted a sharing plan which provides for a return on average net investment* ranging from 11.0% to 12.2% with \$157 million of BellSouth Telecommunications' revenues over the three year period 1990-92 to be applied to technological enhancements, ongoing Commission projects and rate reductions. BellSouth Telecommunications would retain all earnings inside the target range and share earnings outside the target range up to 16.2% depending upon the attainment of certain measurable levels of service quality. All earnings above 16.2% return on average net investment must be used to benefit ratepayers. Should the return on average net investment fall below 11.0%, BellSouth Telecommunications would share a portion of the earnings shortfall depending upon the attainment of certain measurable levels of service quality. In 1992, BellSouth Telecommunications recovered approximately \$6 million in revenues resulting from earnings levels being below 11%. The Tennessee sharing plan has expired; hearings are scheduled for April 1993 to consider renewal of and modification to the Plan retroactive to January 1, 1993.

In addition to the above matters, BellSouth Telecommunications is a party to numerous proceedings pending before state regulatory bodies which involve, among other things, terms and conditions of services provided by BellSouth Telecommunications, rates charged for such services and relationships with affiliates. No assurance can be given as to the outcome of any such matters.

Access Services

BellSouth Telecommunications provides access services by connecting the communications networks of Interexchange Carriers with the equipment and facilities of subscribers. These connections

* As defined in the plan for this state.

are provided by linking these carriers and subscribers through the public switched network of BellSouth Telecommunications or through dedicated private lines furnished by BellSouth Telecommunications.

Access charges, which are payable both by Interexchange Carriers and subscribers, provided approximately 29% of BellSouth Telecommunications' operating revenues for the years ended December 31, 1992, 1991 and 1990, respectively. These charges are designed to recover the costs of the common and dedicated facilities and switching equipment used to connect networks of Interexchange Carriers with the telephone company's local network. In addition, an interstate monthly subscriber line access charge of \$3.50 per line per month applies to single-line business and residential customers. The interstate subscriber access charge for multi-line business customers varies by state but cannot exceed \$6.00 per line per month.

In October 1990, the FCC authorized an alternative to rate of return regulation called "price caps," effective January 1, 1991, which is mandatory for certain local exchange carriers ("LECs"), including BellSouth Telecommunications and the other Operating Telephone Companies. In contrast to regulation which limits the rate of return that can be achieved, price caps limits the prices telephone companies can charge for their services. The price cap plan limits aggregate price changes to the rate of inflation minus a productivity offset, plus or minus exogenous cost changes recognized by the FCC. The FCC expects price cap regulation to provide LECs with enhanced incentives to increase productivity and efficiency.

Concurrently with the implementation of price caps, the FCC reduced the allowed rate of return on interstate operations from 12.0% to 11.25%. This action resulted in rate reductions of approximately \$57.5 million in 1991. The LECs appealed the FCC's rate of return decision to the D.C. Circuit Court, where it remains pending.

Those LECs which operate under price caps are allowed to elect annually by April 1 a productivity offset factor of 3.3% or 4.3%. If the lower offset is chosen, such carriers will be allowed to earn up to a 12.25% overall rate of return without sharing. If such carriers earn between 12.25% and 16.25%, half of the earnings in this range will be flowed through to customers in the form of a lower price cap index in the following year. All earnings over 16.25% would be flowed through to customers. If such carriers elect a 4.3% productivity offset, all earnings below 13.25% may be retained, earnings up to 17.25% would be shared and earnings over 17.25% would be flowed through to customers. BellSouth Telecommunications elected the 4.3% productivity offset factor for the annual period beginning July 1, 1992. During 1992, BellSouth Telecommunications reached the sharing level under the price caps plan. This plan is subject to review the fourth year after implementation.

State regulatory commissions have jurisdiction over charges related to the provision of access to the Interexchange Carriers to complete intrastate telecommunications. The state commissions have authorized BellSouth Telecommunications to collect access charges from the Interexchange Carriers and, in several states, from customers.

Open Network Architecture ("ONA") plans, permitting all users of the basic network to interconnect to specific basic network functions and interfaces on an unbundled and equal access basis for the provision of enhanced services, will eliminate the FCC requirement that certain enhanced telecommunications services be offered only through a separate subsidiary. The plans may be implemented when ONA tariffs filed with the FCC become effective and are filed with the states in which ONA services will be offered and the FCC is notified by the company that it is prepared to offer the ONA services described in its plan. In November 1992, BellSouth Telecommunications filed a Notice of Initial ONA Implementation and Petition for Removal of Structural Separation Requirement (the "Notice"). The Notice informs the FCC of BellSouth Telecommunications' completion of the required steps for initial ONA implementation and asks the FCC to remove the structural separation requirements currently imposed on enhanced services offerings.

In August 1992, the FCC issued an Order allowing the LECs to offer video dial tone for transmitting video services. These services would allow customers of the LECs to have access through the network to video services such as educational programs and pay per view television. BellSouth Telecommunications expects to request FCC permission to construct facilities necessary to test video dial tone services later this year. The FCC has also recommended that Congress repeal the restriction in the Cable Act of 1984 which prohibits LECs from providing cable television programming in their service territories, and has proposed that LECs be allowed to provide and to acquire minor ownership interests in video programming in such territories.

In addition to the above matters, BellSouth Telecommunications is a party to numerous proceedings pending before the FCC which involve, among other things, terms and conditions of services provided by BellSouth Telecommunications, rates charged for such services and relationships with affiliates. No assurance can be given as to the outcome of any such matters.

Billing And Collection Services

BellSouth Telecommunications provides, under contract and/or tariff, billing and collection services for certain long distance services of AT&T and several other Interexchange Carriers. The agreement with AT&T has been extended through 1996, subject to the right of AT&T to assume billing and collection for certain of its services prior to the expiration of the agreement. Revenues from such services are expected to decrease as AT&T assumes more direct billing for its own services.

Operator Services

Directory assistance and local and toll operator services are provided by BellSouth Telecommunications in its service areas. Toll operator services include alternate billing arrangements, such as collect calls, third number billing, person-to-person and calling card calls; dialing instructions; pre-billed credit; and rate information. In addition, directory assistance is provided for some Interexchange Carriers which do not provide such services for their own customers.

Other Business Operations

Directory Publishing Fees

A percentage of the billed revenues from directory advertising operations of BellSouth Advertising & Publishing Corporation, a wholly-owned subsidiary of BellSouth, are paid as publication fees to BellSouth Telecommunications for publishing rights and other services in its franchise areas. Such fees amounted to approximately \$598, \$580 and \$549 million in 1992, 1991 and 1990, respectively.

Selling, Leasing and Maintaining Equipment

Through its subsidiaries, BellSouth Telecommunications sells, leases and maintains CPE, computers and related office equipment. The Holding Companies, AT&T and other substantial enterprises compete in the provision of CPE and other services and products.

Competition

BellSouth Telecommunications is subject to increasing competition in the areas of telecommunications services described above. Regulatory, legislative and judicial actions and technological developments have expanded the types of available services and products and the number of companies which may offer them. Increasingly, this competition is from large companies which have substantial capital, technological and marketing resources.

Many services traditionally provided exclusively by the LECs have been deregulated, detariffed or otherwise opened for competition. For example, some carriers and other customers with concentrated, high usage characteristics are utilizing shared tenant services, private branch exchange (PBX) systems owned by customers which provide internal switching functions without using BellSouth Telecommunications' central office facilities, private line services and other telecommunications links which bypass the switched networks of BellSouth Telecommunications. An increasing number of private voice and data communications networks utilizing fiber optic lines have been and are being

constructed in metropolitan areas, including Atlanta, Georgia, Charlotte, North Carolina and Jacksonville, Miami and Orlando, Florida, which will offer certain high volume users a competitive alternative to the public and private line offerings of the LECs. In addition, the existing networks of cable television systems are capable of carrying two-way interactive data messages and can be configured to provide voice communications. Furthermore, wireless services, such as cellular telephone and paging services, increasingly compete with wireline communications services.

BellSouth Telecommunications is presently vulnerable to bypass to the extent that its access charges reflect subsidies for other services. BellSouth Telecommunications supports pricing policies that would permit lower carrier access charges by more fully recovering directly from the end user those costs attributable to subscriber lines.

Although BellSouth Telecommunications believes that bypass has already occurred to a significant degree in its nine-state area, it is difficult to quantify the lost revenues since customers are not required to report to the telephone companies the components of their telecommunications systems. In general, telephone company telecommunications services in highly concentrated population and business areas are more vulnerable to bypass.

In 1992, the FCC ordered the LECs to offer expanded interconnection to providers of alternative special access services. The order requires BellSouth Telecommunications to offer on a tariffed basis available space in its central office buildings for physical or virtual collocation of and access to transmission equipment by competitive special access carriers and customers. Special access transmission is a dedicated transmission path used to provide telecommunications services between one customer premises, whether end user or Interexchange Carrier, to another customer premises. This type of transmission does not involve switching at the LEC office and is used primarily by large business customers.

The FCC has devised an interim rate structure for alternative special access services which begins in November 1993 and is subject to review in 1995. The FCC's interim rate structure does not provide adequately for prices to reflect differences in costs of services nor the pricing flexibility needed by the LECs in a competitive market. This rate structure prevents BellSouth Telecommunications from offering volume discounts to large customers, therefore encouraging such customers to bypass its operations or move to competitive access providers who benefit from collocation. The expanded interconnection order is being appealed by BellSouth Telecommunications and other LECs.

In a separate docket, the FCC is expected in 1993 to consider extending its collocation order to the provision of interstate switched access services. Several states are considering expanded interconnection for intrastate services.

A number of firms compete with BellSouth Telecommunications for intraLATA toll business by reselling toll services obtained at bulk rates from BellSouth Telecommunications or, subject to the approval of the applicable state public utility commission, providing toll services over their own facilities. Commissions in the states in BellSouth Telecommunications' operating territory have allowed or are considering the latter type of intraLATA toll calling, whereby the Interexchange Carriers are assigned a multiple digit access code ("10XXX") which customers may dial to place intraLATA toll calls through facilities of such Interexchange Carriers. The Kentucky Commission has concluded that competing carriers should be allowed to provide intraLATA toll presubscribed calling with a single digit access code (1+ or 0+) and is considering how and when such authorization should be implemented.

Technological changes and the effects of competition reduce the economic useful lives of BellSouth Telecommunications' fixed assets. As competition increases in both the exchange access and local exchange markets, the economic lives of related properties should continue to decrease. Therefore, BellSouth Telecommunications is examining the rates of depreciation of fixed assets authorized

by the FCC and state regulatory commissions to ensure that these rates are adequate to recover fixed asset costs in a timely fashion. The FCC and the state commissions represcribe depreciation rates for BellSouth Telecommunications at three-year intervals.

In addition, the FCC has instituted a rulemaking proceeding to examine personal communications services ("PCS") and other emerging technologies that might increase competition to wireline services. The FCC has proposed in this proceeding to allocate additional spectrum to a PCS service and to authorize between three and five PCS service providers in each market. Although the exact nature and scope of the services to be offered by PCS service providers has yet to be determined, BellSouth Telecommunications anticipates that its local wireline and telephone business may experience additional competition from PCS service providers in the future. BellSouth Telecommunications businesses may also face competition in the future from other telecommunications technologies, including satellite based technologies.

The long range effect of competition on the provision of telecommunications services and equipment will depend on further technological advances, regulatory actions at the state and federal levels, decisions with respect to the MFJ and possible state and federal legislation.

Legislation

When the 102nd Congress ended, a number of bills expired that could have significantly affected BellSouth Telecommunications' business operations and opportunities. However, new bills restricting BellSouth Telecommunications' entry into various lines of business may be introduced in the current congressional session.

During 1991, the D. C. District Court granted the Holding Companies relief from the MFJ to permit them to offer information services. Such services could include electronic publishing, two-way video, voice-recognition and enhanced electronic gateways. As noted above, appeals were taken of the D. C. District Court's decision and are currently pending. Moreover, legislation was introduced in the 102nd Congress to restrict the Holding Companies from offering information services and to otherwise substantially codify the MFJ. Although the legislation did not reach the floor during that session of Congress, it is likely that similar legislation, and other bills variously restricting the offering by the Holding Companies of information services, will be introduced in the 103rd Congress.

In 1991, the Senate passed a manufacturing relief bill that would have allowed the Holding Companies to manufacture telecommunications equipment and CPE as long as certain domestic manufacturing provisions were met. A companion bill was introduced in the House, but no vote was taken.

Bills were introduced in the 102nd Congress to increase spectrum efficiency, to reallocate 200 megahertz of radio spectrum from the federal government to commercial users for commercial use and to require the FCC to conduct auctions to determine the assignment of that spectrum. The FCC would also have been required to assign portions of the spectrum to providers of new services. No final action on the spectrum allocation or auctions was reached in the 102nd Congress. Similar legislation has been introduced in the 103rd Congress.

The President has emphasized that improving telecommunications infrastructure will be a high priority for his Administration. Legislation has been introduced in the 103rd Congress and other bills are likely, relating to the development and deployment of a national broadband fiber network and other information infrastructure. The proposed legislation would provide for enhanced development and nationwide deployment of telecommunications technologies, which could be utilized to develop communications services outside the public networks of the LECs.

Research and Development

The services and products of BellSouth Telecommunications are in a highly technological field. BellSouth Telecommunications has expended \$46.3, \$42.0 and \$40.7 million in 1992, 1991 and 1990, respectively, on company-sponsored research and development activities. The majority of this activity

is conducted at Bell Communications Research, Inc. ("Bellcore"), one-seventh of which is owned by BellSouth, through BellSouth Telecommunications, with the remainder owned by the other Holding Companies. Bellcore provides research and development and other services for its owners and is the central point of contact for coordinating the Federal government's telecommunications requirements relating to national security and emergency preparedness.

Licenses and Franchises

BellSouth Telecommunications' local exchange business is typically provided under certificates of public convenience and necessity granted pursuant to state statutes and public interest findings of the various public utility commissions of the states in which BellSouth Telecommunications does business. These certificates provide for a franchise of indefinite duration, subject to the maintenance of satisfactory service at reasonable rates.

BellSouth Telecommunications owns or has licenses to use all patents, copyrights, licenses, trademarks and other intellectual property necessary for it to conduct its present business operations. It is not anticipated that any of such property will be subject to expiration or non-renewal of rights which would materially and adversely affect BellSouth Telecommunications or its subsidiaries.

Employees

On December 31, 1992, 1991 and 1990 BellSouth Telecommunications employed approximately 82,900, 82,200 and 88,500 persons, respectively. About 69% of these employees at December 31, 1992 were represented by the Communications Workers of America (the "CWA"), which is affiliated with the AFL-CIO.

In September 1992, the CWA ratified new three-year contracts with BellSouth Telecommunications covering about 58,000 employees. These contracts included provisions for wage increases retroactive to August 9, a cost-of-living adjustment and an increase in the team incentive award that will total an estimated 11.3% over the next three years.

In November, 1992, BellSouth Telecommunications announced plans to reduce its work force by approximately 8,000 employees by 1996, the majority of which is expected to be accomplished through normal attrition. The reductions are expected to be divided approximately equally between craft and management employees. Targeted offers will be made to managers as needed and involuntary separations of managers are possible. The contract with the CWA contains provisions for dealing with craft employees whose jobs are affected.

ITEM 2. PROPERTIES

GENERAL

BellSouth Telecommunications' properties do not lend themselves to description by character and location of principal units. BellSouth Telecommunications' investment in property, plant and equipment consisted of the following at December 31:

	<u>1992</u>	<u>1991</u>
Outside Plant	47%	46%
Central Office Equipment	36%	36%
Land and Buildings	7%	7%
Station Equipment	2%	3%
Other	8%	8%
	<u>100%</u>	<u>100%</u>

Outside plant consists of connecting lines (aerial, underground and buried cable) not on customers' premises, the majority of which are on or under public roads, highways or streets while the remainder is on or under private property. Central office equipment consists of analog switching equipment, digital electronic switching equipment and circuit equipment. Land and buildings are occupied principally by central offices. Station equipment consists of embedded intrasystem wiring, substantially all of which is on the premises of customers.

Substantially all of the installations of central office equipment and administrative offices are located in buildings and on land owned by BellSouth Telecommunications. Many garages, business offices and telephone service centers are in leased quarters.

BellSouth Telecommunications' customers are now served by electronic switching systems that provide a wider variety of services than their mechanical predecessors. The BellSouth Telecommunications network is in transition from an analog to a digital network, which provides capabilities for BellSouth Telecommunications to furnish advanced data transmission and information management services.

PROPERTY ADDITIONS

Property additions include gross additions to property, plant and equipment having an estimated service life of one year or more, plus the incidental costs of preparing the asset for its intended use. In the case of constructed assets, an amount related to the cost of debt and equity used in the construction of an asset is capitalized as part of the asset when the construction period is in excess of one year. Property additions also include assets acquired by means of entering into a capital lease agreement, gross additions to operating lease equipment and reused materials.

Significant additions to property, plant and equipment will be required to meet the demand for telecommunications services and to further improve such services. The level of property additions indicated below is expected to be maintained in the near future. The total investment in telephone plant has increased from about \$31,015 million at January 1, 1988 to about \$38,324 million at December 31, 1992, including the effects of retirements and property transferred at divestiture, but not including deductions of accumulated depreciation at either date.

BellSouth Telecommunications' property additions since January 1, 1988, were approximately as follows:

	<u>Millions</u>
1988	\$2,959
1989	\$3,036
1990	\$3,055
1991	\$2,890
1992	\$2,927

In 1992, BellSouth Telecommunications generated substantially all of its funds for property additions internally; substantially all of such property additions are expected to be financed through internally generated funds in 1993.

BellSouth Telecommunications projects property additions to be approximately \$3,078 million for 1993. The continued modernization of the BellSouth Telecommunications' telecommunications network is necessary to meet the needs of customers and competitive demands. Population and economic expansion is projected by BellSouth Telecommunications in certain growth centers within its nine-state area during the next five to ten years. Expansion of the network will be needed to accommodate such projected growth.

ITEM 3. LEGAL PROCEEDINGS

The MFJ and the related Plan of Reorganization (the "Plan") provide for the recognition and payment of liabilities by AT&T and the Operating Telephone Companies that are attributable to pre-divestiture events but that did not become certain until after divestiture. These contingent liabilities relate principally to litigation and other claims with respect to the former Bell System's rates, taxes, contracts and torts (including business torts, such as alleged violations of the antitrust laws). Contingent liabilities that are attributable to pre-divestiture events are shared by AT&T and the Operating Telephone Companies in accordance with formulae prescribed by the Plan, whether or not an entity was a party to the proceeding and regardless of whether an entity was dismissed from the proceeding by virtue of settlement or otherwise. BellSouth Telecommunications' share of these liabilities to date has not been material to its financial position or results of operations for any period.

BellSouth Telecommunications and its subsidiaries are subject to numerous claims and proceedings arising in the ordinary course of business involving allegations of personal injury, breach of contract, anti-competitive conduct and other matters. While complete assurance cannot be given as to the outcome of any contingent liabilities, in the opinion of BellSouth Telecommunications, any financial impact to which BellSouth Telecommunications is subject is not expected to be material in amount to BellSouth Telecommunications' operating results or its financial position.

BellSouth Telecommunications is subject to a number of environmental proceedings as a result of its operations and the shared liability provisions in the Plan, related to the MFJ. BellSouth Telecommunications expects that it will be required to expend funds to remedy certain facilities. Such expenditures are not expected to be material in amount to BellSouth Telecommunications' operating results or financial condition.

PART II

ITEM 6.

SELECTED FINANCIAL AND OPERATING DATA (In Millions)

	1992	1991	1990	1989	1988
Operating Revenues	\$ 13,182	\$ 12,768	\$ 12,762	\$ 12,346	\$ 12,027
Operating Expenses	10,258	10,046	9,859	9,419	9,068
Operating Income	2,924	2,722	2,903	2,927	2,959
Interest Expense	583	650	626	652	636
Other Income, net	75	1	27	21	17
Provision for Income Taxes	801	647	708	691	731
Extraordinary Loss, net of tax	(41)	—	—	(22)	—
Net Income	\$ 1,574	\$ 1,426	\$ 1,596	\$ 1,583	\$ 1,609
Total Assets	\$ 26,442	\$ 26,322	\$ 26,511	\$ 26,447	\$ 25,977
Property Additions	\$ 2,927	\$ 2,890	\$ 3,055	\$ 3,036	\$ 2,959
Long-Term Debt	\$ 6,336	\$ 6,403	\$ 6,440	\$ 6,433	\$ 6,356
Ratio of Earnings to Fixed Charges* ..	4.53	3.86	4.23	4.15	4.28
Return to Average Common Equity ..	13.78%	12.49%	14.13%	14.40%	15.34%
Debt Ratio at End of Period	38.46%	38.17%	37.83%	38.38%	38.54%
Access Minutes of Use:#					
Interstate	50,546.4	47,255.3	44,903.3	41,415.7	37,422.0
Intrastate	13,994.2	13,237.7	12,119.5	11,271.5	10,349.1
Toll Messages #	1,280.5	1,390.0	1,459.6	1,463.0	1,377.9
Network Access Lines in Service:					
Residence	13.3	12.9	12.6	12.3	12.0
Business	5.1	4.9	4.6	4.4	4.2
Other .....	.3	.3	.3	.3	.2
Total	18.7	18.1	17.5	17.0	16.4

* For the purpose of this ratio: (i) earnings have been calculated by adding net income, interest expense, income taxes and such portion of rental expense representative of the interest factor on such rentals; (ii) fixed charges are comprised of total interest expense and such portion of rental expense.

Prior period operating data is often revised at later dates to reflect the most current information. The above information reflects the latest data available for Access Minutes of Use and Toll Messages for the periods indicated.

ITEM 7.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION
(Dollars in Millions)**

RESULTS OF OPERATIONS — 1992 RESULTS COMPARED TO 1991

BellSouth Telecommunications, Inc. ("BellSouth Telecommunications") reported net income of \$1,574.3 for the year ended December 31, 1992, an increase of \$148.5 (10.4%) compared to 1991. Factors contributing to the increase include a one-time gain from the settlement of a federal income tax matter, the reversal of revenue accruals following the settlement of prior year regulatory issues, the inclusion in 1991 of a one-time charge associated with an early retirement program and 1992 expense reductions attributable to salary savings since implementation of that program. Also contributing to the increase were growth in business volumes, partially offset by rate reductions, a charge associated with refinancing at lower interest rates of certain long-term debt issues (see Note D) and expenses associated with Hurricane Andrew.

OPERATING REVENUES

Operating Revenues increased \$414.7 (3.2%) in 1992 compared to 1991 primarily due to a \$389.8 (6.7%) increase in Local Service revenue and smaller increases in Interstate Access and Other revenues. These increases were partially offset by a \$124.9 (9.1%) decrease in Toll revenues.

See "Volumes of Business".

	<u>1992</u>	<u>1991</u>	<u>% Change</u>
Local Service	\$6,236.0	\$5,846.2	6.7%

Local Service revenues reflect amounts billed to customers for local exchange services, which include connection to the network and secondary central office feature services, such as custom calling features and custom dialing packages. (Paging and other mobile service revenues and revenues from cellular interconnection are included in Other revenues for both periods presented.)

The increase in 1992 revenues of \$389.8 (6.7%) is attributable to the addition of 615,300 access lines during the year, revenue shifts from toll to local due to expanded local calling area plans, which increased Local Service revenue, and an increase in secondary central office services of \$51.4 over 1991. In addition, the implementation of a new expanded local calling area plan in Louisiana, effective March 1992, positively impacted 1992 Local Service revenue (see "Toll"). The increase was also due in part to the inclusion in 1991 of a \$63.9 refund in Florida which had previously been deferred in Other revenues. The increase in 1992 was partially offset by a related refund of \$27.9 in 1992 pertaining to amounts set aside in 1991 for disposition by the Florida Public Service Commission. Since these deferred and set aside amounts were originally accrued in Other revenues, there was no impact on net income.

	<u>1992</u>	<u>1991</u>	<u>% Change</u>
Interstate Access	\$2,945.6	\$2,858.1	3.1%

Interstate Access revenues result from the provision of access services to interexchange carriers to provide telecommunications services between states. Interstate access revenues increased \$87.5 (3.1%) in 1992 primarily due to increased access demand of 7.0% in minutes of use and an increase of \$30.6 in end user charges attributable to growth in the number of access lines in service. The effect of these increases was partially offset by rate reductions of approximately \$55.0 since December 31, 1991, including the implementation of lower tariff rates, effective July 1, 1992, associated with BellSouth Telecommunications' selection of a higher productivity offset factor under Federal Communications Commission's ("FCC") price cap plan. Revenues reflect amounts deferred for possible sharing related to the FCC's price cap plan (see "Operating Environment and Trends of the Business").

	<u>1992</u>	<u>1991</u>	<u>% Change</u>
Intrastate Access	\$ 871.8	\$ 866.7	0.6%

Intrastate Access revenues result from the provision of access services to interexchange carriers which provide telecommunications services between LATAs within a state. Revenues increased \$5.1 (0.6%) in 1992 due primarily to a 5.7% increase in minutes of use over the same period in 1991 which was substantially offset by rate reductions since December 31, 1991 of approximately \$30.0, primarily in Georgia and Louisiana. In addition, subscribers are switching to high capacity services under special assembly tariffs which causes a decrease in minutes of use and a resulting decrease in revenues.

	<u>1992</u>	<u>1991</u>	<u>% Change</u>
Toll	\$1,248.8	\$1,373.7	(9.1%)

Toll revenues are received from the provision of long-distance services within (but not between) LATAs. These services include intraLATA service beyond the local calling area; Wide Area Telecommunications Service ("WATS" or "800" services) for customers with highly concentrated demand; and special services, such as transport of voice, data and video. Toll revenues decreased \$124.9 (9.1%) in 1992. This decrease resulted from rate reductions since December 31, 1991 of \$127.0, of which \$36.0 was in Kentucky, and a 7.9% decrease in toll messages due to competition and expanded local calling area plans, which have the effect of shifting more revenues from toll to local. New expanded local calling areas in Louisiana, effective March 1992, contributed \$42.0 to the decrease and is reflected in the rate reductions noted above. The overall decline in Toll revenues is expected to continue due to the proliferation of these plans, rate reductions, competition due to the resale by competitors of toll services obtained from BellSouth Telecommunications and bypass resulting from direct toll competition.

	<u>1992</u>	<u>1991</u>	<u>% Change</u>
Other	\$1,879.9	\$1,822.7	3.1%

Other revenues include revenues from publishing rights fees, billing and collection services, paging and other mobile services, customer premises equipment sales and maintenance services and provision of parts and maintenance services for computer equipment. Revenues increased from 1991 levels due to the settlement of prior year regulatory issues not related to services described above which were required to be recorded in Other revenues, resulting in a one-time increase of \$52.7. In addition, the increase is due to certain 1991 Florida set aside amounts totaling \$27.9 for prior years which are now included as local service rate reductions in 1992. These increases were partially offset by the reclassification in 1991 of a related revenue deferral of \$63.9 in Florida (see "Local Service") and by a \$34.3 decrease in billing and collection fees, a trend which is expected to continue due to interexchange carriers assuming more direct billing for their own services.

OPERATING EXPENSES

Operating Expenses increased \$212.7 (2.1%) during 1992 primarily due to expenses associated with higher business volumes, higher levels of salaries and wages, a portion of which resulted from a new three-year working agreement with the Communications Workers of America ("CWA"), Hurricane Andrew and remedial actions related to underground fuel storage tanks. The increase was partially offset by the inclusion in 1991 of expenses associated with an early retirement program and 1992 expense reductions attributable to salary savings since implementation of that program.

	<u>1992</u>	<u>1991</u>	<u>% Change</u>
Cost of Services and Products	\$5,050.6	\$4,905.1	3.0%

Cost of Services and Products includes operating expenses associated with network support and maintenance of telecommunications property, plant and equipment, material and supplies expense, cost of tangible goods sold and other expenses associated with the cost of providing services. Cost of Services and Products increased \$145.5 (3.0%) during 1992 primarily due to growth in volumes of

business, higher levels of salary and wage expenses, a portion of which resulted from a new three-year working agreement with the CWA, increased pension and benefit expenses and approximately \$45.0 of expenses (net of insurance recovery and state regulatory deferrals) related to Hurricane Andrew (see "Other Matters"). Also contributing were increased expenses for rents and contracted services. The increase was partially offset by expense reductions attributable to salary savings from implementation of the early retirement program and the inclusion in 1991 of \$20.1 in inventory write-downs.

	<u>1992</u>	<u>1991</u>	<u>% Change</u>
Depreciation	\$2,859.9	\$2,819.1	1.4%

Depreciation expense increased \$40.8 (1.4%) during 1992. The increase is attributable, in part, to higher levels of property, plant and equipment since December 31, 1991 resulting primarily from continued growth in the customer base. Also contributing were new interstate depreciation rates, retroactive to January 1, 1992, for Florida, Georgia, North Carolina and South Carolina, new intra-state depreciation rates in North Carolina and South Carolina, both also retroactive to January 1, 1992, and additional reserve deficiency amortization approved in North Carolina. The increase for 1992 was partially offset by the absence of depreciation associated with the expiration of inside wire and reserve deficiency amortizations.

	<u>1992</u>	<u>1991</u>	<u>% Change</u>
Selling, General and Administrative	\$2,348.0	\$2,321.6	1.1%

Selling, General and Administrative expenses include operating expenses related to sales activities such as salaries, commissions, benefits, travel, marketing and advertising expenses. Also included is amortization of intangibles, research and development costs and provision for uncollectibles.

Selling, General and Administrative expenses increased \$26.4 (1.1%) in 1992. The increase is attributable to growth in business volumes, higher levels of salary and wage expenses, a portion of which resulted from a new three-year working agreement with the CWA, increased pension and benefit expenses and approximately \$24.1 of expenses for remedial actions related to underground fuel storage tanks. The increase was partially offset by a decrease in the provision for uncollectibles, the inclusion in 1991 of \$67.8 of expenses associated with the early retirement program (see Note E) and 1992 expense reductions attributable to salary savings since implementation of that program.

	<u>1992</u>	<u>1991</u>	<u>% Change</u>
Interest Expense	\$ 583.3	\$ 649.8	(10.2%)

Interest expense includes interest on debt, certain other accrued liabilities and capital leases, offset by allowance for funds used during construction, which is capitalized as a cost of installing equipment and constructing plant. Interest expense decreased \$66.5 (10.2%) in 1992. The decrease is due primarily to a decline in interest rates coupled with a decline in the average level of short-term borrowings. (See Notes D and H.)

	<u>1992</u>	<u>1991</u>	<u>% Change</u>
Other Income, net	\$ 75.5	\$.9	—

Other income, which primarily includes interest and dividend income, increased \$74.6 during 1992 mainly due to the settlement of an Internal Revenue Service summary tax assessment that resulted in \$56.6 of interest income.

	<u>1992</u>	<u>1991</u>	<u>% Change</u>
Provision for Income Taxes	\$ 800.8	\$ 646.9	23.8%

Income tax expense increased \$153.9 (23.8%) in 1992 primarily due to an increase in income before income taxes and higher effective tax rates resulting from decreasing investment tax credit amortization.

BellSouth Telecommunications' effective tax rates were 33.1% and 31.2% in 1992 and 1991, respectively. A reconciliation of the statutory Federal income tax rates to these effective tax rates is provided in Note G. A discussion of the impact of Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," also is included therein.

OPERATING ENVIRONMENT AND TRENDS OF THE BUSINESS

Regulatory Environment. In providing telecommunications services, BellSouth Telecommunications is subject to regulation by both state and federal regulators with respect to rates, services and other issues. BellSouth Telecommunications' primary regulatory focus is directed towards efforts to ensure that the regulatory processes more realistically reflect the increasingly competitive telecommunications environment.

State Regulation

Eight of the nine states in which BellSouth Telecommunications operates are now under some form of regulation other than traditional rate of return regulation. The eight states are Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, South Carolina and Tennessee. These state plans are designed to provide BellSouth Telecommunications with economic incentives to increase revenues and improve cost controls and general efficiency by providing for shared earnings over benchmark rates of return. BellSouth Telecommunications attained the earnings sharing range in Alabama, Kentucky, Louisiana, Mississippi and South Carolina at times during 1992.

The plans in Florida and Tennessee are currently under review; the outcome of these reviews and the resulting impact on BellSouth Telecommunications are not known at this time. The plans in Alabama, Georgia and Mississippi expire in 1993. In addition, the Florida Public Service Commission is investigating certain trouble reporting and sales practices from 1985 to 1992. The outcome, if unfavorable, might adversely affect proceedings before the Florida Commission.

Federal Regulation

At the national level, BellSouth Telecommunications has been operating under price cap regulation since January 1, 1991. In contrast to regulation which limits the rate of return that can be achieved, price cap regulation limits the prices telephone companies can charge for use of their services. As in the state plans, price cap regulation allows for the sharing of earnings over a benchmark range of earnings. This benchmark is dependent upon the productivity offset factor chosen annually by the carrier. During the price cap plan's annual election period, BellSouth Telecommunications selected a productivity offset factor of 4.3% which provides the potential to earn a higher return before sharing; however, by selecting this higher productivity factor, BellSouth Telecommunications' access rates were reduced one percent more than they would otherwise have been had the 3.3% factor been selected although the resulting decrease in revenues was more than offset by reduced sharing. As of December 31, 1992, aggregate revenues of \$23.9 have been deferred to reflect an estimated sharing obligation. Although this represents a benefit to the ratepayers, BellSouth Telecommunications has not been provided as much flexibility in the pricing of its services as originally anticipated under the new plan. Price cap regulation is an evolving plan in terms of implementation and is subject to review in the fourth year after implementation.

Economy. The nine-state Southeast region in which BellSouth Telecommunications' wireline telephone business operates experienced improved economic growth in 1992. While the rate of regional population growth remains slower than during earlier decades, the Southeast continues to grow faster than the nation. Increasing competition makes BellSouth Telecommunications' financial performance more susceptible to changes in the economy than previously, as its operations reflect the more competitive environment and greater elasticity in demands for its products and services.

Volumes of Business.

Network Access Lines in Service at December 31 (Thousands):

	1992	1991	% Change
Residence	13,321.7	12,936.9	3.0%
Business	5,092.3	4,845.6	5.1%
Other	263.4	279.6	(5.8%)
Total	18,677.4	18,062.1	3.4%

The total number of access lines in service increased by 615.3 over 1991, representing a 3.4% increase, an improvement over the 3.2% rate of increase for 1991 over 1990. The growth rate in 1992 is attributable in part to improved economic conditions, including population movement, an increase in the number of second lines in residences and marketing programs which, by modifying deposit policies, encouraged certain customers to reconnect service in early 1992. Access line growth is expected to be slightly lower in 1993.

Access Minutes of Use (Millions):

	1992	1991	% Change
Interstate	50,546.4	47,255.3	7.0%
Intrastate	13,994.2	13,237.7	5.7%
Total	64,540.6	60,493.0	6.7%

Access minutes of use represent the volume of traffic carried by interexchange carriers between LATAs, both interstate and intrastate, using BellSouth Telecommunications' local facilities. Total access minutes of use increased by 4,047.6 million or 6.7% in 1992 compared to a 6.1% increase in 1991. The 1992 increase in access minutes of use is partially attributable to intraLATA toll competition (which has the effect of increasing access minutes of use while reducing toll messages), the increase in access lines and, to a slight extent, the occurrence of Hurricane Andrew. The growth rate in total minutes of use continues to be negatively impacted by the migration of interexchange carriers to categories of service that have a lower fixed charge as opposed to a volume-driven charge.

	1992	1991	% Change
Toll Messages (Millions)	1,280.5	1,390.0	(7.9%)

Toll messages, comprised of Message Telecommunications Service ("MTS") and Wide Area Telecommunications Service ("WATS"), decreased 109.5 million (7.9%) compared to 1991. Strong competition in the intraLATA toll market and the effects of expanded local calling area plans in several states are having a continuing impact on toll message volumes. A new expanded local calling area in Louisiana, effective in March 1992, accounted for approximately 71% of the decline for the year. These plans and the effects of competition have the effect of shifting calls from toll to local service and access, respectively, but the corresponding revenues are not generally shifted at commensurate rates. The decline in toll message volumes is expected to continue for the foreseeable future.

Competition. BellSouth Telecommunications faces increasing competition in virtually all aspects of its business. Advances in technology, as well as regulatory, legislative and judicial actions, have expanded the types of services and products available in the market as well as the number of alternative providers offering telecommunications services. These trends are expected to continue over the next decade and at an increasing rate in the near future.

Technological developments will dictate the type of network that telecommunications carriers will deploy in the future, thus indicating a strong need for continuing evolutionary changes in the regulatory environment. The development of an information rich telecommunications infrastructure will most likely increase the number of providers and number of alternative technologies available in the marketplace. In addition, the deployment and utilization of existing technologies (such as cable

television, cellular, private branch exchange, private line, fiber optic ring and other services) and the development of new technologies (such as personal communications and mobile data services) is expected to compete with BellSouth Telecommunications' wireline network.

BellSouth Telecommunications continues to advocate changes in regulatory, legislative and judicial constraints. These changes are necessary for BellSouth Telecommunications to compete effectively with the new service providers. BellSouth Telecommunications' ability to meet this growing competition depends to a great extent on the actions of regulators and legislators and its ability to continue to adapt its business and operations to the developing competitive markets.

BellSouth Telecommunications currently accounts for the economic effects of regulation under SFAS 71, "Accounting for the Effects of Certain Types of Regulation." A key criterion for applicability is that it must be reasonable to assume that rates set by regulators to recover specific costs can be charged to and collected from customers. Because of the increasing competition in the telecommunications industry, BellSouth Telecommunications' business environment is subject to rapid and unanticipated changes. If competition in the marketplace were to increase so that BellSouth Telecommunications could not charge prices based on costs, regardless of regulatory action, SFAS 71 would no longer be applicable. The subsequent effect on BellSouth Telecommunications' financial statements could be significant depending upon the nature, magnitude and timing of the marketplace changes.

OTHER MATTERS

Accounting Pronouncements. Effective January 1, 1993, BellSouth Telecommunications adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions". The statement requires employers to accrue the cost of providing postretirement benefits other than pensions during the period employees are expected to earn the benefit.

BellSouth Telecommunications will recognize a portion of BellSouth's estimated transition benefit obligation of \$1.5 billion over the average remaining service period of active plan participants, which is 15 years. Based on this transition method, BellSouth Telecommunications' 1993 expense is projected to be about \$243.0, which is approximately 10% higher than the projected 1993 postretirement expense determined under the former accounting method. The effect on net income, therefore, is not expected to be material. However, because BellSouth Telecommunications is regulated, the ultimate effect on the financial statements will depend on the ratemaking treatment authorized. (See Note E.)

Also effective January 1, 1993, BellSouth Telecommunications adopted SFAS 109, "Accounting for Income Taxes," which requires companies to compute deferred income taxes using a liability approach rather than the deferred method previously required under Accounting Principles Board Opinion No. 11. BellSouth Telecommunications does not anticipate a significant impact to expense or net income as a result of implementing SFAS 109. However, because BellSouth Telecommunications is subject to accounting rules applicable to regulated entities, the ultimate financial impact will depend on the future regulatory treatment. (See Note G.)

In November 1992, The Financial Accounting Standards Board issued SFAS 112, "Employers' Accounting for Postemployment Benefits," which BellSouth Telecommunications is required to adopt by 1994. The statement requires employers to accrue the cost of postemployment benefits provided to former or inactive employees after employment but before retirement. BellSouth Telecommunications is currently evaluating the provisions of the new statement. The impact of adoption of the statement on BellSouth Telecommunications' net income or financial position has not been determined with any certainty.

Hurricane Andrew. Operating results for 1992 reflect approximately \$45.0 of expenses, after the effect of regulatory deferrals and insurance recovery, related to damage to BellSouth Telecommunications' facilities, primarily in Florida, caused by Hurricane Andrew. An additional \$64.0 of expense has been deferred for recognition in future years. As a result of this deferral, expense of approximately \$16.0 will be recognized in each of the years 1993 through 1996.

Environmental Issues. BellSouth Telecommunications is subject to a number of environmental proceedings as a result of the operations of its subsidiaries and shared liability provisions in the Plan of Reorganization, related to the Modification of Final Judgment. BellSouth Telecommunications expects that it will be required to expend funds to remedy certain facilities including, as previously disclosed, the remediation of sites with underground fuel storage tanks for which BellSouth Telecommunications recognized a liability of \$24.1 during 1992. BellSouth Telecommunications continues to believe that expenditures in connection with any additional remedial actions under the environmental protection laws or related matters will not have a material impact on BellSouth Telecommunications' operating results or financial condition.

Work Force Reductions. In November 1992, BellSouth Telecommunications announced plans to reduce its work force by approximately 8,000 employees by 1996, the majority of which is expected to be accomplished through normal attrition. The reductions are expected to be divided approximately equally between craft and management employees. Targeted offers will be made to managers as needed and involuntary separations of managers are possible. The contract with the CWA contains provisions for dealing with craft employees whose jobs are affected. BellSouth Telecommunications could incur early termination charges in connection with these reductions, although the financial impact, while potentially significant, is not known at this time.

REPORT OF MANAGEMENT

These financial statements have been prepared in conformity with generally accepted accounting principles and have been audited by Coopers & Lybrand, independent accountants, whose report is contained herein.

The integrity and objectivity of the data in these financial statements, including estimates and judgments relating to matters not concluded by the end of the year, are the responsibility of the management of BellSouth Telecommunications. Management has also prepared all other information included in this Annual Report unless indicated otherwise.

Management maintains a system of internal accounting controls which is continuously reviewed and evaluated. However, there are inherent limitations that should be recognized in considering the assurances provided by any system of internal accounting controls. The concept of reasonable assurance recognizes that the cost of a system of internal accounting controls should not exceed, in management's judgment, the benefits to be derived. Management believes that BellSouth Telecommunications' system does provide reasonable assurance that the transactions are executed in accordance with management's general or specific authorizations and are recorded properly to maintain accountability for assets and to permit the preparation of financial statements in conformity with generally accepted accounting principles. Management also believes that this system provides reasonable assurance that access to assets is permitted only in accordance with management's authorizations, that the recorded accountability for assets is compared with the existing assets at reasonable intervals and that appropriate action is taken with respect to any differences. Management also seeks to assure the objectivity and integrity of its financial data by the careful selection of its managers, by organizational arrangements that provide an appropriate division of responsibility and by communications programs aimed at assuring that its policies, standards and managerial authorities are understood throughout the organization. Management is also aware that changes in operating strategy and organizational structure can give rise to disruptions in internal controls. Special attention is given to controls while the changes are being implemented.

Management maintains a strong internal auditing program that independently assesses the effectiveness of the internal controls and recommends possible improvements thereto. In addition, as part of its audit of these financial statements, Coopers & Lybrand completed a review of the accounting controls to establish a basis for reliance thereon in determining the nature, timing and extent of audit tests to be applied. Management has considered the internal auditor's and Coopers & Lybrand's recommendations concerning the system of internal control and has taken actions that we believe are cost-effective in the circumstances to respond appropriately to these recommendations. Management believes that as of December 31, 1992, the system of internal controls was adequate to accomplish the objectives discussed herein.

Management also recognizes its responsibility for fostering a strong ethical climate so that BellSouth Telecommunications' affairs are conducted according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in BellSouth's "Personal Responsibility" booklet, which is distributed to, and acknowledged in writing by, all employees. BellSouth Telecommunications maintains a program to assess compliance with these policies.

F. DUANE ACKERMAN
President and Chief Executive Officer

LARRY L. SCHOOLAR
Vice President and Comptroller

February 3, 1993

AUDIT COMMITTEE CHAIRMAN'S LETTER

The Audit Committee of the Board of Directors consists of four independent Directors who are neither officers nor employees of BellSouth Telecommunications. The Committee is responsible for oversight of the internal controls of the Company and the objectivity of its financial reporting. The Audit Committee met four times during 1992 and reviewed with the Director — Internal Auditing, Coopers & Lybrand and management, the various audit activities and plans, together with the results of selected internal audits. The Audit Committee also reviewed the financial reporting process and the adequacy of internal controls. The Audit Committee recommended the appointment of Coopers & Lybrand as the independent accountants and considered factors relating to their independence. The Director — Internal Auditing and Coopers & Lybrand met privately with the Audit Committee on occasion to encourage confidential discussions as to any auditing matters.

LLOYD C. ELAM
Chairman, Audit Committee

February 3, 1993

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT ACCOUNTANTS

BellSouth Telecommunications, Inc.
Atlanta, Georgia

We have audited the accompanying consolidated financial statements and financial statement schedules of BellSouth Telecommunications, Inc. and Subsidiaries listed in Item 14(a) of the Form 10-K. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of BellSouth Telecommunications, Inc. and Subsidiaries as of December 31, 1992 and 1991, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

Coopers & Lybrand

Atlanta, Georgia
February 3, 1993

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of BellSouth Telecommunications, Inc. on Form S-3 (File Nos. 33-47075 and 33-49283) of our report dated February 3, 1993, on our audits of the consolidated financial statements and financial statement schedules of BellSouth Telecommunications, Inc. listed in Item 14(a) of this Form 10-K.

Coopers & Lybrand

Atlanta, Georgia
February 22, 1993

BELLSOUTH TELECOMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(In Millions)

	For the Years Ended December 31,		
	1992	1991	1990
Operating Revenues:			
Local service	\$ 6,236.0	\$ 5,846.2	\$ 5,664.6
Interstate access	2,945.6	2,858.1	2,841.9
Intrastate access	871.8	866.7	911.8
Toll	1,248.8	1,373.7	1,565.4
Other	1,879.9	1,822.7	1,778.0
Total Operating Revenues	13,182.1	12,767.4	12,761.7
Operating Expenses:			
Cost of services and products	5,050.6	4,905.1	4,941.7
Depreciation	2,859.9	2,819.1	2,738.2
Selling, general and administrative	2,348.0	2,321.6	2,179.1
Total Operating Expenses	10,258.5	10,045.8	9,859.0
Operating Income	2,923.6	2,721.6	2,902.7
Interest Expense (Note H)	583.3	649.8	626.2
Other Income, net	75.5	.9	27.4
Income Before Income Taxes and Extraordinary Loss	2,415.8	2,072.7	2,303.9
Provision for Income Taxes (Note G)	800.8	646.9	707.9
Income Before Extraordinary Loss	1,615.0	1,425.8	1,596.0
Extraordinary Loss on Early Extinguishment of Debt, net of tax (Note D)	(40.7)	—	—
Net Income	\$ 1,574.3	\$ 1,425.8	\$ 1,596.0
Retained Earnings:			
At beginning of year	\$ 3,983.5	\$ 3,970.6	\$ 3,770.2
Add: Net Income	1,574.3	1,425.8	1,596.0
Deduct: Dividends declared	(1,587.8)	(1,412.9)	(1,395.6)
Deduct: Other adjustments	(3.0)	—	—
At end of year	\$ 3,967.0	\$ 3,983.5	\$ 3,970.6

The accompanying notes are an integral part of these financial statements.

BELLSOUTH TELECOMMUNICATIONS, INC.
CONSOLIDATED BALANCE SHEETS
(In Millions)

	December 31,	
	1992	1991
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 133.0	\$ 135.4
Current receivables, net of allowance for uncollectibles of \$87.2 and \$85.0	1,944.7	1,880.5
Material and supplies	385.8	341.5
Other current assets	79.6	49.1
Total Current Assets	2,543.1	2,406.5
Investments In and Advances to Affiliate	30.3	31.1
Property, Plant and Equipment, net (Note B)	23,311.9	23,241.7
Deferred Charges and Other Assets	557.0	642.2
Total Assets	<u>\$26,442.3</u>	<u>\$26,321.5</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities:		
Debt maturing within one year (Note D)	\$ 946.9	\$ 852.4
Accounts payable	989.5	943.8
Other current liabilities (Note C)	1,780.4	1,737.9
Total Current Liabilities	3,716.8	3,534.1
Long-Term Debt (Note D)	6,336.0	6,402.7
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	3,639.5	3,769.4
Unamortized investment tax credits	604.3	692.2
Other liabilities and deferred credits	763.0	500.6
Total Deferred Credits and Other Liabilities	5,006.8	4,962.2
Shareholder's Equity:		
Common stock, one share, no par value	7,415.7	7,439.0
Retained earnings	3,967.0	3,983.5
Total Shareholder's Equity	11,382.7	11,422.5
Total Liabilities and Shareholder's Equity	<u>\$26,442.3</u>	<u>\$26,321.5</u>

The accompanying notes are an integral part of these financial statements.

BELLSOUTH TELECOMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)

	For the Years Ended December 31,		
	1992	1991	1990
Cash Flows from Operating Activities:			
Net income	\$ 1,574.3	\$ 1,425.8	\$ 1,596.0
Adjustments to net income:			
Depreciation	2,859.9	2,819.1	2,738.2
Summary tax assessment settlement	90.9	—	—
Provision for losses on bad debts	142.5	157.3	126.7
Write-off of unamortized debt issuance costs due to early extinguishment of debt	37.3	—	—
Deferred income taxes and unamortized investment tax credits	(147.5)	(406.3)	(263.2)
Allowance for funds used during construction	(15.3)	(18.1)	(17.6)
Net change in current receivables	(206.7)	(111.8)	(39.6)
Net change in material and supplies	(135.0)	(59.8)	(59.3)
Net change in accounts payable and other current liabilities	86.0	(32.7)	(108.9)
Net change in deferred charges and other assets	3.7	134.4	87.3
Net change in other liabilities and deferred credits	162.0	120.9	141.0
Other reconciling items, net	(2.4)	1.5	14.9
Net cash provided by operating activities	4,449.7	4,030.3	4,215.5
Cash Flows from Investing Activities:			
Capital expenditures	(2,845.8)	(2,747.3)	(2,938.4)
Proceeds from disposals of property, plant and equipment	82.9	55.9	70.9
Other investing activities, net	(1.1)	(2.1)	.6
Net cash used in investing activities	(2,764.0)	(2,693.5)	(2,866.9)
Cash Flows from Financing Activities:			
Proceeds of short-term debt	10,713.9	13,579.3	14,641.3
Repayment of short-term debt	(10,674.8)	(13,431.8)	(14,626.8)
Advances from parent and affiliates	267.8	—	48.3
Repayment of advances from parent and affiliates	(270.2)	—	—
Proceeds of long-term debt	543.2	—	—
Repayment of long-term debt	(626.7)	(28.9)	(63.5)
Payment of call premium	(33.4)	—	—
Payment of capital lease obligations	(13.4)	(18.8)	(33.1)
Equity investment of parent	24.0	9.8	25.6
Dividends paid to parent	(1,618.5)	(1,414.5)	(1,333.9)
Net cash used in financing activities	(1,688.1)	(1,304.9)	(1,342.1)
Net Increase in Cash and Cash Equivalents	(2.4)	31.9	6.5
Cash and Cash Equivalents at Beginning of Period	135.4	103.5	97.0
Cash and Cash Equivalents at End of Period	\$ 133.0	\$ 135.4	\$ 103.5

The accompanying notes are an integral part of these financial statements.

BELLSOUTH TELECOMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in Millions)

Note A — ACCOUNTING POLICIES

Basis of Presentation. BellSouth Telecommunications, Inc. ("BellSouth Telecommunications") is a wholly-owned subsidiary of BellSouth Corporation ("BellSouth"). Effective at midnight December 31, 1991, South Central Bell Telephone Company ("South Central Bell") and BellSouth Services Incorporated ("BellSouth Services") (a jointly-owned service subsidiary of South Central Bell and Southern Bell Telephone and Telegraph Company ("Southern Bell")) merged with and into Southern Bell and Southern Bell's name changed to BellSouth Telecommunications. The accompanying financial statements reflect the operations of South Central Bell, Southern Bell, BellSouth Services, and several smaller affiliated companies transferred to BellSouth Telecommunications as though the merger and such transfers had occurred on January 1, 1989. BellSouth Telecommunications maintains substantially all of its accounts and records in accordance with the Uniform System of Accounts prescribed by the Federal Communications Commission ("FCC") and makes certain adjustments necessary to present the accompanying financial statements in accordance with generally accepted accounting principles applicable to regulated entities. Such principles differ in certain respects from those used by unregulated entities, but are required to appropriately reflect the financial and economic effects of regulation and the rate-making process. Significant differences resulting from the application of these principles are disclosed elsewhere in these Notes to Consolidated Financial Statements where appropriate.

Cash and Cash Equivalents. BellSouth Telecommunications considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments with an original maturity of over three months to one year are not considered cash equivalents and, if any, are included as temporary cash investments on the consolidated balance sheets.

Property, Plant and Equipment. The investment in property, plant and equipment and materials dedicated to providing telecommunications services is stated at original cost. Depreciation is based on the remaining life method of depreciation and straight-line composite rates determined on the basis of equal life groups of certain categories of telephone plant acquired in a given year. Depreciation expense also includes amortization of certain classes of telephone plant and identified depreciation reserve deficiencies over periods allowed by regulatory authorities. When depreciable plant is disposed of, the original cost less net salvage value is charged to accumulated depreciation.

Material and Supplies. New and reusable material is carried in inventory principally at average original cost, except that specific costs are used in the case of large individual items. Nonreusable material is carried at estimated salvage value.

Maintenance and Repairs. The cost of maintenance and repairs of plant, including the cost of replacing minor items not effecting substantial betterments, is charged to operating expenses.

Allowance for Funds Used During Construction. Regulatory authorities allow BellSouth Telecommunications to accrue interest as a cost of constructing certain plant and as an item of income (interest charged construction). Such income is not realized in cash currently but will be realized over the service life of the related plant as the resulting higher depreciation expense and plant investment are recovered in the form of increased revenues.

Income Taxes. BellSouth Telecommunications is included in the consolidated Federal income tax return filed by BellSouth and its subsidiaries. Deferred income taxes are provided to reflect the effect of timing differences in the recognition of revenues and expenses for financial and income tax reporting purposes, except where regulatory authority dictates flow-through accounting. Timing differences result primarily from the use of accelerated methods and shorter lives in computing

BELLSOUTH TELECOMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions)

Note A — ACCOUNTING POLICIES (Continued)

depreciation for tax purposes. The cumulative net amount of tax timing differences for which deferred income taxes had not been provided at December 31, 1992, due to flow-through accounting, was \$580.2.

For financial reporting purposes, BellSouth Telecommunications is amortizing deferred investment tax credits earned prior to the 1986 repeal of the investment tax credit and also some transitional credits earned after the repeal. The credits are being amortized as a reduction to the provision for income taxes over the estimated useful lives of the assets to which the credits relate.

Note B — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is summarized as follows at December 31:

	1992	1991
Land	\$ 156.3	\$ 154.1
Building and building improvements	2,556.0	2,464.4
Operating and other equipment	777.5	717.7
Furniture and fixtures	1,996.7	1,958.0
Central office equipment	13,893.9	13,182.3
Outside plant	17,813.5	17,050.8
Station equipment	612.6	1,267.2
Capital leases	62.2	70.4
Plant under construction	440.1	264.6
Other	15.5	25.5
	<u>38,324.3</u>	<u>37,155.0</u>
Less: Accumulated depreciation	15,012.4	13,913.3
Total Property, Plant and Equipment, net	<u>\$23,311.9</u>	<u>\$23,241.7</u>

Note C — OTHER CURRENT LIABILITIES

Other current liabilities are summarized as follows at December 31:

	1992	1991
Taxes accrued	\$ 311.3	\$ 321.5
Advanced billing and customer deposits	414.2	427.2
Dividends payable to parent	139.3	170.0
Salaries and wages payable	281.4	237.5
Interest and rents accrued	258.9	237.0
Compensated absences	293.4	272.6
Other	81.9	72.1
Total Other Current Liabilities	<u>\$1,780.4</u>	<u>\$1,737.9</u>

BELLSOUTH TELECOMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions)

Note D — DEBT

Debt Maturing Within One Year: Debt maturing within one year is included as debt in BellSouth Telecommunications' computation of debt ratios and consisted of the following at December 31:

<u>Description</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>
Advances and Notes Payable:			
Advances from BellSouth and affiliates	\$ 31.4	\$ —	\$ —
Commercial paper (a)	863.0	821.3	674.1
Current maturities of long-term debt	52.5	31.1	32.5
Total	\$946.9	\$852.4	\$706.6
	<u>1992</u>	<u>1991</u>	<u>1990</u>
Advances from BellSouth and affiliates:			
Maximum amount outstanding during period	\$ 37.4	\$ —	\$ —
Average amount outstanding during the period (b)	\$ 21.7	\$ —	\$ —
Weighted average interest rate	3.72%	—	—
Weighted average interest rate during the period (c)	3.77%	—	—
Commercial Paper:			
Maximum amount outstanding during period	\$945.7	\$910.0	\$756.5
Average amount outstanding during the period (b)	\$640.3	\$746.1	\$642.1
Weighted average interest rate	3.58%	4.69%	8.42%
Weighted average interest rate during the period (c)	3.71%	6.0%	8.28%

(a) Due in 270 days or less.

(b) Determined by computing the average face amount of monthly ending balances in each category.

(c) Determined by dividing the average monthly face amount described in (b) into aggregate related interest expense.

BellSouth Telecommunications has committed credit lines aggregating \$976.9 with various banks which are maintained generally to support commercial paper borrowings. There were no borrowings under the committed lines at December 31, 1992. BellSouth Telecommunications also maintains uncommitted lines of credit of \$40.0. There are no significant commitment fees or requirements for compensating balances associated with any lines of credit.

At December 31, 1992, the recorded amount of Debt Maturing Within One Year approximates the fair value due to the short-term nature of the liabilities.

BELLSOUTH TELECOMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions)

Note D — DEBT (Continued)

Long-Term: Long-term debt is summarized as follows at December 31:

Description	Interest Rates	Maturities	1992		1991
			Recorded Amount	Fair Value	Recorded Amount
Debentures:	3¼% - 6¾%	1995 - 2004	\$ 605.0	\$ 537.0	\$ 675.0
	7% - 8¼%	1999 - 2032	3,335.0	3,336.5	2,785.0
	8½% - 10%	2001 - 2029	2,375.0	2,473.3	2,925.0
			6,315.0	6,346.8	6,385.0
Capital leases and other			73.0	—	67.9
Unamortized discount, net			(52.0)	—	(50.2)
Total			<u>\$6,336.0</u>	<u>—</u>	<u>\$6,402.7</u>

Maturities of long-term debt outstanding at December 31, 1992 are summarized below:

	1993	1994	1995	1996	1997	Thereafter	Total
Maturities	<u>\$52.5</u>	<u>\$30.9</u>	<u>\$51.0</u>	<u>\$4.7</u>	<u>\$78.4</u>	<u>\$6,223.0</u>	<u>\$6,440.5</u>

The estimate of fair value for Debentures is based on the December 31, 1992 closing market price for each issue. Capital leases and other at December 31, 1992 consists of \$29.2 in capital leases and \$43.8 of other debt of which \$42.4 is payable to BellSouth Capital Funding Corporation, an affiliate of BellSouth Telecommunications.

In July 1992, BellSouth Telecommunications sold \$250.0 in aggregate principal amount of Forty Year 8¼% Debentures, due July 1, 2032. Proceeds from this sale were used to redeem and refinance the outstanding \$250.0 Thirty-Nine Year 9% Debentures due September 15, 2018, which were issued by South Central Bell. In August 1992, BellSouth Telecommunications sold \$300.0 in aggregate principal amount of Forty Year 7½% Debentures, due August 1, 2032. Proceeds from this sale were used to redeem and refinance the outstanding \$300.0 Forty Year 10¼% Debentures due December 18, 2025, which were issued by Southern Bell. A charge of \$40.7, net of taxes of \$30.0, for expenses associated with these issues, including call premiums, unamortized debt discount and unamortized issuance costs, was recognized during 1992 as an extraordinary loss on early extinguishment of debt.

In February 1993, BellSouth Telecommunications sold \$275.0 aggregate principal amount of Seven Year 6½% Notes, due February 1, 2000 and \$150.0 aggregate principal amount of Twelve Year 7% Notes, due February 1, 2005. The net proceeds from the sales of the notes were used to redeem and refinance the outstanding \$150.0 Thirty Year 8% Debentures due July 1, 1999, which were issued by Southern Bell, the outstanding \$125.0 Thirty-Two Year 8½% Debentures due November 1, 2001, which were issued by South Central Bell, and the outstanding \$150.0 Thirty-Four Year 8¼% Debentures due December 1, 2004, issued by South Central Bell. The expenses and loss associated with the refinancing of these issues are not material. BellSouth Telecommunications has filed shelf registration statements with the Securities and Exchange Commission under which it may offer up to \$625.0 additional amount of its debt securities.

Note E — PENSION PLAN AND OTHER POSTRETIREMENT BENEFITS

Pension Plans. Substantially all employees of BellSouth Telecommunications participate in BellSouth's noncontributory defined benefit pension plans. Plans covering salaried employees generally provide benefits based on years of credited service and employees' average compensation for a specified period. Pension benefits for hourly employees generally are based on specified benefit amounts and years of service. BellSouth's funding policy is to make contributions to trust funds with the

BELLSOUTH TELECOMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions)

Note E — PENSION PLAN AND OTHER POSTRETIREMENT BENEFITS (Continued)

objective of accumulating sufficient assets to pay all pension benefits for which BellSouth is liable. Pension plan contributions are actuarially determined using the aggregate cost method, an acceptable funding method under the Employee Retirement Income Security Act of 1974 ("ERISA"), subject to ERISA and Internal Revenue Service limitations. Trust assets held consist primarily of equity securities and fixed income investments.

BellSouth's net periodic pension cost is computed in accordance with Statement of Financial Accounting Standards ("SFAS") 87, "Employers' Accounting for Pensions". Accordingly, net periodic pension cost is determined using a different actuarial cost method and different actuarial assumptions than those used for funding purposes. Pension cost computed under SFAS 87 includes the effect of anticipated future improvements to the pension plans that are consistent with past practice.

Pension cost allocated from BellSouth recognized in 1992, 1991 and 1990 was \$155.3, \$133.4 and \$117.8, respectively. SFAS 87 requires certain disclosures to be made with respect to the components of net periodic pension cost for the period and a reconciliation of the funded status of the plan with amounts reported in the balance sheets. Such disclosures are not presented because the structure of the BellSouth plans does not permit disaggregation of relevant plan information on an individual company basis.

The projected benefit obligation for 1992 and 1991 was determined using a discount rate of 7.75%, an assumed rate of compensation increase of 5.7%, and an expected long-term rate of return on plan assets of 8.0%. Accrued pension cost at December 31, 1992 and 1991, of \$426.8 and \$271.5, respectively, is included in Other Liabilities and Deferred Credits.

BellSouth Telecommunications offered special early retirement options to management employees in 1991 and 1990. In July 1991, approximately 3,000 managers elected to retire under a special voluntary early retirement offer. All employees who elected to retire under this option agreed to voluntarily separate from employment on or before October 31, 1991 and became immediately service pension eligible. The 1990 offer was accepted by 1,100 management employees who were service pension eligible and elected, by December 31, 1990, to voluntarily separate from employment on or before April 30, 1991. Managers retiring under both the 1991 and 1990 early retirement offers had the option, under the 1991 offer, of accepting the present value of their pension benefits as a lump-sum payment instead of an annuity. Electing employees were eligible to receive certain benefits, including a special payment equivalent to five percent of their base pay times full years of service (not to exceed 100% of base pay), net of certain offsets. The retirement options were accounted for in accordance with SFAS 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." Accordingly, BellSouth Telecommunications recognized expense of \$68.1 in 1991 and \$14.0 in 1990 related to these offers.

Postretirement Benefits Other Than Pensions. BellSouth Telecommunications also provides certain health care and life insurance benefits to substantially all employees that retire from BellSouth Telecommunications eligible for a service or disability pension benefit. The cost of providing health care and life insurance benefits for both active and retired employees was \$524.1, \$507.0 and \$465.5 in 1992, 1991 and 1990, respectively. Included in these costs were \$161.2, \$155.7 and \$145.6 in 1992, 1991 and 1990, respectively, for postretirement health care benefits other than those provided on a pay-as-you-go basis. At December 31, 1992, there were approximately 38,500 retirees and 82,900 active employees eligible to receive these benefits.

The costs of providing nonrepresented employees postretirement health care benefits are being accrued and funded over the working lives of active employees. Certain nonrepresented retiree benefits, however, are recognized on a pay-as-you-go basis. Postretirement health care benefit costs for

BELLSOUTH TELECOMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions)

Note E — PENSION PLAN AND OTHER POSTRETIREMENT BENEFITS (Continued)

both active and retired employees represented under the collective bargaining agreement are being accrued and funded into a separate tax advantaged trust. These contributions are funded over the working lives of active employees and the remaining lives of the retirees. Postretirement life insurance benefit costs are accrued and funded over the working lives of active employees based on that group's historical claims experience.

In December 1990, the Financial Accounting Standards Board ("the Board") issued SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which BellSouth Telecommunications adopted January 1, 1993. The statement requires employers to accrue the cost of providing postretirement benefits other than pensions during the period employees are expected to earn the benefit.

BellSouth Telecommunications will recognize a portion of BellSouth's estimated transition benefit obligation of \$1.5 billion over the average remaining service period of active plan participants, which is 15 years. Based on this transition method, BellSouth Telecommunications' 1993 expense is projected to be about \$243.0, which is approximately 10% higher than the projected 1993 postretirement expense determined under the former accounting method. The effect on net income, therefore, is not expected to be material. However, because BellSouth Telecommunications is regulated, the ultimate effect on the financial statements will depend on the ratemaking treatment authorized.

Note F — LEASES

BellSouth Telecommunications has entered into operating leases for facilities and equipment used in operations. Rental expenses under operating leases were \$258.7, \$224.4 and \$264.5 for 1992, 1991 and 1990, respectively. Capital leases currently in effect are not significant. The following table summarizes the approximate minimum rentals under noncancelable operating leases in effect at December 31, 1992:

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>Thereafter</u>	<u>Total</u>
Minimum Rentals	<u>\$101.4</u>	<u>\$80.0</u>	<u>\$63.2</u>	<u>\$51.4</u>	<u>\$46.5</u>	<u>\$407.8</u>	<u>\$750.3</u>

Note G — INCOME TAXES

The provision for income taxes is summarized as follows:

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Federal:			
Current	\$810.3	\$ 908.9	\$ 843.1
Deferred, net	(74.4)	(276.5)	(140.2)
Investment tax credits, net	(87.9)	(108.8)	(128.4)
	<u>648.0</u>	<u>523.6</u>	<u>574.5</u>
State:			
Current	134.2	152.8	132.2
Deferred, net	18.6	(29.5)	1.2
	<u>152.8</u>	<u>123.3</u>	<u>133.4</u>
Total provision for income taxes	<u>\$800.8</u>	<u>\$ 646.9</u>	<u>\$ 707.9</u>
Amortization of investment tax credits	<u>\$ 88.2</u>	<u>\$ 105.3</u>	<u>\$ 126.5</u>

BELLSOUTH TELECOMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions)

Note G — INCOME TAXES (Continued)

The components of deferred tax, net, resulting from timing differences in the recognition of revenue and expense items for tax and financial reporting purposes, were as follows:

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Property, plant and equipment	\$ (8.4)	\$(130.2)	\$ (10.4)
Pension benefits	(51.6)	(61.3)	(40.9)
Other timing differences	4.2	(114.5)	(87.7)
Total	<u>\$(55.8)</u>	<u>\$(306.0)</u>	<u>\$(139.0)</u>

A reconciliation of the Federal statutory income tax rate to BellSouth Telecommunications' effective tax rate follows:

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Federal statutory tax rate	34.0%	34.0%	34.0%
State income taxes, net of Federal income tax benefit	4.2%	3.8%	3.7%
Amortization of investment tax credits	(3.7%)	(5.1%)	(5.5%)
Miscellaneous items, net	(1.4%)	(1.5%)	(1.5%)
Effective tax rate	<u>33.1%</u>	<u>31.2%</u>	<u>30.7%</u>

Effective January 1, 1993, BellSouth Telecommunications adopted SFAS 109, "Accounting for Income Taxes," which requires companies to compute deferred income taxes using a liability approach rather than the deferred method previously required under Accounting Principles Board Opinion No. 11. BellSouth Telecommunications does not anticipate a significant impact to expense or net income as a result of implementing SFAS 109. However, because BellSouth Telecommunications is subject to accounting rules applicable to regulated entities, the ultimate financial impact will depend on the future regulatory treatment.

Note H — ADDITIONAL INCOME STATEMENT DATA

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Interest Expense:			
Long-term debt	\$530.2	\$533.9	\$534.2
Notes payable	27.2	48.6	59.6
Other	25.9	67.3	32.4
Total	<u>\$583.3</u>	<u>\$649.8</u>	<u>\$626.2</u>
Depreciation of telephone plant as a percentage of average depreciable telephone plant	<u>7.67%</u>	<u>7.76%</u>	<u>7.74%</u>

In the aggregate, access revenue, revenue from billing and collection activities and rental of facilities were approximately 30%, 31% and 32% of revenues for 1992, 1991 and 1990, respectively. Substantially all of such revenues were from services provided to American Telephone and Telegraph Company, BellSouth Telecommunications' largest customer.

BELLSOUTH TELECOMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions)

Note I — SUPPLEMENTAL CASH FLOW INFORMATION

The following supplemental information is presented in accordance with the provisions of SFAS 95, "Statement of Cash Flows":

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Cash paid for Interest and Income Taxes:			
Interest	\$578.8	\$634.1	\$602.7
Income taxes	<u>\$959.5</u>	<u>\$992.7</u>	<u>\$928.1</u>
Net assets (liabilities) transferred to BellSouth Telecommunications	<u>\$ (47.3)</u>	<u>\$ (0.8)</u>	<u>\$ 27.4</u>

Note J — TRANSACTIONS WITH AFFILIATES

BellSouth Telecommunications has a contractual agreement with BellSouth Advertising & Publishing Corporation ("BAPCO"), an affiliated company, wherein BAPCO publishes certain telephone directories and in return pays BellSouth Telecommunications a publishing rights fee in its franchise area. For the years ended December 31, 1992, 1991 and 1990, these fees, included in Other revenues, were \$598.2, \$580.1 and \$549.0, respectively.

Note K — FINANCIAL INSTRUMENTS

The following information is presented in accordance with the provisions of SFAS 107, "Disclosures about Fair Value of Financial Instruments":

Cash and Cash Equivalents

At December 31, 1992, the recorded amount of \$133.0 for cash and cash equivalents approximates fair value due to the short-term nature of these instruments.

Debt

See Note D for disclosures about the fair value of debt.

Note L — QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

In the following summary of quarterly financial information, all adjustments necessary for a fair presentation of each period have been included:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
1992				
Operating Revenues	\$3,268.6	\$3,310.3	\$3,311.1	\$3,292.1
Operating Income	\$ 800.8	\$ 815.8	\$ 697.9	\$ 609.1
Income Before Extraordinary Loss on Early Extinguishment of Debt	\$ 467.5	\$ 441.9	\$ 380.1	\$ 325.5
Extraordinary Loss on Early Extinguishment of Debt	—	—	\$ (40.7)	—
Net Income	<u>\$ 467.5</u>	<u>\$ 441.9</u>	<u>\$ 339.4</u>	<u>\$ 325.5</u>
1991				
Operating Revenues	\$3,161.1	\$3,195.7	\$3,233.8	\$3,176.8
Operating Income	\$ 708.3	\$ 676.3	\$ 657.1	\$ 679.9
Net Income	<u>\$ 372.8</u>	<u>\$ 348.4</u>	<u>\$ 337.4</u>	<u>\$ 367.2</u>

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No change in accountants or disagreements on the adoption of appropriate accounting standards or financial disclosure have occurred during the periods included in this report.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

a. Documents filed as a part of the report:

	<u>Page(s)</u>
(1) Selected Financial and Operating Data	14
Management's Discussion and Analysis of Results of Operations	15 - 21
Report of Management	22
Audit Committee Chairman's Letter	23
Report of Independent Accountants	24
Consolidated Financial Statements:	
Consolidated Statements of Income and Retained Earnings	25
Consolidated Balance Sheets	26
Consolidated Statements of Cash Flows	27
Notes to Consolidated Financial Statements	28 - 35
(2) Financial Statement Schedules:	
V. — Property, Plant and Equipment	39 - 40
VI. — Accumulated Depreciation	41 - 42
VIII. — Allowance for Uncollectibles	43
X. — Supplementary Income Statement Information	44

Financial statement schedules other than those listed above have been omitted because the required information is contained in the financial statements and notes thereto or because such schedules are not required or applicable.

(3) Exhibits:

Exhibits identified in parentheses below, on file with the SEC, are incorporated herein by reference as exhibits hereto.

Exhibit
Number

- | | |
|----|--|
| 3a | Restated Articles of Incorporation of BellSouth Telecommunications, Inc. (Exhibit 3a to Form 10-K for the year ended December 31, 1991, File No. 1-1049). |
| 3d | Bylaws of BellSouth Telecommunications, Inc. |
| 4 | No instrument which defines the rights of holders of long and intermediate term debt of BellSouth Telecommunications, Inc. is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, BellSouth Telecommunications, Inc. hereby agrees to furnish a copy of any such instrument to the SEC upon request. |
| 10 | Agreement Concerning Contingent Liabilities, Tax Matters and Termination of Certain Agreements among BellSouth and each of its telephone subsidiaries and AT&T and its affiliates dated as of November 1, 1983. (Exhibit 10h to Form 10-K for the year ended December 31, 1983, File No. 1-1049). |
| 12 | Computation of Ratio of Earnings to Fixed Charges. (Page 14 of this Form 10-K.) |
| 24 | Powers of Attorney. |

b. Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BELLSOUTH TELECOMMUNICATIONS, INC.

/s/ Larry L. Schoolar

Vice President and Comptroller

February 22, 1993

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

PRINCIPAL EXECUTIVE OFFICER:

F. Duane Ackerman*

President and Chief Executive Officer

PRINCIPAL FINANCIAL OFFICER

AND PRINCIPAL ACCOUNTING OFFICER:

Larry L. Schoolar*

Vice President and Comptroller

DIRECTORS:

F. Duane Ackerman*

Irving W. Bailey II*

James H. Blanchard*

Robert H. Boh*

J. Hyatt Brown*

Edward E. Crutchfield, Jr.*

Frank R. Day*

Lloyd C. Elam*

William W. Gaston*

Lawrence L. Gellerstedt, Jr.*

John W. Harris*

Mark C. Hollis*

Harry M. Lightsey, Jr.*

Thomas H. Meeker*

Joe M. Rodgers*

Charles J. Zwick*

*By: /s/ Larry L. Schoolar

(Individually and as Attorney-In-Fact)

February 22, 1993

BELLSOUTH TELECOMMUNICATIONS, INC.
SCHEDULE V — PROPERTY, PLANT AND EQUIPMENT

Year Ended December 31, 1992
(Dollars In Millions)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Classification	Balance at Beginning of Period	Additions at Cost (a)	Retirements (b)	Other Changes	Balance at End of Period
Land & Land Improvements	\$ 154.1	\$ 1.1	\$ 0.0	\$ 1.1	\$ 156.3
Buildings & Building Improvements . . .	2,385.5	24.4	(9.1)	75.0	2,475.8
Leasehold Improvements	78.9	(0.4)	(2.0)	3.7	80.2
Operating & Other Equipment	717.7	73.2	(32.4)	19.0	777.5
Furniture & Fixtures	1,958.0	178.2	(250.9)	111.4	1,996.7
Central Office Equipment	13,182.3	166.9	(555.8)	1,100.5	13,893.9
Outside Plant	17,050.8	653.0(f)	(194.8)	304.5	17,813.5
Station Equipment	1,267.2	48.4	(708.9)	5.9	612.6
Capital Leases	70.4	3.8	(11.9)	(0.1)	62.2
Construction in Progress	264.6	1,753.7(g)	0.0	(1,578.2)	440.1
Other Plant	25.5	24.7	(0.3)	(34.4)	15.5
Total Property, Plant and Equipment	<u>\$37,155.0</u>	<u>\$2,927.0</u>	<u>\$(1,766.1)</u>	<u>\$ 8.4</u>	<u>\$38,324.3</u>

Year Ended December 31, 1991
(Dollars In Millions)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Classification	Balance at Beginning of Period	Additions at Cost (a)	Retirements (b)	Other Changes (c)	Balance at End of Period
Land & Land Improvements	\$ 152.1	\$ 0.8	\$ 0.0	\$ 1.2	\$ 154.1
Buildings & Building Improvements . . .	2,315.1	25.9	(8.9)	53.4	2,385.5
Leasehold Improvements	56.9	0.9	(1.7)	22.8	78.9
Operating & Other Equipment	539.2	86.5	(34.7)	126.7	717.7
Furniture & Fixtures	1,770.4	143.3	(214.9)	259.2	1,958.0
Central Office Equipment	12,467.9	201.7	(798.6)	1,311.3	13,182.3
Outside Plant	16,340.8	674.2(f)	(240.5)	276.3	17,050.8
Station Equipment	1,399.1	52.0	(189.1)	5.2	1,267.2
Capital Leases	59.9	22.7	(55.0)	42.8	70.4
Construction in Progress	394.3	1,682.0(g)	0.7	(1,812.4)	264.6
Other Plant	286.6	0.3	(0.4)	(261.0)	25.5
Total Property, Plant and Equipment	<u>\$35,782.3</u>	<u>\$2,890.3</u>	<u>\$(1,543.1)</u>	<u>\$ 25.5</u>	<u>\$37,155.0</u>

The notes on page 40 are an integral part of this schedule.

BELLSOUTH TELECOMMUNICATIONS, INC.
SCHEDULE V — PROPERTY, PLANT AND EQUIPMENT

Year Ended December 31, 1990
(Dollars In Millions)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Classification	Balance at Beginning of Period	Additions at Cost (a)	Retirements (b)	Other Changes (c)	Balance at End of Period
Land & Land Improvements	\$ 149.3	\$ 3.0	\$ (0.2)	\$ 0.0	\$ 152.1
Buildings & Building Improvements . . .	2,240.1	84.7	(9.4)	(0.3)	2,315.1
Leasehold Improvements	55.6	4.8	(3.5)	0.0	56.9
Operating & Other Equipment	534.1	50.2	(44.7)	(0.4)	539.2
Furniture & Fixtures	1,643.3	288.9	(161.5)	(0.3)	1,770.4
Central Office Equipment	11,720.0	1,545.8(e)	(794.8)	(3.1)	12,467.9
Outside Plant	15,556.6	987.6(f)	(194.5)	(8.9)	16,340.8
Station Equipment	2,163.0	70.9	(834.4)	(0.4)	1,399.1
Capital Leases	93.2	8.7	(42.0)	0.0	59.9
Construction in Progress	414.9	(18.6)	(2.0)	0.0	394.3
Other Plant (d)	249.9	28.9	(37.2)	45.0	286.6
Total Property, Plant and Equipment	<u>\$34,820.0</u>	<u>\$3,054.9</u>	<u>\$(2,124.2)</u>	<u>\$31.6</u>	<u>\$35,782.3</u>

NOTES TO SCHEDULE V

- (a) Additions shown include: (1) the original cost (estimated if not known) of reused material, which is concurrently credited to material and supplies, and (2) interest charged construction.
- (b) Items of telephone plant when retired or sold are deducted from the property accounts at the amounts at which they are included therein, estimated if not known.
- (c) Amounts in COL. E. — Other Changes for the year ended December 31, 1991 represent primarily the reclassification of beginning balances of property, plant and equipment for all BellSouth Telecommunications, Inc. companies other than South Central Bell and Southern Bell to conform to current year presentation. Amounts for the year ended December 31, 1990 have not been restated because detailed activity was not available.
- (d) Amounts represent primarily operating equipment, data processing equipment, aircraft, capital leases, furniture and fixtures and leasehold improvements.
- (e) The material components of additions to Central Office Equipment are analog switching equipment, digital electronic switching equipment and circuit equipment.
- (f) The material components of additions to Outside Plant are aerial, underground and buried cable, and conduit systems.
- (g) The material components of Construction in Progress are Central Office Equipment, Outside Plant and Data Processing Equipment.

BELLSOUTH TELECOMMUNICATIONS, INC.
SCHEDULE VI — ACCUMULATED DEPRECIATION

Year Ended December 31, 1992
(Dollars In Millions)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Classification	Balance at Beginning of Period	Additions Charged to Expense (a)	Retirements	Other Changes	Balance at End of Period
Buildings & Building Improvements	\$ 569.6	\$ 50.2	\$ (9.0)	\$ 0.0	\$ 610.8
Leasehold Improvements	42.3	4.7	(2.0)	(0.8)	44.2
Operating & Other Equipment	304.0	53.0	(32.5)	3.9	328.4
Furniture & Fixtures	856.0	334.8	(250.7)	1.7	941.8
Central Office Equipment	4,406.0	1,354.9(e)	(555.8)	(0.2)	5,204.9
Outside Plant	6,739.8	835.7(f)	(194.8)	0.1	7,380.8
Station Equipment	933.2	124.7	(708.9)	0.1	349.1
Capital Leases	25.9	14.7	(11.9)	(0.1)	28.6
Depreciation Reserve Imbalance (c)	36.5	87.2	0.0	0.1	123.8
Total Accumulated Depreciation	<u>\$13,913.3</u>	<u>\$2,859.9</u>	<u>\$(1,765.6)</u>	<u>\$ 4.8</u>	<u>\$15,012.4</u>

Year Ended December 31, 1991
(Dollars In Millions)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Classification	Balance at Beginning of Period	Additions Charged to Expense (a)	Retirements	Other Changes (b)	Balance at End of Period
Buildings & Building Improvements . .	\$ 528.3	\$ 52.4	\$ (11.9)	\$ 0.8	\$ 569.6
Leasehold Improvements	30.7	8.2	(2.3)	5.7	42.3
Operating & Other Equipment	205.4	62.8	(30.5)	66.3	304.0
Furniture & Fixtures	696.1	265.7	(155.0)	49.2	856.0
Central Office Equipment	4,032.5	1,158.4(e)	(784.5)	(0.4)	4,406.0
Outside Plant	6,149.8	857.8(f)	(267.5)	(0.3)	6,739.8
Station Equipment	1,039.2	68.8	(176.0)	1.2	933.2
Capital Leases	31.6	17.8	(59.5)	36.0	25.9
Depreciation Reserve Imbalance (c) .	(299.2)	273.1	0.0	62.6	36.5
Other Plant	128.7	0.0	0.0	(128.7)	0.0
Total Accumulated Depreciation . .	<u>\$12,543.1</u>	<u>\$2,765.0</u>	<u>\$(1,487.2)</u>	<u>\$ 92.4</u>	<u>\$13,913.3</u>

The notes on page 42 are an integral part of this Schedule.

BELLSOUTH TELECOMMUNICATIONS, INC.
SCHEDULE VI — ACCUMULATED DEPRECIATION

Year Ended December 31, 1990
(Dollars In Millions)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Classification	Balance at Beginning of Period	Additions Charged to Expense (a)	Retirements	Other Changes (b)	Balance at End of Period
Buildings & Building Improvements	\$ 487.7	\$ 53.1	\$ (12.6)	\$ 0.1	\$ 528.3
Leasehold Improvements	26.8	7.9	(3.9)	(0.1)	30.7
Operating & Other Equipment	197.4	48.6	(42.1)	1.5	205.4
Furniture & Fixtures	622.1	218.1	(148.4)	4.3	696.1
Central Office Equipment	3,689.0	1,081.0(e)	(758.9)	21.4	4,032.5
Outside Plant	5,522.8	838.1(f)	(205.0)	(6.1)	6,149.8
Station Equipment	1,698.7	166.4	(828.4)	2.5	1,039.2
Capital Leases	57.7	15.5	(42.0)	0.4	31.6
Depreciation Reserve Imbalance (c) . . .	(566.8)	267.5	0.0	0.1	(299.2)
Other Plant (d)	109.4	31.4	(33.5)	21.4	128.7
Total Accumulated Depreciation	<u>\$11,844.8</u>	<u>\$2,727.6</u>	<u>\$(2,074.8)</u>	<u>\$ 45.5</u>	<u>\$12,543.1</u>

NOTES TO SCHEDULE VI

- (a) Depreciation as stated in the statements of income includes certain minor amounts which are not credited to this account.
- (b) Amounts in COL. E — Other Changes for the year ended December 31, 1991 represent primarily the reclassification of beginning balances of accumulated depreciation of all BellSouth Telecommunications, Inc. companies other than South Central Bell and Southern Bell to conform to current year presentation. Amounts for the year ended December 31, 1990 have not been restated because detailed activity was not available.
- (c) Classification authorized by the FCC and state regulatory commissions to improve capital recovery.
- (d) Amounts represent primarily operating equipment, data processing equipment, aircraft, capital leases, furniture and fixtures and leasehold improvements.
- (e) The material components of additions to Central Office Equipment are analog switching equipment, digital electronic switching equipment and circuit equipment.
- (f) The material components of additions to Outside Plant are aerial, underground and buried cable, and conduit systems.

BELLSOUTH TELECOMMUNICATIONS, INC.
SCHEDULE VIII — VALUATION AND QUALIFYING ACCOUNTS
(Dollars In Millions)
Allowance for Uncollectibles

COL. A	COL. B	COL. C		COL. D	COL. E
Description	Balance at Beginning of Period	Additions		Deductions (c)	Balance At End of Period
		Charged to Expense (a)	Charged to Other accounts (b)		
Year Ended December 31,					
1992	\$85.0	122.2	147.8	267.8	\$87.2
1991	\$79.6	139.8	141.7	276.1	\$85.0
1990	\$82.7	107.5	112.1	222.7	\$79.6

- (a) Provision for uncollectibles as stated in the statements of income includes certain minor uncollectible items which are written off directly and not credited to the allowance account.
- (b) Amounts include increases to this account for anticipated uncollectibles related to purchased receivables and for recoveries of amounts previously written off.
- (c) Amounts written off as uncollectible.

BELLSOUTH TELECOMMUNICATIONS, INC.
SCHEDULE X — SUPPLEMENTARY INCOME STATEMENT INFORMATION
For the Three Years Ended December 31, 1992
(Dollars In Millions)

COL. A		COL. B		
Item		Charged to Costs or Expenses		
		1992	1991	1990
Maintenance		<u>\$4,642.7</u>	<u>\$2,349.7</u>	<u>\$2,677.6</u>
Taxes, Other Than Income and Payroll-related				
Property		\$ 400.2	\$ 399.1	\$ 382.9
Gross receipts		145.8	137.7	134.7
Other		24.7	24.9	23.5
Total Taxes, Other Than Income and Payroll-related		<u>\$ 570.7</u>	<u>\$ 561.7</u>	<u>\$ 541.1</u>

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

X

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1992

OR

 **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period
from to

Commission file number
1-8607

BELLSOUTH CORPORATION

A Georgia
Corporation

I.R.S. Employer
No. 58-1533433

1155 Peachtree Street, N.E., Atlanta, Georgia 30367-6000
Telephone number 404 249-2000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock (par value and \$1 per share)	New York, Boston, Midwest, Pacific and Philadelphia
Preferred Stock Purchase Rights	Stock Exchanges

Securities registered pursuant to Section 12(g) of the Act:
None.

At February 19, 1993, 495,442,862 shares of Common Stock and
Preferred Stock Purchase Rights were outstanding.

At February 19, 1993, the aggregate market value of the voting stock
held by non-affiliates was \$26,939,705,621.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is
not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive
proxy or information statements incorporated by reference in Part III of this Form 10-K or any
amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by
Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such
shorter period that the registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes X No

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement dated March 8, 1993, issued in connection
with the annual meeting of shareholders (Part III).

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PART I

ITEM 1. BUSINESS

GENERAL

BellSouth Corporation ("BellSouth") is a holding company providing telecommunications services and communications systems and products through two wholly-owned subsidiaries, BellSouth Telecommunications, Inc. ("BellSouth Telecommunications") and BellSouth Enterprises, Inc. ("BellSouth Enterprises"). BellSouth Telecommunications, which is the surviving corporation from the merger, effective at midnight December 31, 1991, of South Central Bell Telephone Company ("South Central Bell") and Southern Bell Telephone and Telegraph Company ("Southern Bell"), provides predominantly tariffed wireline telecommunications services to approximately 67% of the population and 48% of the territory within Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. These areas were previously served by South Central Bell and Southern Bell. BellSouth Telecommunications continues to use the names South Central Bell and Southern Bell for various purposes. BellSouth's other businesses (primarily wireless communications, advertising and publishing and international operations) are conducted through subsidiaries of BellSouth Enterprises.

BellSouth was incorporated in 1983 under the laws of the State of Georgia. On December 31, 1983, pursuant to a consent decree approved by the United States District Court for the District of Columbia (the "D.C. District Court") entitled "Modification of Final Judgment" (the "MFJ") settling antitrust litigation brought by the United States Department of Justice (the "Justice Department") in 1974, American Telephone and Telegraph Company ("AT&T") transferred to BellSouth its 100% ownership of South Central Bell and Southern Bell. On January 1, 1984, ownership of BellSouth was divested from AT&T and BellSouth became a publicly traded company.

BellSouth has its principal executive offices at 1155 Peachtree Street, N.E., Atlanta, Georgia 30367-6000 (telephone number 404 249-2000).

MODIFICATION OF FINAL JUDGMENT

Pursuant to the MFJ, AT&T divested the 22 wholly-owned operating telephone companies (the "Operating Telephone Companies"), including South Central Bell and Southern Bell, that were included in the former Bell System. The ownership of such 22 Operating Telephone Companies was transferred by AT&T to seven holding companies (the "Holding Companies"), including BellSouth. All territory in the continental United States served by the Operating Telephone Companies was divided into geographical areas termed "Local Access and Transport Areas" ("LATAs"). These LATAs are generally centered on a city or other identifiable community of interest.

The MFJ limits the telecommunications-related scope of the Operating Telephone Companies' post-divestiture business activities, and the D.C. District Court retained jurisdiction over its construction, implementation, modification and enforcement. Under the MFJ, the Operating Telephone Companies may provide local exchange, exchange access, information access and toll telecommunications services within the LATAs. Although prohibited from providing service between LATAs, the Operating Telephone Companies provide exchange access services that link a subscriber's telephone or other equipment in one of their LATAs to the transmission facilities of carriers (the "Interexchange Carriers"), which provide toll telecommunications services between different LATAs. The Operating Telephone Companies may market, but not manufacture, customer premises equipment ("CPE"), which is defined in the MFJ as equipment used on customers' premises to originate, route or terminate telecommunications. A similar restriction applies to the manufacture or provision of "telecommunications equipment," which is defined in the MFJ as including equipment used by carriers to provide telecommunications services. The MFJ restriction precluding the Holding Companies from providing

* The provisions of the MFJ are applicable to the Holding Companies.

information services was lifted by the D.C. District Court during 1991 but the decision has been appealed to the United States Court of Appeals for the District of Columbia Circuit (the "D.C. Circuit Court"). A general line of business restriction prohibiting the Holding Companies from providing non-telecommunications-related products and services was removed in 1987.

The MFJ requires the Operating Telephone Companies to provide, upon a bona fide request by any Interexchange Carrier or information service provider, exchange access, information access and exchange services for such access that will be equal to that provided to AT&T in quality, type and price. BellSouth believes it is in compliance with this requirement.

BUSINESS OPERATIONS

Approximately 74%, 76% and 77% of BellSouth's operating revenues and 97%, 97% and 98% of its net income for the years ended December 31, 1992, 1991 and 1990, respectively, were from wireline telecommunications services, which were provided by BellSouth Telecommunications. The remainder was principally from directory advertising and publishing operations, cellular and paging operations, billing and collection services, CPE sales, computer leasing and maintenance and rental of facilities. (See "Other Business Operations".)

In the aggregate, access revenues, revenues from billing and collection activities and rental of facilities comprised approximately 26% of 1992 and 28% of 1991 and 1990 operating revenues. The majority of such revenues was from services provided to AT&T, BellSouth's largest customer.

Telephone Company Operations

BellSouth Telecommunications provides services, which include local exchange, exchange access and intraLATA toll services, within each of the 38 LATAs in its combined nine-state operating area. (See "Local and Toll Services" and "Access Services".) The tables below set forth the following: network access lines in service at December 31 for the last five years; access lines in each state at December 31, 1992; and the annual percentage increase in access lines in each state at December 31 for the last four years.

	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>1988</u>
			(Millions)		
Network Access					
Lines in Service:					
Residence	13.3	12.9	12.6	12.3	12.0
Business	5.1	4.9	4.6	4.4	4.2
Other . . . . .	.3	.3	.3	.3	.2
Total	<u>18.7</u>	<u>18.1</u>	<u>17.5</u>	<u>17.0</u>	<u>16.4</u>

<u>States</u>	<u>Access Lines</u> <u>1992</u> (Millions)	<u>Percent Access Line</u> <u>Increase</u>			
		<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>
Alabama	1.6	3.0	2.8	3.5	2.0
Florida	4.9	3.4	3.3	3.7	5.3
Georgia	3.1	4.7	4.2	3.4	4.0
Kentucky	1.0	3.0	3.1	1.8	2.0
Louisiana	1.9	2.4	1.9	2.7	1.1
Mississippi	1.0	2.4	2.8	2.9	1.9
North Carolina	1.8	3.7	3.0	2.7	4.5
South Carolina	1.2	2.9	2.8	3.5	4.4
Tennessee	2.2	3.5	3.2	3.5	1.5
Total Lines/Increase	<u>18.7</u>	<u>3.4</u>	<u>3.2</u>	<u>3.2</u>	<u>3.4</u>

Approximately 55% of such lines were in 49 metropolitan areas, each having a population of 125,000 or more, and about 28% were in other metropolitan areas having populations in excess of 25,000 but less than 125,000. Many localities and some sizable areas in the states in which BellSouth Telecommunications operates are served by non-affiliated telephone companies, which had approximately 29% of the network access lines in such states on December 31, 1992. BellSouth Telecommunications does not furnish local exchange, access or toll services in the areas served by such companies.

The following table reflects access minutes of use and toll message volume for the last five years.

	1992	1991	1990 (Millions)	1989	1988
Access Minutes of Use:*					
Interstate	50,546.4	47,255.3	44,903.3	41,415.7	37,422.0
Intrastate	13,994.2	13,237.7	12,119.5	11,271.5	10,349.1
Toll Messages*	1,280.5	1,390.0	1,459.6	1,463.0	1,377.9

The number of intraLATA toll messages carried by BellSouth Telecommunications has declined, primarily because of the effect of expanded local calling area plans and competition by others for the provision of toll services. Toll message volumes are expected to decline further upon implementation of additional intraLATA toll competition being authorized in many of the states served by BellSouth. (See "Competition" and "Management's Discussion and Analysis of Results of Operations and Financial Condition — Operating Environment and Trends of the Business — Volumes of Business".)

Local And Toll Services

Charges for local services for the years ended December 31, 1992, 1991 and 1990 accounted for approximately 41%, 40% and 39% respectively, of BellSouth's operating revenues. Local services operations provide lines from telephone exchange offices to subscribers' premises for the origination and termination of telecommunications, including the following: basic local telephone service provided through the regular switching network; dedicated private line facilities for voice and special services, such as transport of data, radio and video, and foreign exchange services; switching services for customers' internal communications through facilities owned by BellSouth Telecommunications; services for data transport that include managing and configuring special service networks; and dedicated low or high capacity public or private digital networks. Other local services revenue is derived from intercept and directory assistance, coin telephones and various special and custom calling services.

BellSouth Telecommunications has the ability to offer certain enhanced services through its network. Such offerings include various forms of data and voice transmission, voice messaging and storage services and gateway communications between customers and information services providers. The extent to which these offerings can be profitably provided will depend on the degree of market acceptance and the resolution of various issues still pending before the Federal Communications Commission (the "FCC") regarding each company's offering of both enhanced and basic network services on an integrated basis. (See "Access Services".)

BellSouth Telecommunications provides intraLATA toll services within, but not between, its 38 LATAs. Such toll services provided approximately 8%, 10% and 11% of BellSouth's operating revenues for the years ended December 31, 1992, 1991 and 1990, respectively. These services include the following: intraLATA service beyond the local calling area; Wide Area Telecommunications Service ("WATS" or "800" services) for customers with highly concentrated demand; and special services, such as transport of data, radio and video.

* Prior period operating data is often revised at later dates to reflect the most current information. This information reflects the latest data available for Access Minutes of Use and Toll Messages for the periods indicated.

BellSouth Telecommunications is subject to state regulatory authorities in each state in which it provides telecommunications services with respect to intrastate rates, services and other issues.

Traditionally, BellSouth Telecommunications' rates were set in each state in its service areas at levels which were anticipated to generate revenues sufficient to cover its allowed expenses and to provide an opportunity to earn a stated return on its capital investment. BellSouth's primary regulatory focus is directed towards efforts to ensure that the regulatory processes more realistically reflect the increasingly competitive telecommunications environment. Modified forms of regulation have been approved in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, South Carolina and Tennessee.

Under a typical form of alternative regulation, economic incentives are provided to lower costs and increase productivity through the potential availability of "shared" earnings over a benchmark rate of return. Generally, when levels above targeted returns are reached, earnings are "shared" by providing refunds or rate reductions to customers. The amounts of any such excess which may be retained under some plans depend upon attaining mandated service standards, certain productivity improvement provisions or both. Under some plans, if earnings fall below a targeted minimum, additional earnings required to return to the bottom of the allowed range can be obtained through rate increases. Sharing plans are generally subject to renewal after two or three years, and may be subject to modification prior to renewal.

Despite the potential advantages offered by sharing plans, substantial rate reductions have been incurred in connection with their adoption and operation. Of the states in which these types of plans were in place throughout 1992, BellSouth Telecommunications achieved sharing levels above the targeted rates of return at times during the year in Alabama, Kentucky, Louisiana, Mississippi and South Carolina.

Alabama. A plan, adopted by the Alabama Public Service Commission has been in effect in Alabama since December 1988. The plan provides for a return on average capital* in the range of 11.65% to 12.30%. If earnings exceed 12.30%, sharing with customers may range from 0% to 50%, depending upon whether certain service and efficiency requirements are met. In November 1990, the Alabama Commission extended the plan through 1993 without additional rate reduction. Effective April 1992, and January 1993, BellSouth Telecommunications achieved a rate of return that required rate reductions of \$7.3 million and \$8.4 million, respectively.

Florida. In October 1988, the Florida Public Service Commission approved a plan providing for a return on equity* of 11.5% to 16%. Earnings from 14% to 16% would be shared 40% by BellSouth Telecommunications and 60% by customers. BellSouth Telecommunications' return on equity may not exceed 16% after sharing. In December 1990, the Florida Commission approved an extension of the Florida plan without significant modification or further rate reductions. Also, pursuant to the plan, the Florida Commission ordered a credit to customers in the amount of \$3.74 million per month beginning in 1992 until it makes a decision on the permanent disposition of 1992 revenues.

In mid-1992, BellSouth Telecommunications filed a proposed price regulation plan, which would replace the previous plan. The proposed plan places a ceiling on aggregate prices by limiting price changes to a formula which allows aggregate prices to increase or decrease by a percentage determined by an inflation factor, a productivity factor and adjustments related to exogenous changes. In addition, the proposed plan includes a sharing ratio of 50/50 above 14% return on equity* and initial annual rate reductions of approximately \$36 million. Hearings to consider BellSouth Telecommunications' proposed earnings should result in a decision in mid-1993. The Florida Commission is also investigating certain trouble reporting and sales practices from 1985 to 1992. The outcome, if unfavorable, might adversely affect proceedings before the Florida Commission.

* As defined in the plan for this state.

Georgia. In December 1990, the Georgia Public Service Commission ordered BellSouth Telecommunications to reduce rates by \$149 million annually, approved institution of county-wide calling and agreed to a three year plan. The plan provides that BellSouth Telecommunications may retain all earnings up to a 14% return on equity*. Subject to the attainment of service standards and productivity improvement provisions, BellSouth Telecommunications may retain a portion of earnings between 14% and 16%. The plan also provides for a reduction of rates if earnings exceed 14% return on equity, even if the service standards and productivity improvement provisions are met. The amount of any sharing and rate adjustments would depend upon attaining certain service standards and productivity improvements.

Kentucky. In April 1991, the Kentucky Public Service Commission voted to modify and extend the 1988 sharing plan through May 1994 with a mid-plan cost of capital review, which is currently pending. Under the modified plan, BellSouth Telecommunications may earn a return on average total capital* in the range 10.99% to 11.61%. Earnings above 11.61% are subject to sharing. If the return on average total capital falls below 10.99%, 50% of the shortfall may be recovered from customers, and if the return falls below 9.49%, 75% of the shortfall may be recovered. BellSouth Telecommunications achieved the sharing level during 1992 and reduced rates in the amounts of \$6.1 million in June and \$4.3 million in December.

Louisiana. In 1989, the Louisiana Public Service Commission reduced BellSouth Telecommunications' authorized rate of return on equity* from 14.75% to 12.75% and ordered it to reduce rates by \$35.4 million in annual effect and refund \$36.4 million of previously collected revenues deemed in excess of the newly established rate of return. In 1991, the Louisiana Commission ordered BellSouth Telecommunications to further reduce its rates by \$55.6 million and refund \$32.1 million. The 1991 order also established an equity return range of 11.75% to 12.75% as part of a new sharing plan ordered by the Louisiana Commission. BellSouth Telecommunications appealed the orders and, following a January 1992 Louisiana Supreme Court ruling to the effect that substantial parts of the 1989 order were invalid, the Louisiana Commission in February 1992 adopted a settlement order regarding the 1989 and the 1991 orders.

The settlement provided that BellSouth Telecommunications credit customers with \$55.0 million, reduce rates in the amount of \$31.4 million and operate under a sharing plan that allows a return on investment* in the range of 10.7% to 11.7%, and provides for sharing of earnings above 11.7% and below 12.7%.

Based on 1992 data, BellSouth Telecommunications filed tariffs in January 1993 that resulted in a \$13.8 million rate reduction effective February of this year, reflecting its sharing obligation under the new plan.

Mississippi. In June 1990, the Mississippi Public Service Commission authorized implementation of a plan that includes a return on average net investment* ranging from 10.74% to 11.74% and provides that earnings above 11.74% and shortfalls below 10.74% would be shared with customers on a 50/50 basis. Rate reductions totaling \$22.8 million on an annual basis were required prior to implementation of the plan. During 1992, BellSouth Telecommunications achieved a rate of return that resulted in sharing through rate reductions of \$11.9 million in July and \$4.9 million in January 1993. Additional revenue reductions in the amount of \$12.8 million related to intrastate access and area calling plan impacts became effective in January 1993.

North Carolina. In 1989, legislation was enacted in North Carolina authorizing the North Carolina Public Service Commission to consider alternative forms of regulation. No specific proposal has been approved or is pending.

The North Carolina Commission reviews BellSouth Telecommunications' rate structure annually. New depreciation rates were approved effective January, 1992, which resulted in additional

* As defined in the plan for this state.

annual intrastate depreciation expense of \$8.6 million. In addition, a one-time reserve deficiency amortization of \$21.8 million was authorized by the North Carolina Commission and accrued in October 1992.

South Carolina. In August 1991, the South Carolina Public Service Commission authorized implementation of a plan that includes a return on equity* ranging from 12.0% to 16.5%. Earnings between the return range of 14.0% to 16.5% will be shared 50/50 with customers while the disposition of earnings above 16.5%, before sharing, will be determined by the South Carolina Commission. During 1992, BellSouth Telecommunications accrued \$5 million in anticipated refunds as a result of a potential sharing obligation.

In February 1993, the South Carolina Commission authorized additional annual intrastate depreciation expense of \$12.2 million retroactive to January 1, 1992.

Tennessee. In August 1990, the Tennessee Public Service Commission adopted a sharing plan which provides for a return on average net investment* ranging from 11.0% to 12.2% with \$157 million of BellSouth Telecommunications' revenues over the three year period 1990-92 to be applied to technological enhancements, ongoing Commission projects and rate reductions. BellSouth Telecommunications would retain all earnings inside the target range and share earnings outside the target range up to 16.2% depending upon the attainment of certain measurable levels of service quality. All earnings above 16.2% return on average net investment must be used to benefit ratepayers. Should the return on average net investment fall below 11.0%, BellSouth Telecommunications would share a portion of the earnings shortfall depending upon the attainment of certain measurable levels of service quality. In 1992, BellSouth Telecommunications recovered approximately \$6 million in revenues resulting from earnings levels being below 11%. The Tennessee sharing plan has expired; hearings are scheduled for April 1993 to consider renewal of and modification to the Plan retroactive to January 1, 1993.

In addition to the above matters, BellSouth Telecommunications is a party to numerous proceedings pending before state regulatory bodies which involve, among other things, terms and conditions of services provided by BellSouth Telecommunications, rates charged for such services and relationships with affiliates. No assurance can be given as to the outcome of any such matters.

Access Services

BellSouth Telecommunications provides access services by connecting the communications networks of Interexchange Carriers with the equipment and facilities of subscribers. These connections are provided by linking these carriers and subscribers through the public switched network of BellSouth Telecommunications or through dedicated private lines furnished by BellSouth Telecommunications.

Access charges, which are payable both by Interexchange Carriers and subscribers, provided approximately 25%, 26% and 26% of BellSouth's operating revenues for the years ended December 31, 1992, 1991 and 1990, respectively. These charges are designed to recover the costs of the common and dedicated facilities and switching equipment used to connect networks of Interexchange Carriers with the telephone company's local network. In addition, an interstate monthly subscriber line access charge of \$3.50 per line per month applies to single-line business and residential customers. The interstate subscriber access charge for multi-line business customers varies by state but cannot exceed \$6.00 per line per month.

In October 1990, the FCC authorized an alternative to rate of return regulation called "price caps," effective January 1, 1991, which is mandatory for certain local exchange carriers ("LECs"), including BellSouth Telecommunications and the other Operating Telephone Companies. In contrast to regulation which limits the rate of return that can be achieved, price caps limits the prices

* As defined in the plan for this state.

telephone companies can charge for their services. The price cap plan limits aggregate price changes to the rate of inflation minus a productivity offset, plus or minus exogenous cost changes recognized by the FCC. The FCC expects price cap regulation to provide LECs with enhanced incentives to increase productivity and efficiency.

Concurrently with the implementation of price caps, the FCC reduced the allowed rate of return on interstate operations from 12.0% to 11.25%. This action resulted in rate reductions of approximately \$57.5 million in 1991. The LECs appealed the FCC's rate of return decision to the D.C. Circuit Court, where it remains pending.

Those LECs which operate under price caps are allowed to elect annually by April 1 a productivity offset factor of 3.3% or 4.3%. If the lower offset is chosen, such carriers will be allowed to earn up to a 12.25% overall rate of return without sharing. If such carriers earn between 12.25% and 16.25%, half of the earnings in this range will be flowed through to customers in the form of a lower price cap index in the following year. All earnings over 16.25% would be flowed through to customers. If such carriers elect a 4.3% productivity offset, all earnings below 13.25% may be retained, earnings up to 17.25% would be shared and earnings over 17.25% would be flowed through to customers. BellSouth Telecommunications elected the 4.3% productivity offset factor for the annual period beginning July 1, 1992. During 1992, BellSouth Telecommunications reached the sharing level under the price caps plan. This plan is subject to review the fourth year after implementation.

State regulatory commissions have jurisdiction over charges related to the provision of access to the Interexchange Carriers to complete intrastate telecommunications. The state commissions have authorized BellSouth Telecommunications to collect access charges from the Interexchange Carriers and, in several states, from customers.

Open Network Architecture ("ONA") plans, permitting all users of the basic network to interconnect to specific basic network functions and interfaces on an unbundled and equal access basis for the provision of enhanced services, will eliminate the FCC requirement that certain enhanced telecommunications services be offered only through a separate subsidiary. The plans may be implemented when ONA tariffs filed with the FCC become effective and are filed with the states in which ONA services will be offered and the FCC is notified by the company that it is prepared to offer the ONA services described in its plan. In November 1992, BellSouth Telecommunications filed a Notice of Initial ONA Implementation and Petition for Removal of Structural Separation Requirement (the "Notice"). The Notice informs the FCC of BellSouth Telecommunications' completion of the required steps for initial ONA implementation and asks the FCC to remove the structural separation requirements currently imposed on enhanced services offerings.

In August 1992, the FCC issued an Order allowing the LECs to offer video dial tone for transmitting video services. These services would allow customers of the LECs to have access through the network to video services such as educational programs and pay per view television. BellSouth Telecommunications expects to request FCC permission to construct facilities necessary to test video dial tone services later this year. The FCC has also recommended that Congress repeal the restriction in the Cable Act of 1984 which prohibits LECs from providing cable television programming in their service territories, and has proposed that LECs be allowed to acquire minor ownership interests in video programming in such territories.

In addition to the above matters, BellSouth Telecommunications is a party to numerous proceedings pending before the FCC which involve, among other things, terms and conditions of services provided by BellSouth Telecommunications, rates charged for such services and relationships with affiliates. No assurance can be given as to the outcome of any such matters.

Billing And Collection Services

BellSouth Telecommunications provides, under contract and/or tariff, billing and collection services for certain long distance services of AT&T and several other Interexchange Carriers. The agreement with AT&T has been extended through 1996, subject to the right of AT&T to assume

billing and collection for certain of its services prior to the expiration of the agreement. Revenues from such services are expected to decrease as AT&T assumes more direct billing for its own services. BellSouth Enterprises also provides limited billing and collection services in foreign countries.

Operator Services

Directory assistance and local and toll operator services are provided by BellSouth Telecommunications in its service areas. Toll operator services include alternate billing arrangements, such as collect calls, third number billing, person-to-person and calling card calls; dialing instructions; pre-billed credit; and rate information. In addition, directory assistance is provided for some Inter-exchange Carriers which do not provide such services for their own customers.

Other Business Operations

Advertising and Publishing

BellSouth Enterprises owns a group of companies which publish, print and sell advertising in, and perform related services concerning, alphabetical and classified telephone directories. Directory advertising and publishing revenues represented nearly 10% of BellSouth's total operating revenues for each of the years ended December 31, 1992, 1991 and 1990. Several of these companies also provide publishing and related products and services to other directory publishers. During 1992, these companies published approximately 500 directories for BellSouth Telecommunications and contracted with more than 170 nonaffiliated companies to sell advertising space in more than 400 publications of such nonaffiliated companies.

A percentage of the billed revenues from directory advertising operations of BellSouth Advertising & Publishing Corporation, a wholly-owned subsidiary of BellSouth, are paid as publication fees to BellSouth Telecommunications for publishing rights and other services in its franchise areas.

Wireless Communications

BellSouth Enterprises provides wireless communications services which consist mainly of cellular telephone and paging services. Revenues from wireless communications comprise approximately 8%, 5% and 4% of BellSouth's total operating revenues for the years ended December 31, 1992, 1991 and 1990, respectively. In addition, BellSouth Enterprises owns minority interests in a number of wireless businesses whose revenues are not reflected in operating revenues because of the method of accounting required for such investments. BellSouth has significantly expanded these businesses in recent years through development of existing franchises and through acquisitions.

The predominant part of these business operations is cellular telephone service. Cellular radio telephone systems provide customers with high-quality and readily available two-way communications services that interconnect with the local and long distance telephone networks. Cellular systems utilize a large number of low power transmitters that transmit within a small geographic area, or cell, and a switching system that monitors and allocates available frequencies to users traveling within and between cells. The number of cells varies from market to market depending on several factors, including the topography and demographics of the service area. As the number of subscribers and calls increase, additional channels may be allocated to each cell or additional cells may be created, either by sectorizing or splitting existing cells to create greater capacity or adding new cells.

Domestic Cellular Operations

BellSouth's domestic cellular business has become a significant contributor to its operations, primarily due to the continued expansion of the customer base for mobile communications services and as a result of significant acquisitions of other systems. BellSouth maintains and operates cellular systems through wholly-owned subsidiaries and business ventures with other entities. Cellular wireless telephone service and related equipment are marketed to consumers, directly and through authorized agents, and to businesses which resell the service.

At December 31, 1992, licensees in which BellSouth had an equity interest provided cellular service to approximately 1.4 million domestic customers in 17 states. BellSouth's proportionate share

of such customers, based on its ownership interest in such licensees, was approximately 1.1 million customers. (See "Management's Discussion and Analysis of Results of Operations and Financial Condition — Domestic Cellular and Paging Operations Proportionate Operating Data".) Within its nine-state wireline service territory, BellSouth offers cellular service in cities that include Atlanta, Miami, New Orleans, Memphis, Louisville, Birmingham and Orlando, while outside its wireline service territory it offers cellular service in cities that include Los Angeles, Houston, Milwaukee, Indianapolis, Honolulu and Richmond, Virginia. BellSouth's proportionate interest in the aggregate population served by its domestic cellular systems is approximately 37.5 million persons.

The FCC has jurisdiction over the licensing of cellular mobile radio services in domestic markets. The FCC has heretofore limited entry for providers of cellular mobile telecommunications to two licensees for each defined metropolitan statistical area ("MSA") and each rural service area ("RSA") within the country. Each MSA and RSA in which BellSouth participates in the provision of cellular mobile communications has a competing service provider.

Public utility commissions in several states have expressed an interest in examining whether the cellular industry should be more closely regulated by such states. For example, in November 1992, the California Public Utility Commission issued an order regulating the manner in which cellular service is provided to companies that purchase cellular service at wholesale rates and resell such service to the public. The effectiveness of the order has been stayed pending further regulatory decisions.

International Cellular Operations

Outside the United States, BellSouth owns interests in consortiums that are designing, building and/or operating cellular telephone systems in Argentina, Australia, Chile, Denmark, Germany, New Zealand, Uruguay, Venezuela and western Mexico. BellSouth owns 100 percent of the Chile and New Zealand licenses. At December 31, 1992, licensees in which BellSouth had an equity interest provided cellular service to approximately 183,000 international customers in 7 countries. BellSouth's proportionate share of such customers, based on its ownership interest in such licensees, was approximately 78,000 customers. BellSouth offers cellular service under regional licenses to areas within Argentina, Chile and Mexico and offers cellular service under nationwide licenses in Denmark, Uruguay and Venezuela. In addition, BellSouth has been granted licenses and is constructing systems for nationwide cellular service in Germany, Australia and New Zealand. Service in Australia is currently being provided by reselling service obtained from another provider. (See "Other Communications Operations".) BellSouth's international cellular systems operate in areas with an aggregate population of approximately 51.6 million persons, based on its ownership interest in licensees in such countries.

Paging Operations

BellSouth also provides domestic and international paging services. Paging services provide the ability to contact, by means of a radio transmitted signal, persons who carry small radio receivers. The caller uses a cellular or landline telephone to reach an assigned telephone number at the service provider's facilities. The assigned number is automatically relayed to the paging terminal, and the call triggers a signal which is relayed to the terminal's transmitter and transmitted to the paging unit. Subscribers typically rent the paging units on a month-to-month basis and pay a flat monthly fee for paging services. These services are subject to regulation by the FCC.

As of December 31, 1992, BellSouth served approximately 1,186,200 paging customers. Of this amount, approximately 977,200 paging customers were served in the United States while approximately 209,000 customers were served in Australia and the United Kingdom. In September 1991, BellSouth began offering nationwide paging services under the service mark MobileComm. During 1992, MobileComm formed a partnership with Mobile Canada to launch an international paging service that allows subscribers to receive or send full text messages between Canada and the United States by dialing a local number. Also during 1992, BellSouth purchased paging markets in Boston and portions of New Hampshire from RAM Broadcasting Corporation ("RBC").

Other Wireless Operations

BellSouth and RBC have formed a business venture ("RAM") to own and operate certain mobile data communications networks worldwide. These networks are effective for mobile applications such as computer-aided dispatch, electronic mail, transaction processing and remote data entry and retrieval. They can also be used for such fixed applications as credit card validation and telemetry. BellSouth has agreed to provide approximately \$300 million in equity funding to the venture, of which approximately \$243 million had been provided as of December 31, 1992. BellSouth has a 49 percent interest in the United States mobile data operations, which will continue to be operated by RBC, and a 90 percent interest in all foreign mobile data operations of the RAM venture except the United Kingdom, where BellSouth has a 37.5 percent ownership interest. The RAM venture is currently expanding its United States network to cover the top 100 metropolitan markets. It expects to have constructed sufficient network facilities by mid-1993 to provide service to 90% of the urban United States business population.

Personal communications services ("PCS") are in the developmental stage and are anticipated to be a wide range of wireless communications services. The FCC has recently decided to reallocate 220 megahertz of spectrum, currently used by microwave transmission users, for emerging technologies, including PCS services. The FCC is currently considering the rules it will adopt for the licensing of PCS service providers. One critical issue in the FCC's proceeding is whether local telephone companies and cellular service providers will be eligible for PCS licenses in their respective service areas. Both the timing and outcome of the FCC's proceeding are uncertain at this time.

As broadly conceived, PCS will permit individuals to receive and initiate communications regardless of their location through a network of many low-powered microcells using small handsets. Currently, there are a number of ongoing trials of PCS-type services. BellSouth is conducting such trials of PCS-type services under experimental licenses from the FCC. Development of PCS as a line of business will depend on the emergence of a market for the services, the availability of radio spectrum and regulatory developments.

Other Communications Operations

BellSouth is a 24.5 percent participant in Optus Communications Pty. Ltd. ("Optus"), an international consortium which has been licensed by the Australian government to build and operate Australia's second telecommunications network. Optus will offer a full spectrum of cellular telecommunications, switched network, enhanced wireline services and satellite based services. BellSouth expects to invest up to \$275 million in the equity of Optus through 1993, of which approximately \$169 million had been provided by December 31, 1992.

Optus is still engaged in major construction activities; nevertheless, it has been reselling the cellular telephone service of the governmental provider since June 1992 and has been providing some long distance service on its own network since December 1992 to Melbourne, Sidney and Canberra. Optus' long distance service includes calls to other countries, to other states within Australia and to different area codes within such states. Optus has installed six switching systems and approximately 500 miles of fiber optic cable and will expand the service to the remainder of the country during 1993. It expects to begin providing cellular service on its own digital network in the second quarter of 1993.

Optus also owns AUSSAT, Australia's national satellite communications carrier. In September 1992, Optus launched its fourth digital telecommunications satellite to enhance the Optus network. The satellites provide voice, data and television broadcast communications to Australia and New Zealand, air traffic control communications to Australia's Civil Aviation Authority and mobile communications to Australia's rural areas.

Selling, Leasing and Maintaining Equipment

BellSouth sells, leases and maintains CPE, computers and related office equipment. The Holding Companies, AT&T and other substantial enterprises compete in the provision of CPE and other services and products.

Competition

BellSouth is subject to increasing competition in the areas of telecommunications services described above. Regulatory, legislative and judicial actions and technological developments have expanded the types of available services and products and the number of companies which may offer them. Increasingly, this competition is from large companies which have substantial capital, technological and marketing resources.

Many services traditionally provided exclusively by the LECs in the past have been deregulated, detariffed or otherwise opened for competition. For example, some carriers and other customers with concentrated, high usage characteristics are utilizing shared tenant services, private branch exchange (PBX) systems owned by customers which provide internal switching functions without using BellSouth Telecommunications' central office facilities, private line services and other telecommunications links which bypass the switched networks of BellSouth Telecommunications. An increasing number of private voice and data communications networks utilizing fiber optic lines have been and are being constructed in metropolitan areas, including Atlanta, Georgia, Charlotte, North Carolina and Jacksonville, Miami and Orlando, Florida, which will offer certain high volume users a competitive alternative to the public and private line offerings of the LECs. In addition, the existing networks of cable television systems are capable of carrying two-way interactive data messages and can be configured to provide voice communications. Furthermore, wireless services, such as those discussed above, increasingly compete with wireline communications services.

BellSouth Telecommunications is presently vulnerable to bypass to the extent that its access charges reflect subsidies for other services. BellSouth Telecommunications supports pricing policies that would permit lower carrier access charges by more fully recovering directly from the end user those costs attributable to subscriber lines.

Although BellSouth believes that bypass has already occurred to a significant degree in its nine-state area, it is difficult to quantify the lost revenues since customers are not required to report to the telephone companies the components of their telecommunications systems. In general, telephone company telecommunications services in highly concentrated population and business areas are more vulnerable to bypass.

In 1992, the FCC ordered the LECs to offer expanded interconnection to providers of alternative special access services. The order requires BellSouth Telecommunications to offer on a tariffed basis available space in its central office buildings for physical or virtual collocation of and access to transmission equipment by competitive special access carriers and customers. Special access transmission is a dedicated transmission path used to provide telecommunications services between one customer premises, whether end user or Interexchange Carrier, to another customer premises. This type of transmission does not involve switching at the LEC office and is used primarily by large business customers.

The FCC has devised an interim rate structure for alternative special access services which begins in November 1993 and is subject to review in 1995. The FCC's interim rate structure does not provide adequately for prices to reflect differences in costs of services nor the pricing flexibility needed by the LECs in a competitive market. This rate structure prevents BellSouth Telecommunications from offering volume discounts to large customers, therefore encouraging such customers to bypass its operations or move to competitive access providers who benefit from collocation. The expanded interconnection order is being appealed by BellSouth Telecommunications and other LECs.

In a separate docket, the FCC is expected in 1993 to consider extending its collocation order to the provision of interstate switched access services. Several states are considering expanded interconnection for intrastate services.

A number of firms compete with BellSouth Telecommunications for intraLATA toll business by reselling toll services obtained at bulk rates from BellSouth Telecommunications or, subject to the approval of the applicable state public utility commission, providing toll services over their own

facilities. Commissions in the states in BellSouth Telecommunications' operating territory have allowed or are considering the latter type of intraLATA toll calling, whereby the Interexchange Carriers are assigned a multiple digit access code ("10XXX") which customers may dial to place intraLATA toll calls through facilities of such Interexchange Carriers. The Kentucky Commission has concluded that competing carriers should be allowed to provide intraLATA toll presubscribed calling with a single digit access code (1+ or 0+) and is considering how and when such authorization should be implemented.

Technological changes and the effects of competition reduce the economic useful lives of BellSouth's fixed assets. As competition increases in both the exchange access and local exchange markets, the economic lives of related properties should continue to decrease. Therefore, BellSouth is examining the rates of depreciation of fixed assets authorized by the FCC and state regulatory commissions to ensure that these rates are adequate to recover fixed asset costs in a timely fashion. The FCC and the state commissions prescribe depreciation rates for BellSouth Telecommunications at three-year intervals.

In the cellular telephone industry, the FCC recently gave permission to a specialized mobile radio ("SMR") operator to construct a digital mobile communications system on existing SMR frequencies in several cities, including Los Angeles and Houston, two cities where BellSouth provides cellular service. The system, when constructed, would be competitive with BellSouth's cellular systems.

In addition, the FCC has instituted a rulemaking proceeding to examine PCS and other emerging technologies that might increase competition to cellular and wireline services. The FCC has proposed in this proceeding to allocate additional spectrum to a PCS service and to authorize between three and five PCS service providers in each market. Although the exact nature and scope of the services to be offered by PCS service providers has yet to be determined, BellSouth anticipates that its cellular radio business, and perhaps its local wireline telephone business, will experience additional competition from PCS service providers in the future. BellSouth businesses may also face competition in the future from other telecommunications technologies, including satellite based technologies.

BellSouth's international cellular joint ventures are generally subject to competition from at least one other cellular service provider, and sometimes more than one other provider, as in, for example, Germany where there are two additional competitors. These competing cellular service providers are generally supported by partners at least as well-capitalized as BellSouth and its partners. In some cases the competing cellular provider is owned by the state-owned telephone company, which may have access to the financial resources of the government.

BellSouth's paging operations experience direct competition from one or more competitors in all markets in which it operates. Although some of BellSouth's competitors are small privately-owned companies serving only one market area, others are large companies such as Paging Network, Inc. and Metromedia Paging Services. Competition for paging subscribers is based primarily on the price and quality of service and the geographic area covered. BellSouth believes that the price and quality of its services and its geographic coverage areas generally compare favorably with those of its competitors.

BellSouth's mobile data business venture with RAM expects competition from private wireless data networks, Specialized Mobile Radio, analog cellular, and future Cellular Digital Packet Data technology. RAM's primary competitor in the wireless data market is ARDIS, a wireless data joint venture between International Business Machines and Motorola. The ARDIS network, which was started in 1983 as a private network for International Business Machines, currently has the advantage of a larger installed customer base and greater network coverage. RAM, however, expects to attract customers with its unique network feature of automatic, seamless nationwide roaming. Success of the RAM venture will depend significantly on early marketing efforts to enroll customers and the relative market acceptance of RAM technology.

In BellSouth's advertising and publishing business, competition for advertising revenues has expanded. Many different media compete for advertising revenues, and some newspaper organizations and other companies have begun publishing their own directories. Competition for directory sales agency contracts for the sale of advertising in publications of nonaffiliated companies also continues to be strong.

The long range effect of competition on the provision of telecommunications services and equipment will depend on further technological advances, regulatory actions at the state and federal levels, decisions with respect to the MFJ and possible state and federal legislation.

Legislation

When the 102nd Congress ended, a number of bills expired that could have significantly affected BellSouth's business operations and opportunities. However, new bills restricting BellSouth's entry into various lines of business may be introduced in the current congressional session.

During 1991, the D. C. District Court granted the Holding Companies relief from the MFJ to permit them to offer information services. Such services could include electronic publishing, two-way video, voice-recognition and enhanced electronic gateways. As noted above, appeals were taken of the D. C. District Court's decision and are currently pending. Moreover, legislation was introduced in the 102nd Congress to restrict the Holding Companies from offering information services and to otherwise substantially codify the MFJ. Although the legislation did not reach the floor during that session of Congress, it is likely that similar legislation, and other bills variously restricting the offering by the Holding Companies of information services, will be introduced in the 103rd Congress.

In 1991, the Senate passed a manufacturing relief bill that would have allowed the Holding Companies to manufacture telecommunications equipment and CPE as long as certain domestic manufacturing provisions were met. A companion bill was introduced in the House, but no vote was taken.

Bills were introduced in the 102nd Congress to increase spectrum efficiency, to reallocate 200 megahertz of radio spectrum from the federal government to commercial users for emerging telecommunications technologies and services and to require the FCC to conduct on an experimental basis competitive bidding for 30 megahertz of the reallocated spectrum. No final action on the spectrum allocation or auctions was reached in the 102nd Congress. Similar legislation has been introduced in the 103rd Congress.

The President has emphasized that improving telecommunications infrastructure will be a high priority for his Administration. Legislation has been introduced in the 103rd Congress and other bills are likely, relating to the development and deployment of a national broadband fiber network and other information infrastructure. The proposed legislation would provide for enhanced development and nationwide deployment of telecommunications technologies, which could be utilized to develop communications services outside the public networks of the LECs.

Research and Development

The services and products of BellSouth are in a highly technological field. BellSouth has expended \$46.3, \$42.0 and \$40.7 million in 1992, 1991 and 1990, respectively, on company-sponsored research and development activities. The majority of this activity is conducted at Bell Communications Research, Inc. ("Bellcore"), one-seventh of which is owned by BellSouth, through BellSouth Telecommunications, with the remainder owned by the other Holding Companies. Bellcore provides research and development and other services for its owners and is the central point of contact for coordinating the Federal government's telecommunications requirements relating to national security and emergency preparedness.

Licenses and Franchises

BellSouth Telecommunications' local exchange business is typically provided under certificates of public convenience and necessity granted pursuant to state statutes and public interest findings of the

various public utility commissions of the states in which BellSouth Telecommunications does business. These certificates provide for a franchise of indefinite duration, subject to the maintenance of satisfactory service at reasonable rates.

The domestic cellular, paging and mobile data systems that BellSouth owns or has an interest in are operated under licenses granted by the FCC. Prior approval of the FCC is required for the assignment of a license or the transfer of control of a licensee. The licenses are generally issued for up to 10 year periods. For the paging and mobile data licenses, at the end of the license period a renewal application must be made which BellSouth believes will generally be granted upon showing compliance with FCC regulations and continuing service to the public. Licenses may be revoked and license renewal applications may be denied for cause. With regard to cellular licenses, the FCC has established the procedures and standards for conducting comparative renewal proceedings which include a "renewal expectancy" for cellular operators meeting specific criteria. This ruling is presently undergoing further FCC review.

International cellular, paging and mobile data systems also operate under licenses granted by the governments in the countries where such systems are located. The foreign licenses are issued for varied terms and are generally renewable at the end of the initial license period. As is the case with BellSouth's domestic wireless properties, the foreign licenses may be revoked and license renewal applications may be denied for cause.

BellSouth owns or has licenses to use all patents, copyrights, licenses, trademarks and other intellectual property necessary for it to conduct its present business operations. It is not anticipated that any of such property will be subject to expiration or non-renewal of rights which would materially and adversely affect BellSouth or its subsidiaries.

Employees

At December 31, 1992, 1991 and 1990 BellSouth and its subsidiaries employed approximately 97,100, 96,100 and 102,000 persons, respectively. Of these amounts at these dates, approximately 82,900, 82,200 and 88,500 were employees of BellSouth Telecommunications. About 63% of BellSouth's employees at December 31, 1992 were represented by the Communications Workers of America (the "CWA"), which is affiliated with the AFL-CIO.

In September 1992, the CWA ratified new three-year contracts with BellSouth covering about 61,000 employees. These contracts included provisions for wage increases retroactive to August 9, a cost-of-living adjustment and an increase in the team incentive award that will total in the aggregate an estimated 11.3% over the next three years.

In November, 1992, BellSouth announced plans to reduce the work force at BellSouth Telecommunications by approximately 8,000 employees by 1996, the majority of which is expected to be accomplished through normal attrition. The reductions are expected to be divided approximately equally between craft and management employees. Targeted offers will be made to managers as needed and involuntary separations of managers are possible. The contract with the CWA contains provisions for dealing with craft employees whose jobs are affected.

ITEM 2. PROPERTIES

GENERAL

BellSouth's properties do not lend themselves to description by character and location of principal units. BellSouth's investment in property, plant and equipment, 96% of which is held by BellSouth Telecommunications, consists of the following at December 31:

	<u>1992</u>	<u>1991</u>
Outside Plant	46%	45%
Central Office Equipment	35%	34%
Land and Buildings	7%	7%
Station Equipment	2%	3%
Other	10%	11%
	<u>100%</u>	<u>100%</u>

Outside plant consists of connecting lines (aerial, underground and buried cable) not on customers' premises, the majority of which are on or under public roads, highways or streets while the remainder is on or under private property. Central office equipment consists of analog switching equipment, digital electronic switching equipment and circuit equipment. Land and buildings are occupied principally by central offices. Station equipment consists of embedded intrasystem wiring, substantially all of which is on the premises of customers.

Substantially all of the installations of central office equipment and administrative offices are located in buildings and on land owned by BellSouth Telecommunications. Many garages, business offices and telephone service centers are in leased quarters.

BellSouth Telecommunications' customers are now served by electronic switching systems that provide a wider variety of services than their mechanical predecessors. The BellSouth network is in transition from an analog to a digital network, which provides capabilities for BellSouth to furnish advanced data transmission and information management services.

PROPERTY ADDITIONS

Property additions include gross additions to property, plant and equipment having an estimated service life of one year or more, plus the incidental costs of preparing the asset for its intended use. In the case of constructed assets, an amount related to the cost of debt and equity used in the construction of an asset is capitalized as part of the asset when the construction period is in excess of one year. (BellSouth's nonregulated companies capitalize the cost of debt and equity used to construct an asset only if the amount is material.) Property additions also include assets acquired by means of entering into a capital lease agreement, gross additions to operating lease equipment and reused materials.

Significant additions to property, plant and equipment will be required to meet the demand for telecommunications services and to further improve such services. The level of property additions indicated below is expected to be maintained in the near future. The total investment in telephone plant has increased from about \$31,015 million at January 1, 1988 to about \$38,324 million at December 31, 1992, including the effects of retirements and property transferred at divestiture, but not including deductions of accumulated depreciation at either date.

BellSouth's property additions at December 31 since 1988 are approximately as follows:

	<u>- Millions -</u>
1988	\$3,633
1989	\$3,155
1990	\$3,386
1991	\$3,192
1992	\$3,266

In 1992, BellSouth generated substantially all of its funds for property additions internally; substantially all such additions are expected to be financed through internally generated funds in 1993.

BellSouth projects property additions for BellSouth Telecommunications to be approximately \$3,078 million during 1993. The continued modernization of the BellSouth Telecommunications' telecommunications network is necessary to meet the needs of customers and competitive demands. Population and economic expansion is projected by BellSouth in certain growth centers within its nine-state area during the next five to ten years. Expansion of the network will be needed to accommodate such projected growth.

BellSouth projects that it will invest approximately \$400 million in the properties of BellSouth Enterprises' consolidated subsidiaries during 1993. A majority of such expenditures will be for property additions to its cellular systems to complete construction of new systems and to expand, enhance and modernize its operating systems. BellSouth has commenced adding digital technology to certain systems which are operating at or near capacity with analog technology.

ITEM 3. LEGAL PROCEEDINGS

The MFJ and the related Plan of Reorganization (the "Plan") provide for the recognition and payment of liabilities by AT&T and the Operating Telephone Companies that are attributable to pre-divestiture events that did not become certain until after divestiture. These contingent liabilities relate principally to litigation, environmental matters and other claims with respect to the former Bell System's rates, taxes, contracts and torts (including business torts, such as alleged violations of the antitrust laws). Contingent liabilities that are attributable to pre-divestiture events are shared by AT&T and the Operating Telephone Companies in accordance with formulae prescribed by the Plan, whether or not an entity was a party to the proceeding and regardless of whether an entity was dismissed from the proceeding by virtue of settlement or otherwise. BellSouth's share of these liabilities to date has not been material to its financial position or results of operations for any period.

BellSouth and its subsidiaries are subject to claims and proceedings arising in the ordinary course of business. While complete assurance cannot be given as to the outcome of any contingent liabilities, in the opinion of BellSouth, any financial impact to which BellSouth and its subsidiaries are subject is not expected to be material in amount to BellSouth's operating results or its financial position.

BellSouth is subject to a number of environmental proceedings as a result of the operations of its subsidiaries and the shared liability provisions in the Plan. BellSouth expects that it will be required to expend funds to remedy certain facilities. Such expenditures are not expected to be material in amount to BellSouth's operating results or financial condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

No matter was submitted to a vote of shareholders in the fourth quarter of the fiscal year ended December 31, 1992.

ADDITIONAL INFORMATION

DESCRIPTION OF BELL SOUTH STOCK

General

The Articles of Incorporation of BellSouth authorize the issuance of 1,100,000,000 shares of common stock, par value \$1 per share (the "Common Stock"), and 100,000,000 shares of cumulative, first preferred stock, par value \$1 per share (the "Preferred Stock"). BellSouth's Board of Directors (the "Board") is authorized to provide for the issuance, from time to time, of the Preferred Stock in series and, as to each series, to fix the number of shares in such series and the voting, dividend, redemption, liquidation, retirement and conversion provisions applicable to the shares of such series.

No shares of Preferred Stock are outstanding. The Board has created Series A First Preferred Stock consisting of 30 million shares (the "Series A Preferred Stock") for possible issuance under BellSouth's Shareholder Rights Plan. (See "Preferred Stock Purchase Rights".)

Dividend Rights

The holders of Common Stock are entitled to receive, from funds legally available for the payment thereof, dividends when and as declared by resolution of the Board. While any series of Preferred Stock is outstanding, no dividends (other than dividends payable solely in Common Stock) may be declared or paid on Common Stock, and no Common Stock may be purchased, redeemed or otherwise acquired for value, (a) unless dividends on all outstanding shares of Preferred Stock for the current and all past dividend periods have been paid or declared and provision made for payment thereof and (b) unless all requirements with respect to any purchase, retirement or sinking fund or funds applicable to all outstanding series of Preferred Stock have been satisfied. Dividends on the Preferred Stock would be cumulative.

Voting Rights

Except in connection with the "business combinations" and "fair price" provisions discussed below, holders of shares of Common Stock are entitled to one vote, in person or by proxy, for each share held on the applicable record date with respect to each matter submitted to a vote at a meeting of shareholders, but such holders do not have cumulative voting rights. The holders of any series of Preferred Stock, when issued, may receive the right to vote as a class on certain amendments to the Articles of Incorporation and on certain other matters, including the election of directors in the event of certain defaults, which may include non-payment of Preferred Stock dividends.

Liquidation Rights

In the event of voluntary or involuntary liquidation of BellSouth, holders of the Common Stock will be entitled to receive, after creditors have been paid and the holders of the Preferred Stock, if any, have received their liquidation preferences and accumulated and unpaid dividends, all the remaining assets of BellSouth.

Pre-emptive Rights; Conversion Rights; Redemption

No shareholders of any class shall be entitled to any pre-emptive rights to subscribe for or purchase any shares or other securities issued by BellSouth. The Common Stock has no conversion rights and is not subject to redemption.

Preferred Stock Purchase Rights

The Board has declared a dividend of one preferred stock purchase right ("Right") for each share of Common Stock from time to time outstanding. Under certain circumstances, each Right will entitle the holder to purchase one one-hundredth of a share of Series A Preferred Stock, \$1.00 par value ("Common Equivalent Preferred Stock"), which unit is substantially equivalent in voting and dividend rights to one whole share of the Common Stock, at a price of \$175 per whole share (the "Purchase Price"). The Rights are not presently exercisable and may be exercised only if a person or group acquires 10% of the outstanding voting stock of BellSouth without the prior approval of the Board ("Acquiring Person") or announces a tender or exchange offer that would result in ownership of 25% or more of the Common Stock.

If an Acquiring Person becomes such without prior Board approval, the Rights are adjusted, and each holder, other than the Acquiring Person, then has the right to receive, on payment of the Purchase Price, the number of shares of Common Stock, units of the Common Equivalent Preferred Stock or other assets having a market value equal to twice the Purchase Price.

The Rights currently trade with the Common Stock and expire after ten years.

Business Combinations

The Georgia legislature has enacted legislation which generally prohibits a corporation which has adopted a by-law electing to be covered thereby (which BellSouth has done) from engaging in any

"business combination" (i.e., a merger, consolidation or other specified corporate transaction) with an "interested shareholder" (i.e., a 10% shareholder or an affiliate of the corporation which was a 10% shareholder at any time within the preceding two years) for a period of five years from the date such person becomes an interested shareholder, unless the interested shareholder (i) prior to becoming an interested shareholder, obtained the approval of the Board of Directors for either the business combination or the transaction which resulted in the shareholder becoming an interested shareholder, (ii) becomes the owner of at least 90% of the outstanding voting stock of the corporation in the same transaction in which the interested shareholder became an interested shareholder, excluding for purposes of determining the number of shares outstanding those shares owned by officers, directors, subsidiaries and certain employee stock plans of the corporation or (iii) subsequent to the acquisition of 10% or more of the outstanding voting stock of the corporation, acquires additional shares resulting in ownership of at least 90% of the outstanding voting stock of the corporation and obtains approval of the business combination by the holders of a majority of the shares of voting stock of the corporation, other than those shares held by an interested shareholder, officers, directors, subsidiaries and certain employee stock plans of the corporation. BellSouth's "business combinations" by-law may be repealed only by an affirmative vote of two-thirds of the continuing directors and a majority of the votes entitled to be cast by the shareholders, other than interested shareholders, and shall not be effective until 18 months after such shareholder vote. The Georgia statute provides that a domestic corporation which has thus repealed such a by-law may not thereafter readopt the by-law as provided therein.

Fair Price Provisions

"Fair price" provisions contained in the Articles of Incorporation require, generally, in connection with a merger or similar transaction between BellSouth and an "interested shareholder" (a 10% shareholder or an affiliate of BellSouth which was a 10% shareholder at any time within the preceding two years), the unanimous approval of BellSouth's directors not affiliated with the interested shareholder or the affirmative vote of two-thirds of such directors and a majority of the outstanding shares held by disinterested shareholders, unless (i) within the past three years the shareholder has been an interested shareholder and has not increased its shareholdings by more than one percent in any 12-month period or (ii) all shareholders receive at least the same consideration for their shares as the interested shareholder previously paid. Additionally, these provisions may be revised or rescinded only upon the affirmative vote of at least two-thirds of the directors not affiliated with an interested shareholder and a majority of the outstanding shares held by disinterested shareholders.

Board Classification

Board classification provisions adopted by the shareholders and contained in the By-laws prescribe a shareholder vote for approximately one-third of the directors, instead of all directors, at each annual meeting of shareholders for a three-year term. Additionally, such provisions provide that shareholders may remove directors from office, with or without cause, amend the By-laws with respect to the number of directors or amend the board classification provisions only by the affirmative vote of the holders of at least 75% of the outstanding shares entitled to vote for the election of directors.

Removal of Directors

BellSouth's Articles of Incorporation provide that the shareholders of BellSouth may remove a director, with or without cause, by the affirmative vote of the holders of at least 75% of the voting power of all shares of stock entitled to vote generally in the election of directors, voting together as a single class.

Limitation on Shareholders' Proceedings

BellSouth's By-laws require 60 days advance notice of shareholder nominations for directors and of other matters to be brought before annual shareholders' meetings. Such By-laws also provide that a special shareholders' meeting may not be called by fewer than two-thirds of the outstanding shares entitled to vote at the meeting.

The provisions discussed under the six preceding sub-headings and the ability to issue Preferred Stock, such as the Series A Preferred Stock described above, with characteristics established by the Board and without the consent of the holders of Common Stock and the ability to issue additional shares of Common Stock may have the effect of discouraging takeover attempts and may also have the effect of maintaining the position of incumbent management. In addition, these provisions may have a significant effect on the ability of shareholders of BellSouth to benefit from certain kinds of transactions that may be opposed by the incumbent Board.

EXECUTIVE OFFICERS

The executive officers of BellSouth are listed below:

Name	Age	Office	Officer Since	This Office Since
John L. Clendenin	58	Chairman of the Board, President and Chief Executive Officer	1983	1984
Walter H. Alford	54	Executive Vice President and General Counsel	1988	1988
Patrick H. Casey (1)	53	Vice President and Comptroller	1987	1988
John R. Gunter (2)	52	Vice President — Corporate Responsibility and Compliance	1988	1988
Harvey R. Holding (3)	58	Vice Chairman of the Board, Finance and Administration	1987	1991
Roy B. Howard (4)	64	Senior Vice President — Corporate Human Resources	1987	1989
David J. Markey	52	Vice President — Government Affairs	1986	1993
Robert W. O'Neill (5)	58	Vice President and Associate General Counsel	1991	1991
C. Clement Patton (6)	56	Vice President — Corporate Planning and Budget	1988	1988
C. Richard Yarbrough (7)	55	Vice President — Public Relations	1987	1987
Arlen G. Yokley	55	Vice President, Secretary and Treasurer	1984	1989

All of the executive officers of BellSouth have for at least the past five years held high level management or executive positions with BellSouth or its subsidiaries.

All officers serve until their successors have been elected and qualified.

- (1) Effective April 1, 1993, Mr. Casey will become Vice President and Comptroller at BellSouth Telecommunications, and his responsibilities at BellSouth will be assumed by Ronald M. Dykes, 45, who will become Vice President and Comptroller. Mr. Dykes has been Vice President — Finance of BellSouth Enterprises since 1988.
- (2) Effective April 1, 1993, Mr. Gunter will become Vice President — Network Operations, North, of BellSouth Telecommunications, and his responsibilities at BellSouth will be assumed by Mr. O'Neill.
- (3) Effective September 1, 1993, Mr. Holding will retire.
- (4) Effective April 1, 1993, Mr. Howard will retire. His responsibilities will be assumed by H. C. Henry, 48, who will become Executive Vice President — Corporate Relations. Mr. Henry has been Executive Vice President — International and Business Development of BellSouth Enterprises since 1990 and was Vice President — Florida of Southern Bell from 1986 to 1990. Mr. Henry was a member of the Board of Directors of Southeast Bank, N. A., which was placed into receivership with the Federal Deposit Insurance Corporation in 1991.

- (5) Effective April 1, 1993, Mr. O'Neill will become Vice President — Corporate Responsibility and Compliance, succeeding Mr. Gunter. Prior to 1991, Mr. O'Neill was Vice President and General Counsel of South Central Bell.
- (6) Effective April 1, 1993, Mr. Patton will retire. His responsibilities will be assumed by Charles C. Miller III, 40, who will become Vice President — Strategic Planning and Corporate Development. Mr. Miller has been Vice President — Corporate Development of BellSouth Enterprises since 1990. Prior to 1990, Mr. Miller was Director, Strategic Transactions of BellSouth Enterprises.
- (7) Effective April 1, 1993, Mr. Yarbrough will retire. His responsibilities will be assumed by Mr. Henry.

Effective January 25, 1993, F. Duane Ackerman, President of BellSouth Telecommunications, was elected as a Director of BellSouth and may be considered an executive officer of BellSouth within the meaning of the rules and regulations of the Securities and Exchange Commission.

Mr. Raymond L. McGuire has accepted a special assignment to coordinate the MFJ and cable television legislative strategies of the seven Holding Companies, reporting to their chief executive officers. He will remain a BellSouth officer but will not be considered an Executive Officer.

Effective April 1, 1993, William O. McCoy, 59, will assume the office of Vice Chairman. Mr. McCoy has been the President of BellSouth Enterprises since 1985.

Effective April 1, 1993, John F. Beasley, 53, and J. Robert Fitzgerald, 53, will each become Vice President and Associate General Counsel. Mr. Beasley has been Vice President and General Counsel of BellSouth Enterprises since 1985, and Mr. Fitzgerald has been Vice President and General Counsel of BellSouth Telecommunications since 1983.

Changes in officers described in this section reflect the planned merger of the headquarters' staffs of BellSouth and BellSouth Enterprises and officer retirements of BellSouth and BellSouth Telecommunications.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

MARKET AND DIVIDEND DATA

The principal market for trading in BellSouth common stock is the New York Stock Exchange, Inc. ("NYSE"). BellSouth common stock is also listed on the Boston, Midwest, Pacific and Philadelphia exchanges in the United States and the London, Zurich, Basel, Geneva, Frankfurt, Amsterdam and Tokyo exchanges. The ticker symbol for BellSouth common stock is BLS. As of January 31, 1993, there were 1,286,670 holders of record of BellSouth common stock. Market data, obtained from the NYSE Composite Tape, which encompasses trading on the principal United States stock exchanges as well as off-board trading, for 1990 through 1992 are listed below. High and low prices represent the highest and lowest sales prices for the periods indicated. Dividend data also are listed.

	Market Prices		Per Share Dividends Declared
	High	Low	
1992			
First Quarter	\$52½	\$43½	\$.69
Second Quarter	50½	43½	.69
Third Quarter	55½	49¼	.69
Fourth Quarter	53½	46¼	.69
1991			
First Quarter	\$55	\$49½	\$.69
Second Quarter	54	46½	.69
Third Quarter	50¼	46½	.69
Fourth Quarter	51¼	45½	.69
1990			
First Quarter	\$59¼	\$50½	\$.67
Second Quarter	57½	51¼	.67
Third Quarter	55¼	49	.67
Fourth Quarter	56¼	50¼	.67

Stock Transfer Agent and Registrar

Chemical Bank is BellSouth's stock transfer agent and registrar.

ITEM 6.

SELECTED FINANCIAL AND OPERATING DATA

(Dollars In Millions, Except Per Share Amounts)

	1992	1991	1990	1989	1988
Operating Revenues	\$ 15,202	\$ 14,445	\$ 14,345	\$ 13,996	\$ 13,597
Operating Expenses*	12,041	11,636	11,318	11,008	10,558
Operating Income*	3,161	2,809	3,027	2,988	3,039
Interest Expense	746	802	774	776	699
Other Income, net*	178	253	157	241	91
Provision for Income Taxes	934	753	778	758	765
Extraordinary Loss, net of tax	(41)	—	—	(22)	—
Accounting Change, net of tax	—	(35)	—	68	—
Net Income	\$ 1,618	\$ 1,472	\$ 1,632	\$ 1,741	\$ 1,666
Earnings Per Share	\$ 3.30	\$ 3.04	\$ 3.38	\$ 3.64	\$ 3.51
Dividends Declared Per Common Share	\$ 2.76	\$ 2.76	\$ 2.68	\$ 2.52	\$ 2.36
Book Value Per Share	\$ 27.94	\$ 26.93	\$ 26.28	\$ 27.21	\$ 25.52
Return to Average Common Equity	11.9%	11.3%	12.8%	13.7%	13.8%
Weighted Average Common Shares					
Outstanding	490.8	484.3	482.4	477.7	474.9
Return on Average Total Capital	9.8%	9.4%	10.4%	11.2%	11.1%
Total Assets	\$ 31,463	\$ 30,942	\$ 30,207	\$ 30,050	\$ 28,472
Capital Expenditures	\$ 3,189	\$ 3,102	\$ 3,191	\$ 3,223	\$ 3,207
Long-Term Debt*	\$ 7,360	\$ 7,677	\$ 7,781	\$ 7,055	\$ 7,031
Debt Ratio	39.0%	41.3%	40.7%	38.0%	39.8%
Ratio of Earnings to Fixed Charges@ ...	4.00	3.47	3.99	3.85	4.09
Employees	97,112	96,084	101,945	101,230	100,280
Telephone Employees	82,866	82,245	85,967	86,728	88,801
Business Volumes (In Millions):					
Access Minutes of Use:#					
Interstate	50,546.4	47,255.3	44,903.3	41,415.7	37,422.0
Intrastate	13,994.2	13,237.7	12,119.5	11,271.5	10,349.1
Toll Messages#	1,280.5	1,390.0	1,459.6	1,463.0	1,377.9
Network Access Lines in Service:					
Residence	13.3	12.9	12.6	12.3	12.0
Business	5.1	4.9	4.6	4.4	4.2
Other .....	.3	.3	.3	.3	.2
Total	18.7	18.1	17.5	17.0	16.4

* Certain amounts in the prior periods have been reclassified to conform to the current year's presentation.

@ For the purpose of this ratio: (i) earnings have been calculated by adding net income, interest expense, income taxes and such portion of rental expense representative of the interest factor on such rentals; (ii) fixed charges are comprised of total interest expense and such portion of rental expense.

Prior period operating data is often revised at later dates to reflect the most current information. The above information reflects the latest data available for Access Minutes of Use and Toll Messages for the periods indicated.

ITEM 7.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION
(Dollars in Millions, Except Per Share Amounts)**

BellSouth Corporation ("BellSouth") is a holding company headquartered in Atlanta, Georgia whose operating telephone company subsidiary, BellSouth Telecommunications, Inc. ("BellSouth Telecommunications") serves, in the aggregate, 67% of the population and 48% of the territory within Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. BellSouth Telecommunications primarily provides local exchange and toll communications services within 38 court-defined geographic areas, called Local Access and Transport Areas ("LATAs"), and network access services to enable interLATA communications using the long-distance facilities of interexchange carriers. BellSouth Enterprises, Inc. ("BellSouth Enterprises"), another wholly-owned subsidiary, operates businesses providing domestic wireless and international communications services and advertising and publishing services and products.

Prior to January 1, 1992, the majority of the operations of BellSouth Telecommunications was conducted through South Central Bell Telephone Company ("South Central Bell") and Southern Bell Telephone and Telegraph Company ("Southern Bell"). Effective at midnight December 31, 1991, South Central Bell merged with and into Southern Bell and Southern Bell's name was changed to BellSouth Telecommunications.

RESULTS OF OPERATIONS

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Net Income	\$1,617.7	\$1,471.5	\$1,631.5	9.9%	(9.8%)
Earnings Per Share	\$ 3.30	\$ 3.04	\$ 3.38	8.6%	(10.1%)

Net Income and Earnings Per Share for 1992 increased \$146.2 and \$.26, respectively, compared to the previous year. Factors contributing to these increases include a one-time gain from the settlement of a federal income tax matter, the reversal of revenue accruals following the settlement of prior year regulatory issues, expense reductions attributable to salary savings since implementation of an early retirement program, the inclusion in 1991 of a one-time charge associated with the early retirement program and the inclusion in 1991 of a one-time charge for the cumulative effect of the change in method of accounting for cellular service sales commissions. Also contributing to the increases were growth in business volumes at BellSouth Telecommunications, partially offset by rate reductions, and in the wireless businesses at BellSouth Enterprises. The 1992 increases were partially offset by a charge associated with refinancing at lower interest rates of certain long-term debt issues at BellSouth Telecommunications (see Note F), expenses associated with Hurricane Andrew and costs attributable to investments in certain start-up operations. Net Income and Earnings Per Share for 1991 compared to 1990 decreased \$160.0 and \$0.34, respectively. Factors contributing to these decreases include rate reductions, lower toll message volumes, the one-time charges associated with the early retirement program and the change in the method of accounting for cellular service sales commissions, increased competition and a slowing of the economy in the Southeast. (See "Operating Environment and Trends of the Business".)

REPORTING CHANGES

Effective for the year ended December 31, 1991, revenues associated with BellSouth's directory advertising and publishing services and wireless communications businesses are separately reported to improve the understandability of reported results. Paging and other mobile service revenues and revenues from cellular interconnections by unaffiliated carrier systems with BellSouth Telecommunications have been reclassified from Local Service revenues to Wireless Communications revenues consistent with the revised format. The statement of income for the year ended December 31, 1990 has been reformatted to conform to the current presentation.

OPERATING REVENUES

Total Operating Revenues increased \$756.1 (5.2%) during 1992 compared to an increase of \$100.1 (0.7%) during 1991. The increase over 1991 resulted from growth in revenues from BellSouth's wireline telephone businesses, coupled with a significant increase in revenues from wireless communications businesses. Traditionally, BellSouth's local, access and toll services offered by BellSouth Telecommunications have primarily accounted for increases in operating revenues; however, BellSouth is experiencing an increasing shift in the relative contributions of its revenue sources.

The increase in 1992 was primarily attributable to a \$421.1 (54.4%) increase in Wireless Communications revenues and a \$389.8 (6.7%) increase in Local Service revenues. Also contributing were increases in Interstate Access and Directory Advertising and Publishing revenues, offset by a \$124.9 (9.1%) decrease in Toll revenues.

The 1991 increase was due predominantly to a 6.6% increase in revenues from BellSouth Enterprises, primarily in the wireless communications and directory advertising and publishing businesses, revenues from which increased 39.0% and 2.3%, respectively. These increases were partially offset by the absence of revenues from the leasing portfolio of Dataserv Equipment, which was sold in December 1990, and from certain directory publishing operations, which were sold in January 1991 (see "Other Income, net"). The impact of rate reductions more than offset increases in revenues due to business volume increases, contributing to decreases in Intrastate Access and Toll revenues.

See "Volumes of Business".

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Local Service	\$6,236.0	\$5,846.2	\$5,664.6	6.7%	3.2%

Local Service revenues reflect amounts billed to customers for local exchange services, which include connection to the network and secondary central office feature services, such as custom calling features and custom dialing packages. Revenues for 1992 increased \$389.8 (6.7%), compared to the \$181.6 (3.2%) increase in 1991.

The increase in 1992 is attributable to the addition of 615,300 access lines during the year, revenue shifts from toll to local due to expanded local calling area plans, which increased local service revenue, and an increase in secondary central office services of \$51.4 over 1991. In addition, the implementation of a new expanded local calling area plan in Louisiana, effective March 1992, positively impacted 1992 Local Service revenue (see "Toll"). The increase was also due in part to the inclusion in 1991 of a \$63.9 refund in Florida which had previously been deferred in Other Services revenues. The increase in 1992 was partially offset by a related refund of \$27.9 in 1992 pertaining to amounts set aside in 1991 for disposition by the Florida Public Service Commission. Since these deferred and set aside amounts were originally accrued in Other Services, there was no impact on net income.

The revenue increase in 1991 reflects the addition of 552,600 access lines during that year. The 1991 increase is also attributable to revenue shifts from toll to local due to expanded local calling area plans which increased local service revenue by \$74.0 and an increase in secondary central office services of \$62.3 over 1990. The increase in these services is due to an increase in access lines, the number of services being offered and demand from existing customers. In addition, private line revenues, primarily in voice grade and digital transmission services, increased \$33.8 principally as a result of revenue shifts from toll to local. These increases were partially offset by a refund in Florida of \$63.9 which had previously been deferred in Other Services revenues.

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Interstate Access	\$2,945.6	\$2,858.1	\$2,841.9	3.1%	0.6%

Interstate Access revenues result from the provision of access services to interexchange carriers to provide telecommunications services between states. Interstate access revenues increased \$87.5 (3.1%) in 1992 compared to a \$16.2 (0.6%) increase in 1991.

For 1992, the increase in Interstate Access revenues was primarily attributable to increased access demand of 7.0% in minutes of use and an increase of \$30.6 in end user charges attributable to growth in the number of access lines in service. The effect of these increases was partially offset by rate reductions of approximately \$55.0 since December 31, 1991, including the implementation of lower tariff rates, effective July 1, 1992, associated with BellSouth Telecommunications' selection of a higher productivity offset factor under the Federal Communications Commission's ("FCC") price cap plan. Revenues reflect amounts deferred for possible sharing related to the FCC's price cap plan (see "Operating Environment and Trends of the Business").

The increase in Interstate Access revenues for 1991 was primarily attributable to increased access demand of 5.2% in minutes of use and growth in end user charges attributable to an increasing access line base. This growth was partially offset by rate reductions of approximately \$108.0 and the impact of net settlements of \$33.6 with independent telephone companies and the National Exchange Carriers Association.

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Intrastate Access	\$871.8	\$866.7	\$911.8	0.6%	(4.9%)

Intrastate Access revenues result from the provision of access services to interexchange carriers which provide telecommunications services between LATAs within a state. Revenues increased \$5.1 (0.6%) in 1992 compared to a decrease of \$45.1 (4.9%) in 1991.

The increase in 1992 is due primarily to a 5.7% increase in minutes of use over the same period in 1991, substantially offset by rate reductions since December 31, 1991 of approximately \$30.0, primarily in Georgia and Louisiana. In addition, subscribers are switching to high capacity services under special assembly tariffs which causes a decrease in minutes of use and a resulting decrease in revenues.

The decrease in 1991 is primarily a result of rate reductions of \$66.4 of which \$34.7 relates to the full year impact from regulation plans implemented in the latter part of 1990 in Florida and Georgia and \$25.7 relates to revenue deferrals ordered by the Louisiana Commission. These rate reductions were partially offset by a 9.2% increase in minutes of use over the comparable 1990 period.

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Toll	\$1,248.8	\$1,373.7	\$1,565.4	(9.1%)	(12.2%)

Toll revenues are received from the provision of long-distance services within (but not between) LATAs. These services include intraLATA service beyond the local calling area; Wide Area Telecommunications Service ("WATS" or "800" services) for customers with highly concentrated demand; and special services, such as transport of voice, data and video. Toll revenues decreased \$124.9 (9.1%) in 1992 compared to a decrease of \$191.7 (12.2%) in 1991.

The 1992 decrease resulted from rate reductions since December 31, 1991 of \$127.0, of which \$36.0 was in Kentucky, and a 7.9% decrease in toll messages due to competition and expanded local calling area plans, which have the effect of shifting revenues from toll to local. New expanded local calling areas in Louisiana, effective March 1992, contributed \$42.0 to the decrease and is reflected in the rate reductions noted above. The overall decline in Toll revenues is expected to continue due to the proliferation of these plans, rate reductions and competition due to the resale by competitors of toll services obtained from BellSouth Telecommunications and bypass resulting from direct toll competition.

The 1991 decrease was due to decreases in toll messages of 69.7 million and also reflects rate reductions primarily associated with the full year impact from regulation plans implemented in the latter part of 1990 in Florida and Georgia totaling \$72.1 as well as revenue deferrals of \$25.7 for rate reductions ordered by the Louisiana Commission. These decreases were partially offset by increases totaling \$11.0 in optional calling plans, primarily WATS Saver plans, over the comparable 1990 period.

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Directory Advertising and Publishing . .	\$1,459.8	\$1,426.3	\$1,394.2	2.3%	2.3%

Directory Advertising and Publishing revenues include revenues derived from publishing, printing and selling advertising in, and performing related services concerning, alphabetical and classified telephone directories. Directory Advertising and Publishing revenues increased \$33.5 (2.3%) compared to a \$32.1 (2.3%) increase in 1991.

The increase for 1992 was due primarily to growth in the volume of independent directory contracts.

The 1991 increase was due primarily to increases in prices partially offset by a decrease in revenues because of certain directory publishing and advertising operations which were sold in 1991.

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Wireless Communications	\$1,195.6	\$774.5	\$557.3	54.4%	39.0%

Wireless Communications revenues include the revenues from consolidated wireless communications (primarily cellular and paging) businesses within BellSouth Enterprises as well as revenues from paging and other mobile services and from interconnections by unaffiliated carrier systems with BellSouth Telecommunications. (BellSouth Enterprises' interest in the net income or loss of the unconsolidated wireless subsidiaries and business ventures within BellSouth Enterprises which are accounted for under the equity method of accounting is recorded in Other Income.)

Revenues increased \$421.1 (54.4%) in 1992 compared to an increase of \$217.2 (39.0%) in 1991. The increase resulted from continuing growth of the customer base in domestic and international markets for wireless telecommunications services, acquisitions made in late 1991 and increases in roamer revenues. The growth in the domestic cellular customer base is being moderated by a slight decline in revenue per average subscriber as minutes of use per average subscriber decrease because of penetration into market segments with lower usage patterns.

Increases in volumes of business due to growth in the customer base and acquisitions accounted for the \$217.2 (39.0%) increase in 1991. (See "Operating Environment and Trends of the Business".)

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Other Services	\$1,244.0	\$1,300.0	\$1,410.2	(4.3%)	(7.8%)

Other Services revenues include primarily revenues from billing and collection services provided by BellSouth Telecommunications, customer premises equipment sales and maintenance services, provision of parts and maintenance services for computer equipment as well as services provided by consolidated BellSouth Enterprises' subsidiaries other than wireless and directory publishing and advertising services. Revenues decreased \$56.0 (4.3%) in 1992 compared to a decrease of \$110.2 (7.8%) in 1991.

The decrease in 1992 was partially attributable to a decrease of \$18.6 due to the dissolution of a business in 1991 and the reclassification in 1991 of a revenue deferral of \$63.9 in Florida, partially offset by certain Florida set aside amounts totaling \$27.9 for prior years which are now included as

local service rate reductions in 1992; these deferral and set aside amounts were initially recorded as reductions to Other Services revenues prior to 1992 (see "Local Service"). Also contributing to the 1992 decrease was a \$34.3 decrease in BellSouth Telecommunications' billing and collection fees, a trend which is expected to continue due to interexchange carriers' assuming more direct billing for their own services, decreased revenues for certain BellSouth Enterprises subsidiaries and other non-recurring events. The decrease was partially offset by the settlement of prior year regulatory issues not related to the services described above but which were required to be recorded in Other Services, resulting in a one-time increase of \$52.7.

The decrease in 1991 was due to a decline in leasing activity, primarily as a result of the sale of the leasing portfolio of Dataserv Equipment in the fourth quarter of 1990. A decrease in BellSouth Telecommunications' billing and collection fees of \$51.8 also contributed to the 1991 decrease. These decreases were partially offset by the reclassification to Local Service of a revenue deferral of \$63.9 in Florida.

OPERATING EXPENSES

Operating Expenses increased \$405.1 (3.5%) during 1992 compared to an increase of \$317.1 (2.8%) during 1991. The 1992 increase was due to expenses associated with higher business volumes at BellSouth Telecommunications and in the wireless businesses at BellSouth Enterprises, higher levels of salaries and wages, a portion of which resulted from a new three-year working agreement with the Communications Workers of America ("CWA"), Hurricane Andrew and remedial actions related to underground fuel storage tanks. The increase for 1992 was partially offset by the inclusion in 1991 of expenses associated with an early retirement program and 1992 expense reductions attributable to salary savings since implementation of that program.

Operating Expenses increased \$317.1 (2.8%) during 1991 compared to 1990. The 1991 increase was primarily in Selling, General and Administrative expense which was largely due to growth in the customer base in the wireless communications businesses, the impact of an early retirement program and a change in the method of accounting for cellular service sales commissions. These expenses were partially offset by a decrease in Cost of Services and Products expense which was largely due to the sale of certain leasing operations.

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Cost of Services and Products	\$5,681.3	\$5,739.2	\$5,797.2	(1.0%)	(1.0%)

Cost of Services and Products includes operating expenses associated with network support and maintenance of BellSouth Telecommunications' property, plant and equipment, material and supplies expense, cost of tangible goods sold and other expenses associated with the cost of providing services. Due to the reclassification of \$224.0 of expenses of certain businesses within BellSouth Enterprises to Selling, General and Administrative, Cost of Services and Products decreased \$57.9 (1.0%) during 1992 compared to a decrease of \$58.0 (1.0%) during 1991. After adjusting for the effect of the reclassification, Cost of Services and Products increased \$166.1 (2.9%) during 1992 compared to 1991.

As adjusted, the 1992 increase is attributable to growth in volumes of business at BellSouth Telecommunications, growth in the wireless communications subscriber base, including the effect of the acquisition of wireless businesses in 1991, higher levels of salary and wage expenses, a portion of which resulted from a new three-year working agreement with the CWA, increased pension and benefit expenses and approximately \$45.0 of expenses (net of insurance recovery and state regulatory deferrals) related to Hurricane Andrew (see "Other Matters"). Also contributing were increased expenses for rents and contracted services. The adjusted increase was partially offset by expense reductions attributable to salary savings from implementation of the early retirement program and the inclusion in 1991 of \$20.1 in inventory write-downs.

The 1991 decrease is primarily due to the absence of expenses resulting from the sale of the leasing portfolio of Dataserv Equipment and a decline in leasing activity in general. This decrease was partially offset by increased levels of right-to-use license fees for the purchase of certain software for central office switching as well as increased expenses associated with growth in the wireless communications subscriber base.

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Depreciation	\$3,032.2	\$2,965.4	\$2,900.9	2.3%	2.2%

Depreciation expense increased \$66.8 (2.3%) in 1992 compared to \$64.5 (2.2%) in 1991.

The 1992 increase is attributable, in part, to higher levels of property, plant and equipment since December 31, 1991 resulting primarily from continued growth in the customer base. Also contributing to the increase were new interstate depreciation rates, retroactive to January 1, 1992, for Florida, Georgia, North Carolina and South Carolina, new intrastate depreciation rates in North Carolina and South Carolina, both also retroactive to January 1, 1992, and additional reserve deficiency amortization approved in North Carolina. The increase for 1992 was partially offset by the absence of depreciation associated with the expiration of inside wire and reserve deficiency amortizations.

Depreciation expense increased \$64.5 (2.2%) in 1991 compared to 1990. The primary contributor to the 1991 increase was growth in property, plant and equipment since December 31, 1990. Authorized increases in North Carolina and Alabama, as well as represcribed rates in Tennessee and Georgia, also contributed to the increase. These increases were partially offset due to the absence of depreciation expense related to Dataserv Equipment as well as certain regulatory impacts such as the reserve deficiency and inside wire amortizations.

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Selling, General and Administrative . . .	\$3,327.4	\$2,931.2	\$2,620.6	13.5%	11.9%

Selling, General and Administrative expenses include operating expenses related to sales activities such as salaries, commissions, benefits, travel, marketing and advertising expenses. Also included is amortization of intangibles, research and development costs and provision for uncollectibles. Due to the reclassification of \$224.0 of expenses of certain businesses within BellSouth Enterprises from Cost of Services and Products, Selling, General and Administrative increased \$396.2 (13.5%) during 1992 compared to a \$310.6 (11.9%) increase during 1991. After adjusting for the effect of the reclassification, Selling, General and Administrative increased \$172.2 (5.9%) during 1992 compared to 1991.

As adjusted, the 1992 increase is attributable to growth in business volumes at BellSouth Telecommunications, growth in the wireless communications subscriber base, including the effect of the acquisition of wireless businesses in 1991, higher levels of salary and wage expenses, a portion of which resulted from a new three-year working agreement with the CWA, increased pension and benefit expenses and approximately \$24.1 of expenses for remedial actions related to underground fuel storage tanks. The adjusted increase was partially offset by a decrease in the provision for uncollectibles, the inclusion in 1991 of \$68.6 of expenses associated with the early retirement program and 1992 expense reductions attributable to salary savings since implementation of that program.

Of the 1991 increase, approximately \$130.0 was due to increased wireless communications costs associated with customer service, marketing costs, and operations costs associated with growth in the customer base. Of this increase, \$17.7 relates to the incremental impact through the third quarter of 1991 on current period operations due to a change in the method of accounting for third-party cellular service sales commissions (see Note C). Special termination benefit expenses of \$68.6 associated with an early retirement program also contributed to the increase (see Note H). This increase was partially

reduced by offsetting secondary effects (i.e., salaries, benefits, etc.) related to the early retirement program. Also contributing to the increase was a \$26.6 higher provision for uncollectibles than in 1990 and an increase in marketing costs associated with advertising.

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Interest Expense	\$746.4	\$802.1	\$774.3	(6.9%)	3.6%

Interest Expense includes interest on debt, certain other accrued liabilities and capital leases, offset by allowance for funds used during construction, which is capitalized as a cost of installing equipment and constructing plant. Interest expense decreased \$55.7 (6.9%) in 1992 compared to an increase of \$27.8 (3.6%) in 1991. The changes for 1992 and 1991 are due primarily to changes in interest rates and the average level of short-term borrowings (see Notes F and L).

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Other Income, net	\$177.6	\$252.7	\$156.8	(29.7%)	61.2%

Other Income includes interest income, dividend income and earnings and losses from unconsolidated subsidiaries, business ventures and partnerships, minority interests and gains and losses from the sale of operations.

Other Income decreased \$75.1 (29.7%) during 1992 compared to an increase of \$95.9 (61.2%) during 1991. The decrease in 1992 is attributable to a \$55.6 decrease in earnings from unconsolidated affiliates due primarily to recent investments in several start-up operations, a \$33.8 increase related to minority interests and, as discussed below, the inclusion in 1991 of \$40.0 in gains from operations sold. The decrease was partially offset by a \$46.2 increase in interest and dividend income which reflects the settlement of an Internal Revenue Service summary tax assessment that resulted in \$56.6 of interest income and lower interest rates.

The 1991 increase is due primarily to the inclusion of a pre-tax charge of \$49.6 related to the sale of the data processing leasing portfolio of Dataserv Equipment in 1990. In addition, increases in earnings from unconsolidated subsidiaries and ventures, primarily in the wireless communications businesses, contributed \$39.0 to the increase. Also contributing to the increase was a gain of \$26.0 on the sale of certain directory publishing operations and a \$14.0 gain on the sale of BellSouth's interest in Rochester, N.Y.'s non-wireline cellular provider in connection with the acquisition of several of McCaw Cellular Communications, Inc.'s cellular properties. These increases were partially offset by a decrease in interest income on investments of \$11.3, primarily related to lower interest rates on temporary cash investments.

	1992	1991	1990	Percent Change	
				1992 vs. 1991	1991 vs. 1990
Provision for Income Taxes	\$933.5	\$753.4	\$777.7	23.9%	(3.1%)

Income tax expense increased \$180.1 (23.9%) in 1992 compared to a decrease of \$24.3 (3.1%) in 1991. The increase in 1992 was attributable to an increase in income before income taxes and higher effective tax rates resulting from decreasing investment tax credit amortization.

The decrease in 1991 was primarily attributable to a decrease in income before income taxes partially offset by a higher effective tax rate, primarily caused by a decrease in the amortization of investment tax credits.

BellSouth's effective tax rates were 36.0%, 33.3% and 32.3% in 1992, 1991 and 1990, respectively. A reconciliation of the statutory Federal income tax rates to these effective tax rates is provided in Note J. A discussion of the impact of Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," also is included therein.

FINANCIAL CONDITION

BellSouth believes that its readily available sources of external financing, in addition to the funds provided from operations, will be sufficient to meet the needs of its business for the foreseeable future. Additional cash is made available as a result of the issuance of new shares pursuant to the Dividend Reinvestment and Stock Purchase Plan ("DRSPP"). Cash flow from operating activities was \$4,946.8 in 1992, compared to \$4,389.9 in 1991. BellSouth used the net cash generated from its operations and short-term financing to fund capital expenditures, to pay dividends and to invest in and operate new business ventures.

BellSouth's primary use of capital resources continues to be for capital expenditures. Expenditures for network development activities increased \$86.9 in 1992 to \$3,189.3, including approximately \$63.0 attributable to construction activity necessitated in the aftermath of Hurricane Andrew. Capital expenditures for 1993 are projected to be approximately \$3,400.0, of which about \$40.0 relates to additional construction related to Hurricane Andrew.

During 1992, BellSouth continued to invest in several previously announced business ventures, including the ventures with RAM Broadcasting Corporation and Optus Communications Pty. Ltd. which accounted for approximately 75% of the cash used for investment in unconsolidated affiliates.

Earnings per share for 1992 were reduced by 24 cents as a result of these and other previously announced acquisitions and new ventures. The dilution was less than previously disclosed due to better than projected performance by these ventures.

In February 1993, the German government awarded to a consortium in which BellSouth owns a 21% interest a license to construct a third cellular network throughout the country. BellSouth expects to invest in the consortium approximately \$250.0 through 1997 for construction of the cellular network system in Germany.

It is expected that dilution for the year ending December 31, 1993 from investments in and operations of existing ventures including those discussed above will be approximately 25 to 30 cents per share.

Cash dividends paid to BellSouth's common shareholders totaled \$1,082.5 during 1992 compared to \$1,124.7 during 1991. Dividends paid in cash in 1992 are lower due to the fact that BellSouth began issuing new shares in the second quarter of 1991 directly to the DRSPP agent rather than paying cash dividends to the agent so that the agent could purchase shares on the open market.

BellSouth's debt to total capitalization ratio decreased to 39.0% at December 31, 1992 compared to 41.3% at December 31, 1991. The decrease is primarily due to an increase in shareholders' equity resulting from higher retained earnings, a decrease in the Employee Stock Ownership Plan obligation, the reissuance of treasury shares and issuance of new shares to meet DRSPP requirements and lower levels of debt.

OPERATING ENVIRONMENT AND TRENDS OF THE BUSINESS

Regulatory Environment. In providing telecommunications services, BellSouth Telecommunications is subject to regulation by both state and federal regulators with respect to rates, services and other issues. BellSouth's primary regulatory focus is directed towards efforts to ensure that the regulatory processes more realistically reflect the increasingly competitive telecommunications environment.

State Regulation

Eight of the nine states in which BellSouth Telecommunications operates are now under some form of regulation other than traditional rate of return regulation. The eight states are Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, South Carolina and Tennessee. These state plans are designed to provide BellSouth Telecommunications with economic incentives to increase revenues

and improve cost controls and general efficiency by providing for shared earnings over benchmark rates of return. BellSouth attained the earnings sharing range in Alabama, Kentucky, Louisiana, Mississippi and South Carolina at times during 1992.

The plans in Florida and Tennessee are currently under review; the outcome of these reviews and the resulting impact on BellSouth Telecommunications are not known at this time. The plans in Alabama, Georgia and Mississippi expire in 1993. In addition, the Florida Public Service Commission is investigating certain trouble reporting and sales practices from 1985 to 1992. The outcome, if unfavorable, might adversely affect proceedings before the Florida Commission.

Federal Regulation

At the national level, BellSouth Telecommunications has been operating under price cap regulation since January 1, 1991. In contrast to regulation which limits the rate of return that can be achieved, price cap regulation limits the prices telephone companies can charge for use of their services. As in the state plans, price cap regulation allows for the sharing of earnings over a benchmark range of earnings. This benchmark is dependent upon the productivity offset factor chosen annually by the carrier. During the price cap plan's annual election period, BellSouth Telecommunications selected a productivity offset factor of 4.3% which provides the potential to earn a higher return before sharing; however, by selecting this higher productivity factor, BellSouth Telecommunications' access rates were reduced one percent more than they would otherwise have been had the 3.3% factor been selected although the resulting decrease in revenues was more than offset by reduced sharing. As of December 31, 1992, aggregate revenues of \$23.9 have been deferred to reflect an estimated sharing obligation. Although this represents a benefit to the ratepayers, BellSouth has not been provided as much flexibility in the pricing of its services as originally anticipated under the new plan. Price cap regulation is an evolving plan in terms of implementation and is subject to review in the fourth year after implementation.

Economy. The nine-state Southeast region in which BellSouth Telecommunications' wireline telephone business operates experienced improved economic growth in 1992. While the rate of regional population growth remains slower than during earlier decades, the Southeast continues to grow faster than the nation. The growing percentage of revenues from BellSouth Enterprises and the increasing competition being faced by BellSouth Telecommunications makes BellSouth's financial performance more susceptible to changes in the economy than previously, as its operations reflect the more competitive environment and greater elasticity in demands for its products and services.

Volumes of Business.

Network Access Lines in Service at December 31 (Thousands):

	1992	1991	Percent Change
Residence	13,321.7	12,936.9	3.0%
Business	5,092.3	4,845.6	5.1%
Other	263.4	279.6	(5.8%)
Total	<u>18,677.4</u>	<u>18,062.1</u>	3.4%

The total number of access lines in service increased by 615.3 over 1991, representing a 3.4% increase, an improvement over the 3.2% rate of increase for 1991 over 1990. The growth rate in 1992 is attributable in part to improved economic conditions, including population movement, an increase in the number of second lines in residences and marketing programs which, by modifying deposit policies, encouraged certain customers to reconnect service in early 1992. Access line growth is expected to be slightly lower in 1993.

Access Minutes of Use (Millions):

	1992	1991	Percent Change
Interstate	50,546.4	47,255.3	7.0%
Intrastate	13,994.2	13,237.7	5.7%
Total	64,540.6	60,493.0	6.7%

Access minutes of use represent the volume of traffic carried by interexchange carriers between LATAs, both interstate and intrastate, using BellSouth Telecommunications' local facilities. Total access minutes of use increased by 4,047.6 million or 6.7% in 1992 compared to a 6.1% increase in 1991. The 1992 increase in access minutes of use is partially attributable to intraLATA toll competition (which has the effect of increasing access minutes of use while reducing toll messages), the increase in access lines and, to a slight extent, the occurrence of Hurricane Andrew. The growth rate in total minutes of use continues to be negatively impacted by the migration of interexchange carriers to categories of service that have a lower fixed charge as opposed to a volume-driven charge.

	1992	1991	Percent Change
Toll Messages (Millions)	1,280.5	1,390.0	(7.9%)

Toll messages, comprised of Message Telecommunications Service ("MTS") and Wide Area Telecommunications Service ("WATS"), decreased 109.5 million (7.9%) compared to 1991. Strong competition in the intraLATA toll market and the effects of expanded local calling area plans in several states are having a continuing impact on toll message volumes. A new expanded local calling area in Louisiana, effective in March 1992, accounted for approximately 71% of the decline for the year. These plans and the effects of competition have the effect of shifting calls from toll to local service and access, respectively, but the corresponding revenues are not generally shifted at commensurate rates. The decline in toll message volumes is expected to continue for the foreseeable future.

Domestic Wireless (Equity Basis):

	1992	1991	Percent Change
Cellular Subscribers	1,118,134	774,228	44.4%
Paging Customers	977,216	920,344	6.2%

BellSouth's wireless communications businesses have become a significant contributor to the company's operations, primarily due to the continued expansion of the customer base for mobile communications services. Domestic cellular subscribers increased 343,906 or 44.4% to 1,118,134 since the end of 1991. The number of international cellular subscribers has grown to 77,633. Domestic paging customers increased to 977,216.

Litigation has been commenced against several portable cellular telephone manufacturers and service providers concerning the health effects of radio frequency radiation associated with the usage of hand-held cellular telephones. Although a number of scientific studies have concluded that the types of transmissions used by cellular telephones do not present a health hazard, a number of additional studies have recently been announced by equipment manufacturers and industry and regulatory groups. It is not yet possible to determine what effect such matters will have on the growth of cellular service revenues.

Competition. BellSouth faces increasing competition in virtually all aspects of its business. Advances in technology, as well as regulatory, legislative and judicial actions, have expanded the types of services and products available in the market as well as the number of alternative providers offering telecommunications services. These trends are expected to continue over the next decade and at an increasing rate in the near future.

Technological developments will dictate the type of network that telecommunications carriers will deploy in the future, thus indicating a strong need for continuing evolutionary changes in the

regulatory environment. The development of an information rich telecommunications infrastructure will most likely increase the number of providers and number of alternative technologies available in the marketplace. In addition, the deployment and utilization of existing technologies (such as cable television, cellular, private branch exchange, private line, fiber optic ring and other services) and the development of new technologies (such as personal communications and mobile data services) is expected to compete with BellSouth's wireline network. Also, BellSouth's offerings of cellular, private line, paging, personal communications, mobile data and other services face rigorous competition from other competitors providing the same services.

BellSouth continues to advocate changes in regulatory, legislative and judicial constraints. These changes are necessary for BellSouth to compete effectively with the new service providers. BellSouth's ability to meet this growing competition depends to a great extent on the actions of regulators and legislators and its ability to continue to adapt its business and operations to the developing competitive markets.

BellSouth's rate regulated enterprises currently account for the economic effects of regulation under SFAS 71, "Accounting for the Effects of Certain Types of Regulation". A key criterion for applicability is that it must be reasonable to assume that rates set by regulators to recover specific costs can be charged to and collected from customers. Because of the increasing competition in the telecommunications industry, BellSouth's business environment is subject to rapid and unanticipated changes. If competition in the marketplace were to increase so that BellSouth could not charge prices based on costs, regardless of regulatory action, SFAS 71 would no longer be applicable. The subsequent effect on BellSouth's financial statements could be significant depending upon the nature, magnitude and timing of the marketplace changes.

OTHER MATTERS

Accounting Pronouncements. Effective January 1, 1993, BellSouth adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions". The statement requires employers to accrue the cost of providing postretirement benefits other than pensions during the period employees are expected to earn the benefit. BellSouth's estimated transition benefit obligation of \$1.5 billion will be amortized over the remaining service period of active plan participants, which is 15 years. Based on this transition method, the 1993 expense is projected to be about \$271.0, which is approximately 15% higher than the projected 1993 postretirement expense determined under the former accounting method. The effect on net income, therefore, is not expected to be material. However, since the majority of BellSouth's operations are regulated, the ultimate effect on the financial statements will depend on the ratemaking treatment authorized (see Note H).

Also effective January 1, 1993, BellSouth adopted SFAS 109, "Accounting for Income Taxes," which requires companies to compute deferred income taxes using a liability approach rather than the deferred method previously required under Accounting Principles Board Opinion No. 11. BellSouth does not anticipate a significant impact to expense or net income as a result of implementing SFAS 109. However, because the majority of BellSouth's income tax expense relates to BellSouth Telecommunications which is subject to accounting rules applicable to regulated entities, the ultimate financial impact will depend on the future regulatory treatment (see Note J).

In November 1992, The Financial Accounting Standards Board issued SFAS 112, "Employers' Accounting for Postemployment Benefits," which BellSouth is required to adopt by 1994. The statement requires employers to accrue the cost of postemployment benefits provided to former or inactive employees after employment but before retirement. BellSouth is currently evaluating the provisions of the new statement. The impact of adoption of the statement on BellSouth's net income or financial position has not been determined with any certainty.

Hurricane Andrew. Operating results for 1992 reflect approximately \$45.0 of expenses, after the effect of regulatory deferrals and insurance recovery, related to damage to BellSouth Telecommunications' facilities, primarily in Florida, caused by Hurricane Andrew. An additional \$64.0 of expense has been deferred for recognition in future years. As a result of this deferral, expense of approximately \$16.0 will be recognized in each of the years 1993 through 1996.

Environmental Issues. BellSouth is subject to a number of environmental proceedings as a result of the operations of its subsidiaries and shared liability provisions in the Plan of Reorganization, related to the Modification of Final Judgment. BellSouth expects that it will be required to expend funds to remedy certain facilities including, as previously disclosed, the remediation of sites with underground fuel storage tanks for which BellSouth recognized a liability of \$24.1 during 1992. BellSouth continues to believe that expenditures in connection with any additional remedial actions under the environmental protection laws or related matters will not have a material impact on BellSouth's operating results or financial condition.

Work Force Reductions. In November 1992, BellSouth announced plans to reduce the work force at BellSouth Telecommunications by approximately 8,000 employees by 1996, the majority of which is expected to be accomplished through normal attrition. The reductions are expected to be divided approximately equally between craft and management employees. Targeted offers will be made to managers as needed and involuntary separations of managers are possible. The contract with the CWA contains provisions for dealing with craft employees whose jobs are affected. BellSouth could incur early termination charges in connection with these reductions, although the financial impact, while potentially significant, is not known at this time.

DOMESTIC CELLULAR AND PAGING OPERATIONS
PROPORTIONATE OPERATING DATA
(Dollars In Thousands)
(Unaudited)

The following table sets forth unaudited, supplemental financial data for BellSouth's domestic cellular and paging operations reflecting proportionate consolidation of entities in which BellSouth has an interest. This presentation differs from the consolidation methodology used to prepare BellSouth's principal financial statements in accordance with generally accepted accounting principles. The proportionate operating data reflect BellSouth's ownership percentage of entities consolidated for financial reporting purposes and BellSouth's ownership percentage in the entities which are accounted for on the equity method for financial reporting purposes.

	Year Ended December 31,	
	1992	1991
Cellular Revenue, net (1)	\$ 918,885	\$672,174
Paging and Other Revenue, net (1)	175,567	131,247
Total Revenues	<u>1,094,452</u>	<u>803,421</u>
Operating Expenses	689,454	537,111
Depreciation and Amortization	184,074	131,226
Total Operating Expenses	<u>873,528</u>	<u>668,337</u>
Operating Income	220,924	135,084
Other Expenses, net (including interest and taxes)	125,963	77,843
Net Income	<u>\$ 94,961</u>	<u>\$ 57,241</u>
Operating Margins as a Percentage of Revenue:		
Including Depreciation and Amortization	20.19%	16.81%
Excluding Depreciation and Amortization	37.00%	33.15%
Operational Comparisons:		
Proportionate Cellular Population Served	37,549,000	36,238,000
Proportionate Cellular Subscribers	1,118,134	774,228
Proportionate Paging Subscribers	977,216	920,344

(1) Included in revenues is equipment revenue net of cost.

REPORT OF MANAGEMENT

To the Shareholders of BellSouth Corporation:

These financial statements have been prepared in conformity with generally accepted accounting principles and have been audited by Coopers & Lybrand, independent accountants, whose report is contained herein.

The integrity and objectivity of the data in the financial statements presented on pages 39 through 54, including estimates and judgments relating to matters not concluded by the end of the year, are the responsibility of the management of BellSouth. Management has also prepared all other information included in this Annual Report unless indicated otherwise.

Management maintains a system of internal accounting controls which is continuously reviewed and evaluated. However, there are inherent limitations that should be recognized in considering the assurances provided by any system of internal accounting controls. The concept of reasonable assurance recognizes that the cost of a system of internal accounting controls should not exceed, in management's judgment, the benefits to be derived. Management believes that BellSouth's system does provide reasonable assurance that the transactions are executed in accordance with management's general or specific authorizations and are recorded properly to maintain accountability for assets and to permit the preparation of financial statements in conformity with generally accepted accounting principles. Management also believes that this system provides reasonable assurance that access to assets is permitted only in accordance with management's authorizations, that the recorded accountability for assets is compared with the existing assets at reasonable intervals and that appropriate action is taken with respect to any differences. Management also seeks to assure the objectivity and integrity of its financial data by the careful selection of its managers, by organizational arrangements that provide an appropriate division of responsibility and by communications programs aimed at assuring that its policies, standards and managerial authorities are understood throughout the organization. Management is also aware that changes in operating strategy and organizational structure can give rise to disruptions in internal controls. Special attention is given to controls while the changes are being implemented.

Management maintains a strong internal auditing program that independently assesses the effectiveness of the internal controls and recommends possible improvements thereto. In addition, as part of its audit of these financial statements, Coopers & Lybrand completed a review of the accounting controls to establish a basis for reliance thereon in determining the nature, timing and extent of audit tests to be applied. Management has considered the internal auditor's and Coopers & Lybrand's recommendations concerning the system of internal controls and has taken actions that it believes are cost-effective in the circumstances to respond appropriately to these recommendations. Management believes that as of December 31, 1992, the system of internal controls was adequate to accomplish the objectives discussed herein.

Management also recognizes its responsibility for fostering a strong ethical climate so that BellSouth's affairs are conducted according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in BellSouth's "Personal Responsibility" booklet, which is distributed to, and acknowledged in writing by, all employees. BellSouth maintains a program to assess compliance with these policies and has designated an officer as Vice President-Corporate Responsibility and Compliance, reporting directly to the Chairman of the Board.

John L. Clendenin
Chairman of the Board
and Chief Executive Officer

Patrick H. Casey
Vice President and Comptroller

February 3, 1993

AUDIT COMMITTEE CHAIRMAN'S LETTER

The Audit Committee of the Board of Directors consists of four Directors who are neither officers nor employees of BellSouth Corporation. Information as to these persons, as well as the scope of duties of the Audit Committee, is provided in the Proxy Statement. The Audit Committee met five times during 1992 and reviewed with the Chief Corporate Auditor, Coopers & Lybrand and management the various audit activities and plans, together with the results of selected internal audits. The Audit Committee also reviewed the financial reporting process and the adequacy of internal controls. The Audit Committee recommended, subject to shareholder ratification, the appointment of Coopers & Lybrand as the independent public accountants and considered factors relating to their independence. The Chief Corporate Auditor and Coopers & Lybrand met privately with the Audit Committee on occasion to encourage confidential discussions as to any auditing matters.

Thomas R. Williams
Chairman, Audit Committee

February 3, 1993

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders
BellSouth Corporation
Atlanta, Georgia

We have audited the accompanying consolidated balance sheets of BellSouth Corporation as of December 31, 1992 and 1991, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1992. These financial statements are the responsibility of BellSouth's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of BellSouth Corporation as of December 31, 1992 and 1991, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles.

As discussed in Note C to the consolidated financial statements, BellSouth changed its method of accounting for third-party sales commissions in 1991.

Coopers & Lybrand

Atlanta, Georgia
February 3, 1993

CONSOLIDATED STATEMENTS OF INCOME
(In Millions, Except Per Share Amounts)

	For the Years Ended December 31,		
	1992	1991	1990
Operating Revenues:			
Network and Related Services			
Local service	\$ 6,236.0	\$ 5,846.2	\$ 5,664.6
Interstate access	2,945.6	2,858.1	2,841.9
Intrastate access	871.8	866.7	911.8
Toll	1,248.8	1,373.7	1,565.4
Directory advertising and publishing	1,459.8	1,426.3	1,394.2
Wireless communications	1,195.6	774.5	557.3
Other services	1,244.0	1,300.0	1,410.2
Total Operating Revenues	<u>15,201.6</u>	<u>14,445.5</u>	<u>14,345.4</u>
Operating Expenses:			
Cost of services and products	5,681.3	5,739.2	5,797.2
Depreciation	3,032.2	2,965.4	2,900.9
Selling, general and administrative	3,327.4	2,931.2	2,620.6
Total Operating Expenses	<u>12,040.9</u>	<u>11,635.8</u>	<u>11,318.7</u>
Operating Income	3,160.7	2,809.7	3,026.7
Interest Expense (Note L)	746.4	802.1	774.3
Other Income, net (Note K)	177.6	252.7	156.8
Income Before Income Taxes, Extraordinary Loss and			
Cumulative Effect of Change in Method of Accounting	2,591.9	2,260.3	2,409.2
Provision for Income Taxes (Note J)	933.5	753.4	777.7
Income Before Extraordinary Loss and Cumulative Effect of			
Change in Method of Accounting	1,658.4	1,506.9	1,631.5
Extraordinary Loss on Early Extinguishment of Debt,			
net of tax (Note F)	(40.7)	—	—
Cumulative Effect of Change in Method of Accounting,			
net of tax (Note C)	—	(35.4)	—
Net Income	<u>\$ 1,617.7</u>	<u>\$ 1,471.5</u>	<u>\$ 1,631.5</u>
Weighted Average Common Shares Outstanding	490.8	484.3	482.4
Dividends Declared Per Common Share	\$ 2.76	\$ 2.76	\$ 2.68
Earnings Per Share:			
Income Before Extraordinary Loss and Cumulative Effect			
of Change in Method of Accounting	\$ 3.38	\$ 3.11	\$ 3.38
Extraordinary Loss on Early Extinguishment of Debt,			
net of tax	(.08)	—	—
Cumulative Effect of Change in Method of Accounting,			
net of tax	—	(.07)	—
Net Income	<u>\$ 3.30</u>	<u>\$ 3.04</u>	<u>\$ 3.38</u>

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEETS
(In Millions)

	December 31,	
	1992	1991
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 265.5	\$ 327.3
Temporary cash investments	80.6	101.6
Current receivables, net of allowance for uncollectibles of \$123.0 and \$121.1	2,692.5	2,587.1
Material and supplies	430.6	365.2
Other current assets	201.8	256.3
	<u>3,671.0</u>	<u>3,637.5</u>
Investments and Advances	1,087.1	664.1
Property, Plant and Equipment, net (Note D)	24,272.6	24,058.5
Deferred Charges and Other Assets	630.2	898.5
Intangible Assets	1,801.8	1,683.1
Total Assets	<u>\$31,462.7</u>	<u>\$30,941.7</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Debt maturing within one year (Note F)	\$ 1,634.6	\$ 1,735.5
Accounts payable	1,077.2	955.6
Other current liabilities (Note E)	2,310.4	2,220.1
	<u>5,022.2</u>	<u>4,911.2</u>
Long-Term Debt (Note F)	7,359.7	7,676.9
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	3,715.8	3,798.1
Unamortized investment tax credits	604.3	692.2
Other liabilities and deferred credits	962.1	758.4
	<u>5,282.2</u>	<u>5,248.7</u>
Shareholders' Equity:		
Common stock, \$1 par value (1,100,000,000 shares authorized; 493,793,166 and 486,698,141 shares outstanding at December 31, 1992 and 1991, respectively)	493.8	488.3
Paid-in capital	7,609.6	7,326.0
Retained earnings	6,395.4	6,112.8
Treasury stock, at cost (zero and 1,588,815 shares at December 31, 1992 and 1991, respectively)	—	(65.1)
Guarantee of ESOP debt (Note H)	(700.2)	(757.1)
	<u>13,798.6</u>	<u>13,104.9</u>
Total Liabilities and Shareholders' Equity	<u>\$31,462.7</u>	<u>\$30,941.7</u>

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In Millions)

	Number of Shares		Amount				
	Common Stock	Treasury Stock	Par Value	Paid-In Capital	Retained Earnings	Treasury Stock	Guarantee of ESOP Debt
Balance at December 31, 1989	481.5	4.7	\$486.2	\$7,200.6	\$5,607.5	\$(191.7)	\$ —
Net income					1,631.5		
Dividends declared					(1,291.6)		
Shares issued and activity associated with various employee benefit plans . .	.4		.4	22.2	4.6		
Guarantee of ESOP debt							\$(850.0)
Reduction of ESOP debt and other related activities					7.8		38.9
Balance at December 31, 1990	481.9	4.7	486.6	7,222.8	5,959.8	(191.7)	(811.1)
Net income					1,471.5		
Dividends declared					(1,336.9)		
Shares issued under Shareholder Dividend Reinvestment and Stock Purchase Plan	4.5	(3.0)	1.5	96.9		124.5	
Shares issued and activity associated with various employee benefit plans . .	.3	(.1)	.2	6.3	3.6	2.1	
Reduction of ESOP debt and other related activities					14.8		54.0
Balance at December 31, 1991	486.7	1.6	488.3	7,326.0	6,112.8	(65.1)	(757.1)
Net income					1,617.7		
Dividends declared					(1,356.3)		
Shares issued under Shareholder Dividend Reinvestment and Stock Purchase Plan	6.3	(1.2)	5.1	262.3		50.2	
Shares issued and activity associated with various employee benefit plans and other activities . . . . .	.8	(.4)	.4	21.3	6.4	14.9	
Reduction of ESOP debt and other related activities					14.8		56.9
Balance at December 31, 1992	<u>493.8</u>	<u>—</u>	<u>\$493.8</u>	<u>\$7,609.6</u>	<u>\$6,395.4</u>	<u>\$ —</u>	<u>\$(700.2)</u>

Preferred Stock Authorized

BellSouth's Articles of Incorporation authorize 100 million shares of cumulative First Preferred Stock having a par value of \$1 per share, of which 30 million shares have been reserved and designated Series A for possible issuance under BellSouth's Shareholder Rights Plan. As of December 31, 1992, no preferred shares had been issued.

Shareholder Rights Plan

On November 27, 1989, BellSouth adopted a Shareholder Rights Plan by declaring a dividend of one right for each share of common stock owned of record on December 11, 1989 and to be issued thereafter. Each right entitles shareholders to buy one one-hundredth of a share of Series A First Preferred Stock for \$175 per share. The rights may be exercised only if a person or group acquires 10% of the common stock of BellSouth without the prior approval of the Board of Directors or announces a tender or exchange offer that would result in ownership of 25% or more of the common stock. If a person or group acquires 10% of BellSouth's stock without prior Board approval, other shareholders are then allowed to purchase BellSouth common stock at half price. The rights currently trade with BellSouth common stock and may be redeemed by the Board of Directors for one cent per right until they become exercisable, and thereafter under certain circumstances. The rights expire after ten years.

Guarantee of Employee Stock Ownership Plan ("ESOP") Debt

Financial reporting practices require that the amount equivalent to BellSouth's guarantee of the amortizing notes issued by its ESOP trusts be presented as a reduction to shareholders' equity, as well as an increase to debt. The amount recorded as a decrease in shareholders' equity represents the value of unallocated BellSouth common stock purchased with the proceeds of the amortizing notes and the timing difference resulting from the shares allocated accounting method. As the ESOP notes are repaid, the amount of debt guaranteed decreases, and shareholders' equity increases accordingly (see Notes F and H.).

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)

	For the Years Ended December 31, 1992	1991	1990
Cash Flows from Operating Activities:			
Net income	\$ 1,617.7	\$ 1,471.5	\$ 1,631.5
Adjustments to net income:			
Depreciation	3,032.2	2,965.4	2,900.9
Amortization of intangibles	67.8	50.9	59.7
Provision for losses on bad debts	195.5	197.1	170.5
Deferred income taxes and unamortized investment tax credits	(138.7)	(422.6)	(278.8)
Pension expense in excess of funding	165.7	143.6	126.1
Summary tax assessment settlement	90.9	—	—
Noncash compensation expense related to ESOP benefits	27.1	28.5	14.1
Undistributed earnings of affiliates	48.4	(54.6)	(36.3)
Write-off of unamortized debt issuance costs due to early extinguishment of debt	37.3	—	—
Change in method of accounting, net of tax	—	35.4	—
(Gain)/Loss on sale of operations	—	(14.0)	49.6
Allowance for funds used during construction	(15.3)	(18.1)	(17.6)
Net change in current receivables	(302.4)	(288.0)	(258.4)
Net change in material and supplies	(156.1)	(64.5)	22.0
Net change in accounts payable and other current liabilities	148.7	31.2	70.1
Net change in deferred charges and other assets	139.3	122.6	(42.4)
Net change in other liabilities and deferred credits	29.5	131.2	88.9
Other reconciling items, net	(40.8)	74.3	26.6
Net cash provided by operating activities	4,946.8	4,389.9	4,526.5
Cash Flows from Investing Activities:			
Capital expenditures	(3,189.3)	(3,102.4)	(3,190.7)
Proceeds from disposals of property, plant and equipment	139.5	112.7	136.2
Net change in short-term investments	21.0	77.0	(6.2)
Business acquisitions	(53.8)	(702.2)	—
Business dispositions	—	—	37.0
Investments in/advances to unconsolidated affiliates	(562.5)	(126.0)	(39.1)
Other investing activities, net	53.3	(35.5)	8.0
Net cash used for investing activities	(3,591.8)	(3,776.4)	(3,054.8)
Cash Flows from Financing Activities:			
Proceeds from short-term borrowings	13,541.0	15,285.5	15,427.5
Repayments of short-term borrowings	(13,770.3)	(14,774.3)	(15,505.8)
Proceeds of long-term debt	675.0	193.3	151.6
Repayment of long-term debt	(801.3)	(169.3)	(216.5)
Payment of call premium	(33.4)	—	—
Payment of debt issuance costs	—	—	(6.5)
Payment of capital lease obligations	(15.5)	(20.9)	(58.6)
Proceeds from issuing common and treasury shares	70.2	33.6	6.6
Dividends paid	(1,082.5)	(1,124.7)	(1,272.1)
Net cash used for financing activities	(1,416.8)	(576.8)	(1,473.8)
Net Increase/(Decrease) in Cash and Cash Equivalents	(61.8)	36.7	(2.1)
Cash and Cash Equivalents at Beginning of Period	327.3	290.6	292.7
Cash and Cash Equivalents at End of Period	\$ 265.5	\$ 327.3	\$ 290.6

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in Millions, Except Per Share Amounts)

Note A — ACCOUNTING POLICIES

Basis of Presentation. The consolidated financial statements include the accounts of BellSouth Corporation ("BellSouth") and its majority-owned subsidiaries. BellSouth Telecommunications, Inc. ("BellSouth Telecommunications"), BellSouth's largest subsidiary, provides primarily regulated telephone services. Investments in certain partnerships, joint ventures and less than majority-owned subsidiaries are accounted for using the equity method. All significant intercompany transactions and accounts have been eliminated, except as otherwise required under generally accepted accounting principles applicable to regulated entities. Certain amounts in the prior period consolidated statements of income and balance sheets have been reclassified to conform to the current year's presentation.

Cash and Cash Equivalents. BellSouth considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments with an original maturity of over three months to one year are not considered cash equivalents and are included as temporary cash investments on the consolidated balance sheets.

Property, Plant and Equipment. The investment in property, plant and equipment is stated at original cost. Depreciation is based on the remaining life method of depreciation and straight-line composite rates determined on the basis of equal life groups of certain categories of telephone plant acquired in a given year. Depreciation expense also includes amortization of certain classes of telephone plant and identified depreciation reserve deficiencies over periods allowed by regulatory authorities. When depreciable plant is disposed of, the original cost, less net salvage value, is charged to accumulated depreciation. The cost of property, plant and equipment other than that of BellSouth Telecommunications is depreciated using either straight-line or accelerated methods over the estimated useful lives of the assets. Gains or losses on disposal of other depreciable property, plant and equipment are recognized in the year of disposition as an element of other non-operating income.

Material and Supplies. New and reusable material is carried in inventory, principally at average original cost, except that specific costs are used in the case of large individual items. Nonreusable material is carried at estimated salvage value.

Investments and Advances. Investments and advances substantially consist of investments in, and advances to, affiliated companies. Also included in this caption are other long-term investments.

Intangible Assets. Intangible assets substantially consist of the excess consideration paid over net assets acquired in business combinations. Also included in this caption are acquired licenses and customer lists. Intangible assets are being amortized using the straight-line and sum-of-the-years'-digits methods over periods of benefit. Such periods do not exceed 40 years.

Allowance for Funds Used During Construction. Regulatory authorities allow BellSouth Telecommunications to accrue interest as a cost of constructing certain plant and as an item of income (interest charged construction). Such income is not realized in cash currently but will be realized over the service life of the related plant as the resulting higher depreciation expense and plant investment is recovered in the form of increased revenues.

Income Taxes. BellSouth and its subsidiaries file a consolidated Federal income tax return. Deferred income taxes are provided to reflect the effect of timing differences in the recognition of revenues and expenses for financial and income tax reporting purposes, except where regulatory authority dictates flow-through accounting. Timing differences result primarily from the use of accelerated methods and shorter lives in computing depreciation for tax purposes. The cumulative net amount of tax timing differences for which deferred income taxes had not been provided at December 31, 1992, due to flow-through accounting, was \$580.2.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions, Except Per Share Amounts)

Note A — ACCOUNTING POLICIES (Continued)

For financial reporting purposes, BellSouth Telecommunications is amortizing deferred investment tax credits earned prior to the 1986 repeal of the investment tax credit and also some transitional credits earned after the repeal. The credits are being amortized as a reduction to the provision for income taxes over the estimated useful lives of the assets to which the credits relate.

Earnings Per Share. Earnings per common share are computed on the basis of the weighted average number of shares of common stock and common stock equivalents outstanding during each year.

Note B — ACQUISITIONS AND BUSINESS VENTURES

RAM Broadcasting Corporation

In January 1992, BellSouth and RAM Broadcasting Corporation ("RBC") formed a business venture to own and operate certain mobile data communications networks worldwide as well as certain cellular and paging operations in the United States. BellSouth has agreed to provide approximately \$300.0 in equity funding to the venture, of which approximately \$243.0 had been provided as of December 31, 1992. The mobile data portion of the transaction closed in January 1992 and gives BellSouth a 49% interest in the United States mobile data operations, which will continue to be operated by RBC, and a 90% interest in all foreign mobile data operations of the venture except the United Kingdom, where BellSouth has a 37.5% ownership interest. In July 1992, a paging joint venture was created in which both BellSouth and RBC contributed paging assets for a 50% ownership interest. Both venture interests are accounted for under the equity method. As part of the transaction with RBC, BellSouth purchased an additional 26% of Honolulu Cellular Telephone Company from RBC for approximately \$35.0, increasing BellSouth's total ownership, including its ownership through the venture, to 75.5%.

OPTUS Communications Pty. Ltd.

BellSouth is a 24.5% participant in Optus Communications Pty. Ltd. ("Optus"), an international consortium which has been selected by the Australian government to build and operate Australia's second telecommunications network and to purchase AUSSAT, Australia's national satellite communications carrier. Optus completed the acquisition of AUSSAT in January 1992, and immediately began construction of the fiber optic long distance network and the digital cellular network. Optus offers a full spectrum of telecommunications services, including switched network and enhanced services, wireless and satellite based services. BellSouth expects to invest up to \$275.0 in the equity of Optus through 1993, of which approximately \$169.0 had been provided as of December 31, 1992.

Other Investments

During 1992, BellSouth made several smaller acquisitions, principally related to cellular telephone service. The results of operations have been included in the consolidated financial statements from their respective dates of acquisition. The effect of these acquisitions on BellSouth's consolidated results of operations was not significant. All acquisitions were recorded using the purchase method of accounting. The purchase price in excess of the underlying fair value of identifiable net assets acquired will be amortized over a period not to exceed 40 years.

During 1991, BellSouth acquired various interests in wireless operations in the United States, Argentina, Chile and Mexico, which in the aggregate totaled \$847.7, including the assumption of certain liabilities. As a result of these transactions, intangibles increased \$735.4; earnings were not materially affected in 1991.

Note C — ACCOUNTING CHANGE

In the third quarter of 1991, BellSouth Mobility Inc. changed its policy of capitalizing certain third-party cellular service sales commissions and amortizing them over the average customer lives.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions, Except Per Share Amounts)

Note C — ACCOUNTING CHANGE (Continued)

Hence, these amounts are expensed in the period in which they are earned by the agent. BellSouth effected this change to standardize the accounting treatment of sales commissions throughout its recently consolidated cellular operations, including those properties acquired in 1991. The effect of the change in accounting principle on BellSouth's 1991 results of operations was not material. The cumulative effect of the change was \$35.4 (\$.07 per share) and is included in 1991 net income.

The proforma effects of retroactive application would not be material to net income or earnings per share for the year ended 1990.

Note D — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is summarized as follows at December 31:

	1992	1991
Land	\$ 173.3	\$ 176.0
Building and building improvements	2,785.5	2,667.7
Operating and other equipment	1,708.3	1,483.4
Furniture and fixtures	2,211.5	2,141.1
Central office equipment	13,893.9	13,182.3
Outside plant	17,813.5	17,050.8
Station equipment	612.9	1,267.2
Capital leases	70.0	83.7
Plant under construction	516.5	325.4
Other	15.5	25.7
	<u>39,800.9</u>	<u>38,403.3</u>
Less: Accumulated depreciation	15,528.3	14,344.8
Total Property, Plant and Equipment, net	<u>\$24,272.6</u>	<u>\$24,058.5</u>

Note E — OTHER CURRENT LIABILITIES

Other current liabilities are summarized as follows at December 31:

	1992	1991
Taxes accrued	\$ 413.9	\$ 399.2
Advanced billing and customer deposits	470.7	474.0
Dividends payable	340.7	335.8
Salaries and wages payable	313.8	274.1
Interest and rents accrued	293.9	267.4
Compensated absences	319.5	296.9
Other	157.9	172.7
Total Other Current Liabilities	<u>\$2,310.4</u>	<u>\$2,220.1</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions, Except Per Share Amounts)

Note F — DEBT

Debt Maturing Within One Year: Debt maturing within one year is summarized as follows at December 31:

<u>Description</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>
Notes Payable:			
Bank loans (a)	\$ 196.0	\$ 238.7	\$ 188.4
Commercial paper (b)	1,066.6	1,280.4	723.5
	1,262.6	1,519.1	911.9
Current maturities of long-term debt	372.0	216.4	210.6
Total	<u>\$1,634.6</u>	<u>\$1,735.5</u>	<u>\$1,122.5</u>

Description

Bank Loans:

Maximum amount outstanding during the period	\$ 287.6	\$ 608.5	\$ 283.9
Average amount outstanding during the period (c) ...	\$ 223.6	\$ 194.1	\$ 204.7
Weighted average interest rate	4.11%	7.78%	8.39%
Weighted average interest rate during the period (d) ..	5.84%	7.52%	10.02%

Commercial Paper:

Maximum amount outstanding during the period	\$1,569.5	\$1,376.0	\$ 855.7
Average amount outstanding during the period (c) ...	\$1,049.3	\$ 892.6	\$ 731.6
Weighted average interest rate	3.57%	5.14%	8.39%
Weighted average interest rate during the period (d) ..	3.86%	5.94%	8.27%

(a) Includes lines of credit.

(b) Due in 270 days or less.

(c) Determined by computing the average face amount of daily ending balances in each category.

(d) Determined by dividing the average daily face amount described in (c) into aggregate related interest expense.

BellSouth has committed credit lines aggregating \$1,477.1 with various banks. Of this amount, approximately \$326.9 is maintained to support bank loans while the remainder is maintained generally to support commercial paper borrowings. There were borrowings under the committed lines totaling \$222.5 at December 31, 1992. BellSouth also maintains uncommitted lines of credit of \$440.0. There are no significant commitment fees or requirements for compensating balances associated with any lines of credit.

At December 31, 1992, the recorded amount for Debt Maturing Within One Year approximates the fair value due to the short-term nature of the liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions, Except Per Share Amounts)

Note F — DEBT (Continued)

Long-Term: Long-term debt consists primarily of debentures issued by BellSouth Telecommunications. Interest rates and maturities of the amounts outstanding are summarized as follows at December 31:

Description	Interest Rates	Maturities	1992		1991
			Recorded Amount	Fair Value	Recorded Amount
Debentures:	3¼% - 6¾%	1995 - 2004	\$ 605.0	\$ 537.0	\$ 675.0
	7¾% - 8¼%	1999 - 2032	3,335.0	3,336.5	2,785.0
	8¾% - 10¾%	2001 - 2029	2,375.0	2,473.3	2,925.0
			6,315.0	6,346.8	6,385.0
Guarantee of ESOP debt	9.125% - 9.19%	2003	734.6	813.1	769.9
Medium-term notes	4.1156% - 9.50%	1994 - 1999	159.9	166.0	202.5
Capital leases and other			203.2	—	371.0
Unamortized discount, net . . .			(53.0)	—	(51.5)
Total			<u>\$7,359.7</u>	<u>—</u>	<u>\$7,676.9</u>

Maturities of long-term debt outstanding at December 31, 1992 are summarized below:

	1993	1994	1995	1996	1997	Thereafter	Total
Maturities	<u>\$372.0</u>	<u>\$174.6</u>	<u>\$126.7</u>	<u>\$ 62.5</u>	<u>\$140.9</u>	<u>\$6,908.0</u>	<u>\$7,784.7</u>

The estimate of fair value for Debentures is based on the December 31, 1992 closing market price for each issue. Fair values for the Guarantee of ESOP debt and Medium-term notes are estimated based on quotes from dealers. Capital leases and other at December 31, 1992 consists of \$29.3 in capital leases, \$115.0 in other long-term debt with a fair value of \$127.8 based on quotes from dealers, and \$58.9 in other long-term debt which is comprised of numerous dissimilar obligations whose fair value could not be practicably determined.

As further discussed in Note H, BellSouth incorporated an Employee Stock Ownership Plan ("ESOP") feature into certain of its existing savings plans. In 1990, the ESOP trusts (the "Trusts") borrowed \$850.0 aggregate principal amount through the issuance of amortizing notes. Although the obligations are owed by the Trusts, they are guaranteed by BellSouth, and thus are reflected as an addition to long-term debt and a reduction to shareholders' equity. The Trusts service the debt with contributions from BellSouth and dividends paid on the shares held by the Trusts. As the ESOP obligations are repaid, the amount guaranteed decreases and long-term debt is reduced accordingly.

Medium-term notes consist of notes issued by BellSouth Capital Funding Corporation ("Capital Funding") to finance the businesses of BellSouth Enterprises and the unregulated subsidiaries of BellSouth Telecommunications. BellSouth has agreed to ensure the timely payment of principal, premium, if any, and interest on Capital Funding's debt securities.

In July 1992, BellSouth Telecommunications sold \$250.0 in aggregate principal amount of Forty Year 8¼% Debentures, due July 1, 2032. Proceeds from this sale were used to redeem and refinance the outstanding \$250.0 Thirty-Nine Year 9¾% Debentures due September 15, 2018, which were issued by South Central Bell. In August 1992, BellSouth Telecommunications sold \$300.0 in aggregate principal amount of Forty Year 7¾% Debentures, due August 1, 2032. Proceeds from this sale were used to redeem and refinance the outstanding \$300.0 Forty Year 10¾% Debentures due December 18, 2025, which were issued by Southern Bell. A charge of \$40.7, net of taxes of \$30.0, for expenses associated with these issues, including call premiums, unamortized debt discount and unamortized issuance costs, was recognized during 1992 as an extraordinary loss on early extinguishment of debt.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions, Except Per Share Amounts)

Note F — DEBT (Continued)

In February 1993, BellSouth Telecommunications sold \$275.0 aggregate principal amount of Seven Year 6½% Notes, due February 1, 2000 and \$150.0 aggregate principal amount of Twelve Year 7% Notes, due February 1, 2005. The net proceeds from the sales of the notes were used to redeem and refinance the outstanding \$150.0 Thirty Year 8% Debentures due July 1, 1999, which were issued by Southern Bell, the outstanding \$125.0 Thirty-Two Year 8½% Debentures due November 1, 2001, which were issued by South Central Bell, and the outstanding \$150.0 Thirty-Four Year 8¼% Debentures due December 1, 2004, issued by South Central Bell. The expenses and loss associated with the refinancing of these issues are not material. BellSouth Telecommunications has filed shelf registration statements with the Securities and Exchange Commission under which it may offer up to \$625.0 additional amount of its debt securities.

Note G — EMPLOYEE STOCK OPTION PLAN

The BellSouth Corporation Stock Option Plan provides for the grant of stock options and related stock appreciation rights ("SARs") to key employees, as determined by the Board of Directors, to purchase shares of BellSouth common stock within prescribed periods at prices equal to the fair market value on the date of grant. SARs entitle an optionee to surrender unexercised stock options for cash or stock equal to the excess of the fair market value of the surrendered shares over the option price of such shares. Of the 3,436,724 shares covered by outstanding options under the plan at December 31, 1992, 496,755 were accompanied by SARs.

The following table summarizes the activity for stock options outstanding:

	1992	1991	1990
Options Outstanding at January 1	3,101,490	2,414,328	2,030,756
Options Granted	977,978	924,942	624,521
Options Exercised	(590,953)	(193,065)	(175,277)
Options Cancelled/Forfeited	(51,791)	(44,715)	(65,672)
Options Outstanding at December 31	<u>3,436,724</u>	<u>3,101,490</u>	<u>2,414,328</u>
Option Prices per Common Share:			
Granted	\$48.38 - \$58.25	\$39.63 - \$58.25	\$39.63 - \$58.25
Exercised	\$22.76 - \$45.56	\$22.76 - \$41.82	\$14.10 - \$42.63
Cancelled/Forfeited	\$37.38 - \$58.25	\$32.34 - \$58.25	\$12.09 - \$58.25
Outstanding at Year-End	\$12.99 - \$58.25	\$12.99 - \$58.25	\$12.99 - \$58.25
Options Exercisable at Year-End ..	1,343,523	1,369,838	625,503
Shares Available For Grant at December 31	4,937,932	4,866,981	1,859,062

Note H — EMPLOYEE BENEFIT PLANS

Pension Plans. Substantially all employees of BellSouth are covered by noncontributory defined benefit pension plans. Plans covering salaried employees generally provide benefits based on years of credited service and employees' average compensation for a specified period. Pension benefits for hourly employees generally are based on specified benefit amounts and years of service. BellSouth's funding policy is to make contributions to trust funds with the objective of accumulating sufficient assets to pay all pension benefits for which BellSouth is liable. Contributions are actuarially determined using the aggregate cost method, an acceptable funding method under the Employee Retirement Income Security Act of 1974 ("ERISA"), subject to ERISA and Internal Revenue Service limitations. Pension plan assets consist primarily of equity securities and fixed income investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions, Except Per Share Amounts)

Note H — EMPLOYEE BENEFIT PLANS (Continued)

Net periodic pension cost is computed in accordance with Statement of Financial Accounting Standards ("SFAS") 87, "Employers' Accounting for Pensions." Accordingly, net periodic pension cost is determined using a different actuarial cost method and different actuarial assumptions than those used for funding purposes. Pension cost computed under SFAS 87 includes the effect of anticipated future improvements to the pension plans that are consistent with past practice.

The components of net periodic pension cost are summarized as follows:

	1992	1991	1990
Service cost — benefits earned during the year	\$ 262.4	\$ 242.9	\$ 235.1
Interest cost on projected benefit obligation	751.8	719.8	685.3
Actual return on plan assets	(686.2)	(2,200.9)	59.0
Net amortization and deferral	(160.2)	1,382.0	(852.2)
Net periodic pension cost	<u>\$ 167.8</u>	<u>\$ 143.8</u>	<u>\$ 127.2</u>

The following table sets forth the funded status of the plans at December 31:

	1992	1991
Actuarial present value of:		
Vested benefit obligation	<u>\$ 7,123.9</u>	<u>\$ 7,625.6</u>
Accumulated benefit obligation	<u>\$ 8,219.0</u>	<u>\$ 8,024.8</u>
Projected benefit obligation	<u>\$10,271.6</u>	<u>\$ 9,856.7</u>
Plans' assets at market value	<u>11,901.7</u>	<u>11,650.8</u>
Plans' assets in excess of projected benefit obligation	1,630.1	1,794.1
Unrecognized net gain due to past experience different from assumptions made	(1,775.1)	(1,745.7)
Unrecognized prior service cost	(86.4)	(93.0)
Unrecognized net asset at transition	(213.4)	(234.5)
Accrued pension cost	<u>\$ (444.8)</u>	<u>\$ (279.1)</u>

The projected benefit obligation for 1992 and 1991 was determined using a discount rate of 7.75%, an assumed rate of compensation increase of 5.7% and an expected long-term rate of return on plan assets of 8.0%. The 1992 and 1991 accrued pension cost is included in Other Liabilities and Deferred Credits.

BellSouth offered special early retirement options to management employees in 1991 and 1990. In July 1991, approximately 3,100 managers elected to retire under a special voluntary early retirement offer. All employees who elected to retire under this option agreed to voluntarily separate from employment on or before October 31, 1991 and became immediately service pension eligible. The 1990 offer was accepted by 1,150 management employees who were service pension eligible and elected, by December 31, 1990, to voluntarily separate from employment on or before April 30, 1991. Managers retiring under both the 1991 and 1990 early retirement offers had the option, under the 1991 offer, of accepting the present value of their pension benefits as a lump-sum payment instead of an annuity. Electing employees were eligible to receive certain benefits, including a special payment equivalent to five percent of their base pay times full years of service (not to exceed 100% of base pay), net of certain offsets. The retirement options were accounted for in accordance with SFAS 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." Accordingly, BellSouth recognized expense of \$68.6 in 1991 and \$14.6 in 1990 related to these offers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions, Except Per Share Amounts)

Note H — EMPLOYEE BENEFIT PLANS (Continued)

Defined Contribution Plans. BellSouth maintains contributory savings plans which cover substantially all employees. Effective in 1990, a leveraged ESOP feature was incorporated into both the BellSouth Management Savings and Employee Stock Ownership Plan and the BellSouth Savings and Security Plan (collectively, the "Plans"). The shares that were purchased by the Trusts with proceeds from the ESOP notes (see Note F) are allocated to participants' accounts throughout the thirteen-year debt repayment period of the leveraged ESOP program as described below.

BellSouth matches participants' eligible contributions to the respective Plans based on defined percentages determined annually by the Board of Directors. The match consists of BellSouth common shares that were purchased by the Trusts with proceeds from the ESOP notes, which shares are released for allocation as loan payments are made in accordance with ESOP guidelines, and that are purchased by the Trusts on the open market from time to time as required. BellSouth contributes an amount which, in addition to ESOP dividends, is sufficient to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation.

Effective with the incorporation of the ESOP feature into the Plans in 1990, BellSouth began recognizing expense attributable to the leveraged ESOPs based on the cost of the shares allocated for the period plus interest incurred, reduced by the dividends used to service the ESOP debt (Shares Allocated Method).

BellSouth recognized savings plan expense in 1992, 1991 and 1990 as follows:

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Compensation expense	\$71.8	\$77.1	\$78.9
Interest expense	\$40.5	\$40.5	\$33.1
Actual interest on ESOP notes	\$72.4	\$74.8	\$60.5
Cash contributions, excluding dividends paid to the Trusts	\$84.3	\$90.7	\$90.4
Dividends paid to the Trusts, used for debt service .	\$43.7	\$43.5	\$23.1

Postretirement Benefits Other Than Pensions. BellSouth also provides certain health care and life insurance benefits to substantially all employees that retire from BellSouth eligible for a service or disability pension benefit. The cost of providing health care and life insurance benefits for both active and retired employees was \$574.6, \$550.6 and \$503.0 in 1992, 1991 and 1990, respectively. Included in these costs were \$172.3, \$165.3 and \$153.2 in 1992, 1991 and 1990, respectively, for postretirement health care benefits other than those provided on a pay-as-you-go basis. At December 31, 1992, there were approximately 39,000 retirees and 97,000 active employees eligible to receive these benefits.

The costs of providing nonrepresented employees postretirement health care benefits are being accrued and funded over the working lives of active employees. Certain nonrepresented retiree benefits, however, are recognized on a pay-as-you-go basis. Postretirement health care benefit costs for both active and retired employees represented under the collective bargaining agreement are being accrued and funded into a separate tax advantaged trust. These contributions are funded over the working lives of active employees and the remaining lives of the retirees. Postretirement life insurance benefit costs are accrued and funded over the working lives of active employees based on that group's historical claims experience.

In December 1990, the Financial Accounting Standards Board (the "Board") issued SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which BellSouth adopted January 1, 1993. The statement requires employers to accrue the cost of providing postretirement benefits other than pensions during the period employees are expected to earn the benefit.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions, Except Per Share Amounts)

Note H — EMPLOYEE BENEFIT PLANS (Continued)

BellSouth's estimated transition benefit obligation of \$1.5 billion will be amortized over the average remaining service period of active plan participants, which is 15 years. Based on this transition method, the 1993 expense is projected to be about \$271.0, which is approximately 15% higher than the projected 1993 postretirement expense determined under the former accounting method. The effect on net income, therefore, is not expected to be material. However, since the majority of BellSouth's operations are regulated, the ultimate effect on the financial statements will depend on the ratemaking treatment authorized.

Note I — LEASES

BellSouth has entered into operating leases for facilities and equipment used in operations. Rental expenses under operating leases were \$328.9, \$288.8 and \$282.0 for 1992, 1991 and 1990, respectively. Capital leases currently in effect are not significant.

The following table summarizes the approximate future minimum rentals under non-cancelable operating leases in effect at December 31, 1992:

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>Thereafter</u>	<u>Total</u>
Minimum rentals	<u>\$156.5</u>	<u>\$130.1</u>	<u>\$107.3</u>	<u>\$85.3</u>	<u>\$71.1</u>	<u>\$440.1</u>	<u>\$990.4</u>

Note J — INCOME TAXES

The provision for income taxes is summarized as follows:

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Federal:			
Current	\$918.3	\$ 953.6	\$ 928.1
Deferred, net	(85.9)	(242.0)	(169.2)
Investment tax credits, net	(87.9)	(108.8)	(128.4)
	<u>744.5</u>	<u>602.8</u>	<u>630.5</u>
State:			
Current	163.6	171.9	144.7
Deferred, net	25.4	(21.3)	2.5
	<u>189.0</u>	<u>150.6</u>	<u>147.2</u>
Total provision for income taxes	<u>\$933.5</u>	<u>\$ 753.4</u>	<u>\$ 777.7</u>
Amortization of investment tax credits	<u>\$ 88.2</u>	<u>\$ 105.3</u>	<u>\$ 126.5</u>

Deferred tax expense, resulting from timing differences in the recognition of revenue and expense items for tax and financial reporting purposes, were as follows:

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Property, plant and equipment	\$ 5.5	\$(114.7)	\$ 3.4
Pension benefits	(55.6)	(65.3)	(44.4)
Other timing differences	(10.4)	(83.3)	(125.7)
Total	<u>\$(60.5)</u>	<u>\$(263.3)</u>	<u>\$(166.7)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions, Except Per Share Amounts)

Note J — INCOME TAXES (Continued)

A reconciliation of the Federal statutory income tax rate to BellSouth's effective tax rate follows:

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Federal statutory tax rate	34.0%	34.0%	34.0%
State income taxes, net of Federal income tax benefit ..	4.8%	4.4%	4.0%
Amortization of investment tax credits	(3.4%)	(4.7%)	(5.3%)
Miscellaneous items, net	0.6%	(0.4%)	(0.4%)
Effective tax rate	<u>36.0%</u>	<u>33.3%</u>	<u>32.3%</u>

In February 1992, the Board issued SFAS 109, "Accounting for Income Taxes," which BellSouth adopted January 1, 1993. The statement requires companies to compute deferred income taxes using a liability approach rather than the deferred method previously required under Accounting Principles Board Opinion No. 11. BellSouth does not anticipate a significant impact to expense or net income as a result of implementing SFAS 109. However, since the majority of BellSouth's income tax expense relates to BellSouth Telecommunications, which is subject to accounting rules applicable to regulated entities, the ultimate financial impact of the new statement will depend on the future regulatory treatment.

Note K — OTHER INCOME, NET

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Interest and dividend income	\$123.6	\$ 77.4	\$ 90.6
Earnings of unconsolidated affiliates	76.7	132.3	93.3
Minority interests	(39.3)	(5.5)	4.0
Gain (Loss) from operations sold	—	40.0	(49.6)
Other, net	16.6	8.5	18.5
Other Income, net	<u>\$177.6</u>	<u>\$252.7</u>	<u>\$156.8</u>

Interest and dividend income for 1992 includes \$56.6 relating to the settlement of an Internal Revenue Service summary assessment for the tax years 1979 and 1980.

Note L — ADDITIONAL INCOME STATEMENT DATA

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Interest Expense:			
Long-term debt	\$572.5	\$573.2	\$636.3
Notes payable	37.4	62.8	87.2
Other	136.5	166.1	50.8
Total	<u>\$746.4</u>	<u>\$802.1</u>	<u>\$774.3</u>

Certain interest amounts have been reclassified from long-term debt to other in 1991 as compared to 1990.

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Depreciation of telephone plant as a percentage of average depreciable telephone plant	7.67%	7.76%	7.74%

In the aggregate, access revenue, revenue from billing and collection activities and rental of facilities were approximately 26% of consolidated revenues for 1992 and 28% of such revenues for 1991 and 1990. The majority of such revenues were from services provided to American Telephone and Telegraph Company, BellSouth's largest customer.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions, Except Per Share Amounts)

Note M — SUPPLEMENTAL CASH FLOW INFORMATION

The following supplemental information is presented in accordance with the provisions of SFAS 95, "Statement of Cash Flows":

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Noncash Investing and Financing Activities:			
Common and Treasury Shares Issued in Lieu of Cash Dividends Under Shareholder Dividend Reinvestment and Stock Purchase Plan	\$ 268.9	\$ 199.3	\$ —
Cash Paid for Interest and Income Taxes:			
Interest	\$ 738.8	\$ 793.2	\$ 767.3
Income taxes	\$1,053.4	\$1,048.7	\$1,017.3

As further discussed in Notes F and H, BellSouth established two ESOPs in 1990 and guaranteed the repayment of \$850.0 aggregate principal amount of debt borrowed by the Trusts. While the guarantee affects debt and shareholders' equity reported on the consolidated balance sheet, the issuance of the debt was not a cash transaction and, accordingly, was not reflected in the consolidated statement of cash flows.

Note N — FINANCIAL INSTRUMENTS

The following information is presented in accordance with the provisions of SFAS 107, "Disclosures about Fair Value of Financial Instruments":

Cash and cash equivalents/Temporary cash investments

At December 31, 1992, the recorded amounts of \$265.5 for Cash and cash equivalents and \$80.6 for Temporary cash investments approximate fair value due to the short-term nature of these instruments.

Debt

See Note F for disclosures about the fair value of debt.

Off-balance-sheet financial instruments

BellSouth is party to interest rate swap agreements, currency swap agreements and forward contracts and their derivatives in its normal course of business, which expose the company to off-balance-sheet risks and credit risks. These financial instruments are used to mitigate foreign currency and interest rate risks. The credit risks associated with interest rate swap agreements and foreign exchange contracts are controlled through the evaluation and continual monitoring of the credit-worthiness of the counterparties. The net fair value of these off-balance-sheet financial instruments at December 31, 1992 is not significant.

BellSouth has also issued letters of credit and financial guarantees which approximate \$211.0 at December 31, 1992. Due to the number and diverse nature of these instruments, a reasonable estimate of fair value could not be made without incurring excessive costs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions, Except Per Share Amounts)

Note O — QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

In the following summary of quarterly financial information, all adjustments necessary for a fair presentation of each period have been included:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
1992				
Operating Revenues	\$3,738.7	\$3,816.8	\$3,736.0	\$3,910.1
Operating Income	\$ 831.6	\$ 874.4	\$ 750.8	\$ 703.9
Income Before Extraordinary Loss on Early Extinguishment of Debt	\$ 460.9	\$ 458.5	\$ 385.6	\$ 353.4
Extraordinary Loss on Early Extinguishment of Debt ..	—	—	(40.7)	—
Net Income	\$ 460.9	\$ 458.5	\$ 344.9	\$ 353.4
Earnings Per Share:				
Income Before Extraordinary Loss on Early Extinguishment of Debt	\$.94	\$.94	\$.78	\$.72
Extraordinary Loss on Early Extinguishment of Debt	—	—	(.08)	—
Net Income	\$.94	\$.94	\$.70	\$.72
1991				
Operating Revenues	\$3,539.9	\$3,582.6	\$3,628.5	\$3,694.5
Operating Income	\$ 728.4	\$ 690.8	\$ 677.9	\$ 712.6
Income Before Cumulative Effect of Change in Method of Accounting	\$ 402.3	\$ 365.3	\$ 352.4	\$ 386.9
Cumulative Effect of Change in Method of Accounting	(35.4)	—	—	—
Net Income	\$ 366.9	\$ 365.3	\$ 352.4	\$ 386.9
Earnings Per Share:				
Income Before Cumulative Effect of Change in Method of Accounting	\$.83	\$.76	\$.73	\$.80
Cumulative Effect of Change in Method of Accounting	(.07)	—	—	—
Net Income	\$.76	\$.76	\$.73	\$.80

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No change in accountants or disagreements on the adoption of appropriate accounting standards or financial disclosure has occurred during the periods included in this report.

PART III

ITEMS 10 THROUGH 13.

Information regarding executive officers required by Item 401 of Regulation S-K is furnished in a separate disclosure on pages 19 and 20 in Part I of this report since the registrant did not furnish such information in its definitive proxy statement prepared in accordance with Schedule 14A.

The additional information required by these items will be included in the registrant's definitive proxy statement dated March 8, 1993 as follows, and is herein incorporated by reference pursuant to General Instruction G(3):

<u>Item</u>	<u>Description</u>	<u>Page(s) In Definitive Proxy Statement</u>
10.	Directors and Executive Officers of the Registrant	3 - 8
11.	Executive Compensation	15 - 17
12.	Security Ownership of Certain Beneficial Owners and Management	9
13.	Certain Relationships and Related Transactions	None

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

a. Documents filed as a part of the report:

	<u>Page(s) In This Form 10-K</u>
(1) Financial Statements:	
Management's Discussion and Analysis of Financial Condition and Results of Operations	23 - 35
Report of Management	36
Audit Committee Chairman's Letter	37
Report of Independent Accountants	38
Consolidated Statements of Income	39
Consolidated Balance Sheets	40
Consolidated Statements of Shareholders' Equity	41
Consolidated Statements of Cash Flows	42
Notes to Consolidated Financial Statements	43 - 54
(2) Financial Statement Schedules:	
V. — Property, Plant and Equipment	61 - 62
VI. — Accumulated Depreciation	63 - 64
VIII. — Allowance for Uncollectibles	65
X. — Supplementary Income Statement Information	66

Financial statement schedules other than those listed above have been omitted because the required information is contained in the financial statements and notes thereto or because such schedules are not required or applicable.

(3) Exhibits:

Exhibits identified in parentheses below, on file with the SEC, are incorporated herein by reference as exhibits hereto.

Exhibit
Number

- 3a Articles of Incorporation of BellSouth Corporation. (Exhibit 3a to Form 10-K for the year ended December 31, 1990, File No. 1-8607).
- 3b Bylaws of BellSouth Corporation.
- 4 BellSouth Corporation Shareholder Rights Agreement. (Exhibit 4-b to Form 8-K. Date of report November 27, 1989).
- 4a No instrument which defines the rights of holders of long and intermediate term debt of BellSouth Corporation is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, BellSouth Corporation hereby agrees to furnish a copy of any such instrument to the SEC upon request.
- 10a Agreement Concerning Contingent Liabilities, Tax Matters and Termination of Certain Agreements among BellSouth and each of its telephone subsidiaries and AT&T and its affiliates dated as of November 1, 1983. (Exhibits 10h to Forms 10-K for the year ended December 31, 1983, File Nos. 1-6507 and 1-1049).
- 10b Agreement dated as of January 28, 1985 between AT&T, BellSouth and the other six Holding Companies regarding allocation of contingent liabilities. (Exhibit 10o to Form 10-K for the year ended December 31, 1984, File No. 1-8607).
- 10c Agreement Concerning Antitrust Settlement between AT&T, BellSouth and each of the other six Holding Companies. (Exhibit 10j to Form 10-K for the year ended December 31, 1984, File No. 1-8607).
- 10d BellSouth Corporation Executive Short Term Incentive Plan. (Exhibit 10d to Form 10-K for the year ended December 31, 1991, File No. 1-8607).
- 10e BellSouth Corporation Executive Long Term Incentive Plan. (Exhibit 10e to Form 10-K for the year ended December 31, 1991, File No. 1-8607).
- 10f BellSouth Corporation Executive Long Term Incentive Plan (applicable for the years 1985 through 1992). (Exhibit 10cc to Form 10-K for the year ended December 31, 1985, File No. 1-8607).
- 10g BellSouth Corporation Executive Long Term Disability and Survivor Protection Plan. (Exhibit 10dd to Form 10-K for the year ended December 31, 1985, File No. 1-8607).
- 10h BellSouth Corporation Executive Transfer Plan. (Exhibit 10ee to Registration Statement No. 2-87846).
- 10i BellSouth Corporation Death Benefit Program. (Exhibit 10ff to Form 10-K for the year ended December 31, 1989, File No. 1-8607).
- 10j BellSouth Corporation Plan For Non-Employee Directors' Travel Accident Insurance. (Exhibit 10ii to Registration Statement No. 2-87846).
- 10k BellSouth Corporation Executive Incentive Award Deferral Plan.

**Exhibit
Number**

- 10l BellSouth Corporation Stock Option Plan. (Exhibit 10l to Form 10-K for the year ended December 31, 1991, File No. 1-8607).
- 10m BellSouth Corporation Nonqualified Deferred Compensation Plan.
- 10n BellSouth Corporation Supplemental Executive Retirement Plan.
- 10o BellSouth Management Savings and Employee Stock Ownership Plan as amended and restated effective as of July 1, 1989. (Exhibit 10ll to Form 10-K for the year ended December 31, 1989, File No. 1-8607).
- 10o-1 Amendments dated July 1, 1989, October 18, 1989 and January 1, 1990 to the BellSouth Management Savings and Employee Stock Ownership Plan. (Exhibit 10ll-1 to Form 10-K for the year ended December 31, 1989, File No. 1-8607).
- 10o-2 Amendment dated August 22, 1990 to the BellSouth Management Savings and Employee Stock Ownership Plan. (Exhibit 10ll-2 to Form 10-K for the year ended December 31, 1990, File No. 1-8607).
- 10o-3 Amendment dated July 17, 1991 to the BellSouth Management Savings and Employee Stock Ownership Plan. (Exhibit 10p-2 to Form 10-K for the year ended December 31, 1991, File No. 1-8607).
- 10o-4 Amendment dated September 3, 1992 to the BellSouth Management Savings and Employee Stock Ownership Plan.
- 10o-5 Amendment dated October 26, 1992 to the BellSouth Management Savings and Employee Stock Ownership Plan.
- 10p BellSouth Management Pension Plan. (Exhibit 10mm to Form 10-K for the year ended December 31, 1990, File No. 1-8607).
- 10p-1 Amendment dated August 1, 1991 to the BellSouth Management Pension Plan. (Exhibit 10q-1 to Form 10-K for the year ended December 31, 1991, File No. 1-8607).
- 10p-2 Amendment dated September 28, 1992 to the BellSouth Management Pension Plan.
- 10q BellSouth Corporation Directors Retirement Plan. (Exhibit 10qq to Form 10-K for the year ended December 31, 1986, File No. 1-8607).
- 10r BellSouth Corporation Financial Counseling Plan.
- 10s BellSouth Executives Nonqualified Trust. (Exhibit 10rr to Form 10-K for the year ended December 31, 1990, File No. 1-8607).
- 10t BellSouth Directors Nonqualified Trust. (Exhibit 10ss to Form 10-K for the year ended December 31, 1990, File No. 1-8607).
- 10u BellSouth Corporation Deferred Compensation Plan for Non-Employee Directors. (Exhibit 10gg to Registration Statement No. 2-87846).
- 10v BellSouth Corporation Executive Life Insurance Plan.
- 10w BellSouth Corporation Stock Option Plan for Non-Employee Directors. (Exhibit 10z to Form 10-K for the year ended December 31, 1991, File No. 1-8607).
- 10x BellSouth Corporation Executive Shareholder Return Cash Plan.
- 10y Form of Executive Officer Succession and Retirement Agreement.
- 10z BellSouth Non-Employee Director's Charitable Contribution Program.

**Exhibit
Number**

- 11 Computation of Earnings Per Share.
- 12 Computation of Ratio of Earnings to Fixed Charges. (Page 22 of this Form 10-K).
- 21 Subsidiaries of BellSouth.
- 24 Powers of Attorney.
- 99a Annual report on Form 11-K for BellSouth Management Savings and Employee Stock Ownership Plan for the fiscal year ended December 31, 1992 (to be filed as an amendment hereto within 180 days of the end of the period covered by this report).
- 99b Annual report on Form 11-K for BellSouth Savings and Security ESOP Plan for the fiscal year ended December 31, 1992 (to be filed as an amendment hereto within 180 days of the end of the period covered by this report).
- 99c Annual report on Form 11-K for BellSouth Enterprises Retirement Savings Plan for the fiscal year ended December 31, 1992 (to be filed as an amendment hereto within 180 days of the end of the period covered by this report).

b. Reports on Form 8-K:

BellSouth Corporation — Third quarter earnings release. Date of report October 20, 1992.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BELLSOUTH CORPORATION

/s/ Patrick H. Casey

Vice President and Comptroller

February 22, 1993

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

PRINCIPAL EXECUTIVE OFFICER:

John L. Clendenin*
Chairman of the Board, President,
Chief Executive Officer

PRINCIPAL FINANCIAL OFFICER:

Harvey R. Holding*
Vice Chairman of the Board,
Finance and Administration

PRINCIPAL ACCOUNTING OFFICER:

Patrick H. Casey*
Vice President and Comptroller

DIRECTORS:

F. Duane Ackerman*
Andrew F. Brimmer*
John L. Clendenin*
Armando M. Codina*
Marshall M. Criser*
Gordon B. Davidson*
Phyllis Burke Davis*
Harvey R. Holding*
William O. McCoy*
John G. Medlin, Jr.*
C. Dixon Spangler, Jr.*
Ronald A. Terry*
Thomas R. Williams*
J. Tylee Wilson*

*By: /s/ Patrick H. Casey

(Individually and as Attorney-In-Fact)

February 22, 1993

REPORT AND CONSENT OF INDEPENDENT ACCOUNTANTS

Our report on the consolidated financial statements of BellSouth Corporation is included on page 38 of this Form 10-K. In connection with our audits of the financial statements, we have also audited the related financial statement schedules listed in the index on page 55 of this Form 10-K.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

Coopers & Lybrand

Atlanta, Georgia
February 3, 1993

We consent to the incorporation by reference in the registration statements of BellSouth Corporation on Forms S-3 (Nos. 33-29411, 33-22785, 33-41497 and 33-48929) and Forms S-8 (Nos. 33-38265, 33-38264, 33-38263, 33-30773, 33-30772, 33-26518, 33-12165 and 2-94802) of our reports dated February 3, 1993, on our audits of the consolidated financial statements and financial statement schedules of BellSouth Corporation as of December 31, 1992 and 1991, and for the years ended December 31, 1992, 1991 and 1990, which reports are included in this Annual Report on Form 10-K.

Coopers & Lybrand

Atlanta, Georgia
February 22, 1993

BELLSOUTH CORPORATION
SCHEDULE V — PROPERTY, PLANT AND EQUIPMENT

Year Ended December 31, 1992
(Dollars In Millions)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Classification	Balance at Beginning of Period	Additions at Cost (a)	Retirements (b)	Other Changes	Balance at End of Period
Land & Land Improvements	\$ 176.0	\$ 2.0	\$ (5.9)	\$ 1.2	\$ 173.3
Buildings & Building Improvements	2,461.4	28.4	(16.9)	75.5	2,548.4
Leasehold Improvements	206.3	32.0	(3.6)	2.4	237.1
Operating & Other Equipment	1,483.4	323.4	(184.8)	86.3	1,708.3
Furniture & Fixtures	2,141.1	217.5	(262.3)	115.2	2,211.5
Central Office Equipment	13,182.3	166.9	(555.8)	1,100.5	13,893.9
Outside Plant	17,050.8	653.0(e)	(194.8)	304.5	17,813.5
Station Equipment	1,267.2	48.4	(708.9)	6.2	612.9
Capital Leases	83.7	5.7	(19.1)	(0.3)	70.0
Construction in Progress	325.4	1,763.6(f)	(0.8)	(1,571.7)	516.5
Other Plant	25.7	24.7	(0.3)	(34.6)	15.5
Total Property, Plant and Equipment	<u>\$38,403.3</u>	<u>\$3,265.6</u>	<u>\$(1,953.2)</u>	<u>\$ 85.2</u>	<u>\$39,800.9</u>

Year Ended December 31, 1991
(Dollars In Millions)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Classification	Balance at Beginning of Period	Additions at Cost (a)	Retirements (b)	Other Changes	Balance at End of Period
Land & Land Improvements	\$ 173.8	\$ 1.5	\$ (0.4)	\$ 1.1	\$ 176.0
Buildings & Building Improvements	2,385.5	30.8	(10.1)	55.2	2,461.4
Leasehold Improvements	173.4	35.9	(3.9)	0.9	206.3
Operating & Other Equipment	1,269.4	299.6	(131.1)	45.5	1,483.4
Furniture & Fixtures	2,001.2	189.6	(225.4)	175.7	2,141.1
Central Office Equipment	12,467.9	201.7	(798.6)	1,311.3	13,182.3
Outside Plant	16,340.8	674.2(e)	(240.5)	276.3	17,050.8
Station Equipment	1,399.1	52.0	(189.1)	5.2	1,267.2
Capital Leases	116.2	22.7	(55.2)	0.0	83.7
Construction in Progress	459.2	1,683.6(f)	(3.2)	(1,814.2)	325.4
Other Plant	25.1	0.3	(0.4)	0.7	25.7
Total Property, Plant and Equipment	<u>\$36,811.6</u>	<u>\$3,191.9</u>	<u>\$(1,657.9)</u>	<u>\$ 57.7</u>	<u>\$38,403.3</u>

The notes on page 62 are an integral part of this schedule.

BELLSOUTH CORPORATION
SCHEDULE V — PROPERTY, PLANT AND EQUIPMENT

Year Ended December 31, 1990
(Dollars In Millions)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Classification	Balance at Beginning of Period	Additions at Cost (a)	Retirements (b)	Other Changes (c)	Balance at End of Period
Land & Land Improvements	\$ 149.3	\$ 7.2	\$ (1.4)	\$ 18.7	\$ 173.8
Buildings & Building Improvements	2,240.1	91.9	(9.5)	63.0	2,385.5
Leasehold Improvements	55.6	26.5	(7.9)	99.2	173.4
Operating & Other Equipment	534.1	276.9	(443.7)	902.1	1,269.4
Furniture & Fixtures	1,643.3	346.6	(180.2)	191.5	2,001.2
Central Office Equipment	11,720.0	1,545.8(d)	(794.8)	(3.1)	12,467.9
Outside Plant	15,556.6	987.6(e)	(194.5)	(8.9)	16,340.8
Station Equipment	2,163.0	70.9	(834.4)	(0.4)	1,399.1
Capital Leases	93.2	18.2	(72.8)	77.6	116.2
Construction in Progress	414.9	13.9	(2.3)	32.7	459.2
Other Plant	1,411.9	0.2	(1.6)	(1,385.4)	25.1
Total Property, Plant and Equipment	<u>\$35,982.0</u>	<u>\$3,385.7</u>	<u>\$(2,543.1)</u>	<u>\$ (13.0)</u>	<u>\$36,811.6</u>

NOTES TO SCHEDULE V

- (a) Additions shown include: (1) the original cost (estimated if not known) of reused material, which is concurrently credited to material and supplies, and (2) interest charged construction.
- (b) Items of telephone plant when retired or sold are deducted from the property accounts at the amounts at which they are included therein, estimated if not known.
- (c) Amounts in COL. E. — Other Changes for the year ended December 31, 1990 represent primarily the reclassification of beginning balances of property, plant and equipment for all BellSouth companies other than South Central Bell and Southern Bell to conform to presentation established beginning with such year end. Amounts for the year ended December 31, 1989 have not been restated because detailed activity was not available.
- (d) The material components of additions to Central Office Equipment are analog switching equipment, digital electronic switching equipment and circuit equipment.
- (e) The material components of additions to Outside Plant are aerial, underground and buried cable, and conduit systems.
- (f) The material components of Construction in Progress are Central Office Equipment, Outside Plant and Data Processing Equipment.

BELLSOUTH CORPORATION
SCHEDULE VI — ACCUMULATED DEPRECIATION

Year Ended December 31, 1992
(Dollars In Millions)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Classification	Balance at Beginning of Period	Additions Charged to Expense (a)	Retirements	Other Changes	Balance at End of Period
Land Improvements	\$ 2.0	\$ 0.1	\$ (0.1)	\$ 0.1	\$ 2.1
Buildings & Building Improvements .	589.7	53.3	(10.0)	(0.1)	632.9
Leasehold Improvements	79.1	17.7	(3.1)	(1.2)	92.5
Operating & Other Equipment	585.7	156.7	(83.4)	9.7	668.7
Furniture & Fixtures	940.2	362.5	(259.9)	(3.3)	1,039.5
Central Office Equipment	4,406.0	1,354.9(d)	(555.8)	(0.2)	5,204.9
Outside Plant	6,739.8	835.7(e)	(194.8)	0.1	7,380.8
Station Equipment	933.2	124.8	(708.9)	(0.1)	349.0
Capital Leases	32.5	17.4	(15.9)	0.1	34.1
Depreciation Reserve Imbalance (c) . .	36.6	109.2	0.0	(22.0)	123.8
Total Accumulated Depreciation . . .	<u>\$14,344.8</u>	<u>\$3,032.3</u>	<u>\$(1,831.9)</u>	<u>\$ (16.9)</u>	<u>\$15,528.3</u>

Year Ended December 31, 1991
(Dollars In Millions)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Classification	Balance at Beginning of Period	Additions Charged to Expense (a)	Retirements	Other Changes	Balance at End of Period
Land Improvements	\$ 2.0	\$ 0.1	\$ (0.1)	\$ 0.0	\$ 2.0
Buildings & Building Improvements .	550.1	56.4	(12.4)	(4.4)	589.7
Leasehold Improvements	59.0	19.8	(4.6)	4.9	79.1
Operating & Other Equipment	511.8	168.3	(88.2)	(6.2)	585.7
Furniture & Fixtures	802.3	298.2	(163.4)	3.1	940.2
Central Office Equipment	4,032.5	1,158.4(d)	(784.5)	(0.4)	4,406.0
Outside Plant	6,149.8	857.8(e)	(267.5)	(0.3)	6,739.8
Station Equipment	1,039.2	68.8	(176.0)	1.2	933.2
Capital Leases	57.3	20.8	(59.5)	13.9	32.5
Depreciation Reserve Imbalance (c) . .	(299.1)	273.1	0.0	62.6	36.6
Total Accumulated Depreciation . . .	<u>\$12,904.9</u>	<u>\$2,921.7</u>	<u>\$(1,556.2)</u>	<u>\$ 74.4</u>	<u>\$14,344.8</u>

The notes on page 64 are an integral part of this Schedule.

BELLSOUTH CORPORATION
SCHEDULE VI — ACCUMULATED DEPRECIATION

Year Ended December 31, 1990
(Dollars In Millions)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
Classification	Balance at Beginning of Period	Additions Charged to Expense (a)	Retirements	Other Changes (b)	Balance at End of Period
Land Improvements	\$ 0.0	\$ 0.1	\$ (0.3)	\$ 2.2	\$ 2.0
Buildings & Building Improvements .	487.7	57.6	(12.7)	17.5	550.1
Leasehold Improvements	26.8	16.4	(5.8)	21.6	59.0
Operating & Other Equipment	197.4	190.6	(244.5)	368.3	511.8
Furniture & Fixtures	622.1	252.0	(156.8)	85.0	802.3
Central Office Equipment	3,689.0	1,081.0(d)	(758.9)	21.4	4,032.5
Outside Plant	5,522.8	838.1(e)	(205.0)	(6.1)	6,149.8
Station Equipment	1,698.7	166.4	(828.4)	2.5	1,039.2
Capital Leases	57.7	26.9	(72.2)	44.9	57.3
Depreciation Reserve Imbalance (c) .	(566.8)	267.5	0.0	0.2	(299.1)
Other Plant	505.0	0.0	0.0	(505.0)	0.0
Total Accumulated Depreciation . .	<u>\$12,240.4</u>	<u>\$2,896.6</u>	<u>\$(2,284.6)</u>	<u>\$ 52.5</u>	<u>\$12,904.9</u>

NOTES TO SCHEDULE VI

- (a) Depreciation as stated in the statements of income includes certain minor amounts which are not credited to this account.
- (b) Amounts in COL. E — Other Changes for the year ended December 31, 1990 represent primarily the reclassification of beginning balances of accumulated depreciation of all BellSouth companies other than South Central Bell and Southern Bell to conform to presentation established beginning with such year end. Amounts for the year ended December 31, 1989 have not been restated because detailed activity was not available.
- (c) Classification authorized by the FCC and state regulatory commissions to improve capital recovery.
- (d) The material components of additions to Central Office Equipment are analog switching equipment, digital electronic switching equipment and circuit equipment.
- (e) The material components of additions to Outside Plant are aerial, underground and buried cable, and conduit systems.

BELLSOUTH CORPORATION
SCHEDULE VIII — VALUATION AND QUALIFYING ACCOUNTS
(Dollars In Millions)
Allowance for Uncollectibles

COL. A	COL. B	COL. C		COL. D	COL. E
Description	Balance at Beginning of Period	Additions		Deductions (c)	Balance At End of Period
		Charged to Expense (a)	Charged to Other accounts (b)		
Year Ended December 31,					
1992	\$121.1	201.3	159.1	358.5	\$123.0
1991	\$112.4	198.7	151.0	341.0	\$121.1
1990	\$110.6	167.1	125.4	290.7	\$112.4

- (a) Provision for uncollectibles as stated in the statements of income includes certain minor uncollectible items which are written off directly and not credited to the allowance account.
- (b) Amounts include increases to this account for anticipated uncollectibles related to purchased receivables and for recoveries of amounts previously written off.
- (c) Amounts written off as uncollectible.

BELLSOUTH CORPORATION
SCHEDULE X — SUPPLEMENTARY INCOME STATEMENT INFORMATION
For the Three Years Ended December 31, 1992
(Dollars In Millions)

COL. A	COL. B		
Item	Charged to Costs or Expenses		
	1992	1991	1990
Maintenance	<u>\$4,662.0</u>	<u>\$2,365.7</u>	<u>\$2,691.5</u>
Taxes, Other Than Income and Payroll-related			
Property	\$ 414.2	\$ 406.7	\$ 388.9
Gross receipts	146.1	138.8	135.0
Other	<u>34.1</u>	<u>31.1</u>	<u>28.7</u>
Total Taxes, Other Than Income and Payroll-related	<u>\$ 594.4</u>	<u>\$ 576.6</u>	<u>\$ 552.6</u>

BELLSOUTH

1992 Summary Annual Report To Our

SHAREHOLDERS

YOUR INVESTMENT'S KEY GROWTH AREAS

Page 8

STEPS TOWARD GREATER PROFITABILITY

Page 12

NEW HORIZONS BOLSTER BELLSOUTH'S STRENGTH

Page 16

HURRICANE ANDREW: OUR PRIDE COMES THROUGH

Page 20

CONDENSED FINANCIALS

Pages 28-30

Shareholder
Elizabeth Witzke
Plano, Texas





Who Are the Shareholders of BellSouth?

You range in age from newborns to 90-plus years. You come from all 50 states and 88 other countries. Nearly 1.3 million strong, you are part of the second-largest shareholder body in the U.S. Most of you own fewer than 100 shares, and you have held your stock for at least five years. More than 44,000 of you are BellSouth employees. Your investment portfolio is an important part of your financial security plan.

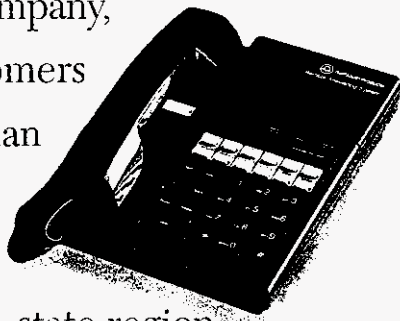
What Are We Doing to Communicate Better with You?

We've changed this report dramatically. We've used a shorter, more inviting format to tell you about the aspects of your BellSouth investment you're most interested in – growth, profitability, freedom to compete and corporate citizenship. On pages 28-30 we've included condensed financial statements that communicate BellSouth's financial health in a clear, concise format. We've moved the detailed financial information to our proxy statement.

Left to right: BellSouth shareholders Carl Jackson, Roxie Hughes-Jackson and son, Carl, Jr.; Phillip Enslo; Barbara Medved and granddaughter, Haleigh; Liz Palmer; Robert and Jean Johnson; and Joe Stone

As a BellSouth Investor YOU OWN

1. America's largest local telephone company, serving customers with more than 18 million access lines within a nine-state region.



3. A huge cellular communications company serving more than a million customers worldwide. Service in 54 U.S. markets, including 13 of the top 50.

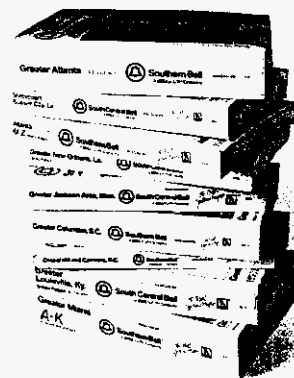


5. One of the nation's leading paging companies, serving 500 U.S. metropolitan areas with nearly 1 million pagers in service.



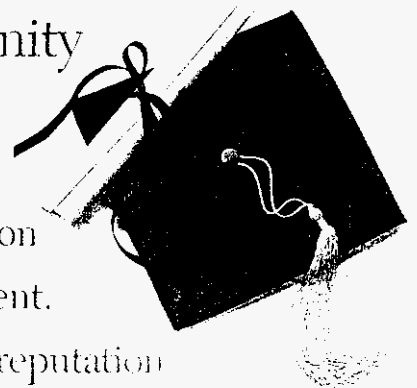
2. The foremost publisher of Yellow and White Pages directories.

More than 500 directories in U.S. metropolitan areas.



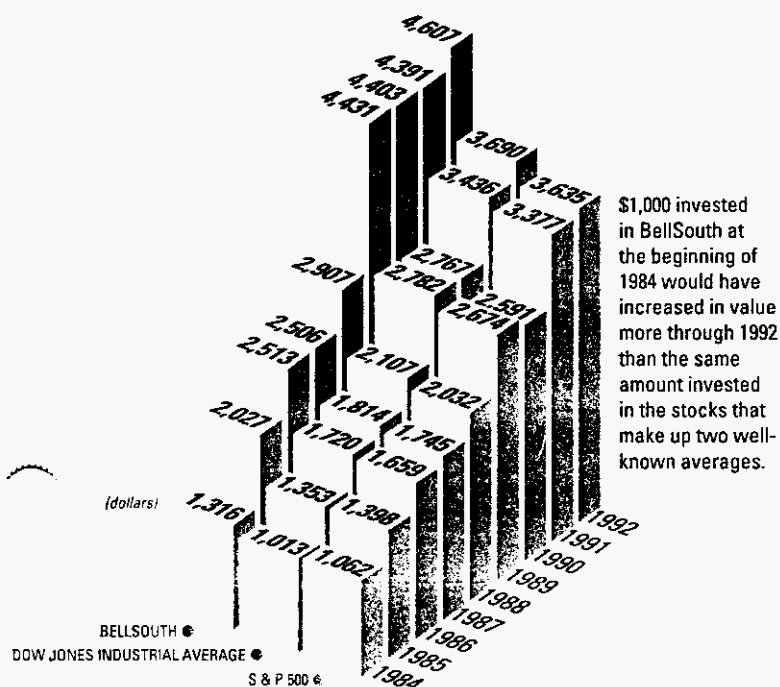
4. A global enterprise with cellular, paging and alternative telecommunications networks on five continents.

6. A community leader intensely committed to improving education and the environment. A proud, national reputation as an exemplary corporate citizen.



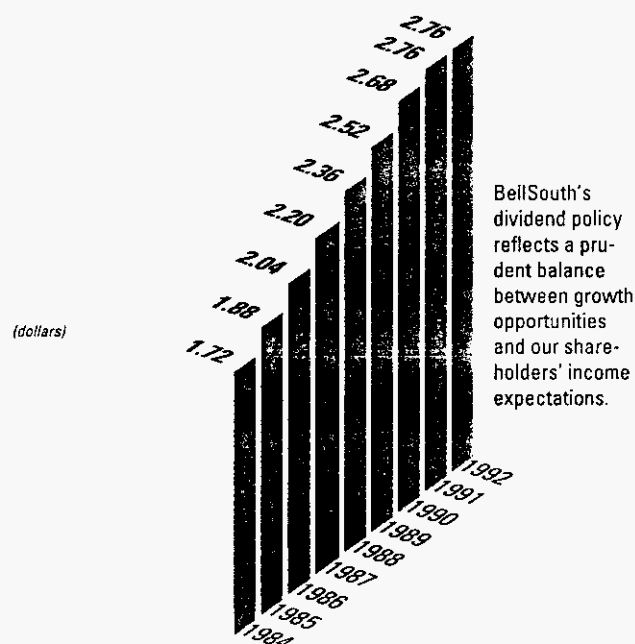
On Your BellSouth Investment YOU EARNED

1. Greater total return
than the Dow Jones and the S&P 500.



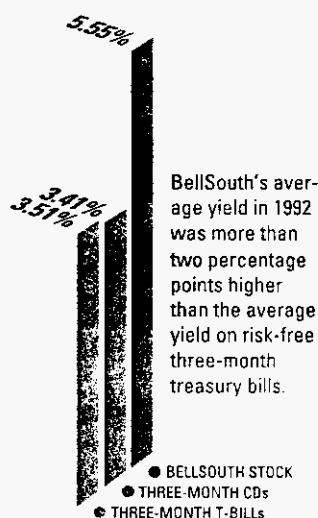
\$1,000 invested in BellSouth at the beginning of 1984 would have increased in value more through 1992 than the same amount invested in the stocks that make up two well-known averages.

2. Strong dividends
since divestiture nine years ago.



BellSouth's dividend policy reflects a prudent balance between growth opportunities and our shareholders' income expectations.

3. A solid yield that in
1992 outperformed
money market
investments.



BellSouth's average yield in 1992 was more than two percentage points higher than the average yield on risk-free three-month treasury bills.

FINANCIALLY STRONG AS IN THE PAST, AND INVESTING FOR GROWTH IN THE FUTURE



John L. Clendenin
Chairman of the Board,
President and Chief Executive Officer

Dear Shareholders,

I want to tell you why the accomplishments and plans you'll read about in this summary annual report make your management team excited about BellSouth's future.

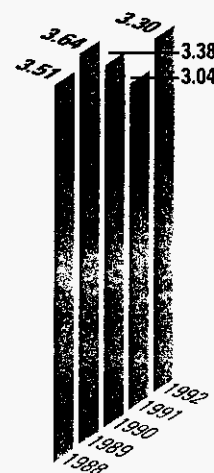
Last year's earnings rebound, in the face of increasing competition and sweeping technological change, reaffirms our confidence in BellSouth's long-term strategies:

- focus on the customer
- identify and develop new growth markets
- extend our leadership in core network technology
- streamline the company
- gain greater freedom to compete.

These are the right strategies for the right time.

Our vision of the future is dominated by one factor – the customer. People's needs are shaping a world in which telecommunications increasingly will become a global

Earnings Per Share
(in dollars)



Improved volumes in our core telephone operations, combined with continued rapid growth in our cellular business, helped boost earnings per share to \$3.30 in 1992.

industry, and customers will demand a sophisticated combination of digital services – wireline and wireless; voice, data and video.

It is not just coincidence that competition is intensifying in telecommunications.

This is a growth business. The markets BellSouth serves now – and the ones we will serve in the future – will grow faster than the overall economy for many years to come.

We're focusing on these new growth markets – especially wireless voice and data, and international telecommunications partnerships. Our initiatives in wireless data got a ringing endorsement from the worldwide leader in the computer business as recently as February 1993. Intel Corporation will collaborate with BellSouth, RAM Mobile Data and Ericsson GE to develop new products and offer new services in the rapidly emerging mobile computing market. Also in February, our consortium in Germany was awarded the license

FINANCIAL HIGHLIGHTS

(Dollars in millions, except per share amounts)

	1992	1991	Percent change
Operating Revenues	\$15,201.6	\$14,445.5	5.2%
Operating Expenses	\$12,040.9	\$11,635.8	3.5%
Net Income	\$ 1,617.7	\$ 1,471.5	9.9%
Earnings Per Share	\$ 3.30	\$ 3.04	8.6%
Dividends Per Share	\$ 2.76	\$ 2.76	–
Book Value Per Share	\$ 27.94	\$ 26.93	3.8%
Weighted Average Common Shares Outstanding (millions)	490.8	484.3	1.3%
Total Assets	\$31,462.7	\$30,941.7	1.7%
Capital Expenditures	\$ 3,189.3	\$ 3,102.4	2.8%
Return to Average Common Equity	11.9%	11.3%	5.3%
Debt Ratio	39.0%	41.3%	(5.6)%
Employees (end of year)	97,112	96,084	1.1%
Telephone Employees (end of year)	82,866	82,245	0.8%

to build and operate the largest digital cellular network of its kind in the world.

While we develop excellent growth opportunities like these, we are at the same time committed to keeping our core telephone business second to none in network technology and customer service.

Those are our strategies for systematically changing the culture and characteristics of BellSouth from a mature, regulated monopoly

LETTER TO SHAREHOLDERS CONTINUED

to a market-driven, streamlined competitor – financially strong as in the past, and positioned for growth in the future.

Our long-standing commitment to investing in technological leadership gives us a leg up in managing this transition. Our employees are skilled, dedicated and focused on Total Quality. We are not wed to yesterday's thinking. These advantages give BellSouth a competitive edge mature companies do not always enjoy.

We have made excellent progress in changing our corporation to become more competitive.

Last November, for example, we announced plans to continue our extensive streamlining. By restructuring "how the work gets done," we will reduce our telephone work force by 8,000 by 1996. This means we will have downsized those operations by some 26,000 positions since divestiture. And, by the middle of this year, we will merge our corporate and BellSouth Enterprises staffs, reducing the size of our headquarters organization. In the marketplace that's rapidly

developing, our new structure will keep BellSouth standing strong, with our strategic mix of businesses working together.

Last year our owners found they have a powerful voice in protecting their investment.

Your letters and phone calls to Congress helped stop the Brooks bill. That discriminatory measure would have effectively legislated BellSouth and the other Bell holding companies out of promising areas of growth. It would have severely limited BellSouth's ability to increase the uses – and, therefore, the value – of the sophisticated networks your capital has helped build.

Legislation that would have severely limited our ability to compete fairly was stopped last year, thanks, in part, to the thousands of calls and letters to Congress from BellSouth shareholders, employees and retirees.



Clearly, consensus is building behind the fact that it makes sense for our country to let the Bell holding companies compete fairly in the industry we know best. Still, the fight for greater freedom is far from finished. Certain special interests want to keep the playing field tilted in their favor – and keep consumers on the sidelines.

We will likely be asking you to speak out again in 1993. And there's no doubt policy makers are listening. I am proud of the fact that people like you, the Communications Workers of America and other opinion makers have helped BellSouth become recognized in Washington as a leader – not only when it comes to advocating our owners' interests, but also when it comes to standing up for what's right for our country's competitiveness.

We are committed to paying a competitive dividend as a component of our total shareholder return.

At the same time, we must balance investors' income expectations with the significant long-term growth potential we see for BellSouth.

We have always recognized that strategic moves impact earnings in the short run. That's the nature of investment. Our reported earnings

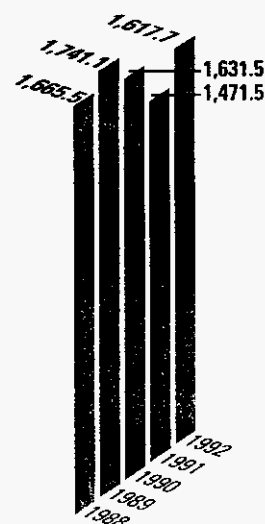
per share in 1992, for example, would have been approximately 24 cents higher than \$3.30 if, during the last couple of years, we had not made key acquisitions in wireless. But then our future would not be as promising.

It would be easy to let the window close on these opportunities. But that's a short-term strategy – and a shortsighted one. A status quo policy in an industry moving this fast would soon leave BellSouth behind.

The pace of change in this business is astounding. You can watch the changes and see what happens, or you can make the changes happen. We're making them happen.

Net Income

(in millions of dollars)



Net income rose 9.9 percent in 1992, influenced by both growth in business volumes and savings from work force reductions in 1991.

John L. Clendenin
Chairman of the Board, President
and Chief Executive Officer

GROWTH

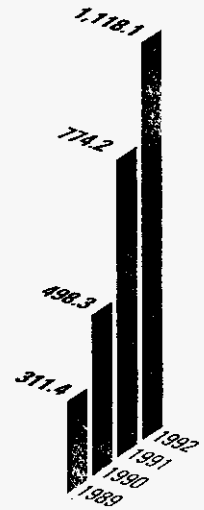


“My parents
are helping me
prepare for the
future through
my investment
in BellSouth.”

Shareholder Jill Faubert
High School Student
Atlanta, Georgia

WORLD
HISTORY

**U.S. Cellular
Customers**
(in thousands)



BellSouth's domestic cellular business grew 44 percent during 1992, to more than 1.1 million customers.

WIRELESS REVENUES EXCEED \$1 BILLION FOR FIRST TIME

It took 38 years for the telephone industry to reach 10 million customers in the United States. Cable TV didn't have 10 million users until its 25th year. But after only nine years, the cellular industry surpassed 10 million customers in 1992 – and about one of every eight uses service provided by a BellSouth Cellular company or affiliate.

Cellular is our fastest growing area of business. BellSouth's worldwide wireless revenues, which include paging, exploded in 1992, increasing 54 percent to nearly \$1.2 billion. With 44 percent

customer growth and surpassing 1 million subscribers in 1992, BellSouth continues to outpace the cellular industry.

—We plan long term too, and 1992 affirmed the potential of our high-growth areas.

DATA THROUGH THE AIR EXPECTED TO TAKE OFF

We believe mobile data may bring to text and information the same excitement and growth cellular has brought to voice. More and more, people on the move need to communicate now, without worrying that messages and data will get garbled. And as they communicate, the market for wireless data will grow. In the U.S. alone, the market is expected to include more than 10 million users by the year 2000.

Our RAM Mobile Data venture is completing construction of nationwide wireless data networks in both the U.S. and U.K., and we're pursuing similar opportunities in other countries.

People and businesses on the move need new ways to send messages, and RAM's network is the most effective and efficient for those applications. Companies use innovative applications on RAM to save money, improve customer service and boost productivity. Conrail, for example, uses RAM Mobile Data to provide real-time data and tracking information on their trains. Updates that used to take 24 hours are now available almost instantaneously.

INTERNATIONAL VENTURES DEMONSTRATE EXCITING GROWTH

BellSouth saw the potential in international telecommunications markets early, and is seizing the initiative in countries that offer the greatest potential for sus-

tainable growth. The strategy is making BellSouth a leader in wireless worldwide. We now have considerably more cellular "pops," or potential customers, outside the U.S. than we do in this country – more than 53 million in 10 countries.

Our newest international market is Germany, the world's third-largest economy. On February 4, 1993 our consortium was awarded a license to compete nationwide in cellular. Growth potential in Germany is significant. Only about 1 percent of the country's 79 million people use mobile phones, compared to more than 6 percent in the Scandinavian countries, for example.

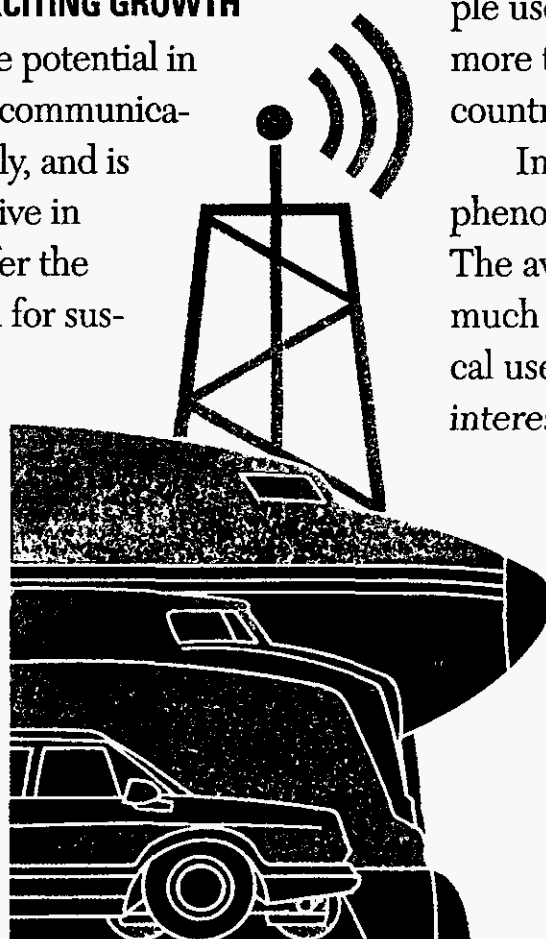
In Latin America, a cellular usage phenomenon is spurring revenue growth. The average customer is "on the air" much longer each month than the typical user in the U.S. BellSouth holds interests in cellular companies serving

**BRITISH
AIRWAYS**

CONRAIL



National **Inter**



Several businesses with complex, far-flung operations are using wireless data services provided by our venture with RAM Mobile Data to serve their customers better and save money.



more than 135,000 customers in Argentina, Venezuela, Chile, Uruguay and Mexico.

BellSouth's largest overseas venture is in Australia, where our Optus Communications consortium was issued the license early last year to build and operate the continent's second telecommunications network. Optus gives BellSouth, for the first time, a stake in international long distance service and in satellite communications. Since introducing analog cellular service in June 1992, Optus has gained about 400 customers every business day. Optus' digital cellular network will go into operation this year.

REGIONAL GROWTH, NEW SERVICES BOOST CORE BUSINESS

The economy of the Southeast continues to fuel growth in BellSouth's core telephone business. In 1992, we grew what was already the nation's

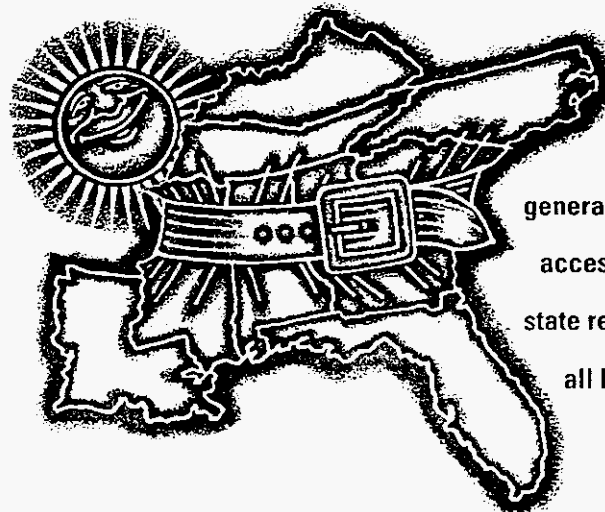
BellSouth owns or holds interests in cellular companies serving five countries in Latin America, where average cellular phone usage is more than twice as high as in the U.S.

largest base of domestic access lines by more than 615,000, best among all Bell holding companies.

Last year, we also extended our partnership with the Communications Workers of America for another three years with a win-win wage and benefit agreement.

BellSouth has always been a leader in investing in its people and in the sophisticated technologies that make new user-friendly services possible. Those investments are paying off.

BellSouth Telecommunications (BST) creatively markets advanced residential and business services that generate additional revenue on existing access lines. For example, by the end of 1992, BST had more than a half million MemoryCall® "voice mailboxes" in service, far more than double the number a year earlier.



Continuing economic growth in the Sunbelt helped generate a 3.4 percent increase in access lines in BellSouth's nine-state region in 1992 – highest among all Bell holding companies.

PROFITABIL



“I want
BellSouth to
be well run
and to deliver
solid earnings.”

Shareholder Henry W. Foster, Jr., M.D.
Dean, School of Medicine and
Vice President for Health Services
Meharry Medical College
Nashville, Tennessee

ITY

WIRELESS EARNINGS FOLLOW RAPID GROWTH IN CUSTOMER DEMAND

BellSouth's domestic cellular and paging operations continue to shine, contributing \$95 million to net income in 1992, up from \$57 million a year earlier.

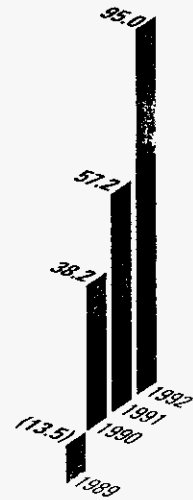
Our cellular business capped a terrific year with an impressive 1992 holiday selling season, proving that cellular phones aren't just for business anymore. People in all walks of life are

finding that the security and convenience cellular phones provide make them a great value.

We are catering to this new class of consumer by marketing cellular service through retail stores like Home Depot, Sears, Office Depot and Circuit City. We're reaching new car buyers through agreements with Ford, General Motors, Mercedes Benz and others.

The same consumer revolution is taking place in the paging market, and BellSouth is capitalizing on it. PersonalPager,[®] from our MobileComm subsidiary, was a hot 1992 Christmas gift item. A complete line of PersonalPagers, marketed as "the perfect tool for the business of living," is sold through more than 10,000 stores, including Radio Shack, Wal-Mart and The Sharper Image.

Wireless Earnings Growth
(in millions of dollars)



Domestic cellular and paging operations contributed nearly \$95 million to BellSouth's bottom line in 1992, a 66 percent annual increase.

We deliver
by growing
revenues,
cutting costs,
improving
service and
generating
profits.

PROFITABLE

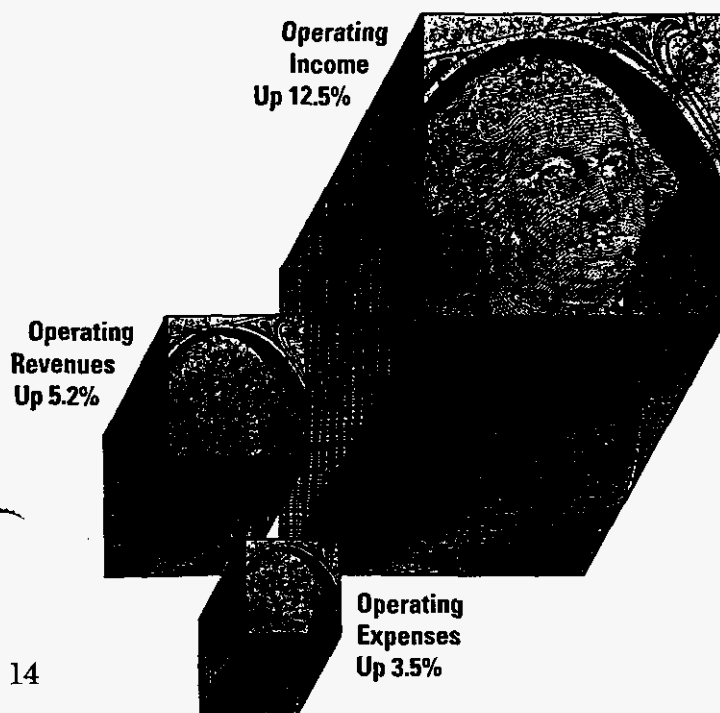
STREAMLINING IMPROVES COMPETITIVENESS OF CORE BUSINESSES

BellSouth is continuing to apply the brakes to costs. In 1992, operating expenses increased just 3.5 percent, compared to a 5.2 percent increase in revenues. The resulting 12.5 percent gain in operating income reflected savings of \$157 million from management work force reductions implemented in 1991.

A key measure of BellSouth's efficiency – telephone employees per 10,000 access lines – improved 2.4 percent in 1992. This sustains a positive trend since divestiture that reflects productivity growth.

To keep this momentum going – and to improve BellSouth's price competitiveness – we plan to reduce our telephone work force by an additional 8,000 by 1996. We will manage our downsizing in a way that demonstrates respect for the individual. Retraining, alternative work arrangements and other programs will provide options for people and help them make career decisions. Also, by the middle of this year, we will restructure our headquarters operation by combining and reducing the staffs of BellSouth Corporation and BellSouth Enterprises.

In the financial markets last year, we took advantage of favorable interest rates to refinance a portion of our debt. The move will save approximately \$400 million in interest expense over the lives of the new debt issues.



Helped by savings of \$157 million from management work force reductions in 1991, BellSouth's expenses increased just 3.5 percent in 1992, compared to a 5.2 percent gain in revenues. The result: a 12.5 percent gain in operating income.

CONTINUED

ADVERTISING AND PUBLISHING PUNCHES UP PROFITS

Driven by an increased focus on marketing, automation and efficiency, BellSouth's directory advertising and publishing business continued to increase profits in 1992.

BellSouth maintains leadership in this competitive industry by introducing a steady stream of innovative products and services, such as Real Consumer Tips.[™] With a partner, we are marketing this new information service in several cities in the Southeast. Real Consumer Tips gives Yellow Pages users the information they need, via recorded message, at a critical time – when they are ready to buy. The customer is then automatically connected to the advertiser.

TOTAL QUALITY: BOTTOM LINE BOOSTER

BellSouth's commitment to the tenets of Total Quality began bearing fruit in 1992 with better customer service and lower costs.

A Quality Action Team at BellSouth Cellular, for example, increased revenues more than

Innovative new products, such as our Export Directory for the South Florida market, play an important role in keeping BellSouth a leader in the competitive directory advertising and publishing industry.



\$38 million by finding ways to cut in half the number of customers who discontinued service.

A team at BellSouth Telecommunications (BST) partnered with a major customer to reduce for both companies the cost of processing bills and payments. Using statistical process control techniques rather than 100 percent verification saved BST \$3 million.



STRENGTH



“I want my
company to
have the right
to compete in
other lines
of business.”

Shareholder Georgia Bowman, Ph.D.
Retired College Professor
Liberty, Missouri

Competing in the Marketplace

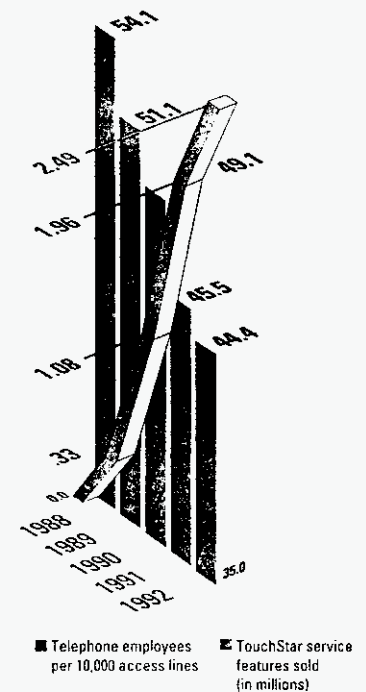
MOMENTUM BUILDS BEHIND FAIR PLAY IN MARKETPLACE

Clearly, competition in telecommunications is here – and it is not going away. BellSouth already is competing forcefully in the marketplace with lower costs, leading edge technology, more focused customer service and stronger marketing.

Just as important, we are working hard to assure that public policy realistically reflects new marketplace realities. Along with competition should come greater regulatory and legal freedom – to price our services according to marketplace forces, and to enter new lines of business.

Consensus is building behind the idea that allowing the Bell holding companies (BHCs) to compete fully in a global economy is good public policy for our country.

The U.S. District Court already has lifted the information services restriction, based on a public interest standard. In 1991, the Senate overwhelmingly passed a bill by Sen. Ernest Hollings (D-SC) to allow the BHCs to research, design, develop and manufacture telecommunications equipment. Even though the House did not act on similar legislation in the last session, hearings on telecommunications' vital role in the country's infrastructure have already begun in the new 103rd Congress.



Improved productivity and growth of new products such as TouchStar™ services are helping drive BellSouth's success in a more competitive marketplace.

You're a key player in BellSouth's focused efforts to strengthen our business opportunities.

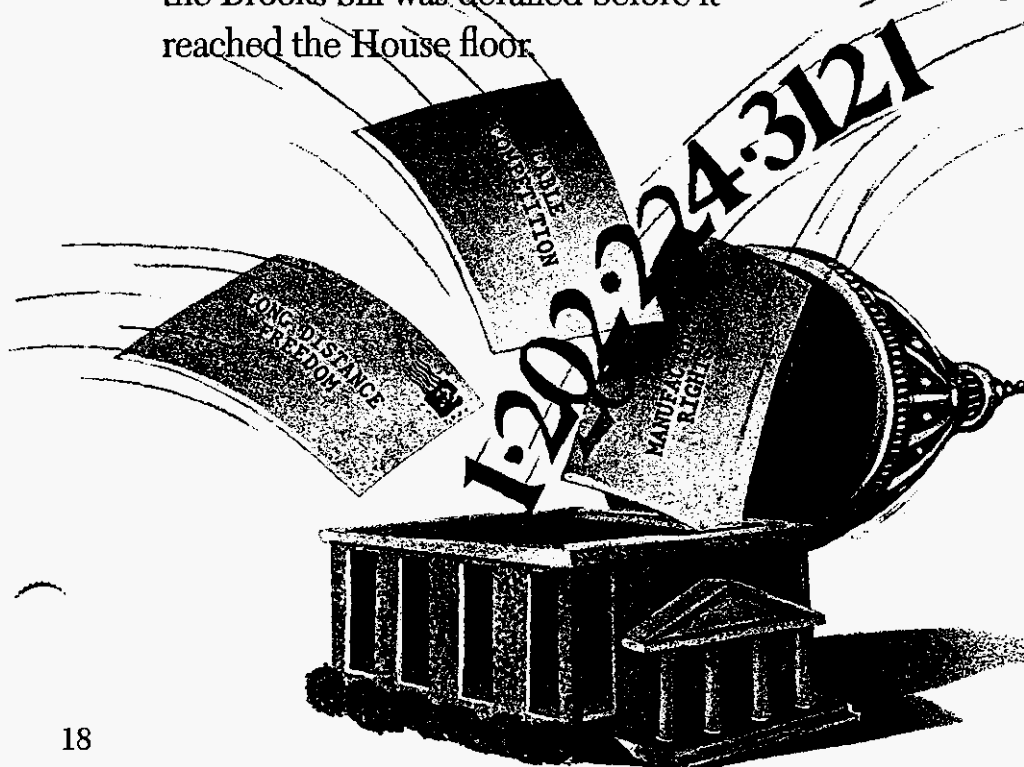
YOU HAVE A POWERFUL VOICE IN YOUR INVESTMENT

Still, entrenched special interests are trying to use legislative and regulatory forums to shield themselves from competition by limiting the roles BellSouth and the other BHCs can play.

Discriminatory 1992 legislation known as the "Brooks bill" would have severely restricted our ability to compete. Thanks to the concerted opposition of the Communications Workers of America, and to the thousands upon thousands of letters and phone calls to Congress from BHC owners, employees and retirees, the Brooks bill was derailed before it reached the House floor.

We expect Congress to address important telecommunications issues during 1993. And we will remain relentless in our drive to eliminate the outdated restrictions on manufacturing and long distance that date back to divestiture, and to remove the legislative ban that prevents us from owning cable television systems within our telephone service area.

We urge you to keep letting your elected representatives in Washington and elsewhere know that these unfair restrictions are anti-consumer, anti-jobs and anti-shareholder. Clearly, they are listening to you.



Congress is getting the message from our shareholders, employees and retirees: restricting the Bell holding companies from competing in the marketplace hurts consumers.

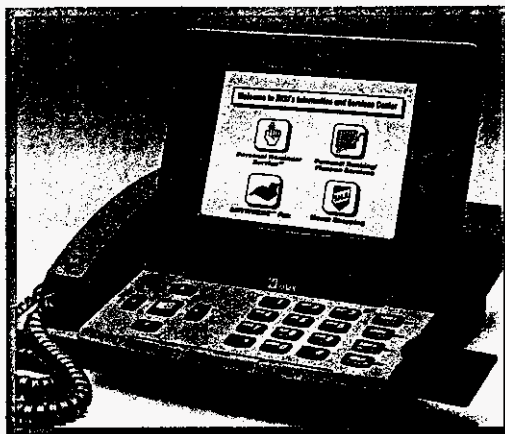
INFORMATION SERVICES ADD VALUE FOR CUSTOMERS, SHAREHOLDERS

The initiatives BellSouth already has taken in information services bear strong testimony that we are committed to the development of a diverse and competitive market.

Because customers feel comfortable using their telephone, our foothold strategy in this exciting market is to add easy-to-use features that make people's phones work smarter for them.

An excellent example is Personal Info Clips.SM This handy information service puts up-to-the-minute news on business, stocks, sports, weather and 130 other topics literally at our customers' fingertips. During a trial by BellSouth and Dow Jones & Company in the Los Angeles cellular market, the service increased mobile phone usage and has become a regular offering for customers. Personal Info Clips was extended into a wireline trial and is being tested with BellSouth Telecommunications customers.

We also carried over into early 1993 a market trial of Personal ReminderSM service. Not only does this let you create, send



Screen phone courtesy of National Semiconductor

New telephones made by independent vendors will soon allow BellSouth customers to easily access a variety of innovative messaging and information services by merely touching a screen.

or retrieve reminders and messages from any touch-tone telephone, it also acts as an "alarm clock" and personal scheduler that reminds you of everything from important business meetings to little league car pools.

ALTERNATIVE REGULATION: STEPPING STONE TO A FULLY COMPETITIVE MARKETPLACE

BellSouth has been working with state regulators for many years to put in place more progressive rate plans. These provide mechanisms for introducing the new telecommunications technologies that are so critical to economic development in the Information Age, plus they set up incentives for efficiency. These alternative regulatory plans are an important transition toward a much more competitive arena.

The plans reward both customers and owners by sharing a portion of BellSouth's earnings above a certain rate of return. Eight of our nine states have adopted alternative plans. Earnings have been shared with our customers in four states.

PRIDE



"I'm glad I own
a company my
neighbors and
I could rely on
when Hurricane
Andrew was over."

Shareholder Howard J. Schneider
Certified Public Accountant
Miami, Florida

The wrath of Hurricane Andrew caused more than \$30 billion in damage, making it the most devastating storm in U.S. history.



HURRICANE ANDREW: BELL SOUTH'S FINEST HOUR

Few things bring more warmth and comfort during times of crisis than the sound of a familiar, caring voice. That supportive presence underscored the powerful performance of BellSouth's people and network during and after the 140 mile-per-hour wrath of Hurricane Andrew last fall.

Despite suffering almost total loss of property, many customers were amazed and comforted to find their telephone continued to work – providing that one vital link to family, friends and sources of aid.

BellSouth and its employees – many of whom were also in need – stretched far beyond the normal roles of ensuring dependable, basic telephone service. To ease the plight of customers displaced by Hurricane Andrew, BellSouth offered free Call Forwarding for customers in Florida and Louisiana, and MemoryCall® voice messaging service for Florida customers. And the Telephone Pioneers, our voluntary employee service organization, spearheaded a drive to provide tons of basic goods to BellSouth families in need and to the public in general.

We're
committed
to serving
you, and
proud of our
community
involvement.

CONTINUED

FIBER OPTIC NETWORK WITHSTANDS STORM'S FURY

The strategy to keep our network up and running during a hurricane had been years in the making. Fiber optic cable lay securely buried, central offices were fortified, and other network elements were ready.

The planning and coordination paid off. Not one of Southern Bell's major central offices went out of service during the storm's fury, despite unprecedented demands of thousands of emergency calls. Not a single South Florida E911 center lost service. And Southern Bell worked closely with county emergency centers, providing additional lines to handle the enormous volume of incoming calls.

South Central Bell's network also kept Louisiana customers in service while most other utilities suffered major outages. The telephone system, in fact, helped other systems regroup and come back strong after Andrew smashed the state.

BELLSOUTH MOBILITY: LITERALLY, A LIFELINE

Hurricane Andrew also was a proving ground for cellular service in a crisis. BellSouth Mobility, the largest cellular carrier in the Southeast, was resilient and responsive under tremendous pressure.

Cellular telephones were especially critical in the aftermath of the storm. They helped emergency workers save lives by directing them to high-risk



Photo courtesy of AFP

Despite the havoc wrought by Hurricane Andrew, BellSouth's network stood up well, allowing people to stay in touch with familiar, caring voices.

situations, and they kept thousands of customers in touch with anxious relatives and friends. Overall, the hurricane heightened public awareness of mobile phones, and brought BellSouth Cellular's security and reliability to the attention of thousands of area residents.

EDUCATION PROGRAMS SUPPORT COMMUNITY OF INTERESTS

The pride BellSouth takes in supporting our communities extends far beyond the service we provide to our customers. One of our special commitments is to education.

Education is a key to both personal opportunity and regional economic development. BellSouth translates its commitment into concrete activities that support innovative approaches to education.

Internally, our BellSouth/Communications Workers of America Employment Security PARTNERSHIP helps our people take charge of their careers, and helps our company grow the job skills from within that may not be available outside the business in the future.

Another example: we sponsor nationally recognized conferences where progressive educators and BellSouth

Improving the skills of tomorrow's work force and supporting the growth and economic development of our region are at the heart of BellSouth's commitment to education.



managers collaborate on new ways to use telecommunications and related technologies to improve learning.

The ability of the Southeast to generate new jobs and economic growth in the Information Age is dependent on an educated population. The growth of BellSouth's business is directly related to the skills of our people, the prosperity of the Southeast, and customers who use our sophisticated services to add value to their lives and communities. Nowhere do these critical public and business issues converge with more power and potential than in the important education marketplace.

BOARD OF DIRECTORS

BELLSOUTH CORPORATION

The BellSouth Board of Directors is elected by the shareholders to establish policy and govern the corporation for the benefit of all its owners. The Board has designated six standing committees to assist in carrying out its duties. The 14 members of the current Board bring broad business experience and exceptional leadership abilities to BellSouth during one of the most exciting and dynamic periods in the history of telecommunications.

Pictured left to right

William O. McCoy, 59⁴

Vice Chairman, BellSouth Corporation; Atlanta, GA. Director since 1983. Term expires in 1995. Beneficial stock ownership: 28,041 shares.

Phyllis Burke Davis, 61^{2,4}

Retired Senior Vice President, Avon Products, Inc.; New York, NY – manufacturer and marketer of beauty products. Director since 1985. Term expires in 1994. Beneficial stock ownership: 2,276 shares.

F. Duane Ackerman, 50²

President and CEO, BellSouth Telecommunications, Inc.; Atlanta, GA. Elected director January 1993. Term expires in April 1993. Beneficial stock ownership: 18,136 shares.

Andrew F. Brimmer, 66^{2,4}

President, Brimmer & Company Inc.; Washington, DC – economic and financial consultants. Director since 1984. Term expires in 1995. Beneficial stock ownership: 1,435 shares.

J. Tylee Wilson, 61^{4,6}

Retired Chairman of the Board and CEO, RJR Nabisco, Inc.; Jacksonville, FL. Director since 1985. Term expires in 1995. Beneficial stock ownership: 4,000 shares.



C. Dixon Spangler, Jr., 61 ^{1,3,6}
President, University of North Carolina: Chapel Hill, NC. Director since 1987. Term expires in 1993. Beneficial stock ownership: 2,000 shares.

Armando M. Codina, 46 ^{1,5}
Chairman of the Board and CEO, Codina Bush Group, Inc.; Coral Gables, FL – real estate development company. Director since 1992. Term expires in 1995.

Marshall M. Criser, 64 ^{3,5,6}
Chairman, Mahoney Adams & Criser, P.A.; Jacksonville, FL – law firm. Director since 1983. Term expires in 1994. Beneficial stock ownership: 3,899 shares.

John L. Clendenin, 58 ³
Chairman of the Board, President and CEO, BellSouth Corporation; Atlanta, GA. Director since 1983. Term expires in 1994. Beneficial stock ownership: 52,989 shares.

Gordon B. Davidson, 66 ^{1,3,5}
Chairman of Executive Committee, Wyatt, Tarrant & Combs; Louisville, KY – law firm. Director since 1988. Term expires in 1994. Beneficial stock ownership: 4,921 shares.

Thomas R. Williams, 64 ^{1,3,5}
President, The Wales Group, Inc.; Atlanta, GA – private investment company. Director since 1983. Term expires in 1994. Beneficial stock ownership: 1,793 shares.

John G. Medlin, Jr., 59 ^{2,3,6}
Chairman of the Board and CEO, Wachovia Corporation; Winston-Salem, NC – interstate bank holding company. Director since 1988. Term expires in 1994. Beneficial stock ownership: 1,500 shares.

Harvey R. Holding, 58 ⁶
Vice Chairman of the Board – Finance and Administration, BellSouth Corporation; Atlanta, GA. Director since 1991. Term expires in 1995. Beneficial stock ownership: 10,775 shares.

Ronald A. Terry, 62 ^{3,4,6}
Chairman of the Boards and CEO, First Tennessee National Corporation and First Tennessee Bank National Association; Memphis, TN. Director since 1987. Term expires in 1993. Beneficial stock ownership: 1,400 shares.

Board Committees

1 Audit Committee
Considers adequacy of BellSouth's internal controls and the objectivity of the corporation's financial reporting.

2 Corporate Public Policy Committee
Monitors matters related to corporate governance, business conduct and external affairs.

3 Executive Committee
Meets on call by the Chairman of the Board and has the authority of the Board during intervals between Board meetings.

4 Finance Committee
Reviews financial plans, oversees financial management practices and provides general oversight of BellSouth's fiscal affairs.

5 Nominating and Compensation Committee
Selects candidates for election as directors and officers; administers compensation plans for executive officers; and oversees employee benefit plans.

6 Strategic Planning Committee
Reviews corporate strategy, allocation of corporate resources and business development plans.



BELLSOUTH CORPORATION

EXECUTIVE OFFICERS

John L. Clendenin
Chairman of the Board,
President and CEO

Harvey R. Holding**
Vice Chairman of the Board --
Finance and Administration

William O. McCoy*
Vice Chairman of the Board

Walter H. Alford
Executive Vice President
and General Counsel

H.C. Henry, Jr.*
Executive Vice President --
Corporate Relations

Raymond L. McGuire
Executive Vice President --
Governmental Affairs

John F. Beasley*
Vice President and
Associate General Counsel

Ronald M. Dykes*
Vice President -- Controller
and Financial Management

J. Robert Fitzgerald*
Vice President and
Associate General Counsel

David J. Markey*
Vice President --
Government Relations

Charles C. Miller, III*
Vice President -- Strategic Planning
and Corporate Development

Robert W. O'Neill*
Vice President -- Corporate
Responsibility and Compliance

Arlen G. Yokley
Vice President, Secretary
and Treasurer

ENTERPRISES OFFICERS

Charles B. Coe
President -- BellSouth International

John W. McCue
President -- BellSouth Europe
BellSouth International

Earle Mauldin
President -- Mobile Systems

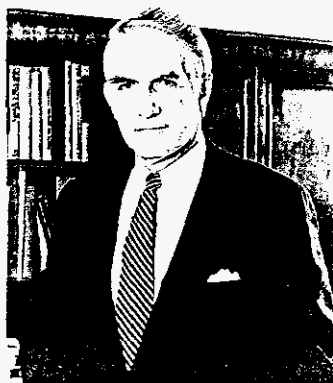
Stan Hamm
President -- BellSouth Cellular

Stephen E. Pazian
President -- Mobile
Communications
Corporation of America

Michael K. Harrell
President -- BellSouth
Mobile Data

Donald J. Perozzi*
President -- Advertising
and Publishing

SKINNER LEAVES LEGACY OF EXCELLENCE



B. Franklin Skinner, one of BellSouth's most distinguished leaders, retired in 1992 as chairman and chief executive officer of BellSouth Telecommunications, following an illustrious 40-year career in the telecommunications industry.

Mr. Skinner began his telephone career with the Chesapeake and

Potomac Telephone Company in his native Virginia in 1952. He rose to the position of vice president of the C&P companies in Washington, D.C. in 1970.

In 1973, he became vice president and general manager of Southern Bell's North Carolina operations, and later headed the company's Florida operations. In 1982, he was elected president of Southern Bell, serving as its chief executive officer until the establishment of BellSouth Telecommunications in 1991.

Frank Skinner made incalculable contributions, not only to BellSouth and to the telecommunications business, but to his community as well.

His legacy of superb leadership, dedication to customer service and commitment to creating value for our shareholders sets a standard all BellSouth people are proud of.

SALUTE TO RETIRING OFFICERS

Six executives whose combined service to BellSouth and the telecommunications industry totaled more than two centuries announced their retirements, effective April 1, 1993, and their responsibilities have been reassigned to existing officer groups. Their dedication to customers, shareholders and employees was

marked by innovative thinking, decisive problem solving and exemplary community service.

T. L. Cloar, Jr.
Don E. Daniels
Roy B. Howard
C. Clement Patton
Larry A. Taylor
C. Richard Yarbrough

*Effective April 1, 1993

Retiring effective September 1, 1993

BELLSOUTH TELECOMMUNICATIONS, INC.

OFFICERS

F. Duane Ackerman
President and CEO

N. Carlton Baker, Jr.
Group President – Regulatory
and External Affairs

Jere A. Drummond
Group President – Marketing

William M. Ferguson
Group President – Network
and Technology

Walter W. Sessoms
Group President – Services

J. Kelly Allgood
State President – Mississippi

Joe M. Anderson, Jr.
State President – South Carolina

DeWitt Ezell, Jr.
State President – Tennessee

Margaret H. Greene
State President – Kentucky

Elton R. King
State President – Louisiana

Joseph P. Lacher
State President – Florida

J. Billie Ray, Jr.
State President – North Carolina

Carl E. Swearingen
State President – Georgia

R. Neal Travis
State President – Alabama

C. Sidney Boren*
Vice President – Planning and
Administration

Patrick H. Casey*
Vice President and Comptroller

William R. Delk*
Vice President – Procurement,
Property and Services Management

Rebecca M. Dunn
Vice President – Human Resources
and Benefits Administration

Roger M. Flynt, Jr.*
Vice President and General Counsel

John R. Gunter*
Vice President – Network
Operations, North

Vernon C. Jobson, Jr.
Vice President – Sales

Donald W. Jones
Vice President – Network Strategic
Planning and Support

William R. McNair
Vice President – Carrier Services

Julia B. North
Vice President – Customer Services

Roderick D. Odom, Jr.
Vice President – Marketing

Howard E. Palmes
Vice President – Network Planning
and Engineering

William F. Reddersen
Vice President – BellSouth
Business Systems

C. Jerry Sanders
Vice President – Network
Operations, South

Larry L. Schooler
Vice President and
Chief Information Officer

Donald L. Strohmeier
Vice President – Network
Operations, Central

J. Richard Teel
Vice President – Regulatory
and External Affairs

Daniel J. Thompson, Jr.
Vice President and
Assistant General Counsel

James E. Simpson
Treasurer

William H. Groce, Jr.
Secretary

BOARD OF DIRECTORS

F. Duane Ackerman
President and CEO, BellSouth
Telecommunications, Inc.;
Atlanta, GA

Irving W. Bailey II
Chairman, President and CEO,
Capital Holding Corporation;
Louisville, KY

James H. Blanchard
Chairman of the Board and
Director, Synovus Financial Corp.;
Columbus, GA

Robert H. Boh
Chairman and President, Boh
Brothers Construction Co., Inc.;
New Orleans, Louisiana

J. Hyatt Brown
President, Brown & Brown, Inc.;
Daytona Beach, FL

Edward E. Crutchfield, Jr.
Chairman and CEO, First Union
Corporation; Charlotte, NC

Frank R. Day
Chairman of the Board, Trustmark
National Bank and Trustmark
Corporation; Jackson, MS

Lloyd C. Elam
Distinguished Service Professor,
Department of Psychiatry, Meharry
Medical College; Nashville, TN

William W. Gaston
Chairman of the Board, Cotton
States Insurance Companies;
Atlanta, GA

Lawrence L. Gellerstedt, Jr.
Chairman of the Board, Beers
Construction Company; Atlanta, GA

John W. Harris
President, The Harris Group;
Charlotte, NC

Mark C. Hollis
President, Publix Super
Markets, Inc.; Lakeland, FL

Harry M. Lightsey, Jr.
Of Counsel, McNair Law Firm;
Columbia, SC

Thomas H. Meeker
President and CEO, Churchill
Downs Incorporated; Louisville, KY

Joe M. Rodgers
Chairman, JMR Investments;
Nashville, TN

Charles J. Zwick
Retired Chairman of the Board,
Southeast Banking Corporation;
Miami, FL

* Effective April 1, 1993

Condensed Consolidated Statements of INCOME

BELLSOUTH CORPORATION

These statements are a summary of the company's operating performance for specific annual periods. They show revenues and expenses that result in net income. Revenues are from the sale of services and products to BellSouth customers. Operating expenses include costs of services and products; depreciation; and selling, general and administrative expenses. Taxes also are a major expense category.

Interstate access –
These revenues are related to connecting long distance calls across state lines for our customers. Measured in minutes, there was the equivalent of nearly 263 years worth of these calls every day in 1992.

Total operating revenues – Total operating revenues reached a record in 1992, exceeding \$15 billion for the first time.

	For the years ended December 31,		
(In millions)	1992	1991	1990
Operating revenues:			
Network and related services			
Local service	\$ 6,236.0	\$ 5,846.2	\$ 5,664.6
Interstate access	2,945.6	2,858.1	2,841.9
Intrastate access	871.8	866.7	911.8
Toll	1,248.8	1,373.7	1,565.4
Directory advertising and publishing	1,459.8	1,426.3	1,394.2
Wireless communications	1,195.6	774.5	557.3
Other services	1,244.0	1,300.0	1,410.2
Total operating revenues	\$15,201.6	\$14,445.5	\$14,345.4
Operating expenses	\$12,040.9	\$11,635.8	\$11,318.7
Operating income	3,160.7	2,809.7	3,026.7
Interest expense	746.4	802.1	774.3
Other income, net	177.6	252.7	156.8
Income before income taxes, extraordinary loss and cumulative effect of change in method of accounting	2,591.9	2,260.3	2,409.2
Provision for income taxes	933.5	753.4	777.7
Income before extraordinary loss and cumulative effect of change in method of accounting	1,658.4	1,506.9	1,631.5
Extraordinary loss, net of tax	(40.7)	–	–
Cumulative effect of change in method of accounting, net of tax	–	(35.4)	–
Net income	\$ 1,617.7	\$ 1,471.5	\$ 1,631.5

Wireless communications –
Worldwide revenues from cellular and paging increased more than 54 percent in 1992, as BellSouth surpassed the 1 million mark in cellular phone customers.

Operating income –
Operating income increased 12.5 percent in 1992, as a result of revenues growing at a faster rate, 5.2 percent, than expenses, which increased 3.5 percent.

Extraordinary loss –
This one-time charge resulted from refinancing \$550 million in bonds, which will save nearly \$400 million in interest expense over the lives of the new debt issues.

Net income –
“The bottom line” increased 9.9 percent in 1992, rebounding from a 9.8 percent decline in the prior year.

Condensed Consolidated BALANCE SHEETS

BELLSOUTH CORPORATION

The balance sheet is considered a "snapshot" of the company's financial position at the end of the year. Assets are economic resources that are expected to benefit future business activities. Liabilities are claims against those assets, or money that BellSouth owes.

		December 31,	
		1992	1991
<i>(In millions)</i>			
Assets:			
Current assets —	Current assets	\$ 3,671.0	\$ 3,637.5
Among the assets whose amounts are included here are cash, receivables (net of those estimated to be uncollectible) and materials and supplies.	Property, plant and equipment, net	24,272.6	24,058.5
	Investments and advances, intangible assets, and deferred charges and other assets	3,519.1	3,245.7
	Total assets	\$31,462.7	\$30,941.7
Liabilities and Shareholders' Equity:			
	Current liabilities	\$ 5,022.2	\$ 4,911.2
	Long-term debt	7,359.7	7,676.9
	Deferred credits and other liabilities	5,282.2	5,248.7
	Shareholders' equity	13,798.6	13,104.9
	Total liabilities and shareholders' equity	\$31,462.7	\$30,941.7

Property, plant and equipment, net — The majority of BellSouth's total assets historically is represented by the "fixed assets" that make up and maintain the telecommunications infrastructure, such as fiber optic cable, switches and cellular towers.

Long-term debt — The amount of debt maturing after one year declined \$317.2 million in 1992. This helped BellSouth's overall debt ratio improve to 39.0 percent in 1992 from 41.3 percent the year before.

Shareholders' equity — Sometimes called "net worth" or "book value," this number equals assets minus liabilities, and represents our shareholders' ownership in BellSouth.

Condensed Consolidated Statements of CASH FLOWS

BELLSOUTH CORPORATION

These statements reconcile the changes in "cash and cash equivalents" from the end of one year to the end of the following year. Cash and cash equivalents is included in Current Assets on the Balance Sheets (page 29).

		For the years ended December 31,		
(In millions)		1992	1991	1990
	Net income	\$ 1,617.7	\$ 1,471.5	\$ 1,631.5
Adjustments, primarily depreciation –	Adjustments to net income, primarily depreciation	3,470.1	2,985.9	3,014.8
A portion of the original cost of assets that will be in use for several years, such as plant and equipment, is charged to operating expenses every year as depreciation (see Condensed Statements of Income, page 28).	Changes in operating assets and liabilities	(141.0)	(67.5)	(119.8)
Because depreciation is a non-cash expense, it is recognized as a positive adjustment to net income.	Cash provided by operating activities	4,946.8	4,389.9	4,526.5
	Cash used for investing activities	(3,591.8)	(3,776.4)	(3,054.8)
	Cash used for financing activities	(1,416.8)	(576.8)	(1,473.8)
	Increase (decrease) in cash and cash equivalents	(61.8)	36.7	(2.1)
	Beginning cash and cash equivalents	327.3	290.6	292.7
	Ending cash and cash equivalents	\$ 265.5	\$ 327.3	\$ 290.6
	Investing activities – This figure is shown in parentheses because these activities represent cash BellSouth spent to invest in assets. Capital expenditures to modernize the telephone network are the largest item in this category.			
	Financing activities – Cash dividends paid to shareholders (nearly \$1.1 billion in 1992) are included in this line as a use of cash.			

REPORT OF MANAGEMENT


BELLSOUTH CORPORATION

To the Shareholders of BellSouth Corporation:

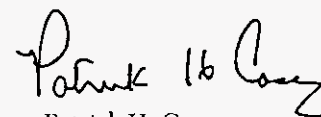
The condensed financial statements in this summary annual report were derived from the consolidated financial statements that appear in the proxy statement for the 1992 Annual Meeting of Shareholders. Management is responsible for preparing the consolidated financial statements and for maintaining and monitoring the corporation's system of internal accounting controls.

Management believes BellSouth's system of internal accounting controls provides reasonable assurance that transactions are properly authorized and recorded, and that there are adequate safeguards to protect company assets. Key elements in BellSouth's system of internal controls include a strong internal auditing program, careful selection of managers and appropriate division of responsibilities. Communications programs aimed at assuring that policies, standards and managerial authorities are understood throughout the organization are also an integral part of the system of controls. Special attention is given to controls while internal changes are being implemented.

A more complete description of these controls, along with management's opinion as to their overall effectiveness, is contained in the detailed Report of Management included in the proxy statement. The consolidated financial statements were audited by Coopers & Lybrand, independent accountants, who have also issued a report on the condensed consolidated financial statements (see below).



John L. Clendenin
*Chairman of the Board
and Chief Executive Officer*



Patrick H. Casey
*Vice President and
Comptroller*

February 3, 1993

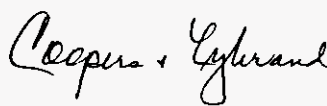
REPORT OF INDEPENDENT ACCOUNTANTS

BELLSOUTH CORPORATION

To the Shareholders of BellSouth Corporation
Atlanta, Georgia

We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheets of BellSouth Corporation as of December 31, 1992 and 1991, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1992, appearing in the proxy statement for the 1993 annual meeting of shareholders of the corporation (not presented herein), and in our report, which includes an explanatory paragraph relating to a change in accounting method, dated February 3, 1993, also appearing in that proxy statement, we expressed an unqualified opinion on those consolidated financial

statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly presented, in all material respects, in relation to the consolidated financial statements from which it has been derived.



Coopers & Lybrand
Atlanta, Georgia
February 3, 1993

DO YOU NEED HELP WITH...



replacing your dividend check or lost certificate?



changing the address on your stock account?

transferring your stock?

consolidating multiple accounts?

eliminating duplicate mailings of the annual report to your house?



enrolling in the dividend reinvestment plan?

replacing a lost income tax form 1099?

Just call BellSouth Shareholder Services' toll-free number. Please have your account and/or social security number handy when you call.

1-800-631-6001, 8:00 a.m. - 8:00 p.m. Eastern time

For faster service you may wish to call during non-peak hours - 8:00 a.m. to 10:00 a.m. and 5:00 p.m. to 8:00 p.m.

Outside the United States, call collect (212) 971-3395.

If you prefer to write:

For Transfer of Stock
(send certificates registered mail)

BellSouth Corporation
Stock Issuance Dept.
Church Street Station
P.O. Box 24525
New York, NY 10249-0018

**For Dividend
Reinvestment Matters**

BellSouth Corporation
Dividend Reinvestment
Church Street Station
P.O. Box 24611
New York, NY 10249-0018

**For General
Correspondence**

BellSouth Corporation
Shareholder Services
Church Street Station
P.O. Box 24900
New York, NY 10249-0018

SHAREHOLDER INFORMATION

BELL SOUTH CORPORATION

Corporate Headquarters

BellSouth Corporation
1155 Peachtree Street, N.E.
Atlanta, GA 30367-6000
(404) 249-2000

General/Financial Information

General questions or inquiries about BellSouth should be directed to:
Secretary
BellSouth Corporation
Room 14B02
1155 Peachtree Street, N.E.
Atlanta, GA 30367-6000

Certified Public Accountants

Coopers & Lybrand
1100 Campanile Building
1155 Peachtree Street, N.E.
Atlanta, Georgia 30309

Investor Community Information

Inquiries from institutional investors, financial analysts, registered representatives and portfolio managers should be directed to:

Investor Relations
BellSouth Corporation
Room 14B06
1155 Peachtree Street, N.E.
Atlanta, GA 30367-6000

Form 10-K

The 1992 reports on Form 10-K of BellSouth Corporation and its telephone operating subsidiary, BellSouth Telecommunications, Inc., as filed with the Securities and Exchange Commission, are available (without exhibits) for no charge by writing to Secretary at the address shown under General/Financial Information on this page.

Shareholders' Meeting

BellSouth Corporation's Annual Meeting of Shareholders will be held at 2:00 p.m. CDT, Monday, April 26, 1993, in New Orleans.

BELLSOUTH

BellSouth is the largest of the seven Bell holding companies formed at the divestiture of AT&T in 1984. Revenues surpassed \$15 billion for the first time in 1992, and net income grew to \$1.6 billion.

In 1993, for the fifth consecutive year, BellSouth was named by *Fortune* magazine as the most admired company in the utility industry.

BellSouth provides local telephone and long distance access service to customers in nine Southeastern states; wireless communications, including cellular and paging services, throughout the U.S. and in 11 countries overseas; directory advertising and publishing services; and other network and related services, including customer premises equipment, private networks and advanced communications systems for voice and data.

The corporation, headquartered in Atlanta, employs more than 97,000 people worldwide.

About the Back Cover

In January 1993, BellSouth launched a new corporate business advertising campaign featuring examples of how our family of companies provides creative communications solutions for customers regionally, nationally and internationally. The ad on the back cover is one of a series in that campaign.



Printed on recycled paper

Designed and produced by Corporate Reports Inc., Atlanta
© BellSouth Corporation 1993

One Of The World's Largest Banks Asked Us How To Make Their Wall Street PCs Run Better.



Screaming. Yelling. Shouting. It's business as usual on the trading floors of Wall Street. A place where computer downtime isn't just an inconvenience. It's a disaster. One bank faced not only trying to maintain hundreds of PCs in this environment, but thousands more nationwide. So they gave BellSouth a call.

We told them the best way to service their PCs was to not service them at all. To let BellSouth do it. So, they turned to us for their service solutions, freeing them to concentrate on the business of banking. Instead of the business of PC maintenance.

We Told Them To Pull The Plug.

Through Dataserv, Inc., a BellSouth company, the bank received the technical expertise and quick repairs required for the PCs they had on the exchange, and the thousands more around the country. The results? A significant reduction in downtime. Improved customer service and the confidence that comes from a more reliable system. The bank was pleased. But not surprised. Because they were already relying on us for many of their cellular, paging and voice systems. They selected BellSouth because we're a lot more than one company. We're a family of communications companies, capable of providing your business with the same innovative solutions that we provided for them. From paging, cellular, mobile data, and information services, to sophisticated telecommunications networks, we have the resources to meet your communications challenges today. And tomorrow.

Precisely why one very important bank opened their account with BellSouth.

Telecommunications
Information Services
Mobile Communications
Advertising Services

BELLSOUTH®

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

13. Schedule B-6a-- For the test year and two prior years, monthly consumption and month-end account balances for materials and supplies (M&S) categorized by exempt, non-exempt, and total. Also provide monthly average for each year. Non-exempt is to be separated between new, reusable, sale/scrap and other. The following definitions apply for purposes of this schedule:

- a. Exempt Material - Minor items of materials and supplies that are consumed in or that lose their identity when installed, and that therefore need not be individually accounted for.
- b. Non-Exempt Materials
 - (1) Material New - Plant material, ordered for a specific project held in material and supplies stock until future transfer pursuant to a work order or future charge directly to plant.
 - (2) Material Reusable - Previously installed major plant units or principal components earmarked for reuse.
 - (3) Sale-Scrap Material - Material returned from service and being held for sale or scrap.
 - (4) Other Material - Non-Exempt materials unapplied and unassigned and supplies held in stock for other than exempt material.

Working Capital Materials and Supplies (M & S)
Test Year and Two Prior Years Monthly

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-6a

Page 1 of 3

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Year	Month	ACCOUNT 1220.1200 Plant Supplies		ACCOUNT 1220.1100 Plant Supplies		ACCOUNT 1220.1300 Motor Vehicle		ACCOUNT 1220.1400 Central Office, Origination		ACCOUNT 1220.1400 Central Office, Origination	
			Exempt		Non-Exempt		Supplies		Termination Eqpt. - New		Termination Eqpt. - Reuse	
			Consumed	Balance	Consumed	Balance	Consumed	Balance	Consumed	Balance	Consumed	Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	1992	JANUARY	4,087,271	2,590,952	2,683,855	2,603,524	63,371	25,571	1,940,648	51,398	676,366	16,096,625
2.	1992	FEBRUARY	2,573,933	3,173,565	3,336,030	2,166,458	126,742	73,964	18,549	32,849	704,451	18,774,532
3.	1992	MARCH	3,501,189	3,770,641	3,337,816	1,529,756	115,628	167,048	0	32,849	4,099,346	19,422,978
4.	1992	APRIL	3,531,350	3,601,580	3,241,374	1,243,457	39,784	152,406	0	32,849	2,412,860	18,619,289
5.	1992	MAY	3,481,919	3,360,754	2,918,038	1,392,115	76,284	156,647	0	32,849	654,618	18,650,232
6.	1992	JUNE	3,755,114	2,413,459	2,973,691	652,815	158,917	97,680	0	1,662,847	3,178,539	17,260,397
7.	1992	JULY	2,666,303	4,477,147	3,274,841	1,672,434	64,563	88,577	0	1,688,324	1,423,010	17,330,285
8.	1992	AUGUST	3,918,911	4,883,731	2,422,716	2,570,800	89,966	62,331	0	1,737,118	995,226	17,304,498
9.	1992	SEPTEMBER	8,220,794	3,361,365	3,461,520	3,254,202	71,110	67,651	22,352	1,714,766	1,902,263	20,119,136
10.	1992	OCTOBER	4,911,505	5,980,300	4,452,443	5,266,037	82,462	54,238	294	1,714,472	2,251,764	24,192,342
11.	1992	NOVEMBER	4,776,391	6,051,390	4,396,809	6,400,721	45,390	59,346	1,614,846	99,626	2,498,167	28,417,213
12.	1992	DECEMBER	6,021,739	5,131,805	4,636,691	7,187,340	49,121	66,709	0	114,353	3,232,452	29,241,328
13.	Total for Year		51,446,419	48,796,689	41,135,824	35,939,659	983,338	1,072,168	3,596,689	8,914,300	24,029,062	245,428,855
14.	Monthly Average for Year		4,187,204	3,997,217	3,375,874	2,792,630	82,059	90,913	299,724	821,083	1,880,877	19,897,082
Line No.	Year	Month	ACCOUNT 1220.1500 Corporate Communications		ACCOUNT 1220.1800 Centralized General Stock		ACCOUNT 1220.1800 Centralized General Stock		ACCOUNT 1220.1900 Other Material		TOTAL ACCOUNT 1220.1000	
			Equipment		Stock Held For Reuse		Central Stock New		And Supplies		Material And Supplies	
			Consumed	Balance	Consumed	Balance	Consumed	Balance	Consumed	Balance	Consumed	Balance
15.	1992	JANUARY	6,144	888,848	5,332,494	4,365,081	7,641,294	7,911,429	656,189	7,058,800	23,087,632	41,592,228
16.	1992	FEBRUARY	4,941	915,240	2,113,013	5,622,858	9,909,858	10,957,904	1,344,277	6,345,748	20,131,794	48,063,118
17.	1992	MARCH	2,369	943,747	2,878,962	5,034,963	8,933,915	10,445,755	1,556,673	6,277,687	24,425,898	47,625,424
18.	1992	APRIL	0	950,046	1,998,683	6,071,078	6,642,997	12,596,969	1,161,812	6,200,151	19,028,860	49,467,825
19.	1992	MAY	488	963,979	1,336,126	6,057,419	7,507,851	12,787,167	1,072,121	7,057,908	17,047,445	50,459,070
20.	1992	JUNE	1,552	1,033,895	1,913,238	5,687,789	6,327,625	14,370,278	1,639,457	7,298,110	19,948,133	50,477,270
21.	1992	JULY	46,256	990,539	2,129,997	5,360,781	11,234,990	10,965,880	1,731,221	6,753,656	22,571,181	49,327,623
22.	1992	AUGUST	11,754	990,059	2,122,555	5,411,514	7,993,795	12,290,581	1,901,501	6,149,903	19,456,424	51,400,535
23.	1992	SEPTEMBER	21,448	1,002,894	2,713,621	5,324,392	13,076,557	18,804,612	1,223,781	6,617,168	30,713,446	60,266,186
24.	1992	OCTOBER	4,641	1,046,287	1,937,014	5,193,051	20,751,479	22,073,699	791,496	6,901,498	35,183,098	72,421,924
25.	1992	NOVEMBER	4,364	1,074,968	1,639,651	4,801,747	16,743,808	26,911,509	1,013,702	7,099,569	32,733,128	80,916,089
26.	1992	DECEMBER	1,835	1,145,477	1,684,362	4,252,279	24,959,592	24,441,104	1,725,014	6,528,389	42,310,806	78,108,784
27.	Total for Year		105,792	11,945,979	27,799,716	63,182,952	141,723,761	184,556,887	15,817,244	80,288,587	306,637,845	680,126,076
28.	Monthly Average for Year		10,179	984,792	2,270,855	5,434,567	10,770,331	14,789,342	1,261,856	6,694,545	24,138,959	55,502,171

Note: The calculation of "Monthly Average for Year" includes midmonth entries not shown in this schedule.

Supporting Schedules: None

Recap schedules:

B-3a

Working Capital Materials and Supplies (M & S)
Test Year and Two Prior Years Monthly

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule B-6a

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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Year	Month	ACCOUNT 1220.1200 Plant Supplies Exempt		ACCOUNT 1220.1100 Plant Supplies Non-Exempt		ACCOUNT 1220.1300 Motor Vehicle Supplies		ACCOUNT 1220.1400 Central Office, Origination Termination Eqpt. - New		ACCOUNT 1220.1400 Central Office, Origination Termination Eqpt. - Reuse	
			Consumed	Balance	Consumed	Balance	Consumed	Balance	Consumed	Balance	Consumed	Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	1991	JANUARY	4,099,041	3,824,765	4,487,493	2,605,345	91,654	174,372	0	706,988	1,552,173	22,322,705
2.	1991	FEBRUARY	3,483,543	3,619,797	4,123,167	1,870,281	92,815	103,149	0	1,195,133	1,932,899	20,592,024
3.	1991	MARCH	4,196,717	3,510,158	3,834,756	2,426,342	87,779	83,485	0	1,224,422	4,998,355	18,453,157
4.	1991	APRIL	3,862,260	4,146,667	3,300,319	3,218,441	461,748	(296,470)	488,332	736,090	3,583,708	16,929,068
5.	1991	MAY	4,355,912	3,726,238	3,911,912	2,886,614	(266,045)	52,269	68,603	667,629	1,685,489	18,129,317
6.	1991	JUNE	3,447,389	3,744,755	3,062,108	2,844,212	66,116	68,595	0	667,629	848,401	17,348,660
7.	1991	JULY	2,913,190	2,989,595	2,769,012	1,690,704	80,269	64,155	1,787	665,891	444,013	17,892,198
8.	1991	AUGUST	2,060,226	4,036,192	2,711,884	1,626,774	74,636	59,557	142	665,749	728,130	17,734,676
9.	1991	SEPTEMBER	3,813,575	4,036,078	2,796,968	1,749,552	62,890	96,805	636,021	29,729	1,945,348	15,995,967
10.	1991	OCTOBER	4,667,021	3,857,827	2,780,389	2,161,715	73,709	81,050	50	29,679	530,103	15,930,744
11.	1991	NOVEMBER	3,287,757	3,797,976	2,039,002	2,191,832	56,865	120,359	0	51,580	408,667	16,108,268
12.	1991	DECEMBER	3,621,788	3,471,625	3,386,023	2,331,144	51,859	104,274	0	1,991,751	315,372	15,913,575
13.	Total for Year		43,808,419	44,761,673	39,203,033	27,602,956	934,295	711,600	1,194,935	8,632,270	18,972,658	213,350,359
14.	Monthly Average for Year		3,667,537	3,731,308	3,267,533	2,363,273	78,737	60,738	99,578	665,823	1,613,872	18,035,324

Line No.	Year	Month	ACCOUNT 1220.1500 Company Communications Equipment		ACCOUNT 1220.1800 Stock Held For Reuse		ACCOUNT 1220.1900 Other Material And Supplies		TOTAL ACCOUNT 1220.1000 Material And Supplies	
			Consumed	Balance	Consumed	Balance	Consumed	Balance	Consumed	Balance
15.	1991	JANUARY	1,425	1,212,676	0	2,405,189	845,411	8,642,040	11,077,197	41,894,080
16.	1991	FEBRUARY	20,913	1,192,963	52,003	2,957,559	619,511	8,572,068	10,324,851	40,102,974
17.	1991	MARCH	6,389	1,194,464	0	3,884,439	654,808	8,517,994	13,778,804	39,294,461
18.	1991	APRIL	2,256	1,208,437	0	4,169,219	717,770	8,438,039	12,416,393	38,549,491
19.	1991	MAY	286,367	969,021	0	4,721,575	730,531	8,647,860	10,772,769	39,800,523
20.	1991	JUNE	817	1,236,081	0	5,929,945	908,926	8,578,062	8,333,757	40,417,939
21.	1991	JULY	4,926	1,294,471	0	6,749,825	680,020	8,174,151	6,893,217	39,520,990
22.	1991	AUGUST	97,280	1,216,709	0	7,788,222	534,163	8,106,330	6,206,461	41,234,209
23.	1991	SEPTEMBER	41,939	1,205,141	139,777	8,035,268	3,728,825	4,894,773	13,165,343	36,043,313
24.	1991	OCTOBER	4,878	1,211,863	0	9,437,097	631,178	5,300,998	8,687,328	38,010,973
25.	1991	NOVEMBER	428,459	911,362	1,111,754	8,489,464	623,920	5,967,122	7,956,424	37,637,963
26.	1991	DECEMBER	34,548	888,517	585,442	7,904,023	735,067	6,481,000	8,370,099	39,085,909
27.	Total for Year		930,197	13,741,705	1,888,976	72,471,825	11,050,130	90,320,437	117,982,643	471,592,825
28.	Monthly Average for Year		85,039	1,158,418	133,021	5,767,312	941,338	7,636,767	9,886,655	39,418,963

Note: The calculation of "Monthly Average for Year" includes midnight entries not shown in this schedule.

Supporting Schedules: None

Recap schedules:

B-3a

Working Capital Materials and Supplies (M & S)
Test Year and Two Prior Years Monthly

Schedule B-6a

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Witness Responsible: W. S. Reid

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Check Whether Data Is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Year	Month	ACCOUNT 1220.1200 Plant Supplies		ACCOUNT 1220.1100 Plant Supplies		ACCOUNT 1220.1300 Motor Vehicle		ACCOUNT 1220.1400 Central Office, Origination		ACCOUNT 1220.1400 Central Office, Origination	
			Exempt		Non-Exempt		Supplies		Termination Eqpt. - New		Termination Eqpt. - Reuse	
			Consumed	Balance	Consumed	Balance	Consumed	Balance	Consumed	Balance	Consumed	Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	1990	JANUARY	4,295,898	3,534,616	3,907,205	2,203,685	63,681	50,374	0	4,381	5,321,479	29,317,805
2.	1990	FEBRUARY	3,230,382	3,928,606	3,564,745	1,270,818	55,236	26,959	0	6,014	8,868,600	25,049,406
3.	1990	MARCH	4,170,388	3,854,728	3,603,444	1,295,146	71,267	60,340	1,629	180,157	8,978,960	18,528,212
4.	1990	APRIL	3,707,683	3,728,692	3,750,697	1,561,591	61,817	28,257	0	180,157	5,809,695	14,046,049
5.	1990	MAY	3,947,980	3,928,591	4,158,459	1,934,612	64,606	61,888	1,633	451,831	2,217,060	12,650,770
6.	1990	JUNE	3,646,944	6,065,003	3,513,252	3,383,472	62,843	31,473	51,011	400,819	3,397,206	12,829,783
7.	1990	JULY	4,221,132	3,529,925	4,498,516	2,964,677	51,148	41,060	1,128,137	257,647	1,188,058	12,349,937
8.	1990	AUGUST	4,091,524	4,606,086	4,756,255	2,098,669	88,683	42,125	96,199	821,323	871,985	11,779,723
9.	1990	SEPTEMBER	3,566,138	4,135,135	3,921,161	2,240,211	66,032	90,038	88,867	732,456	1,095,766	13,387,627
10.	1990	OCTOBER	4,583,543	4,210,026	4,743,334	2,619,851	75,349	84,837	28,911	706,782	1,498,416	16,443,003
11.	1990	NOVEMBER	3,674,840	4,480,428	4,530,224	3,543,253	61,354	148,897	118,596	673,293	883,168	15,996,061
12.	1990	DECEMBER	4,025,838	3,499,660	3,400,754	3,843,786	72,957	138,782	0	706,968	1,102,985	22,060,632
13.	Total for Year		47,162,290	49,501,496	48,348,046	28,959,771	794,973	805,030	1,514,983	5,121,828	41,233,378	204,439,008
14.	Monthly Average for Year		3,936,618	3,936,618	4,085,209	2,337,464	65,252	62,881	126,248	397,504	3,450,588	17,290,284
Line No.	Year	Month	ACCOUNT 1220.1500 Company Communications		ACCOUNT 1220.1800 Stock Held For Reuse		ACCOUNT 1220.1900 Other Material		TOTAL ACCOUNT 1220.1000 Material And Supplies			
			Equipment				And Supplies					
			Consumed	Balance	Consumed	Balance	Consumed	Balance	Consumed	Balance	Consumed	Balance
15.	1990	JANUARY	1,189,758	2,412,545	0	0	819,978	9,384,795	15,597,999	46,908,201		
16.	1990	FEBRUARY	190,859	2,254,211	0	0	780,748	9,327,692	16,690,570	41,863,706		
17.	1990	MARCH	784,981	2,175,231	0	0	926,181	9,183,550	18,536,850	35,277,364		
18.	1990	APRIL	3,706	2,329,280	0	0	887,664	9,137,384	14,221,262	31,011,410		
19.	1990	MAY	46,376	2,294,447	0	0	718,715	9,142,142	11,154,829	30,464,281		
20.	1990	JUNE	60,035	2,248,448	0	0	111,138	9,123,340	10,842,429	34,082,338		
21.	1990	JULY	13,476	2,235,671	0	0	968,791	8,744,097	12,069,258	30,123,014		
22.	1990	AUGUST	108,178	2,223,109	0	0	773,712	8,543,424	10,786,536	30,114,459		
23.	1990	SEPTEMBER	842,878	1,381,702	0	0	685,644	8,155,518	10,266,486	30,122,687		
24.	1990	OCTOBER	80,553	1,342,138	0	0	696,165	9,394,442	11,706,271	34,801,079		
25.	1990	NOVEMBER	20,445	1,411,207	0	756,212	640,076	9,274,076	9,928,703	36,283,427		
26.	1990	DECEMBER	215,094	1,207,121	0	1,375,863	866,915	9,122,542	9,684,543	41,955,354		
27.	Total for Year		3,556,339	23,515,110	0	2,132,075	8,875,727	108,533,002	151,485,736	423,007,320		
28.	Monthly Average for Year		379,699	2,005,260	0	120,345	728,168	9,058,974	12,771,784	35,404,146		

Note: The calculation of "Monthly Average for Year" includes midnight entries not shown in this schedule.

Supporting Schedules: None

Recap schedules:

B-3a

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

14. Schedule B-6b-- A list of items comprising (80%) eighty percent of the total dollar amounts in the exempt, non-exempt material new and non-exempt other categories. For the test year and two prior years, indicate the average number of days needed to obtain delivery of these items after a purchase order has been approved. Indicate if a change in supply levels is anticipated that will affect delivery time and estimate this change. Describe the company policy and planning regarding procurement and stocking of M&S.

**Leadtime for Obtaining New
Materials and Supplies (M & S)**

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-6b

Page 1 of 1

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☒ or Year End ☐

Line No.	Year	Exempt M & S		Non-Exempt M & S (see note)			
		Material	Average Leadtime (Days)	New		Other	
				Material	Average Leadtime (Days)	Material	Average Leadtime (Days)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	1992	Miscellaneous Materials	1	Protectors/Stubs	3		
2.	1992	Block Connectors	10	Fiber/Copper Cable	5		
3.	1992			Concrete Pads 80C/80D	21		
4.	1992			12 & 18 Fiber Cable	28		
5.	1992			Cabinets Unequipped	35		
6.	1991	Miscellaneous Materials	1	Protectors/Stubs	3		
7.	1991	Block Connectors	10	Fiber/Copper Cable	5		
8.	1991			Concrete Pads 80C/80D	21		
9.	1991			12 & 18 Fiber Cable	28		
10.	1991			Cabinets Unequipped	35		
11.	1990	Miscellaneous Materials	1	Protectors/Stubs	3		
12.	1990	Block Connectors	10	Fiber/Copper Cable	5		
13.	1990			Concrete Pads 80C/80D	21		
14.	1990			12 & 18 Fiber Cable	28		
15.	1990			Cabinets Unequipped	35		

% of Total Dollars: Represents 80% of total dollar investment.

Note: No change in supply levels is anticipated that will affect delivery time. Southern Bell's policy is to maintain a minimal balance of non-exempt material. As a general rule, non-exempt material should not be ordered unless it can be placed within 40 days of receipt. Internal measurements monitor the amount of material over 40 days old. Exempt material stocking levels are kept at a 30 day supply level, controlled by minimum / maximum levels, established at each work location.

Supporting Schedules: None

Recap Schedules: None

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

15. Schedule B-6c-- A 12-month average balance of all current assets (including materials and supplies) current liabilities, noncurrent assets and other liability and deferred credits disaggregated by primary accounts on a booked and allocated basis, showing any related income or cost for the period. Show intrastate factor and amounts. Segregate between utility and non-utility amounts. When adding amounts to derive subtotals and totals in arriving at the working capital allowance, include only those items with no related income or cost and exclude amounts that are elsewhere included in rate base or capital structure. For accounts where partial inclusion in the working capital allowance computation is evident, show such amounts as a separate line item. Provide a detailed description of any allocation method, procedures or assumptions employed in developing this schedule.

Working Capital Allowance
Current Assets, Current Liabilities, and Deferred
Debits and Credits

FLORIDA PUBLIC SERVICE COMMISSION
Company SOUTHERN BELL - FLORIDA
Docket No. 920260-TL
Test Year-1 1992

Schedule B-6c
Page 1 of 6
Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Southern Bell Per Books	Florida Allocated	Associated Income or Cost	Non Utility Related	Utility Related	Associated Income or Cost	Working Capital
1	Current Assets							
2	1130	102,594,266	24,338,560		0	24,338,560		24,338,560
3	1140	639,075	151,608		0	151,608		151,608
4	1150	3,328,803	789,696		0	789,696		789,696
5	1180	33,065,790	7,851,354		0	7,851,354		7,851,354
6	1200	401,664	95,287		0	95,287		95,287
7	1201	0	0		0	0		0
8	1180	1,755,615,189	416,486,688		0	416,486,688		416,486,688
9	1181	(84,861,244)	(20,136,479)		0	(20,136,479)		(20,136,479)
10	1190	144,243,074	34,218,957		0	34,218,957		34,218,957
11	1191	0	0		0	0		0
12	1210	445,355	105,652	Accounts 7310, 7320, & 7360	105,652	0		0
13								
14	1220 (A)	269,927,171	53,939,826		0	53,939,826		0
15	1290	1,576,007	373,878		0	373,878		373,878
16	1300	21,814,382	5,175,052		0	5,175,052		5,175,052
17	1310	8,030,135	1,904,999		0	1,904,999		1,904,999
18	1320	0	0		0	0		0
19	1330	4,932,112	1,170,051		0	1,170,051		1,170,051
20	1350	2,249,765	533,715		0	533,715		533,715
21	TOTAL CURRENT ASSETS	2,264,011,544	526,996,844		105,652	526,893,192		472,953,366
22								
23	Noncurrent Assets							
24	1401 (B)	28,566,388	6,776,838		6,776,838	0		0
25	1402	2,163,888	513,342		513,342	0		0
26	1406	0	0		0	0		0
27	1407	0	0		0	0	Capital	0
28	1408	0	0		0	0		0
29	1410	3,823,155	906,972		0	906,972		906,972
30	1438	3,496,494	829,477		0	829,477		829,477
31	1439	340,030,456	80,665,831		0	80,665,831		80,665,831
32	TOTAL NONCURRENT	378,080,380	89,692,460		7,290,180	82,402,280		82,402,280
33								
34	Subtotal (Deb.)	2,642,091,924	616,691,304		7,395,832	609,295,472		555,355,646
35								

36 (A) Account 1220 is recorded on the books of Southern Bell-Florida rather than allocated. The working capital impact is shown on page 3 of this schedule.

37 (B) Account 1401 has been adjusted to remove \$131,978,717 investment in BBS.

Supporting Schedules: B-6d, B-3a, B-3b

Recap Schedules:

Working Capital Allowance
Current Assets, Current Liabilities, and Deferred
Debits and Credits

FLORIDA PUBLIC SERVICE COMMISSION
Company SOUTHERN BELL - FLORIDA
Docket No. 920260-TL
Test Year-1 1992

Schedule B-6c
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Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Southern Bell Per Books	Florida Allocated	Associated Income or Cost	Non Utility Related	Utility Related	Associated Income or Cost	Working Capital
38	Current Liab.							
39	4010	917,283,429	217,608,243		0	217,608,243		217,608,243
40	4020	643,710,706	152,708,259		0	152,708,259	Capital	0
41	4030	287,456,591	68,193,670		0	68,193,670		68,193,670
42	4040	120,611,092	55,049,768		0	55,049,768	Capital	0
43	4050	1,104	262		0	262	Capital	0
44	4060	11,891,271	2,820,981		0	2,820,981	Capital	0
45	4070	145,015,759	34,402,262		0	34,402,262		34,402,262
46	4080	230,015,743	54,566,909		0	54,566,909		54,566,909
47	4110	543,898	129,029		129,029	0		0
48	4130	48,656,634	11,068,409		0	11,068,409		11,068,409
49	4120.1	203,958,974	48,385,431		0	48,385,431		48,385,431
50	4120.2	138,645,356	32,891,003		0	32,891,003	Capital	0
51	4120.3/4/5/6/9	520,918,075	123,578,017		0	123,578,017		123,578,017
52	4120 TOTAL	863,522,406	204,854,451		0	204,854,451		171,963,448
53	TOTAL CURRENT	3,268,708,633	801,402,243		129,029	801,273,214		557,802,941
54								
55								
56	Other Liability and							
57	Deferred Credits 1							
58	4310	434,257,783	103,019,492		0	103,019,492		103,019,492
59	4320	647,295,981	167,311,425		0	167,311,425	Capital	0
60	4330	0	0		0	0		0
61	4100/4340	3,730,232,236	923,608,516		0	923,608,516	Capital	0
62	4350	(2,036,349)	(483,086)		(483,086)	0		0
63	4360	98,399,934	23,343,534		0	23,343,534		23,343,534
64	TOTAL OTHER LIAB	4,908,149,586	1,216,799,881		(483,086)	1,217,262,967		126,363,026
65								
66								
67	Subtotal (Credits)	8,174,858,219	2,018,202,124		(354,057)	2,018,556,181		684,165,967
68								
69	Total Per Book	(5,532,766,295)	(1,401,510,820)		7,749,869	(1,409,260,709)		(128,810,321)
70								
71								
72								
73								

Supporting Schedules: B-6d, B-3a, B-3b

Recap Schedules:

Working Capital Allowance
Current Assets, Current Liabilities, and Deferred
Debits and Credits

FLORIDA PUBLIC SERVICE COMMISSION
Company SOUTHERN BELL - FLORIDA
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Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Line No.	Description	Southern Bell Per Books	Florida Allocated	Associated Income or Cost	Non Utility Related	Utility Related	Associated Income or Cost	Working Capital
74	Adjustment for amounts excluded							
75	from working capital:							
76								
77	FCC RDA Applicable to Florida (1439)							(1,422,080)
78	Other							(3,207,830)
79								
80	Adjusted total							(133,440,231)
81								
82	Intrastate Factor							74.023734%
83								
84	Intrastate Amount excluding							
85	Materials & Supplies							(98,777,443)
86								
87	Adjustment for Florida-specific amounts							
88	excluded from working capital:							1,112,990
89								
90	Intrastate Materials & Supplies							39,277,610
91								
92	Intrastate Amount including							
93	Materials & Supplies							(58,386,843)

Note:

The allocations are made on the ratio of Florida Net Plant
plus Materials and Supplies, less Accumulated Deferred
Income Taxes and Unamortized Investment Tax Credit.

Supporting Schedules: B-6d, B-3a, B-3b

Recap Schedules:

Working Capital Allowance
Current Assets, Current Liabilities, and Deferred
Debits and Credits

FLORIDA PUBLIC SERVICE COMMISSION
Company SOUTHERN BELL - FLORIDA
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Check Whether Data Is:
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Average ☒ or Year End ☐

Line No.	Description		Detail of Non Current Assets	
	Account	Subsidiary Record Category	Sub-account Detail	Account Total
90	1401	1400	28,514,966	
91		1990	35,726	
92		4900	15,235	
93		4100	458	28,566,388
94				
95	1402	1000	124,514	
96		2000	136	
97		3000	1,718,825	
98		4000	227,627	
99		5000	92,787	2,163,888
100				
101	1407	1100	130,372,173	
102		1200	56,980,243	
103		1300	2,210,888	
104		2200	1,615,121	191,158,424
105				
106	1408	0		0
107				
108	1410	9000	3,823,155	3,823,155
109				
110	1438	0		3,496,494
111				
112	1439	1000	15,966,691	
113		2000	175,432	
114		3100	31,860	
115		3200	(505,023)	
116		3300	(13,747)	
117		8100	69,954,501	
118		8200	(59,376,537)	
119		9100	9,394,893	
120		9210	89,561,027	
121		9220	(49,087,843)	
122		9400	3,416,368	
123		9700	150,379,460	
124		9800	4,020,847	
125		9900	100,340,730	
126		Clearing accounts	5,771,797	340,030,456
127				
128				
129				
130				
131	Total Non-current Assets			569,238,804
132				

133 Supporting Schedules: B-6d, B-3a, B-3b

Recap Schedules:

Working Capital Allowance
Current Assets, Current Liabilities, and Deferred
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FLORIDA PUBLIC SERVICE COMMISSION
Company SOUTHERN BELL - FLORIDA
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Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Description			Detail of Other Liabilities and Deferred Credits	
Line No.	Account	Subsidiary Record Category	Sub-account Detail	Account Total
134	4100	1100	(5,476,784)	
135		1200	6,388,722	
136		1900	(14,157,728)	
137		2100	(1,325,122)	
138		2200	840,641	
139		2900	(4,208,169)	(17,938,440)
140				
141	4310	1000	337,996,735	
142		3000	49,206,039	
143		8000	39,530,138	
144		9000	8,124,870	434,257,783
145				
146				
147	4320	1000	645,135,711	
148		2000	2,102,356	
149		3000	57,914	647,295,981
150				
151	4330	0		0
152				
153				
154				
155				
156				
157				
158				
159				
160				
161				
162				
163				
164				
165				
166				
167				

168 Supporting Schedules: B-6d, B-3a, B-3b

Recap Schedules:

Working Capital Allowance
Current Assets, Current Liabilities, and Deferred
Debits and Credits

FLORIDA PUBLIC SERVICE COMMISSION
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Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Description			Detail of Other Liabilities and Deferred Credits	
Line No.	Account	Subsidiary Record Category	Sub-account Detail	Account Total
169	4340	1111	3,631,792,638	
170		1112	13,549,923	
171		1113	247,875	
172		1121	(59,964,542)	
173		1122	(194,901)	
174		1211	404,994,912	
175		1212	1,273,787	
176		1213	15,406	
177		1221	(11,448,994)	
178		2110	(28,060,043)	
179		2120	69,485,053	
180		2140	4,415,222	
181		2150	753	
182		2190	(209,156,516)	
183		2210	(5,455,429)	
184		2220	8,207,012	
185		2240	266,548	
186		2250	(1,857)	
187		2290	(71,776,169)	3,748,170,679
188				
189	4350	1100	0	
190		2100	(1,731,668)	
191		2200	(304,682)	(2,036,349)
192				
193	4360	0	18,247	
194		1000	1,274,571	
195		2000	175,174	
196		3100	5,123,712	
197		3200	3,080,986	
198		4000	0	
199		9600	28,200,452	
200		9900	47,719,271	
201		Clearing accounts	12,807,520	98,399,934
202				
203	Total Liabilities and			
204	Other Deferred Credits			4,908,149,586
205				
206	Supporting Schedules: B-6d, B-3a, B-3b			Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

16. Schedule B-6d-- A 14-month analysis of the working capital amounts shown on Schedule B-6c using the test year and one month immediately preceding and following the test year.

Working Capital Allowance
Current Assets, Current Liabilities and Deferred
Debits and Credits

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph
Docket No. 920260-TL
Test Year-1 1992

Schedule B-6d
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Witness Responsible W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Dec 1991	Jan 1992	Feb 1992	Mar 1992	Apr 1992	May 1992	Jun 1992
1	Per Book Amounts							
2	-----							
3	Current Assets:							
4	1130	87,808,174	119,323,980	93,951,871	149,431,913	98,142,945	103,993,737	93,894,655
4a	1130 (BBS)	0	0	0	0	166,444	166,444	546,095
5	1140	671,804	640,085	648,483	644,376	646,856	643,772	665,429
6	1150	2,068,041	2,251,408	2,270,888	2,142,191	2,081,397	2,082,962	2,013,525
7	1160	32,547,482	0	0	0	0	0	0
8	1200	530,436	529,814	267,409	266,940	265,981	264,894	264,312
9	1201	0	0	0	0	0	0	0
10	1180	1,757,757,038	1,734,779,078	1,751,376,998	1,724,628,671	1,748,040,681	1,787,544,629	1,762,437,017
11	1181	(81,935,263)	(82,017,116)	(87,186,019)	(80,334,929)	(82,836,885)	(83,028,036)	(82,790,545)
12	1190	126,156,273	123,198,582	138,526,492	107,263,485	129,772,395	142,559,193	142,524,811
13	1191	0	0	0	0	0	0	0
14	1290	1,531,970	1,947,408	1,991,338	1,848,172	1,714,298	1,445,576	1,245,733
15	1300	22,412,446	17,317,280	27,052,484	29,202,907	25,338,705	21,709,925	15,098,399
16	1310	7,276,719	7,585,446	5,894,871	3,998,879	2,225,105	10,686,955	10,824,974
17	1320	0	0	0	0	0	0	0
18	1330	5,686,657	5,897,310	4,612,604	4,443,820	4,861,742	4,788,023	4,402,576
19	1350	5,396	1,705	3,035	3,308	1,600	1,764	978
20	Total Current Assets (Less BBS)	1,962,517,173	1,931,454,980	1,939,410,453	1,943,539,733	1,930,254,818	1,992,693,392	1,950,381,864
21								
22	Noncurrent Assets:							
23	1406	0	0	0	0	0	0	0
24	1407	0	0	0	0	0	0	0
25	1408	0	0	0	0	0	0	0
26	1410	4,351,178	3,768,889	3,767,245	3,765,601	3,763,957	3,762,313	3,760,669
27	1438	(12)	(12)	(6)	(6)	(6)	(6)	(6)
28	1439	403,995,768	427,615,382	402,198,676	340,612,432	330,909,658	318,800,071	284,501,330
29	Total Noncurrent Assets	408,346,933	431,384,259	405,965,914	344,378,027	334,673,609	322,562,378	288,261,993
30								
31	Subtotal (Deb.)	2,370,864,106	2,362,839,239	2,345,376,367	2,287,917,760	2,264,928,427	2,315,255,770	2,238,643,857

Supporting Schedules:

Recap Schedule: B-6c

Working Capital Allowance
Current Assets, Current Liabilities and Deferred
Debits and Credits

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph
Docket No. 920260-TL
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Witness Responsible W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Jul 1992	Aug 1992	Sep 1992	Oct 1992	Nov 1992	Dec 1992	Jan 1993*
1	Per Book Amounts							
2	-----							
3	Current Assets:							
4	1130	80,115,418	87,536,014	81,408,293	99,306,470	122,214,710	116,214,205	115,649,197
4a	1130 (BBS)	0	13,300,000	13,300,000	0	3,562,000	3,562,000	xxxxxxx
5	1140	645,637	659,281	627,721	624,206	590,300	593,698	589,711
6	1150	2,070,431	5,519,643	5,419,493	5,911,977	5,751,272	2,792,852	2,949,832
7	1160	245,770,833	0	45,034,968	45,034,968	45,034,968	0	0
8	1200	263,377	262,480	320,599	337,950	336,397	2,349,205	2,077,354
9	1201	0	0	0	0	0	0	0
10	1180	1,724,841,569	1,770,380,286	1,765,607,822	1,738,308,572	1,781,762,218	1,757,592,420	1,948,214,574
11	1181	(87,893,915)	(85,040,449)	(87,578,606)	(90,131,756)	(87,648,003)	(82,242,068)	(84,316,808)
12	1190	131,409,229	147,213,167	158,117,391	163,479,905	177,586,519	212,375,163	198,132,486
13	1191	0	0	0	0	0	0	0
14	1290	1,820,534	1,653,738	1,424,553	1,230,420	1,064,329	1,519,993	1,357,364
15	1300	12,715,402	11,102,545	26,465,609	25,215,454	29,308,917	20,077,471	27,950,806
16	1310	8,114,991	6,062,472	14,363,474	10,551,682	8,584,344	7,660,136	5,971,049
17	1320	0	0	0	0	0	0	0
18	1330	4,095,375	3,650,026	4,277,500	4,156,408	5,804,496	10,704,264	9,120,643
19	1350	1,142	1,307	1,471	13,991,935	11,369,295	3,231,843	2,698,374
20	Total Current Assets (Less BBS)	2,123,970,023	1,949,000,508	2,035,490,288	2,018,018,190	2,101,759,762	2,052,869,166	2,230,594,581
21								
22	Noncurrent Assets:							
23	1406	0	0	0	0	0	0	0
24	1407	0	0	0	0	0	0	0
25	1408	0	0	0	0	0	0	0
26	1410	3,759,025	3,757,381	4,265,562	4,053,749	4,051,902	2,451,950	3,172,357
27	1438	(6)	(6)	(6)	15,495,524	26,462,471	(6)	(6)
28	1439	314,710,328	345,910,371	285,099,241	371,921,604	309,318,748	293,539,495	345,061,875
29	Total Noncurrent Assets	318,469,347	349,667,746	289,364,796	391,470,878	339,833,121	295,991,439	348,234,226
30								
31	Subtotal (Deb.)	2,442,439,370	2,298,668,255	2,324,855,084	2,409,489,068	2,441,592,883	2,348,860,625	2,578,828,807

* Per book amounts for January 1993 are actual.

Working Capital Allowance
Current Assets, Current Liabilities and Deferred
Debits and Credits

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph
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Witness Responsible W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Dec 1991	Jan 1992	Feb 1992	Mar 1992	Apr 1992	May 1992	Jun 1992
32	Current Liab.:							
33	4010	(991,524,745)	(934,964,686)	(977,823,359)	(886,286,541)	(880,964,500)	(830,666,406)	(797,462,821)
34	4030	(282,934,805)	(285,595,772)	(286,033,276)	(286,578,745)	(286,922,924)	(286,896,611)	(286,035,541)
35	4070	(105,866,956)	(200,388,980)	(251,664,484)	(308,245,524)	(135,880,375)	(222,249,456)	(1,178,866)
36	4080	(197,523,441)	(123,212,916)	(128,693,177)	(162,108,660)	(169,510,717)	(200,416,066)	(238,924,880)
37	4120.1	(194,435,906)	(227,780,338)	(221,942,488)	(185,083,722)	(196,383,263)	(194,044,008)	(203,832,521)
38	4120.3/4/5/6/7/9	(534,947,327)	(567,675,111)	(451,388,445)	(440,114,444)	(399,350,332)	(458,374,705)	(494,539,580)
39	4130	(43,683,663)	(26,860,946)	(134,397,931)	(32,921,887)	(33,339,353)	(53,925,114)	(44,097,781)
40	Total Current Liab.	(2,350,916,843)	(2,366,478,750)	(2,451,943,160)	(2,301,339,524)	(2,102,351,484)	(2,246,572,366)	(2,066,071,990)
41								
42	Other Liability and							
43	Deferred Credits:							
44	4310	(386,085,099)	(387,303,987)	(400,808,503)	(420,221,953)	(511,628,170)	(455,506,472)	(397,024,109)
45	4380	(98,240,254)	(94,989,446)	(73,836,096)	(85,639,843)	(86,793,117)	(87,212,981)	(101,497,825)
46	Total Other Liability							
47	& Deferred Credits	(484,325,353)	(482,293,433)	(474,644,599)	(505,861,796)	(598,421,286)	(542,719,453)	(498,521,934)
48								
49	Subtotal (Cred.)	(2,835,242,197)	(2,848,772,183)	(2,926,587,760)	(2,807,201,321)	(2,700,772,750)	(2,789,291,818)	(2,564,593,924)
50								
51								
52	Total Per Book	(464,378,091)	(485,932,944)	(581,211,392)	(519,283,561)	(435,844,323)	(474,036,048)	(325,950,067)
53								
54	Allocated Amounts							
55	-----							
56								
57	Current Assets	485,570,294	458,201,372	460,088,659	461,068,253	457,916,657	472,729,034	462,691,420
58	Non Current Assets	96,872,631	102,337,803	96,307,779	81,697,211	79,395,020	76,521,858	68,384,737
59	Subtotal (Debits)	582,442,924	560,539,176	556,396,438	542,765,464	537,311,677	549,250,893	531,076,157
60								
61	Current Liabilities	(557,710,811)	(561,402,581)	(581,677,405)	(545,949,525)	(498,743,349)	(532,957,046)	(490,136,726)
62	Other Liabilities							
63	& Deferred Credits	(114,897,082)	(114,415,047)	(112,600,505)	(120,006,198)	(141,964,197)	(128,749,984)	(118,264,954)
64								
65	Subtotal (Cred.)	(672,607,894)	(675,817,628)	(694,277,911)	(665,955,723)	(640,707,546)	(661,707,030)	(608,401,681)

Working Capital Allowance
Current Assets, Current Liabilities and Deferred
Debits and Credits

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph
Docket No. 920260-TL
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Schedule B-6d
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Witness Responsible W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Jul 1992	Aug 1992	Sep 1992	Oct 1992	Nov 1992	Dec 1992	Jan 1993*
32	Current Liab.:							
33	4010	(778,352,538)	(819,542,459)	(908,995,925)	(1,058,076,934)	(1,091,378,713)	(1,094,245,601)	(1,011,365,578)
34	4030	(289,009,236)	(287,805,404)	(289,827,529)	(290,299,112)	(288,919,918)	(288,575,241)	(449,302,828)
35	4070	(50,567,132)	(104,867,181)	(43,653,195)	(125,758,989)	(206,033,444)	(73,536,007)	(147,298,488)
36	4080	(268,432,763)	(292,322,130)	(330,462,217)	(362,149,730)	(293,389,933)	(183,608,017)	(133,881,189)
37	4120.1	(239,023,067)	(218,350,108)	(181,047,292)	(192,414,566)	(187,425,673)	(205,925,390)	(227,335,567)
38	4120.3/4/5/6/7/9	(533,220,643)	(557,577,514)	(595,305,053)	(579,689,102)	(597,702,069)	(617,212,479)	(616,754,461)
39	4130	(27,035,294)	(38,647,766)	(33,673,780)	(56,209,446)	(47,789,101)	(18,278,752)	(43,493,538)
40	Total Current Liab.	(2,185,640,673)	(2,319,112,561)	(2,382,764,991)	(2,664,597,879)	(2,712,638,851)	(2,481,381,687)	(2,629,431,649)
41								
42	Other Liability and							
43	Deferred Credits:							
44	4310	(411,538,741)	(426,128,823)	(440,683,142)	(455,238,993)	(469,421,633)	(485,092,635)	(497,155,824)
45	4360	(114,768,309)	(99,168,276)	(91,903,756)	(94,506,763)	(84,306,633)	(234,112,066)	(224,726,878)
46	Total Other Liability							
47	& Deferred Credits	(526,307,050)	(525,297,098)	(532,586,898)	(549,745,756)	(553,728,266)	(719,204,702)	(721,882,701)
48								
49	Subtotal (Cred.)	(2,711,947,723)	(2,844,409,659)	(2,915,351,889)	(3,214,343,636)	(3,266,367,117)	(3,200,586,388)	(3,351,314,351)
50								
51								
52	Total Per Book	(269,508,353)	(545,741,404)	(590,496,805)	(804,854,568)	(824,774,234)	(851,725,763)	(772,485,544)
53								
54	Allocated Amounts							
55	-----							
56								
57	Current Assets	503,871,946	482,363,719	482,881,793	478,736,866	498,602,979	487,004,610	456,850,693
58	Non Current Assets	75,550,864	82,952,097	68,646,356	92,869,104	80,619,017	70,218,403	111,675,382
59	Subtotal (Debits)	579,422,810	545,315,816	551,528,149	571,605,970	579,221,997	557,223,012	568,526,075
60								
61	Current Liabilities	(518,502,148)	(550,165,843)	(565,266,186)	(632,125,738)	(643,522,555)	(588,661,142)	(623,783,212)
62	Other Liabilities							
63	& Deferred Credits	(124,856,450)	(124,616,858)	(126,346,226)	(130,416,843)	(131,361,618)	(170,617,791)	(171,253,096)
64								
65	Subtotal (Cred.)	(643,358,598)	(674,782,702)	(691,612,412)	(762,542,581)	(774,884,173)	(759,278,933)	(795,036,307)
* Per book amounts for January 1993 are actual.								

Supporting Schedules:

Recap Schedule: B-6c

Working Capital Allowance
Current Assets, Current Liabilities and Deferred
Debits and Credits

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph
Docket No. 920280-TL
Test Year-1 1992

Schedule B-6d
Page 5 of 6
Witness Responsible W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Dec 1991	Jan 1992	Feb 1992	Mar 1992	Apr 1992	May 1992	Jun 1992
66	Total allocated							
67	before adjustment	(110,184,969)	(115,278,453)	(137,881,473)	(123,190,260)	(103,395,869)	(112,456,138)	(77,325,524)
68								
69	Adjustment for amounts							
70	excluded from working							
71	capital:							
72	4310	1,862,397	1,684,710	1,709,633	1,608,352	1,503,889	2,023,321	2,025,075
73	4360	(2,394,177)	(1,513,050)	(1,844,536)	(9,982,840)	(10,333,498)	(10,736,177)	(11,105,748)
74	1439 RDA Adjustment	(5,688,322)	(4,740,268)	(3,792,215)	(2,844,181)	(1,896,107)	(948,054)	0
	4010							
75								
76								
77	Total Working Capital							
78	excluding Materials & Supplies	(116,585,072)	(119,847,081)	(141,808,591)	(134,408,918)	(114,121,585)	(122,117,047)	(86,406,197)

Supporting Schedules:

Recap Schedule: B-6c

Working Capital Allowance
Current Assets, Current Liabilities and Deferred
Debits and Credits

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph
Docket No. 920260-TL
Test Year-1 1992

Schedule B-6d
Page 6 of 6
Witness Responsible W. S. Reid

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description	Jul 1992	Aug 1992	Sep 1992	Oct 1992	Nov 1992	Dec 1992	Jan 1993*
66	Total allocated							
67	before adjustment	(63,935,789)	(129,466,885)	(140,084,263)	(190,936,611)	(195,662,177)	(202,055,920)	(226,510,232)
68								
69	Adjustment for amounts							
70	excluded from working							
71	capital:							
72	4310	2,049,998	2,092,820	2,127,158	2,161,859	2,108,023	2,407,273	2,439,546
73	4360	(11,359,694)	(11,690,263)	(350,214)	(568,392)	(921,523)	22,778,214	21,325,781
74	1439 RDA Adjustment	0	0	0	0	0	0	(14,794,481)
	4010 Net 1350			3,943,603	(3,584,269)	(2,059,476)	580,880	586,063
75								
76								
77	Total Work. Capital							
78	excluding Materials & Supplies	(73,245,485)	(139,064,328)	(134,363,716)	(192,927,413)	(196,535,153)	(176,289,553)	(217,539,387)

* Per book amounts for January 1993 are actual.

Supporting Schedules:

Recap Schedule: B-6c

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

17. Schedule B-7a-- Property held for future use, by item and amount for the test year. Provide the total amount for each column on the schedule and subtotals for each account involved, together with:
- a. Brief description of location.
 - b. Date of acquisition or anticipated date of acquisition.
 - c. Reason for purchase, and, intended use.
 - d. Description of current use of property.
 - e. Cost, including all expenditures, as of the end of the test year.
 - f. Average 12-month balance for the test year.
 - g. Estimated current value of property acquired at least two years prior to the start of the test year (explain methodology used in determining current value).
 - h. Commencement date for construction.
 - i. Anticipated date for placement in service (or date placed in service if closed within the test year).
 - j. Cost of improvements (e.g., fence, fill, rezoning, etc.)
 - k. Rental or other income from property held for future use and the accounts where recorded.

Property Held for Future Use

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-7a

Page 1 of 1

Witness Responsible: W. S. Reid

Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Line No.	Description & Location of Property (1)	Date of Acquisition (2)	Intended Use (3)	Current Use (4)	Cost (5)	Test Year Average Cost (6)	Est. Current Market Value (7)	Construc- tion Commence- ment Date (8)	In Service Date (9)	Other Disposition (see note) (10)	Cost of Improve- ments (11)	Rental Income (12)
1.	LAND - Palm Beach (E0257)	APR 1991	SLC-96	None	26,340	26,340	NA				0	0
2.	LAND - Loxahatchee (E1676)	APR 1991	SLC-96	None	24,226	24,226	NA				0	0
3.	LAND - FT. Pierce (E7212)	SEP 1991	Parking	None	17,550	17,550	NA				0	0
4.	LAND - FT. Pierce (E7213)	SEP 1991	Parking	None	45,044	45,044	NA				0	0
5.	LAND - FT. Pierce (E7214)	OCT 1991	Parking	None	56,633	56,633	NA				0	0
6.	LAND - Cocoa (33615)	MAR 1991	CO	None	65,788	65,788	NA				0	0
7.												
8.												
9.												
10.												
11.												
12.												
13.												
14.												
15.												
16.	TOTAL SRC 2002						<u>235,581</u>					

Note: Other Disposition means a change in plans - anticipated use not within two years.

Supporting Schedules: None

Recap Schedules: None

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

18. Schedule B-7b-- A five-year analysis (ending with the test year) of abandoned construction projects in excess of \$25,000 showing:

- a. Date of work authorization
- b. Date of abandonment
- c. Description of property
- d. Reason for initiation of work
- e. Reason for abandonment
- f. Costs incurred while an active project
- g. Cost of removal and/or salvage

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-7b

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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☐ or Year End ☒

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	June 1987	June 1988	Brooksville Jefferson Electronic Switching System Brooksville	1a	1b	\$64,288	\$0
1a.	Provided for the installation of One Seven Foot M1C Shelf equipped with 30 Muldems in the Brooksville Central Office.						
1b.	Prior to this installation it was determined that existing Project NF36576 would provide the required multiplexers for this area and therefore this addition would not be needed.						
2.	December 1987	June 1988	West Palm Beach Airport Southeast Area Wide	2a	2b	\$29,808	\$0
2a.	To provide a Remote Switching Center (RSC) to service customers at the West Palm Beach Airport.						
2b.	Cancelled due to a change in plan to delete the West Palm Beach Airport's Remote Switching Center (RSC) from the Palm Beach net undertaking.						

Supporting Schedules: None

Recap Schedules: None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-7b

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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	September 1987	October 1988	Airport Remote Switching Center (RSC) West Palm Beach	1a	1b	\$63,742	\$0
1a.	To provide for the initial Power Plant Equipment for the West Palm Beach Airport Area No. E3211.						
1b.	Due to a change in plan, the project was cancelled in its entirety.						
2.	August 1986	November 1988	Central Office Royal Palm Beach	2a	2b	\$567,179	\$0
2a.	To provide the initial Royal Palm No.5 Electronic Switching System (5ESS).						
2b.	Due to a change in plan, this project was cancelled in its entirety. The materials were subsequently transferred to Project BHEA046601 to be reused on this new undertaking.						

Supporting Schedules: None

Recap Schedules:

None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
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Test Year -1 1992

Schedule B-7b

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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☐ or Year End ☒

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	November 1987	November 1988	Mondarn Lemonwood Central Offices Jacksonville	1a	1b	\$29,330	\$0
1a.	To provide for a building addition using a concrete module system, water and sewer services-Rec RR 30x20 Addn EB Gef & BR						
1b.	Due to city requirements on drainage, the present design could not be incorporated on the existing site. It is not cost effective to proceed with this plan, therefore, the work is being abandoned and a new design is being studied.						
2.	May 1987	January 1989	Quadrangle Central Office Orlando	2a	2b	\$34,098	\$0
2a.	To provide for the addition of No. 5 Remote Switching Module (RSM) Power Plant equipment in the proposed Orlando, Florida, Quadrangle Central Office.						
2b.	Due to a change in plan, canceling the purchase of a new Switching System and eliminating the construction of a new building.						

Supporting Schedules: None

Recap Schedules: None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
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Schedule B-7b

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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	December 1982	January 1989	Subscriber Loop Carrier SLC-96 Brooksville	1a	1b	\$43,429	\$0
1a.	Provided for the installation of one SLC-96 Maxi-Hut e/w six SLC-96 remote terminals for the Brooksville serving area.						
1b.	Due to a change in plan, it was determined that this equipment would be used on Project NF13557 in the Melbourne area.						
2.	October 1987	February 1989	MCCLURE DMS-100 Central Office Gulf Breeze	2a	2b	\$75,098	\$0
2a.	Provided to add Digital Mutiplex System, DMS-100 switching equipment for growth and to replace and retire digital carrier equipment.						
2b.	Due to a change in plan, TEO NF16432 is cancelled, TEO NF16432001 was allowed to complete and service.						

Supporting Schedules: None

Recap Schedules:

None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
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Schedule B-7b

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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	December 1986	March 1989	Deland Main Central Office Deland	1a	1b	\$25,069	\$0
1a.	Provided for the addition of two Subscriber Loop Carrier SLC-96 Central Office Terminal Bay equipment.						
1b.	Due to a change in plan, the project was cancelled. All available material was transferred to various projects.						
2.	May 1987	May 1989	Remote Switching Center Brickell Avenue Building, Miami	2a	2b	\$26,884	\$0
2a.	To provide a new Power Plant to support the proposed Remote Switching Center.						
2b.	Due to a change in plan, the Switching Project to supply power, was cancelled. The material will be reused in project JEA2425.						

Supporting Schedules: None

Recap Schedules: None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
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Schedule B-7b

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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☐ or Year End ☒

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	April 1987	November 1989	Warrington Central Office Pensacola	1a	1b	\$43,470	\$0
1a.	Provided to add SB-5285/LAS local toll alarm systems.						
1b.	Due to a change in plan, this local alarm system is no longer economical to install and is being replaced by a newer product recommended by the Florida Alarm Committee.						
2.	April 1989	November 1989	Magnolia Central Office Orlando	2a	2b	\$357,541	\$0
2a.	Provided to add Digital Carrier Trunk Frames and a Trunk Link Network Frame.						
2b.	Due to a change in plan, as described in the Network Engineering Traffic Order. The material will subsequently be used on other authorities.						

Supporting Schedules: None

Recap Schedules: None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	November 1988	November 1989	Southside Boulevard Central Office Jacksonville	1a	1b	\$98,197	\$0
1a.	To provide for an Initial Number Five Electronic Switching System.						
1b.	Due to a change in plan, this project was cancelled.						
2.	August 1988	November 1989	Southside Boulevard Central Office Jacksonville	2a	2b	\$107,054	\$0
2a.	Provided to install circuit equipment.						
2b.	The project was cancelled when American Express did not purchase Southern Bell service and removed the trigger for the new office. The Lightguide Distribution System, LGX, that is now in place will be retained.						

Supporting Schedules: None

Recap Schedules: None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	August 1988	November 1989	Central Office Perrine	1a	1b	\$27,080	\$0
1a.	Provided to add a new No.5 Electronic Switching System (SESS) switch.						
1b.	Cancelled due to a change in plan.						
2.	December 1986	November 1989	Miami International Medical Center Miami	2a	2b	\$103,504	\$0
2a.	Provided for an addition of a new Remote Switching Center (RSC).						
2b.	Cancelled due to a change in plan.						

Supporting Schedules: None

Recap Schedules: None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☐ or Year End ☒

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	June 1988	January 1990	Southside Remote Switching Module (RSM) Office Jacksonville	1a	1b	\$50,683	\$0
1a.	To provide a new Power Plant to support the proposed Jacksonville Southside Boulevard No.5 Electronic Switching System (5ESS), Remote Switching Module (RSM) Office.						
1b.	The Switching Project NF13176 was cancelled due to a change in plan. The material was transferred to Authority V2273 for reuse.						
2.	May 1988	June 1990	Southside Central Office Jacksonville	2a	2b	\$32,086	\$0
2a.	Provided for a Main Distributing Frame in the Jacksonville Southside Boulevard Central Office.						
2b.	Due to a change in plan, this project was cancelled in its entirety.						

Supporting Schedules: None

Recap Schedules: None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	September 1990	July 1991	Subscriber Carrier Plug-ins North Florida Area	1a	1b	\$54,905	\$0
1a.	Provides for Subscriber Carrier type plug-ins, tools and test equipment to meet the service requirements of various locations in the North Florida Area.						
1b.	Partially cancelled due to the Loop Electronic Inventory Module (LEIM) Conversion.						
2.	October 1990	September 1991	Deerfield Beach Main Central Office Deerfield Beach	2a	2b	\$68,616	\$0
2a.	Addition of Number 1A Electronic Switching System (ESS) equipment to provide additional trunk capacity to meet anticipated demand.						
2b.	Partial abandonment due to a change in plan.						

Supporting Schedules: None

Recap Schedules: None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
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Schedule B-7b

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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☐ or Year End ☒

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	February 1990	December 1991	Miami-Grande Central Office Miami	1a	1b	\$168,923	\$0
1a.	Replacement of the two Grande 1A Electronic Switching System (1AESS) Switches with growth into the Grande Digital Multiplex System (DMS-100).						
1b.	Partial abandonment due to economic considerations, the Northern Telecom Digital Multiplex System (DMS-100) growth extension was cancelled in favor of the replacement of the two 1A Electronic Switching System (1AESS) with the AT&T No.5 Electronic Switching System Switch.						
2.	August 1990	January 1992	Miami-Metro Central Office Miami	2a	2b	\$41,394	\$0
2a.	Provided for the addition of circuit equipment, AT&T DACS II Frame and DSX1 Panels for the Metro Central Office. The equipment was necessary to provide office relief.						
2b.	Cancelled due to a change in plan.						

Supporting Schedules: None

Recap Schedules: None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

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Test Year -1 1992

Schedule B-7b

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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☐ or Year End ☒

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	March 1989	February 1992	Magnolia Central Office Orlando	1a	1b	\$136,175	\$0
1a.	To add Digital Carrier Trunk Frames and a Trunk Link Network Frame in the Orlando-Magnolia 1A Electronic Switching System Central Office. The equipment was required to provide for growth through the 1991 busy season.						
1b.	Cancelled due to a change in the trunk forecast. The anticipated growth did not materialize in the area served by this central office and the equipment was no longer required.						
2.	February 1991	April 1992	Ormond Beach Area Outside Plant Daytona	2a	2b	\$30,843	\$0
2a.	To provide for the engineering in connection with the road widening project for State Road 40 in the Ormond Beach area, as requested by the Department of Transportation.						
2b.	Due to a change in plans, a portion of the engineering was cancelled.						

Supporting Schedules: None

Recap Schedules: None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
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Schedule B-7b

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Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	December 1990	July 1992	Belmont Area Outside Plant Pensacola	1a	1b	\$39,294	\$0
1a.	REHAB project to provide for the rehabilitation of existing outside plant cable in the Belmont Florida area in Pensacola.						
1b.	The project did not prove economical to replace the existing cable.						
2.	April 1989	July 1992	Florida Minicomputer Operation Center Jacksonville	2a	2b	\$37,215	\$0
2a.	Provided for the addition and installation of Tellabs/Telemark hardware and software for the FLEXSERV system in the Jacksonville Florida Mini-computer Maintenance Operation Center consisting in general of, DEC Microvax 3600 minicomputer systems and Decserver 200 Network Terminal Switches.						
2b.	Cancelled due to major vendor design flaws which rendered this project unserviceable.						

Supporting Schedules: None

Recap Schedules: None

Five Year Analysis
Abandoned Projects Exceeding \$25000

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule B-7b

Page 14 of 14

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☐ or Year End ☒

Line No.	Date of Work Authorization (1)	Date of Abandonment (2)	Description of Property (3)	Reason For Initiating Work (4)	Reason For Abandonment (5)	Costs While Active (6)	Net Salvage (7)
1.	July 1990	December 1992	Naranja Central Office Area Homestead	1a	1b	\$43,940	\$0
1a.	To provide for the placement of aerial and underground cable and the retirement of buried and aerial cable in the eastern portion of the Naranja Central Office area. The work is necessary to relocate existing aerial plant facilities to an underground manhole system as requested by the Homestead Air Force Base.						
1b.	Cancelled due to the degree of devastation caused by Hurrigan Andrew in the Homestead Air Force Base, the estimate can not be worked as engineered.						

Supporting Schedules: None

Recap Schedules: None

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

19. Schedule B-8a-- A list for the test year of the 20 largest short term telephone plant under construction projects showing:

- a. Project number and description
- b. Project approval date
- c. Budget amount
- d. Initial construction date
- e. Estimated completion date
- f. Percent completed
- g. Most recent budget amount
- h. Expenditures to date
- i. Percent expended to date

Telephone Plant Under Construction
Noninterest Projects Test Year

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-8a

Page 1 of 1

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☐ or Year End ☒

Line No.	Description	Project No.	Project Approval Date	Approved Budget Amount	Date Construction Work Begin	Estimated Project Completion Date	Percent Completed	Most Recent Budget Estimate	Project Expenditures to Date	Percent of Expenditures to Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	COE	D0743	07-92	7,713,450	08-92	12-92	90.4	8,400,000	7,592,655	90.4
2.	COE	D0769	10-92	3,274,950	10-92	12-92	100.0	3,274,950	3,297,196	100.7
3.	COE	D0732	07-92	2,733,740	08-92	09-92	100.0	2,733,740	2,709,321	99.1
4.	COE	L0829	11-92	2,303,000	11-92	07-93	0.8	2,303,000	18,981	0.8
5.	COE	L0724	06-92	1,997,000	07-92	02-93	100.0	1,997,000	1,402,779	70.2
6.	COE	F1640	11-92	1,946,100	11-92	04-93	100.0	1,946,100	1,416,444	72.8
7.	COE	L0752	08-92	1,860,000	09-92	04-93	69.5	2,394,769	1,663,449	69.5
8.	COE	F1641	11-92	1,844,750	11-92	06-93	100.0	1,844,750	2,008,558	108.9
9.	COE	D0618	02-92	1,546,264	02-92	06-92	100.0	1,546,264	1,561,567	101.0
10.	COE	F1623	10-92	1,500,000	11-92	05-93	82.9	1,500,000	1,242,886	82.9
11.	COE	D0670	04-92	1,500,000	05-92	07-92	100.0	1,071,276	1,060,761	99.0
12.	COE	L0785	10-92	1,315,300	10-92	05-93	100.0	1,315,300	986,488	75.0
13.	BDG	Y6005	03-92	1,250,000	03-92	11-92	100.0	1,250,000	1,422,069	113.8
14.	OSP	F7260	09-92	1,200,000	09-92	05-93	100.0	1,200,000	1,059,033	88.3
15.	COE	D0571	04-92	1,200,000	05-92	12-92	100.0	1,200,000	1,136,245	94.7
16.	COE	D0742	09-92	1,187,200	09-92	06-93	90.1	1,366,131	1,231,129	90.1
17.	COE	D0702	06-92	1,151,591	06-92	12-92	100.0	1,627,504	1,523,873	93.6
18.	COE	F1572	08-92	1,048,100	09-92	06-93	93.2	1,048,100	976,711	93.2
19.	COE	D0647	03-92	990,520	03-92	07-92	100.0	990,520	995,192	100.5
20.	COE	F1625	10-92	980,000	11-92	05-93	73.0	980,000	715,294	73.0

Supporting Schedules: None

Recap Schedules: None

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

20. Schedule B-8b-- Monthly balances for telephone plant under construction (TPUC) by interest and noninterest bearing accounts. Show average balance for year, amount of interest capitalized and effective rate used. Show authorized IDC rate, effective date, docket number and order number.

Telephone Plant Under Construction
Monthly Balances

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-8b

Page 1 of 1

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Month	TPUC Short-term A/C 2003	TPUC Long-term A/C 2004	Interest Portion of A/C 2004	Interest Capitalized	Interest Rate (5/4)**
	(1)	(2)	(3)	(4)	(5)	(6)
1.	DEC 1991	34,044,234	18,311,474	14,946,049	94,183	
2.	JAN 1992	33,632,683	21,292,740	10,784,589	46,023	0.004267
3.	FEB 1992	36,041,446	21,503,569	19,141,888	131,888	0.006890
4.	MAR 1992	39,645,391	24,974,754	20,804,866	143,346	0.006890
5.	APR 1992	36,767,816	26,337,191	22,741,154	374,386 *	0.016463
6.	MAY 1992	31,309,616	26,133,441	24,940,169	171,838	0.006890
7.	JUN 1992	32,083,336	25,695,082	25,540,664	175,975	0.006890
8.	JUL 1992	33,342,191	16,694,504	25,136,954	173,194	0.006890
9.	AUG 1992	32,745,441	17,255,985	20,714,189	142,721	0.006890
10.	SEP 1992	31,963,394	13,836,966	15,602,727	104,554	0.006701
11.	OCT 1992	26,268,650	32,964,289	15,300,322	103,978	0.006796
12.	NOV 1992	26,935,653	33,383,639	23,112,748	159,245	0.006890
13.	DEC 1992	38,269,340	42,489,442	32,845,656	226,306	0.006890
14.	TOTAL	399,004,957	302,561,602	256,665,926	1,953,454	0.094630
15.	AVERAGE	33,074,367	24,206,052	20,643,010	157,283	0.091430
16.	Authorized Rate	8.59 %	Effective Date	October 1, 1988		
17.	Docket No.	880413-PU	Order No.	23156		

* Interest adjustment associated with the authorization for the replacement of the 1AESS in the West Palm Beach Haverhill Central Office. Due to a change in plan, the completion date for the No. 5 ESS installation was extended and changed to TPUC-long term.

** The booked amount is calculated based on previous months average of Column 4. Therefore, there may be some differences between the interest rate in Column 6 and the actual rate applied.

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

21. Schedule B-9-- An analysis of all non-utility operations both telecommunications and nontelecommunications related, that utilize any part of utility plant. Provide a description of the plant and operations, acquisition date, original cost, average book value, use, capital improvements, associated revenues, expenses and accounts.

Nonutility Operations Utilizing Utility Assets

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule B-9

Page 1 of 1

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [X] or Year End [X]

Line No.	Location & Description	Acquisition Date	Account No.	Original Cost	Average Book Value	Description of Use	Nonutility Accumulated Capital Improvements	Associated Revenue Accounts	Revenue Amounts	Associated Expense Accounts	Expense Amounts
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Land & Building - Wilton Manors SOC 2901 Dixie Hwy., Oakland Park	1980	2006	1,708,128	1,708,128	Leased	0	7360	107,000	7440	10,639
2.	Land & Building - Brentwood SOC 623 Beechwood St., Jacksonville	1977	2006	556,876	556,876	Leased	0	7360	46,300	7440	20,871
3.	Land & Building - Metro Test Center 1351 N.W. 20 St., Miami	1971	2006	390,132	390,132	Leased	0	7360	49,500	7440	10,497
4.	Land & Building - Flagler/Bunnell SOC St. Rd. 100, Bunnell	1980	2006	318,865	318,865	Leased	0	7360	8,400	7440	3,772
5.	Land & Building - Abbott SOC 6940 Abbott Ave., Miami Beach	1966	2006	222,508	222,508	Leased	0	7360	44,000	7440	16,263
6.	Land & Building - Bay Road 1916 Bay Road, Miami Beach (see note)	1956	2006	215,491	215,491	Leased	0	7360	18,800	7440	14,745

Note: Property sold May 7, 1992

Supporting Schedules: C-21b

Recap Schedules: None

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

22. Schedule B-10-- Detail of each leasing agreement or contract with lifetime costs exceeding one-tenth of one percent (.1%) of plant in service for the test year and the prior year. Include a description of each asset, the capitalized value per Financial Accounting Standards Board's opinion number 13, annual payment, duration of agreement or contract, and final disposition or provision for purchase. Show number of square feet for space rental items. Indicate which, if any, of these leases were entered into under provisions of the Economic Recovery and Tax Act of 1981.

Leasing Arrangements
1992 Data

FLORIDA PUBLIC SERVICE COMMISSION
Company SOUTHERN BELL – FLORIDA
Docket No. 920260–TL
Test Year–1 1992

Schedule B–10
Page 1 of 2
Witness Responsible W. S. Reid

Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Line No.	Asset	Estimated Original Cost (Capitalized Value Per FASB 13)	Annual Payment	Square (1) Feet	Life of Contract	Disposition of Asset Provision for Purch.
-----	-----	-----	-----	-----	-----	-----

BellSouth – Florida had no capitalized leases with lifetime lease costs exceeding 0.1% of total plant in service during 1992.

(1) Show square feet for space rental items

Supporting Schedules:

Recap Schedules:

Leasing Arrangements
1991 Data

FLORIDA PUBLIC SERVICE COMMISSION
Company SOUTHERN BELL – FLORIDA
Docket No. 920260–TL
Test Year–1 1992

Schedule B–10
Page 2 of 2
Witness Responsible W. S. Reid

Check Whether Data Is:
Historic ☒ or Projected ☐
Average ☒ or Year End ☐

Line No.	Asset	Estimated Original Cost (Capitalized Value Per FASB 13)	Annual Payment	Square (1) Feet	Life of Contract	Disposition of Asset Provision for Purch.
-----	-----	-----	-----	-----	-----	-----

BellSouth – Florida had no capitalized leases with lifetime lease costs exceeding 0.1% of total plant in service during 1991.

(1) Show square feet for space rental items

Supporting Schedules:

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

23. Schedule B-11-- An itemization of budgeted capital expenditures and cost estimates for central office/toll center additions for the ten (10) largest projects for the test year and the three (3) subsequent calendar years. show line capacity added, retired, and in service on a year-by-year basis.
-

Budgeted Expenditures for Central Office/Toll Center Additions
Current Year and Ensuing Three Calendar Years

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule B-11

Page 1 of 2

Witness Responsible:

Check Whether Data Is:

Historic ☒ or Projected ☒

Average ☐ or Year End ☒

Line No.	Year	Type of Equipment	Location	(\$M) Cost Estimate	(000) Line Capacity To Be Added	(000) Line Capacity To Be Retired	(000) Year End Line Capacity In Service
1.	1992	SESS	GAINESVILLE MAIN	7.157	112,974	77,828	112,974
2.	1992	SESS	MIAMI-ALHAMBRA	6.135	77,828	73,728	77,828
3.	1992	EWSD	BOCA RATON MAIN	5.769	85,488	71,885	85,488
4.	1992	SESS	MIAMI BEACH	4.730	62,612	55,813	62,612
5.	1992	SESS	ORLANDO COLONIAL	4.401	38,075	40,960	38,075
6.	1992	SESS	EAU GALLIE-BOWE GARDENS	3.988	49,455	36,864	49,455
7.	1992	SESS	ORLANDO SAND LAKE	3.157	49,333	44,032	49,333
8.	1992	SESS	ORLANDO PINE CASTLE	2.250	89,280	51,500	89,280
9.	1992	SESS	ORLANDO AZALEA PARK	1.986	75,304	51,200	75,304
10.	1992	DMS-100/200	JACKSONVILLE REGENCY	1.901	0	0	0
			TOTAL	41.474	640,349	503,810	640,349
11.	1993	SESS	PEMBROKE PINES	8.647	61,000	101,128	61,000
12.	1993	SESS	POMPANO-MARGATE	7.779	98,038	86,235	98,038
13.	1993	SESS	GREENACRES	6.651	104,628	92,160	104,628
14.	1993	SESS	JACARANDA	6.050	77,475	65,536	77,475
15.	1993	SESS	HOLLYWOOD MAIN	5.711	62,795	57,344	62,795
16.	1993	SESS	JACKSONVILLE-ARLINGTON	4.772	40,661	31,982	40,661
17.	1993	CCI DATA BASE	NORTH FLORIDA	4.195	0	0	0
18.	1993	DMS-100	DAYTONA BEACH MAIN	4.031	71,680	57,344	71,680
19.	1993	EWSD	PENSACOLA-FERRY PASS	3.779	65,610	51,970	65,610
20.	1993	EWSD	SEBASTIAN	2.521	17,644	13,680	17,644
			TOTAL	54.136	599,531	557,379	599,531

Supporting Schedules: None

Recap Schedules: None

Budgeted Expenditures for Central Office/Toll Center Additions
Current Year and Ensuing Three Calendar Years

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year ~1 1992

Schedule B-11

Page 2 of 2

Witness Responsible:

Check Whether Data Is:

Historic [X] or Projected [X]

Average [] or Year End [X]

Line No.	Year	Type of Equipment	Location	(\$M) Cost Estimate	(000) Line Capacity To Be Added	(000) Line Capacity To Be Retired	(000) Year End Line Capacity In Service
1.	1994	SESS	MIAMI-RED ROAD	11.723	75,357	55,831	75,357
2.	1994	SESS	WEST HOLLYWOOD	8.366	108,102	98,304	108,102
3.	1994	SESS	CYPRESS	6.345	59,982	48,430	59,982
4.	1994	DMS-100	WEST PALM GARDENS	3.349	0	0	0
5.	1994	AIN	MIAMI-GRANDE	2.700	0	0	0
6.	1994	SCP	WEST PALM GARDENS	2.231	0	0	0
7.	1994	SCP	WEST PALM-HAVERHILL	2.231	0	0	0
8.	1994	DMS-100	MIAMI-WEST DADE	2.032	0	0	0
9.	1994	DMS-100	JACKSONVILLE-CLAY	1.884	0	0	0
10.	1994	DMS-100	PERRINE	1.840	0	0	0
			TOTAL	42.701	243,441	202,565	243,441
11.	1995	DGTL	BOYNTON BEACH	7.733	90,013	71,680	90,013
12.	1995	DGTL	WEST PALM BEACH ANNEX	5.130	50,718	43,008	50,718
13.	1995	SESS	FT. PIERCE	4.600	60,236	60,000	60,236
14.	1995	EWSD	ORANGE PARK-RIDGEWOOD	3.091	23,371	20,000	23,371
15.	1995	SESS	MIAMI-GRANDE	3.044	25,825	14,817	25,825
16.	1995	DMS-100	JACKSONVILLE-SAN JOSE	2.861	6,670	0	45,100
17.	1995	EWSD	MILTON-RAVINE	2.621	26,019	18,104	26,019
18.	1995	DGTL	MIAMI-METRO	2.500	26,975	24,576	26,975
19.	1995	SESS	MIAMI-HIALEAH	2.289	17,320	0	119,850
20.	1995	SCP	NORTH DADE-GOLDEN GLADES	2.250	0	0	0
			TOTAL	36.119	327,147	252,185	468,107

Supporting Schedules: None

Recap Schedules: None

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

24. Schedule B-12-- All property either merged or acquired from other telephone companies for the test year. Explain how the property was entered into plant property records (e.g., entered at original cost, purchase price in year of purchase, original cost less accrued book depreciation in year of purchase, etc.). Also, explain the accounting treatment for all acquisition adjustments.

Capital Additions and Retirements
Property Merged or Acquired from Other Companies
Test Year

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule B-12

Page 1 of 1

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☐

Average ☐ or Year End ☒

Line No.	Account No.	Description of Property	Acquisition Cost	Original Cost	Acquisition Adjustment	Case No. or Authority No.	Date of Acquisition	Explanation of Property Accounting Treatment
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Nothing to Report

Supporting Schedules:

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

25. Schedule B-13-- The plant and reserve balances and depreciation expenses for each account and subaccount to which an individual FPSC depreciation rate is applied, for each month of the test year excluding any amortization/recovery schedule. These balances shall be the ones used to compute the monthly depreciation expenses.

Monthly Plant and Reserve Balances and Depreciation Expense
Test Year - 1992

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-13

Totals
Witness Responsible W. S. Field

Check Whether Data Is:
Historic (X) or Projected ()
Average () or Year End (X)

Check appropriate box to indicate type of rate used to develop expenses.

() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No.** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.		Totals for Schedule B-13	JAN-1-92	8,244,317,789.62	2,931,399,481.15	46,355,841.06
2.			JAN-92	8,262,627,307.55	2,974,998,088.51	52,315,520.18
3.			FEB-92	8,284,461,832.35	3,017,119,875.50	52,328,482.15
4.			MAR-92	8,314,157,134.48	3,058,998,301.19	52,485,915.38
5.			APR-92	8,344,885,653.08	3,101,648,673.57	52,730,718.68
6.			MAY-92	8,381,056,280.09	3,143,164,829.84	52,930,755.77
7.			JUN-92	8,403,036,359.84	3,176,049,223.51	53,186,883.55
8.			JUL-92	8,438,222,225.77	3,214,035,738.11	53,300,015.08
9.			AUG-92	8,462,958,425.57	3,254,475,232.42	53,569,989.66
10.			SEP-92	8,496,975,393.70	3,287,810,377.34	53,618,114.47
11.			OCT-92	8,533,233,795.64	3,311,839,041.55	53,904,021.91
12.			NOV-92	8,550,191,289.51	3,338,253,608.88	54,144,894.03
			DEC-92	8,603,202,073.52	3,350,344,977.37	54,151,121.89
		Twelve month average/total		8,422,917,314.26	3,185,728,163.98	638,666,432.75

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

* Provide explanation and support for any negative balance.

** Should include any accounts or subaccount for which a separate depreciation rate has been prescribed. Include the balance of undepreciable accounts as well, so that the total plant balance in column(4) reconciles with the Rate Base Summary, Schedule B-1a.

Supporting Schedules:

Recap Schedules

NOTE: Schedules B-13 and C-22b cannot balance to B-1a because B-13 and C-22b are completed on a PSC combined basis and Schedule B-1a is on an FR basis.

Monthly Plant and Reserve Balances and Depreciation Expense
Test Year - 1992

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-13

Page 1 Of 34

Witness Responsible W. S. Reid

Check Whether Data Is:
Historic (X) or Projected ()
Average () or Year End (X)

Check appropriate box to indicate type of rate used to develop expenses.

() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No. ** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2112/40C	Embedded Light Vehicles	JAN-1-92	8,552,592.38	4,692,965.36	
2.			JAN-92	8,340,042.41	4,564,303.57	46,137.71
3.			FEB-92	8,034,158.88	4,316,237.28	37,051.96
4.			MAR-92	8,034,714.73	4,351,584.86	35,465.48
5.			APR-92	8,014,196.67	4,384,791.73	36,157.47
6.			MAY-92	7,995,253.02	4,379,203.07	36,017.72
7.			JUN-92	7,958,128.35	4,415,063.25	35,936.02
8.			JUL-92	7,806,698.07	4,345,382.22	35,728.04
9.			AUG-92	7,806,698.07	4,402,666.66	34,789.43
10.			SEP-92	7,808,288.36	4,430,309.10	35,130.14
11.			OCT-92	7,788,324.81	4,464,339.88	35,140.87
12.			NOV-92	8,196,210.83	4,408,178.71	35,002.54
			DEC-92	8,710,929.14	4,392,067.16	37,800.69
	Twelve month average/total			8,041,136.95	4,404,510.62	440,358.07

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

* Provide explanation and support for any negative balance.

** Should include any accounts or subaccount for which a separate depreciation rate has been prescribed. Include the balance of undepreciable accounts as well, so that the total plant balance in column(4) reconciles with the Rate Base Summary, Schedule B-1a.

Supporting Schedules:

Recap Schedules

NOTE: Schedules B-13 and C-22b cannot balance to B-1a because B-13 and C-22b are completed on a PSC combined basis and Schedule B-1a is on an FR basis.

Monthly Plant and Reserve Balances and Depreciation Expense
Test Year - 1992

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-13

Page 2 Of 34

Witness Responsible W. S. Reid

Check Whether Data Is:
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Average () or Year End (X)

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() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No.** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
			JAN-1-92	16,019,882.80	12,628,741.10	79,349.02
1.	2112/40C	Embedded Heavy Trucks	JAN-92	15,906,232.12	12,598,102.89	72,089.47
2.			FEB-92	15,447,990.25	12,243,944.40	71,322.33
3.			MAR-92	15,447,990.25	12,312,429.31	68,484.91
4.			APR-92	15,356,864.86	12,293,965.88	69,515.96
5.			MAY-92	15,356,864.86	12,362,866.74	68,900.86
6.			JUN-92	15,356,864.86	12,431,972.63	69,105.89
7.			JUL-92	15,770,928.14	12,328,677.03	69,105.89
8.			AUG-92	16,409,519.79	12,400,493.64	71,900.82
9.			SEP-92	16,899,088.49	12,474,273.31	75,279.67
10.			OCT-92	17,694,241.29	12,551,100.61	77,147.43
11.			NOV-92	18,846,420.50	12,674,265.16	81,413.18
12.			DEC-92	21,810,313.93	12,849,884.79	87,401.30
	Twelve month average/total			16,691,943.28	12,460,164.70	881,667.71

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

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Supporting Schedules:

Recap Schedules

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Monthly Plant and Reserve Balances and Depreciation Expense
Test Year - 1992

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Line No.	Account/ Sub-Account No. ** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2112/40C	New Light Trucks, Passenger Vehicles	JAN-1-92	2,211,162.45	178,987.31	0.00
2.			JAN-92	2,211,172.45	199,993.35	21,006.04
3.			FEB-92	2,211,172.45	220,999.54	21,006.19
4.			MAR-92	2,233,090.97	242,005.68	21,006.14
5.			APR-92	2,742,613.97	263,324.16	21,318.48
6.			MAY-92	3,707,661.68	291,799.22	28,475.06
7.			JUN-92	4,061,472.60	331,605.98	39,806.76
8.			JUL-92	4,797,526.70	371,870.57	40,264.59
9.			AUG-92	4,895,664.55	420,943.33	49,072.76
10.			SEP-92	5,621,642.74	467,918.29	46,974.96
11.			OCT-92	7,150,238.85	524,772.29	56,854.00
12.			NOV-92	7,150,238.85	599,960.39	75,188.10
			DEC-92	7,150,238.85	667,887.65	67,927.26
	Twelve month average/total			4,494,394.56	383,590.04	488,900.34

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Line No.	Account/ Sub-Account No.** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2112/40C	New Heavy Trucks	JAN-1-92	1,740,233.01	45,531.87	0.00
2.			JAN-92	1,832,155.94	57,858.52	12,326.65
3.			FEB-92	1,832,155.94	71,161.85	13,303.33
4.			MAR-92	1,832,155.94	84,139.62	12,977.77
5.			APR-92	1,832,155.94	97,117.39	12,977.77
6.			MAY-92	1,832,155.94	110,095.16	12,977.77
7.			JUN-92	1,869,583.67	123,072.93	12,977.77
8.			JUL-92	1,881,283.71	136,448.37	13,375.44
9.			AUG-92	1,893,209.80	149,815.57	13,367.20
10.			SEP-92	1,893,209.80	163,268.04	13,452.47
11.			OCT-92	1,976,503.71	176,678.28	13,410.24
12.			NOV-92	1,976,503.71	190,973.51	14,295.23
			DEC-92	1,976,503.71	204,973.74	14,000.23
		Twelve month average/total		1,885,631.48	130,466.92	159,441.87

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1.	2114/240C	Special Purpose Vehicles	JAN-1-92	3,048.56	2,674.39	16.51
2.			JAN-92	3,048.56	2,690.90	16.51
3.			FEB-92	3,048.56	2,707.41	16.51
4.			MAR-92	3,048.56	2,723.92	16.51
5.			APR-92	3,048.56	2,740.43	16.51
6.			MAY-92	3,048.56	2,756.94	16.51
7.			JUN-92	3,048.56	2,773.45	16.51
8.			JUL-92	3,048.56	2,789.96	16.51
9.			AUG-92	3,048.56	2,806.47	16.51
10.			SEP-92	3,048.56	2,822.98	16.51
11.			OCT-92	3,048.56	2,839.49	16.51
12.			NOV-92	3,048.56	2,856.00	16.51
			DEC-92	3,048.56	2,872.51	16.51
	Twelve month average/total			3,048.56	2,781.71	198.12

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			JAN-1-92	234,038,273.10	45,306,528.68	407,368.40
1.	2121/10C	Buildings(Administration/ DPC)	JAN-92	233,985,596.16	45,618,811.54	410,456.80
2.			FEB-92	234,188,387.39	46,010,784.59	409,428.70
3.			MAR-92	234,362,758.05	46,387,582.15	410,007.12
4.			APR-92	234,578,603.76	46,772,578.00	410,287.40
5.			MAY-92	234,867,358.75	47,170,495.56	410,701.42
6.			JUN-92	235,197,634.75	47,522,966.19	411,270.54
7.			JUL-92	235,310,369.16	47,938,497.93	411,884.85
8.			AUG-92	235,473,415.34	48,341,302.18	411,891.79
9.			SEP-92	235,758,570.76	48,656,568.53	412,221.14
10.			OCT-92	236,200,104.42	49,064,859.87	412,827.01
11.			NOV-92	236,284,266.18	49,465,009.99	413,736.52
12.			DEC-92	236,850,132.83	49,869,353.08	413,571.11
	Twelve month average/total			235,254,766.46	47,734,900.80	4,938,284.40

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1.	2121/10C	Buildings(Large Central Office)	JAN-1-92	141,001,688.67	25,729,522.26	245,299.56
2.			JAN-92	140,841,412.77	26,005,188.35	247,534.27
3.			FEB-92	141,350,947.62	26,207,218.01	246,333.14
4.			MAR-92	141,334,659.24	26,380,638.16	247,810.00
5.			APR-92	141,564,281.96	26,594,998.15	247,320.49
6.			MAY-92	141,739,252.77	26,839,717.26	247,938.41
7.			JUN-92	141,814,953.20	26,967,338.09	248,196.79
8.			JUL-92	142,091,463.62	27,203,340.00	248,242.40
9.			AUG-92	142,372,514.85	27,452,113.17	248,902.00
10.			SEP-92	142,748,321.53	27,468,868.96	249,397.82
11.			OCT-92	143,059,928.80	27,738,278.50	250,138.39
12.			NOV-92	143,358,406.76	27,953,320.54	250,627.53
			DEC-92	145,081,292.87	28,048,521.03	251,138.38
	Twelve month average/total			142,279,786.33	27,071,628.35	2,983,579.62

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1.	2121/10C	Buildings(Local Central Office)	JAN-1-92	175,050,826.37	33,705,782.78	304,022.46
2.			JAN-92	174,506,357.39	33,988,166.39	307,683.16
3.			FEB-92	174,848,423.56	34,276,645.95	304,909.72
4.			MAR-92	175,091,143.01	34,357,102.83	306,284.05
5.			APR-92	175,762,520.00	34,454,513.30	306,621.88
6.			MAY-92	176,913,629.28	34,705,125.74	308,171.86
7.			JUN-92	177,699,569.60	34,952,594.05	310,606.07
8.			JUL-92	177,697,116.77	35,177,059.94	311,661.94
9.			AUG-92	177,972,626.58	35,385,566.37	310,968.26
10.			SEP-92	178,252,011.75	35,573,676.59	311,692.53
11.			OCT-92	178,445,908.41	35,818,896.77	312,185.41
12.			NOV-92	178,682,817.24	36,026,615.81	312,450.00
			DEC-92	182,205,137.35	36,260,008.50	312,902.23
	Twelve month average/total			177,339,771.75	35,081,331.02	3,716,137.11

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Line No.	Account/ Sub-Account No. * *	Plant Account Title	Month and Year	Plant Balances*	Reserve Balance*	Depreciation Expense
	(1)	(2)	(3)	(4)	(5)	(6)
			JAN-1-92	66,166,075.13	10,240,059.73	165,277.62
1.	2121/10C	Buildings(Miscellaneous)	JAN-92	66,201,082.12	10,396,531.60	165,512.43
2.			FEB-92	66,302,335.16	10,561,599.48	165,546.46
3.			MAR-92	66,334,901.12	10,721,176.69	165,882.40
4.			APR-92	66,442,373.32	10,868,387.80	165,877.78
5.			MAY-92	66,452,792.52	11,024,297.87	166,240.27
6.			JUN-92	66,503,628.95	11,190,176.94	166,145.01
7.			JUL-92	66,538,245.64	11,373,639.91	166,322.62
8.			AUG-92	66,706,449.08	11,539,645.43	166,388.35
9.			SEP-92	66,766,741.76	11,710,845.09	166,976.72
10.			OCT-92	66,833,161.48	11,858,235.76	166,992.33
11.			NOV-92	66,871,440.18	12,007,256.04	167,165.93
12.			DEC-92	67,216,169.45	12,172,085.67	167,226.45
		Twelve month average/total		66,597,443.40	11,285,323.19	1,996,276.75

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1.	2211/77,877C	Analog Electronic Switching	JAN-1-92	545,293,957.64	298,369,718.99	3,529,893.63
2.			JAN-92	545,477,066.24	302,038,888.29	3,549,882.07
3.			FEB-92	544,455,107.43	305,921,250.27	3,546,196.03
4.			MAR-92	544,148,498.17	309,490,309.90	3,535,636.83
5.			APR-92	544,671,137.20	312,933,203.35	3,535,968.76
6.			MAY-92	544,405,645.05	315,202,179.73	3,542,060.97
7.			JUN-92	535,874,995.96	309,836,022.04	3,537,773.85
8.			JUL-92	529,061,948.51	306,306,073.46	3,455,462.86
9.			AUG-92	527,194,703.54	309,056,154.04	3,416,760.26
10.			SEP-92	519,698,136.23	303,279,543.20	3,420,697.03
11.			OCT-92	508,765,994.76	294,348,302.68	3,353,674.04
12.			NOV-92	507,962,220.04	297,025,297.52	3,271,449.51
			DEC-92	505,773,276.42	297,009,363.05	3,299,142.16
	Twelve month average/total			529,790,727.46	305,203,882.29	41,464,704.37

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1.	2212/377, 887C	Digital Electronic Switching	JAN-1-92	904,886,945.10	179,684,673.22	
2.			JAN-92	906,363,564.42	184,363,952.14	4,996,482.72
3.			FEB-92	909,759,718.80	187,833,123.99	4,989,060.31
4.			MAR-92	914,938,386.81	192,600,159.63	5,013,017.88
5.			APR-92	920,371,257.62	197,807,745.74	5,046,402.46
6.			MAY-92	929,799,500.17	201,776,464.61	5,076,982.32
7.			JUN-92	935,495,118.79	206,655,175.52	5,139,824.92
8.			JUL-92	952,951,013.51	212,686,166.29	5,160,886.11
9.			AUG-92	958,785,697.30	216,379,036.90	5,289,234.29
10.			SEP-92	968,748,123.24	223,834,801.56	5,289,366.72
11.			OCT-92	980,989,761.68	229,115,580.44	5,355,511.35
12.			NOV-92	983,329,937.80	234,025,588.08	5,429,108.20
			DEC-92	1,005,106,514.90	236,778,036.09	5,414,750.14
	Twelve month average/total			947,219,882.92	210,321,319.25	62,200,627.42

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Monthly Plant and Reserve Balances and Depreciation Expense
Test Year - 1992

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Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

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Witness Responsible W. S. Reid

Check Whether Data Is:
Historic (X) or Projected ()
Average () or Year End (X)

Check appropriate box to indicate type of rate used to develop expenses.

() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No. ** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2220/117C	Operator Systems (Analog)	JAN-1-92	15,117,123.40	4,487,879.51	141,404.13
2.			JAN-92	15,120,430.81	4,631,528.10	144,744.63
3.			FEB-92	15,118,009.72	4,770,967.41	143,659.80
4.			MAR-92	15,115,392.31	4,902,659.22	143,609.59
5.			APR-92	15,116,073.21	5,065,149.77	143,583.79
6.			MAY-92	15,115,660.96	5,198,976.73	143,605.93
7.			JUN-92	15,380,726.75	5,342,573.55	143,596.82
8.			JUL-92	15,384,444.80	5,490,314.75	147,375.97
9.			AUG-92	15,154,765.14	5,402,955.24	146,169.89
10.			SEP-92	15,157,172.43	5,545,834.53	142,879.29
11.			OCT-92	15,175,467.98	5,687,436.76	144,004.57
12.			NOV-92	15,176,906.64	5,892,016.47	144,253.85
			DEC-92	14,549,268.38	5,191,386.45	144,187.45
	Twelve month average/total			15,130,359.93	5,260,149.92	1,731,671.58

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

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(X) Remaining Life

Line No.	Account/ Sub-Account No.** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2220/117C	Operator Systems (Digital)	JAN-1-92	15,016,501.69	(2,034,024.14)	71,728.86
2.			JAN-92	14,413,032.82	(2,565,056.00)	75,744.83
3.			FEB-92	14,411,185.42	(2,499,325.05)	70,556.49
4.			MAR-92	14,414,882.58	(2,352,622.27)	72,051.31
5.			APR-92	14,633,449.46	(2,272,819.77)	72,083.66
6.			MAY-92	15,643,527.09	(2,195,086.11)	73,713.66
7.			JUN-92	16,095,771.99	(2,114,347.91)	80,742.83
8.			JUL-92	16,706,255.11	(2,032,738.44)	81,609.47
9.			AUG-92	17,150,554.16	(1,947,680.96)	85,057.48
10.			SEP-92	17,212,725.42	(1,860,817.44)	86,863.52
11.			OCT-92	17,231,907.61	(1,776,583.89)	86,219.06
12.			NOV-92	18,542,337.36	(1,689,999.75)	86,207.49
			DEC-92	17,869,363.26	(1,630,473.63)	95,987.76
	Twelve month average/total			16,193,749.36	(2,078,129.27)	966,837.56

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Line No.	Account/ Sub-Account No. ** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2231/167C	Radio(Non-Cellular)	JAN-1-92	7,732,201.69	6,408,896.07	45,824.65
2.			JAN-92	7,734,521.09	6,449,982.40	45,721.54
3.			FEB-92	7,666,680.13	6,355,494.34	45,769.47
4.			MAR-92	7,659,611.76	6,402,222.25	45,160.52
5.			APR-92	7,664,676.43	6,421,966.77	45,298.48
6.			MAY-92	7,707,346.60	6,466,866.79	45,364.34
7.			JUN-92	7,729,817.67	6,512,594.85	45,728.06
8.			JUL-92	7,731,837.32	6,555,865.02	45,801.26
9.			AUG-92	7,740,790.70	6,601,658.49	45,752.70
10.			SEP-92	8,484,150.78	6,647,484.68	45,826.19
11.			OCT-92	8,664,267.02	6,692,106.73	52,397.03
12.			NOV-92	4,225,489.49	2,682,706.78	51,796.45
			DEC-92	4,478,751.98	2,653,626.79	11,869.44
		Twelve month average/total		7,290,661.75	5,870,214.66	526,485.48

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Line No.	Account/ Sub-Account No. ** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2231/167C	Radio(Other)	JAN-1-92	1,586,864.23	173,471.33	5,716.91
2.			JAN-92	1,586,652.23	183,063.20	5,692.87
3.			FEB-92	1,580,502.38	175,867.07	5,685.12
4.			MAR-92	1,610,482.94	182,519.51	5,652.44
5.			APR-92	1,588,279.79	163,423.45	5,824.61
6.			MAY-92	1,579,167.53	146,808.13	5,651.55
7.			JUN-92	1,579,167.53	152,492.81	5,642.35
8.			JUL-92	1,585,354.28	163,114.17	5,658.68
9.			AUG-92	1,538,835.59	125,340.89	5,691.93
10.			SEP-92	1,564,225.65	130,430.15	5,430.81
11.			OCT-92	1,564,204.90	130,205.27	5,650.63
12.			NOV-92	1,295,455.20	(117,230.75)	5,605.03
			DEC-92	1,071,724.92	(570,550.72)	4,160.53
	Twelve month average/total			1,512,004.41	72,123.60	66,346.55

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Line No.	Account/ Sub-Account No.** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2232/157,257, 357,857C	Digital Circuit Equipment	JAN-1-92	1,160,332,737.29	436,726,486.31	13,216,042.53
2.			JAN-92	1,163,137,965.33	448,336,402.64	13,245,536.43
3.			FEB-92	1,166,963,465.23	459,404,353.38	13,295,171.61
4.			MAR-92	1,173,626,166.25	469,125,523.40	13,344,670.12
5.			APR-92	1,178,378,612.87	478,751,979.33	13,436,931.64
6.			MAY-92	1,184,038,257.53	489,893,316.19	13,480,284.38
7.			JUN-92	1,187,380,877.39	498,661,757.82	13,550,077.32
8.			JUL-92	1,192,895,356.02	510,184,317.04	13,575,012.55
9.			AUG-92	1,195,630,292.15	519,117,407.13	13,650,367.21
10.			SEP-92	1,200,309,570.96	528,279,557.40	13,665,724.51
11.			OCT-92	1,202,009,963.73	532,962,688.51	13,730,245.24
12.			NOV-92	1,197,914,805.84	534,980,035.58	13,732,653.58
			DEC-92	1,204,351,356.76	538,968,515.14	13,652,817.58
	Twelve month average/total			1,187,219,724.17	500,722,154.46	162,359,492.17

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1.	2232/257,357C Optical Circuit Equipment		JAN-1-92	270,320,524.26	63,236,557.81	2,232,260.39
2.			JAN-92	275,624,772.95	65,273,364.25	2,271,246.86
3.			FEB-92	280,842,729.42	67,235,991.96	2,318,973.21
4.			MAR-92	287,202,117.86	68,931,452.28	2,362,096.62
5.			APR-92	292,906,248.54	70,991,773.20	2,419,847.47
6.			MAY-92	298,896,823.06	72,820,086.27	2,464,651.63
7.			JUN-92	307,746,108.88	75,113,680.09	2,515,766.58
8.			JUL-92	313,417,867.03	77,426,722.65	2,601,421.90
9.			AUG-92	319,840,124.72	80,141,885.32	2,635,446.84
10.			SEP-92	328,293,060.27	82,545,719.41	2,692,092.70
11.			OCT-92	341,510,255.36	84,861,805.23	2,770,994.95
12.			NOV-92	349,305,332.60	87,286,678.82	2,900,989.27
			DEC-92	360,517,378.30	89,313,980.96	2,943,356.08
	Twelve month average/total			313,008,568.25	76,828,595.04	30,896,884.11

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1.	2232/57,457C	Analog Circuit Equipment	JAN-1-92	168,121,321.91	49,917,661.46	1,548,113.56
2.			JAN-92	167,742,292.30	51,192,268.66	1,458,920.06
3.			FEB-92	167,145,492.50	52,342,971.16	1,494,012.26
4.			MAR-92	165,477,674.69	52,231,590.73	1,487,719.91
5.			APR-92	164,984,858.26	53,056,716.83	1,468,073.57
6.			MAY-92	164,515,005.48	53,889,599.20	1,468,917.85
7.			JUN-92	164,228,786.94	54,647,749.48	1,464,831.26
8.			JUL-92	163,758,274.95	54,979,784.09	1,463,097.84
9.			AUG-92	163,883,016.32	56,148,911.01	1,458,080.80
10.			SEP-92	163,722,117.68	56,744,204.43	1,461,846.91
11.			OCT-92	163,382,975.93	57,166,927.32	1,459,138.75
12.			NOV-92	161,349,841.54	56,326,795.48	1,455,320.07
			DEC-92	160,233,734.01	55,669,313.66	1,429,638.90
	Twelve month average/total			164,202,005.88	54,533,069.34	17,569,598.18

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			JAN-1-92	72,928,162.24	43,604,982.55	415,326.54
1.	2351/188,198	Public Telephone Equipment	JAN-92	72,156,821.34	43,206,799.90	409,959.92
2.	288,298,		FEB-92	71,870,726.37	43,166,134.41	406,703.42
3.	988,998C		MAR-92	71,410,455.94	42,872,266.81	406,457.09
4.			APR-92	69,501,959.10	42,186,929.17	403,355.39
5.			MAY-92	69,027,497.18	41,950,187.54	388,437.26
6.			JUN-92	66,799,339.02	39,859,831.53	389,811.74
7.			JUL-92	65,712,634.01	38,841,454.81	372,216.70
8.			AUG-92	63,550,175.27	37,274,247.65	369,292.81
9.			SEP-92	62,508,099.26	35,682,032.08	353,990.90
10.			OCT-92	61,988,471.14	35,571,355.56	351,260.23
11.			NOV-92	60,808,345.85	34,699,261.40	349,795.92
12.			DEC-92	60,953,694.36	34,609,348.83	341,237.13
	Twelve month average/total			66,357,351.57	39,159,987.47	4,542,518.51

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1.	2321/19,39,	Customer Premise Wiring	JAN-1-92	0.00	98,984.19	0.00
2.	49,69,		JAN-92	0.00	98,984.19	0.00
3.	79,89C		FEB-92	0.00	98,984.19	0.00
4.			MAR-92	0.00	98,984.19	0.00
5.			APR-92	0.00	98,984.19	0.00
6.			MAY-92	0.00	96,363.79	0.00
7.			JUN-92	0.00	98,753.91	0.00
8.			JUL-92	0.00	98,466.07	0.00
9.			AUG-92	0.00	98,292.65	0.00
10.			SEP-92	0.00	98,061.49	0.00
11.			OCT-92	0.00	98,984.19	0.00
12.			NOV-92	0.00	98,984.19	0.00
			DEC-92	0.00	98,984.19	0.00
	Twelve month average/total			0.00	98,568.94	0.00

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			JAN-1-92	100,563,645.90	47,013,087.86	
1.	2322/318,	Information Orig/Term	JAN-92	100,656,369.46	47,515,335.45	732,059.22
2.	418C	Assets	FEB-92	101,054,866.65	48,088,521.21	730,094.82
3.			MAR-92	101,882,682.03	48,575,928.39	734,072.93
4.	2341/158,		APR-92	102,578,953.74	49,046,707.19	741,532.40
5.	258,458C,		MAY-92	102,136,096.56	48,271,871.21	745,788.83
6.	258NC		JUN-92	102,541,567.95	48,799,339.77	738,120.81
7.			JUL-92	103,023,283.14	49,111,633.09	744,896.20
8.	2362/358C,		AUG-92	103,552,180.79	49,631,709.14	748,665.01
9.	358NC,368C,		SEP-92	104,302,460.97	50,246,688.88	752,670.57
10.	558,828,858,		OCT-92	103,999,006.39	49,877,141.22	758,912.59
11.	758,928,958,		NOV-92	104,036,491.07	50,214,406.40	752,892.77
12.	D758,F758,		DEC-92	104,376,861.12	50,715,145.59	754,400.46
	D958,F958C					
	Twelve month average/total			102,845,068.32	49,174,535.63	8,934,106.61

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

* Provide explanation and support for any negative balance.

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Supporting Schedules:

Recap Schedules

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Monthly Plant and Reserve Balances and Depreciation Expense
Test Year - 1992

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
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Witness Responsible W. S. Reid

Check Whether Data Is:
Historic (X) or Projected ()
Average () or Year End (X)

Check appropriate box to indicate type of rate used to develop expenses.

() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No. ** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2411/1,811C	Poles	JAN-1-92	114,417,868.70	38,527,323.17	437,912.16
2.			JAN-92	114,682,296.32	38,818,454.05	456,769.08
3.			FEB-92	115,070,760.57	39,103,515.89	440,121.90
4.			MAR-92	115,398,373.76	39,378,072.07	441,848.75
5.			APR-92	115,842,307.59	39,665,584.57	442,987.97
6.			MAY-92	116,322,060.61	39,966,547.54	444,912.66
7.			JUN-92	116,668,913.19	40,242,125.60	446,820.37
8.			JUL-92	117,019,982.81	40,513,206.97	447,895.24
9.			AUG-92	117,351,905.38	40,802,520.10	449,249.09
10.			SEP-92	117,788,246.65	41,003,626.57	450,484.76
11.			OCT-92	118,629,718.39	41,230,529.59	452,357.54
12.			NOV-92	119,172,574.91	41,387,249.84	456,359.67
			DEC-92	122,074,845.39	41,274,891.44	457,868.28
	Twelve month average/total			117,168,498.80	40,282,193.69	5,387,675.31

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

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Monthly Plant and Reserve Balances and Depreciation Expense
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() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No. ** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2421.1/12,	Aerial Cable (Metallic)	JAN-1-92	614,330,713.88	260,512,949.16	4,144,866.30
2.	22,802C		JAN-92	616,034,036.63	263,644,500.54	4,149,488.55
3.			FEB-92	617,604,680.83	266,992,242.39	4,163,978.47
4.			MAR-92	620,030,267.82	270,606,155.16	4,174,132.52
5.			APR-92	621,917,961.30	273,920,234.01	4,193,390.66
6.			MAY-92	623,558,728.91	277,236,002.77	4,204,317.21
7.			JUN-92	625,352,236.43	280,771,532.98	4,214,559.02
8.			JUL-92	627,045,375.75	284,420,881.27	4,227,180.69
9.			AUG-92	628,601,720.19	287,820,296.05	4,238,270.63
10.			SEP-92	631,747,666.80	290,628,108.21	4,168,512.60
11.			OCT-92	636,369,688.93	293,310,824.88	4,221,713.21
12.			NOV-92	642,426,424.60	294,653,780.78	4,257,893.61
			DEC-92	638,564,677.57	286,124,190.02	4,303,618.74
		Twelve month average/total		627,437,788.81	280,844,062.42	50,517,055.91

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

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() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No.** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2421.2/D12,	Aerial Cable (Optical)	JAN-1-92	14,932,677.00	905,350.45	65,504.16
2.	F12,T12,		JAN-92	15,246,285.33	949,500.52	76,117.46
3.	D22,F22,		FEB-92	15,485,582.48	1,014,545.74	68,030.33
4.	T22,882C		MAR-92	15,741,831.93	1,082,421.16	68,923.10
5.			APR-92	16,096,418.13	1,133,073.97	70,092.32
6.			MAY-92	16,431,425.25	1,152,678.21	71,875.58
7.			JUN-92	16,634,241.68	1,210,023.60	73,311.95
8.			JUL-92	16,861,472.18	1,277,936.57	73,915.79
9.			AUG-92	17,077,661.06	1,323,769.24	74,973.36
10.			SEP-92	17,379,596.35	1,390,761.69	75,903.81
11.			OCT-92	17,657,003.26	1,456,742.52	77,426.71
12.			NOV-92	17,821,260.29	1,532,020.72	78,597.77
			DEC-92	18,072,705.96	1,581,544.06	79,073.36
	Twelve month average/total			16,708,790.33	1,258,751.50	888,241.54

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**Monthly Plant and Reserve Balances and Depreciation Expense
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() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No. ** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2422.1/5,	Underground Cable	JAN-1-92	726,478,229.61	333,918,795.09	4,396,341.58
2.	805C	(Metallic)	JAN-92	726,807,980.85	337,637,261.32	4,336,798.31
3.	D22,F22,		FEB-92	727,176,762.81	341,361,221.46	4,361,837.14
4.	T22,882C		MAR-92	727,725,539.66	345,419,748.18	4,364,166.93
5.			APR-92	727,852,843.46	349,088,767.93	4,367,999.57
6.			MAY-92	728,120,336.10	353,106,642.42	4,367,498.98
7.			JUN-92	728,816,444.71	357,730,171.07	4,369,524.50
8.			JUL-92	729,521,405.90	361,578,654.81	4,374,987.00
9.			AUG-92	729,558,765.89	365,208,043.97	4,379,243.32
10.			SEP-92	730,010,944.76	368,774,700.83	4,377,464.68
11.			OCT-92	730,916,783.75	372,554,141.20	4,381,422.21
12.			NOV-92	730,706,970.86	375,731,834.99	4,388,218.22
			DEC-92	727,016,786.07	375,440,804.60	4,383,612.39
	Twelve month average/total			728,685,963.74	358,635,999.40	52,452,773.25

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

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Monthly Plant and Reserve Balances and Depreciation Expense
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(X) Remaining Life

Line No.	Account/ Sub-Account No. ** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
			JAN-1-92	147,109,064.52	34,850,589.84	597,675.90
1.	2422.2/D5,	Underground Cable	JAN-92	148,636,832.36	35,138,746.16	679,661.74
2.	F5,T5,	(Optical)	FEB-92	149,835,314.46	35,717,568.70	610,052.86
3.	885,985C		MAR-92	150,951,547.55	36,346,529.52	614,274.37
4.	T22,882C		APR-92	152,959,220.17	36,937,969.67	618,664.40
5.			MAY-92	155,014,227.06	37,564,364.06	628,682.41
6.			JUN-92	155,891,676.65	38,129,772.20	637,170.33
7.			JUL-92	157,324,575.45	38,436,201.08	641,290.64
8.			AUG-92	158,280,792.25	39,047,148.96	644,353.14
9.			SEP-92	159,502,408.17	39,480,929.26	648,264.98
10.			OCT-92	161,101,243.66	40,167,163.05	653,795.10
11.			NOV-92	161,886,838.83	40,805,903.90	661,093.82
12.			DEC-92	162,849,455.75	41,453,845.41	662,641.31
	Twelve month average/total			156,186,177.70	38,268,845.16	7,699,945.10

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

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() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No.** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
			JAN-1-92	1,971,801,561.17	830,168,272.28	12,645,784.91
1.	2423.1/45,	Buried Cable (Metallic)	JAN-92	1,977,009,314.34	841,098,565.31	12,659,706.84
2.	846C		FEB-92	1,981,560,266.01	850,958,695.47	12,702,517.98
3.			MAR-92	1,987,295,475.79	861,803,697.88	12,729,612.68
4.			APR-92	1,993,137,914.70	873,016,751.76	12,770,213.10
5.			MAY-92	1,998,688,765.16	884,222,805.24	12,808,052.76
6.			JUN-92	2,004,435,700.22	895,197,530.55	12,842,735.23
7.			JUL-92	2,010,223,960.68	906,655,177.20	12,880,239.94
8.			AUG-92	2,015,762,143.69	917,842,831.36	12,917,514.65
9.			SEP-92	2,022,110,624.50	928,162,966.28	12,952,248.82
10.			OCT-92	2,028,362,374.62	938,749,159.12	12,995,584.63
11.			NOV-92	2,035,036,627.35	950,496,291.90	13,035,389.71
12.			DEC-92	2,043,949,966.64	960,720,796.81	13,079,571.71
		Twelve month average/total		2,008,131,094.48	900,743,772.41	154,373,388.05

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

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() Whole Life

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Line No.	Account/ Sub-Account No.** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2423.2/D45,	Buried Cable (Optical)	JAN-1-92	76,730,298.93	13,126,864.83	318,789.94
2.	F45,T45,		JAN-92	77,322,128.87	13,387,566.31	364,626.05
3.	856C		FEB-92	78,348,779.52	13,698,130.20	323,408.55
4.			MAR-92	78,872,458.74	13,922,828.49	328,592.13
5.			APR-92	80,255,799.06	14,244,387.03	329,726.27
6.			MAY-92	81,334,895.26	14,586,996.74	337,281.16
7.			JUN-92	82,497,094.36	14,897,992.19	341,143.55
8.			JUL-92	83,027,440.66	14,742,811.19	346,159.17
9.			AUG-92	83,996,212.65	15,080,804.06	347,052.84
10.			SEP-92	85,550,812.19	15,459,787.41	352,002.78
11.			OCT-92	87,039,993.52	15,386,007.74	359,700.75
12.			NOV-92	87,816,990.89	15,603,757.49	365,769.40
			DEC-92	88,621,173.51	15,816,589.08	367,523.16
	Twelve month average/total			82,890,314.94	14,735,638.16	4,162,985.81

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

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			JAN-1-92	9,097,501.35	4,780,798.99	42,384.21
1.	2424.1/6C	Submarine Cable (Metallic)	JAN-92	8,982,261.63	4,703,157.90	39,746.43
2.			FEB-92	8,965,622.94	4,728,167.57	41,648.36
3.			MAR-92	8,878,171.20	4,682,516.61	41,800.78
4.			APR-92	8,855,584.04	4,700,800.37	41,227.44
5.			MAY-92	8,851,322.87	4,737,795.49	41,273.38
6.			JUN-92	8,811,872.30	4,739,124.94	41,296.26
7.			JUL-92	8,856,423.69	4,759,862.45	41,030.05
8.			AUG-92	8,838,006.66	4,780,841.79	41,433.96
9.			SEP-92	8,796,313.44	4,773,497.02	41,201.09
10.			OCT-92	8,789,020.24	4,808,153.92	40,952.21
11.			NOV-92	8,711,746.86	4,768,897.99	40,998.44
12.			DEC-92	8,711,746.86	4,807,919.68	40,474.54
		Twelve month average/total		8,837,341.06	4,749,227.98	493,082.94

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

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			JAN-1-92	1,133,560.75	306,712.16	4,723.17
1.	2424.2/D6,	Submarine Cable (Optical)	JAN-92	1,007,941.98	95,940.25	4,723.17
2.	F6,T6,		FEB-92	1,008,065.38	99,878.30	3,938.05
3.	886C		MAR-92	927,107.28	(3,668.71)	4,200.53
4.			APR-92	1,143,394.67	107,772.58	3,694.29
5.			MAY-92	1,144,026.83	112,987.33	5,214.75
6.			JUN-92	1,144,026.83	117,755.43	4,768.10
7.			JUL-92	1,157,400.84	157,456.77	4,766.78
8.			AUG-92	1,157,400.84	162,307.14	4,850.37
9.			SEP-92	1,160,498.90	167,129.65	4,822.51
10.			OCT-92	1,202,819.42	171,971.52	4,841.87
11.			NOV-92	1,202,821.21	177,071.44	5,099.92
12.			DEC-92	1,202,821.21	182,083.21	5,011.77
	Twelve month average/total			1,121,527.12	129,057.08	55,932.11

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

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Check Whether Data Is:
Historic (X) or Projected ()
Average () or Year End (X)

Check appropriate box to indicate type of rate used to develop expenses.

() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No.** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2426.1/52C	Intrablding Network	JAN-1-92	41,519,075.06	21,091,558.81	259,848.48
2.		Cable(Metallic)	JAN-92	41,537,921.12	21,336,948.93	259,510.41
3.			FEB-92	41,572,659.07	21,600,681.27	259,670.90
4.			MAR-92	41,562,843.40	21,812,742.42	259,937.68
5.			APR-92	41,512,679.71	21,977,194.27	259,737.10
6.			MAY-92	41,516,472.13	22,191,281.35	259,297.49
7.			JUN-92	41,569,617.19	22,498,465.07	259,489.80
8.			JUL-92	41,599,150.01	22,707,107.57	259,976.19
9.			AUG-92	41,677,577.78	22,990,345.41	260,086.98
10.			SEP-92	41,741,272.04	23,224,302.92	260,729.95
11.			OCT-92	41,779,227.44	23,465,969.19	261,081.99
12.			NOV-92	41,875,294.93	23,697,912.29	261,238.78
			DEC-92	41,920,277.02	23,952,290.49	262,020.80
	Twelve month average/total			41,655,415.99	22,621,270.10	3,122,778.07

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

* Provide explanation and support for any negative balance.

** Should include any accounts or subaccount for which a separate depreciation rate has been prescribed. Include the balance of undepreciable accounts as well, so that the total plant balance in column(4) reconciles with the Rate Base Summary, Schedule B-1a.

Supporting Schedules:

Recap Schedules

NOTE: Schedules B-13 and C-22b cannot balance to B-1a because B-13 and C-22b are completed on a PSC combined basis and Schedule B-1a is on an FR basis.

Monthly Plant and Reserve Balances and Depreciation Expense
Test Year - 1992

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year - 1 1992

Schedule B-13

Page 32 Of 34

Witness Responsible W. S. Reid

Check Whether Data Is:
Historic (X) or Projected ()
Average () or Year End (X)

Check appropriate box to indicate type of rate used to develop expenses.

() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No. ** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
1.	2426.2/D52,	Intrablding Network	JAN-1-92	112,121.85	43,700.77	495.85
2.	F52,T52C	Cable(Optical)	JAN-92	112,121.85	44,238.88	538.11
3.			FEB-92	112,402.26	44,734.09	495.21
4.			MAR-92	112,402.26	45,231.16	497.07
5.			APR-92	112,483.41	45,727.61	496.45
6.			MAY-92	113,034.31	46,214.88	496.99
7.			JUN-92	111,659.87	45,340.90	500.46
8.			JUL-92	111,845.34	45,831.04	490.14
9.			AUG-92	111,845.34	46,325.44	494.40
10.			SEP-92	113,775.35	46,819.43	493.99
11.			OCT-92	113,872.24	47,326.20	506.77
12.			NOV-92	114,396.12	47,829.35	503.15
			DEC-92	114,396.12	48,335.76	506.41
	Twelve month average/total			112,852.87	46,162.90	6,019.15

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

* Provide explanation and support for any negative balance.

** Should include any accounts or subaccount for which a separate depreciation rate has been prescribed. Include the balance of undepreciable accounts as well, so that the total plant balance in column(4) reconciles with the Rate Base Summary, Schedule B-1a.

Supporting Schedules:

Recap Schedules

NOTE: Schedules B-13 and C-22b cannot balance to B-1a because B-13 and C-22b are completed on a PSC combined basis and Schedule B-1a is on an FR basis.

Monthly Plant and Reserve Balances and Depreciation Expense
Test Year - 1992

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-13

Page 33 Of 34

Witness Responsible W. S. Reid

Check Whether Data Is:
Historic (X) or Projected ()
Average () or Year End (X)

Check appropriate box to indicate type of rate used to develop expenses.

() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No.** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
			JAN-1-92	4,413,393.89	3,035,980.83	8,428.89
1.	2431/3C	Aerial Wire	JAN-92	4,413,122.51	3,035,826.99	8,547.17
2.			FEB-92	4,410,309.80	3,039,061.16	8,458.24
3.			MAR-92	4,408,307.41	3,039,837.36	8,450.41
4.			APR-92	4,406,576.53	3,041,977.86	8,447.35
5.			MAY-92	4,407,374.06	3,046,760.43	8,444.29
6.			JUN-92	4,399,663.24	3,044,019.86	8,448.25
7.			JUL-92	4,398,018.71	3,047,913.07	8,425.31
8.			AUG-92	4,398,092.12	3,048,693.28	8,427.97
9.			SEP-92	4,404,063.91	3,051,192.65	8,429.76
10.			OCT-92	4,404,922.56	3,047,977.50	8,446.86
11.			NOV-92	4,420,383.08	3,048,932.78	8,443.61
12.			DEC-92	4,427,265.59	3,052,309.74	8,487.23
		Twelve month average/total		4,408,174.96	3,045,375.22	101,456.45

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

* Provide explanation and support for any negative balance.

** Should include any accounts or subaccount for which a separate depreciation rate has been prescribed. Include the balance of undepreciable accounts as well, so that the total plant balance in column(4) reconciles with the Rate Base Summary, Schedule B-1a.

Supporting Schedules:

Recap Schedules

NOTE: Schedules B-13 and C-22b cannot balance to B-1a because B-13 and C-22b are completed on a PSC combined basis and Schedule B-1a is on an FR basis.

Monthly Plant and Reserve Balances and Depreciation Expense
Test Year - 1992

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-13

Page 34 Of 34

Witness Responsible W. S. Reid

Check Whether Data Is:
Historic (X) or Projected ()
Average () or Year End (X)

Check appropriate box to indicate type of rate used to develop expenses.

() Whole Life

(X) Remaining Life

Line No.	Account/ Sub-Account No. ** (1)	Plant Account Title (2)	Month and Year (3)	Plant Balances* (4)	Reserve Balance* (5)	Depreciation Expense (6)
			JAN-1-92	615,557,955.09	129,911,416.13	1,025,440.74
1.	2441/4,84C	Conduit	JAN-92	616,994,474.85	130,950,221.02	1,060,532.67
2.			FEB-92	618,223,522.36	131,955,800.41	1,029,523.28
3.			MAR-92	620,091,994.47	132,961,812.63	1,031,398.81
4.			APR-92	622,100,305.05	133,784,255.88	1,035,045.79
5.			MAY-92	623,821,066.95	134,789,761.74	1,038,509.51
6.			JUN-92	625,386,049.76	135,922,182.15	1,041,137.83
7.			JUL-92	626,950,224.70	137,003,819.19	1,043,616.32
8.			AUG-92	628,592,019.42	138,196,035.30	1,046,222.61
9.			SEP-92	630,918,404.00	139,524,464.16	1,049,023.63
10.			OCT-92	632,433,390.78	140,507,123.65	1,053,471.43
11.			NOV-92	633,682,443.34	141,549,149.04	1,055,320.25
12.			DEC-92	635,390,264.73	142,615,046.54	1,057,180.40
		Twelve month average/total		626,215,346.70	136,646,639.31	12,540,982.53

TOTAL PLANT AND RESERVE BALANCE (12 MONTH AVERAGE) AND DEPRECIATION EXPENSES (12 MONTH TOTAL)

* Provide explanation and support for any negative balance.

** Should include any accounts or subaccount for which a separate depreciation rate has been prescribed. Include the balance of undepriciable accounts as well, so that the total plant balance in column(4) reconciles with the Rate Base Summary, Schedule B-1a.

Supporting Schedules:

Recap Schedules

NOTE: Schedules B-13 and C-22b cannot balance to B-1a because B-13 and C-22b are completed on a PSC combined basis and Schedule B-1a is on an FR basis.

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

26. Schedule B-14a-- An analysis of accumulated investment tax credits (ITC) generated and amortized on an annual basis beginning with the ending balance in the last rate case. Also provide this data on a monthly basis for the test year. Annual data may be substituted for monthly data for the 3% unamortized ITC. Amounts provided by the Revenue Act of 1971 and subsequent acts shall be shown separately from amounts applicable to prior laws. If a partially or wholly projected test year is employed, provide information for the projected periods in a manner consistent with the Internal Revenue Code and Regulations for calculating the amount to be used in ratemaking. Provide a copy of any elections made under Section 46(e), 46(f), and other sections of the Internal Revenue Code relative to ITC. Explain accounting policy as to method of amortization for both progress payments and other ITC. Explanation should include at least a description of how the time period for amortization is determined, when it begins, and under what circumstances it changes. Also provide 12-month average amounts on both total company and jurisdictional bases.

FLORIDA PUBLIC SERVICE COMMISSION
 Company Southern Bell Telephone & Telegraph Company
 Docket No. 920260 - TP
 Test Year 1992

Investment Tax Credits -- Analysis
 Total Credits

Schedule B-14a
 Page 1a of 3
 Witness Responsible: Walter S. Reid

Check Whether Data is:
 Historic (X) or Projected ()
 Average (X) or Year End (X)

Type of ITC 3%							Type of ITC 4%						
		Amount Realized*		Amortization					Amount Realized*		Amortization		
Line No.	Year/Month	Beginning Balance	Current Year	Prior Year Adjustment	Current Year	Prior Year Adjustment	Ending Balance	Beginning Balance	Current Year	Prior Year Adjustment	Current Year	Prior Year Adjustment	Ending Balance
1	1988	1,148,837			137,993		1,010,844	8,329,069			1,000,448		7,328,621
2	1989	1,010,844			124,490		886,354	7,328,621			902,552		6,426,069
3	1990	886,354	411	2,340	114,925	(907)	769,585	6,426,069	2,983	16,963	833,181	(6,575)	5,579,517
4	1991	769,585			138,952		630,633	5,579,517			805,897		4,773,620
5	BSS,BCS	630,633					630,633	4,773,620					4,773,620
6	01/92	630,633			9,856		620,777	4,773,620			47,005		4,726,615
7	02/92	620,777			11,034		609,743	4,726,615			52,624		4,673,991
8	03/92	609,743			10,623		599,120	4,673,991			50,662		4,623,329
9	04/92	599,120			10,623		588,497	4,623,329			50,662		4,572,667
10	05/92	588,497			10,662		577,835	4,572,667			50,850		4,521,817
11	06/92	577,835			10,623		567,212	4,521,817			50,662		4,471,155
12	07/92	567,212			10,623		556,589	4,471,155			50,662		4,420,493
13	08/92	556,589			20,197		536,392	4,420,493			96,322		4,324,171
14	09/92	536,392			11,660		524,732	4,324,171			55,608		4,268,563
15	10/92	524,732			2,152		522,580	4,268,563			10,263		4,258,300
16	11/92	522,580			10,704		511,876	4,258,300			51,051		4,207,249
17	12/92	511,876			10,704		501,172	4,207,249			51,051		4,156,198
						129,461							
							Florida						
Company 12 Month Average For:							565,105						
Test Year							698,408						
Prior Year							75.8137%						
Intrastate Factor							428,427						
Intrastate ITC							136,678						
Interstate ITC													

Supporting Schedules: C-23b, C-23d, C-23h

Recap Schedules:

* Amount in the Realized column in Recapture.

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Company
Docket No. 920260 - TP
Test Year 1992

Check Whether Data is:
 Historic (X) or Projected ()
 Average (X) or Year End (X)

Supporting Schedules: C-23b, C-23d, C-23h

Recap Schedules:

* Amount in the Realized column in Recapture.

FLORIDA PUBLIC SERVICE COMMISSION
 Company Southern Bell Telephone & Telegraph Company
 Docket No. 920260 - TP
 Test Year 1992

Investment Tax Credits - Analysis
 Total Credits

Schedule B-14a
 Page 1c of 3
 Witness Responsible: Walter S. Reid

Check Whether Data is:
 Historic (X) or Projected ()
 Average (X) or Year End (X)

Type of ITC 3% Sec. 38							Type of ITC - Total							
		Amount Realized*		Amortization					Amount Realized*		Amortization			
Line No.	Year/Month	Beginning Balance	Current Year	Prior Year Adjustment	Current Year	Prior Year Adjustment	Ending Balance	Beginning Balance	Current Year	Prior Year Adjustment	Current Year	Prior Year Adjustment	Ending Balance	
1	1988	273,488			(276,091)		549,579	305,493,603	0	0	32,651,165	946,718	271,895,720	
2	1989	549,579			303,408		246,171	271,895,720	0	0	28,572,615	145,710	243,177,395	
3	1990	246,171			45,924	(8)	200,255	243,177,395	102,846	584,940	33,356,096	(352,148)	209,485,661	
4	1991	200,255			43,975		156,280	209,485,661	4,338	1,486,239	27,833,623	0	180,161,461	
5	BSS,BCS	156,280					156,280	180,161,461				(279,255)	180,440,716	
6	01/92	156,280			4,011		152,269	180,440,716	0	0	1,899,386	0	178,541,330	
7	02/92	152,269			4,011		148,258	178,541,330	0	0	2,125,928	0	176,415,402	
8	03/92	148,258			3,629		144,629	176,415,402	0	157,290	2,046,437	0	174,211,675	
9	04/92	144,629			3,629		141,000	174,211,675	0	0	2,046,437	4,738	172,160,500	
10	05/92	141,000			3,629		137,371	172,160,500	0	(321,888)	2,054,015	0	170,428,373	
11	06/92	137,371			3,629		133,742	170,428,373	0	0	2,046,437	0	168,381,936	
12	07/92	133,742			3,629		130,113	168,381,936	0	0	2,046,437	0	166,335,499	
13	08/92	130,113			2,980		127,133	166,335,499	0	0	3,886,925	0	162,448,574	
14	09/92	127,133			3,643		123,490	162,448,574	0	0	2,245,905	0	160,202,669	
15	10/92	123,490			3,790	(8)	119,708	160,202,669	0	(52,677)	417,600	(8)	159,837,754	
16	11/92	119,708			3,643		116,065	159,837,754	0	0	2,062,153	0	157,775,601	
17	12/92	116,065			3,643		112,422	157,775,601	0	3,960	2,062,153	0	155,709,488	
43,866								24,939,813						
Company 12 Month Average For:							Florida	Florida						
Test Year							134,011	167,901,201						
Prior Year							178,928	194,735,560						
Intrastate Factor							75.8137%	75.8137%						
Intrastate ITC							101,599	127,292,110						
Interstate ITC							32,412	40,609,091						

Supporting Schedules: C-23b, C-23d, C-23h

Recap Schedules:

Southern Bell

J. E. McIntyre
Vice President and Comptroller

Hurt Building, P.O. Box 2211
Atlanta, Georgia 30301
Phone (404) 529-7703

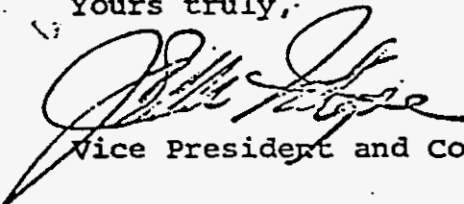
March 3, 1972

Mr. D. I. Lamont
Assistant Comptroller
American Telephone and Telegraph Company
195 Broadway
New York, New York 10007

Dear Mr. Lamont:

Southern Bell Telephone and Telegraph Company hereby elects to be governed by the provisions of Section 46(E)(2) of the 1954 Internal Revenue Code and appoints American Telephone and Telegraph Company to make such election on its behalf pursuant to Sl.1502-77(A) of the consolidated return income tax regulations.

Yours truly,



Vice President and Comptroller

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Co.
Docket No. 920620-TL
Test Year-1 1992

Investment Tax Credit - Analysis
Company Policies

Schedule B-14a
Page 3 of 3
Witness Responsible W. S. Reid

Check Whether Data is:
Historic (X) or Projected ()
Average () or Year End (X)

Explanation: Explain accounting policy as to method of amortization for both progress payments and other ITC.
Explanation should include at least a description of how the time period for amortization is
determined, when it begins, under what circumstances it changes, etc.

BellSouth Telecommunications amortizes investment tax credit ratably over the useful
life of the related plant. Amortization begins when the related plant is placed into
service. The amortization rates change in conjunction with represcription of the Company's
book lives. BellSouth Telecommunications has never claimed ITC on progress payments.

Supporting Schedules: C-23b, C-23d, C-23h

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

27. Schedule B-14b-- An annual analysis of balances for each of the deferred Federal and State Income Tax accounts (accumulated deferred income taxes - accelerated tax depreciation, accumulated deferred income taxes - other) beginning with the final balance in the last rate case and ending with the beginning balance of the test year. Also, provide a monthly analysis of balances for the the test year. Where a partially or wholly projected test year is used, provide information for the projected period in a manner consistent with the Internal Revenue Code and regulations for calculating the amount to be used in ratemaking. Also, provide the description and amount of all book-tax differences accounted for as permanent differences. This would include any items accounted for on a flow through basis. Also, provide 12-month average amounts on both total company and jurisdictional bases.

ACCUMULATED DEFERRED
INCOME TAXES
FEDERAL

FLORIDA PUBLIC SERVICE COMMISSION

Company: Southern Bell Telephone and Telegraph, Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-14b

Page 1 of 4

Witness Responsible W. S. Reid

Check Whether Data Is:
Historic (x) or Projected ()
Average (x) or Year End (x)

Accumulated Deferred Inc. Taxes - Property Related							Accumulated Deferred Inc. Taxes - Other				
Line No.	Year/Month	Beginning Balance	Current Year Deferral	Flowback To Current Year	Adjustments Debit (Credit)	Ending Balance	Beginning Balance	Current Year Deferral	Flowback To Current Year	Adjustments Debit (Credit)	Ending Balance
1	1/1/88	979,271,143	96,477,645	91,790,063	(189,066)	984,147,791	14,439,405	(29,417,247)	(20,489,587)	(135,017)	5,646,762
2	ASI TRANSFER				(427,817)	984,575,608					
3	1/1/89	984,575,608	104,169,338	117,463,974	(367,227)	971,648,199	5,646,762	2,166,951	(1,094,281)	1,454,574	7,453,420
4	1/1/90	971,648,199	76,912,684	104,671,958	6,674,059	937,214,866	7,453,420	(36,285,927)	(7,021,769)	(177,489)	(21,633,249)
5	1/1/91	937,214,866	44,491,476	81,623,472	11,215,813	888,867,057	(21,633,249)	(29,942,157)	(23,919,374)	15,323,072	(42,979,104)
6	TRANSFERS				(1,966,841)	890,833,898				1,347,741	(44,326,845)
7	1/1/92	890,833,898				890,833,898	(44,326,845)				(44,326,845)
8	Jan	890,833,898	4,355,709	6,604,225	0	888,585,382	(44,326,845)	(1,541,772)	365,712	(66,081)	(46,168,248)
9	Feb	888,585,382	4,824,988	5,711,871	0	887,698,499	(46,168,248)	(1,530,217)	(10,629,633)	0	(37,068,832)
10	Mar	887,698,499	4,579,699	6,179,549	105,012	885,993,637	(37,068,832)	8,379,915	4,827,799	0	(33,516,716)
11	Apr	885,993,637	4,444,872	6,436,614	222,507	883,779,388	(33,516,716)	(2,949,957)	295,681	0	(36,762,354)
12	May	883,779,388	4,614,148	6,113,865	0	882,279,671	(36,762,354)	(1,927,877)	297,337	0	(38,987,568)
13	Jun	882,279,671	4,467,850	6,340,215	1,504,293	878,903,013	(38,987,568)	(3,046,553)	918,030	(100,375)	(42,851,776)
14	Jul	878,903,013	6,187,333	3,036,566	(1,504,293)	883,558,073	(42,851,776)	(652,851)	193,076	0	(43,697,703)
15	Aug	883,558,073	4,433,220	6,381,017	0	881,610,276	(43,697,703)	(1,047,648)	(529,866)	0	(44,215,485)
16	Sep	881,610,276	4,487,598	6,259,104	0	879,838,770	(44,215,485)	(2,169,177)	5,417,189	0	(51,801,851)
17	Oct	879,838,770	16,032,409	22,595,171	(3,048,780)	876,324,788	(51,801,851)	(2,439,289)	(1,719,627)	3,640,017	(56,161,530)
18	Nov	876,324,788	4,338,702	7,359,357	(359,075)	873,663,208	(56,161,530)	355,464	(3,269,244)	0	(52,536,822)
19	Dec	873,663,208	4,434,282	7,177,090	(96,418)	871,016,818	(52,536,822)	7,304,562	(1,959,222)	4,379,091	(47,652,129)
20											
21											
22	Subtotals	979,271,143	389,251,953	485,744,111	11,762,167	871,016,818	14,439,405	(94,743,780)	(58,317,779)	25,665,533	(47,652,129)
23											
24	Company 12 Month Average for:										
25	Test Year -1		5,600,068	7,516,220	(264,730)	881,930,005		(105,450)	(482,731)	654,388	(44,146,531)
26	Prior Year					919,073,857					(36,107,602)
27	Separations Factor					74.9602%					62.1954%
28	Intrastate deferred taxes					661,096,157					(27,457,118)
29	Interstate deferred taxes					220,833,848					(16,689,413)

Supporting Schedules:

Recap Schedules:

ACCUMULATED DEFERRED
INCOME TAXES
STATE

FLORIDA PUBLIC SERVICE COMMISSION

Company: Southern Bell Telephone and Telegraph, Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule B-14b

Page 2 of 4

Witness Responsible W. S. Reid

Check Whether Data Is:
Historic (x) or Projected ()
Average (x) or Year End (x)

Accumulated Deferred Inc. Taxes - Property Related							Accumulated Deferred Inc. Taxes - Other				
Line No.	Year/Month	Beginning Balance	Current Year Deferral	Flowback To Current Year	Adjustments Debit (Credit)	Ending Balance	Beginning Balance	Current Year Deferral	Flowback To Current Year	Adjustments Debit (Credit)	Ending Balance
30	1/1/88	85,929,563	10,369,602	11,954,919	40,503	84,303,743	2,676,279	(4,256,285)	(1,176,715)	524,097	(927,388)
31	1/1/89	84,303,743	16,320,466	12,143,306	116	88,480,787	(927,388)	(61,514)	(1,499,226)	(30,177)	540,501
32	1/1/90	88,480,787	12,913,772	3,776,406	1,592,793	96,025,360	540,501	(6,340,422)	33,642	(47,694)	(5,785,869)
33	1/1/91	96,025,360	7,624,660	7,504,900	2,277,501	93,867,619	(5,785,869)	(5,078,136)	(3,311,448)	(18,522)	(7,534,035)
34	TRANSFERS				(288,331)	94,155,950				244,565	(7,778,600)
35	1/1/92	94,155,950				94,155,950	(7,778,600)				(7,778,600)
36	Jan	94,155,950	737,344	220,373	0	94,672,921	(7,778,600)	(322,033)	56,046	(10,470)	(8,146,209)
37	Feb	94,672,921	791,903	151,542	0	95,313,282	(8,146,209)	(338,679)	(375,463)	0	(8,109,425)
38	Mar	95,313,282	745,242	235,023	8,033	95,815,468	(8,109,425)	(492,169)	709,706	0	(9,311,300)
39	Apr	95,815,468	739,877	241,946	41,012	96,272,387	(9,311,300)	(443,033)	62,184	0	(9,816,517)
40	May	96,272,387	747,039	232,706	0	96,786,720	(9,816,517)	(341,059)	58,395	0	(10,215,971)
41	Jun	96,786,720	740,688	234,879	125,611	97,166,918	(10,215,971)	170,106	(1,737,545)	(9,353)	(8,298,967)
42	Jul	97,166,918	850,730	90,026	(125,611)	98,053,233	(8,298,967)	(110,980)	21,737	0	(8,431,684)
43	Aug	98,053,233	717,669	261,691	0	98,509,211	(8,431,684)	(207,552)	(113,709)	0	(8,525,527)
44	Sep	98,509,211	720,152	254,977	0	98,974,386	(8,525,527)	(367,878)	628,504	0	(9,521,909)
45	Oct	98,974,386	1,482,835	427,624	38,114	99,991,483	(9,521,909)	(1,233,503)	(230,175)	29,543	(10,554,780)
46	Nov	99,991,483	721,579	168,620	0	100,544,442	(10,554,780)	(570,563)	(514,916)	0	(10,610,427)
47	Dec	100,544,442	706,035	188,703	128,704	100,933,070	(10,610,427)	(42,524)	(667,126)	828,044	(10,813,869)
48											
49											
50	Subtotals	85,929,563	56,929,593	38,087,641	3,838,445	100,933,070	2,676,279	(20,036,224)	(8,056,109)	1,510,033	(10,813,869)
51											
52	Company 12 Month Average for:										
53	Test Year		808,424	225,676	17,989	97,470,413		(358,322)	(175,197)	69,814	(9,236,579)
54	Prior Year					97,556,388					(7,664,220)
55	Separations Factor					75.6860%					65.1231%
56	Intrastate deferred taxes					73,771,486					(6,015,151)
57	Interstate deferred taxes					23,698,927					(3,221,428)

Supporting Schedules:

Recap Schedules:

ACCUMULATED DEFERRED
INCOME TAXES
TOTAL

FLORIDA PUBLIC SERVICE COMMISSION

Company: Southern Bell Telephone and Telegraph, Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule B-14b

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Witness Responsible W. S. Reid

Check Whether Data Is:

Historic (x) or Projected ()

Average (x) or Year End (x)

Accumulated Deferred Inc. Taxes - Property Related							Accumulated Deferred Inc. Taxes - Other				
Line No.	Year/Month	Beginning Balance	Current Year Deferral	Flowback To Current Year	Adjustments Debit (Credit)	Ending Balance	Beginning Balance	Current Year Deferral	Flowback To Current Year	Adjustments Debit (Credit)	Ending Balance
58	1/1/88	1,065,200,706	106,847,247	103,744,982	(148,563)	1,068,451,534	17,115,684	(33,673,532)	(21,666,302)	389,080	4,719,374
59	ASI TRANSFER	0	0	0	(427,817)	1,068,879,351	0	0	0	0	4,719,374
60	1/1/89	1,068,879,351	120,489,804	129,607,280	(367,111)	1,060,128,986	4,719,374	2,105,437	(2,593,507)	1,424,397	7,993,921
61	1/1/90	1,060,128,986	89,826,456	108,448,364	8,266,852	1,033,240,226	7,993,921	(42,626,349)	(6,988,127)	(225,183)	(27,419,118)
62	1/1/91	1,033,240,226	52,116,136	89,128,372	13,493,314	982,734,676	(27,419,118)	(35,020,293)	(27,230,822)	15,304,550	(50,513,139)
63	TRANSFERS	0	0	0	(2,255,172)	984,989,848	0	0	0	1,592,306	(52,105,445)
64	1/1/92	984,989,848	0	0	0	984,989,848	(52,105,445)	0	0	0	(52,105,445)
65	Jan	984,989,848	5,093,053	6,824,598	0	983,258,303	(52,105,445)	(1,863,805)	421,758	(76,551)	(54,314,457)
66	Feb	983,258,303	5,616,891	5,863,413	0	983,011,781	(54,314,457)	(1,868,896)	(11,005,096)	0	(45,178,257)
67	Mar	983,011,781	5,324,941	6,414,572	113,045	981,809,105	(45,178,257)	7,887,746	5,537,505	0	(42,828,016)
68	Apr	981,809,105	5,184,749	6,678,560	263,519	980,051,775	(42,828,016)	(3,392,990)	357,865	0	(46,578,871)
69	May	980,051,775	5,361,187	6,346,571	0	979,066,391	(46,578,871)	(2,268,936)	355,732	0	(49,203,539)
70	Jun	979,066,391	5,208,538	6,575,094	1,629,904	976,069,931	(49,203,539)	(2,876,447)	(819,515)	(109,728)	(51,150,743)
71	Jul	976,069,931	7,038,063	3,126,592	(1,629,904)	981,611,306	(51,150,743)	(763,831)	214,813	0	(52,129,387)
72	Aug	981,611,306	5,150,889	6,642,708	0	980,119,487	(52,129,387)	(1,255,200)	(643,575)	0	(52,741,012)
73	Sep	980,119,487	5,207,750	6,514,081	0	978,813,156	(52,741,012)	(2,537,055)	6,045,693	0	(61,323,760)
74	Oct	978,813,156	17,515,244	23,022,795	(3,010,666)	976,316,271	(61,323,760)	(3,672,792)	(1,949,802)	3,669,560	(66,716,310)
75	Nov	976,316,271	5,060,281	7,527,977	(359,075)	974,207,650	(66,716,310)	(215,099)	(3,784,160)	0	(63,147,249)
76	Dec	974,207,650	5,140,317	7,365,793	32,286	971,949,888	(63,147,249)	7,262,038	(2,626,348)	5,207,135	(58,465,998)
77											
78											
79	Subtotals	1,065,200,706	446,181,546	523,831,752	15,600,612	971,949,888	17,115,684	(114,780,004)	(66,373,888)	27,175,566	(58,465,998)
80											
81	Company 12 Month Average for:		6,408,492	7,741,896	(246,741)	979,400,419		(463,772)	(657,928)	724,201	(53,383,110)
82	Test Year					1,016,630,245					(43,771,822)
83	Prior Year										
84	Separations Factor					74.8358%					74.8358%
85	Intrastate deferred taxes					734,867,643					(33,472,269)
86	Interstate deferred taxes					244,532,775					(19,910,841)

Supporting Schedules:

Recap Schedules:

BOOK/TAX DIFFERENCES - PERMANENT

FLORIDA PUBLIC SERVICE COMMISSION
 Company Southern Bell Telephone & Telegraph Co.
 Docket No. 920620-TL
 Test Year - 1 1992

Schedule B-14b
 Page 4 of 4
 Witness Responsible Walter S. Reid

Check Whether Data Is:
 Historic (x) or Projected ()
 Average () or Year End (x)

Provide the description and amount of all book/Tax differences accounted for as permanent differences. This would include any items accounted for on a flow-through basis.

Florida	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
20% Meals Disallowance	52,202	77,354	64,689	64,766	64,685	64,671	38,588	38,588	38,588	38,588	103,790	174,703	821,212
Insur Contr-Premium Exp	374,489	374,349	371,711	373,986	200,552	353,550	353,586	353,122	350,961	350,203	351,045	350,806	4,158,360
Insur Contr-Cash Sur Val	(272,562)	(272,461)	(270,541)	(272,197)	(270,452)	(270,151)	(270,178)	(269,823)	(269,077)	(268,496)	(269,142)	(269,894)	(3,244,974)
Superfund Tax	(88,207)	(88,174)	(87,552)	(88,088)	(87,524)	(87,524)	(87,435)	(87,320)	(37,756)	42,002	(81,618)	(81,846)	(861,042)
AFUDC	(28,845)	(81,691)	(88,789)	(231,895)	(106,436)	(108,999)	(107,935)	(88,944)	(65,158)	(64,799)	(99,243)	(141,034)	(1,213,768)
Nontaxable Lease Gain	0	0	0	0	0	0	0	0	0	0	0	0	0
Bond Reorganization	2,000	0	4,000	2,000	2,000	2,000	2,000	2,000	2,000	(18,000)	0	0	0
CSV - Split Dollar Life	(171,647)	(171,583)	(170,374)	(171,417)	(85,688)	(153,222)	(153,237)	(153,036)	(152,613)	(152,283)	(152,649)	(153,076)	(1,840,825)
Premium Exp-Split Dollar	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance Death Benefits	0	0	0	0	0	0	(373,876)	0	(76,940)	0	0	0	(450,816)
FCC Grant Fees	0	4	4	4	4	4	4	4	4	4	(36)	0	0
Disallowed Deprec-IDC	298,640	298,640	298,640	298,640	298,640	298,640	298,640	298,640	298,640	943,779	363,154	363,154	4,357,847
Disall Depr-Relief & Pens	865,115	865,115	865,115	865,115	865,115	865,115	865,115	865,115	865,115	612,272	839,831	839,831	10,077,969
Disall Depr-Soc Sec Cap	246,240	246,240	246,240	246,240	246,240	246,240	246,240	246,240	246,240	178,412	239,457	239,457	2,873,486
Disall Depr-Sales/Use Tx	95,331	95,331	95,331	95,331	95,331	95,331	95,331	95,331	95,331	113,700	97,168	97,168	1,166,015
Disall Depr-WECO	372,567	372,567	372,567	372,567	372,567	372,567	372,567	372,567	372,567	621,999	397,510	397,510	4,770,122
Disall Depr-Sect 266	(20,530)	(20,530)	(20,530)	(20,530)	(20,530)	(20,530)	(20,530)	(20,530)	(20,530)	(22,646)	(20,742)	(20,742)	(248,900)
Disall Depr-ITC Basis Adj	143,647	143,647	143,647	143,647	143,647	143,647	143,647	143,647	143,647	122,955	141,578	141,578	1,698,934
Total	1,868,440	1,838,808	1,824,158	1,678,169	1,718,151	1,801,339	1,402,527	1,795,601	1,791,019	2,497,690	1,910,103	1,937,615	22,063,620

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

28. Schedule B-15-- A 5-year analysis for the most recent calendar year and preceding four (4) years showing purchases from manufacturing and/or supplies affiliate(s) and identifying:
- a. Total amount of affiliated net investment system-wide
 - b. Total amount of affiliated net operating income system-wide
 - c. System-wide rate of return
 - d. The FPSC authorized rate of return (midpoint) on intrastate investment
 - e. Excess over FPSC maximum rate of return
 - f. Net operating income adjustment
 - g. Expansion factor
 - h. Revenue requirement
 - i. Total manufacturing sales system-wide
 - j. Total Florida purchases
 - k. Ratio of Florida purchases to total system sales
 - l. Ratio of Florida purchases capitalized
 - m. Purchases not depreciated
 - n. Composite intrastate factor
 - o. Sales adjustment

FLORIDA PUBLIC SERVICE COMMISSION
 Company SOUTHERN BELL - FLORIDA
 Docket No. 920260-TL
 Test Year - 1 1992

Purchasing from Manufacturing & Supply Affiliates

Schedule B-15
 Page 1 of 1
 Witness Responsible: W. S. Reid

Check Whether Data Is:
 Historic ☒ or Projected ☐
 Average ☒ or Year End ☐

Line No.	Description	YEARS				
		1988	1989	1990	1991	1992 (D)
1	Affiliated Net Investment System Wide	200,079,000	262,321,000	252,686,000	199,765,000	N/A
2	Affiliated Net Operating Income System Wide	20,760,000	40,405,000	18,163,000	22,127,000	N/A
3	Return System Wide (L2/L1)	10.38%	15.40%	7.19%	11.08%	0.00%
4	FPSC Rate of Return Allowed (Note A)	11.78%	11.85%	11.94%	11.86%	0.00%
5	Excess Over FPSC Rate of Return (L3 - L4)	-1.40%	3.55%	-4.75%	-0.78%	0.00%
6	Net Operating Income Adjustment (L5*L1) (Note B)	N/A	N/A	N/A	N/A	N/A
7	Revenue Expansion Factor	0.6092218	0.6079840	0.6081358	0.6050840	0.0000000
8	Revenue Requirements (L6/L7) (Note B)	0	0	0	0	0
9	Material & Supplies Sales Southern Bell	382,795,971	440,473,109	445,928,099	411,973,042	N/A
10	Total Material & Supplies Sales System Wide (Note C)	686,195,139	789,586,436	799,364,981	738,497,582	N/A
11	Total Florida Purchases	158,844,698	176,984,502	173,574,293	164,133,493	N/A
12	Ratio Florida Purchases to Total Sales (L10/L9)	23.15%	22.41%	21.71%	22.23%	0.00%
13	Ratio of Florida Purchases Capitalized	N/A	65.98%	68.13%	69.12%	0.00%
14	Capitalized Purchases Not Yet Depreciated	N/A	77.8000%	85.0000%	93.8000%	0.0000%
15	Composite Intrastate Factor	69.0327%	70.3572%	71.6226%	73.0518%	0.0000%
16	Sales Adjustment (L8*12*13*14*15) (Note B)	0	0	0	0	0

A) The allowed rate of return has been recalculated to make it comparable to the system-wide methodology used for the return shown on line 3. The recalculated return is an overall return at 14% with zero-cost items treated as rate base reductions.

B) All BellSouth Services intrastate income has been reflected above the line in regulation. Therefore, no adjustment is necessary.

C) 1991 actual; earlier years estimated based on 1991.

D) BellSouth Services, Inc. was merged into Southern Bell Telephone and Telegraph Company on January 1, 1992. Therefore the information on this schedule is not applicable to 1992.

* 1990 Net Operating Income has been revised to reflect the reduction in earnings from a 1990 credit adjustment for interstate earnings in excess of the authorized rate. The previously provided NOI was adjusted based on interstate revenue requirement reductions.

Supporting Schedules:

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

(C) OPERATING INCOME

1. Schedule C-1a-- A booked operating income summary for the test year separately showing: total company Florida operations, interstate toll, total intrastate operations, intrastate toll (InterLATA and IntraLATA), and local exchange operations.

Operating Income Statement
Per Books
(000)

Schedule C-1a
Page 1 of 1
Witness Responsible: W. S. Reid

FLORIDA PUBLIC SERVICE COMMISSION
ComSouthern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year - 1 1992

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description (1)	(3 + 4) Total Company (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll InterLATA (6)	IntraLATA (7)	Local (8)
1.	Operating revenues	3,086,848	785,635	2,301,213	644,003	283,191	360,812	1,657,210
2.	Operating expenses	1,530,786	389,268	1,141,518	277,615	120,725	156,890	863,903
3.	Depreciation	726,129	171,781	554,348	127,773	62,425	65,348	426,575
4.	Taxes - Other	163,503	33,508	129,996	26,875	9,589	17,285	103,121
5.	Federal Income Taxes	165,406	52,277	113,129	58,529	25,479	33,050	54,599
6.	State Income Taxes	31,253	11,865	19,388	14,699	5,718	8,981	4,690
7.	Deferred Income Tax Net							
8.	Federal	(14,234)	(5,409)	(8,825)	(4,454)	(2,219)	(2,236)	(4,370)
9.	State	5,151	1,565	3,586	648	297	351	2,938
10.	Investment Tax Credit	294	76	218	49	24	25	169
11.	Amortization of ITC	(24,921)	(6,188)	(18,733)	(4,264)	(2,158)	(2,106)	(14,469)
12.	Total Operating							
13.	Expenses and Taxes	2,583,367	648,743	1,934,624	497,470	219,881	277,589	1,437,154
14.	Net Operating Income	503,481	136,892	366,589	146,533	63,310	83,223	220,056
15.	Rate Base	5,420,970	1,386,378	4,034,591	912,187	458,834	453,353	3,122,404
16.	Rate of Return			9.09%	16.06%	13.80%	18.36%	7.05%

Supporting Schedules: A-2d, A-2e, B-2a, B-2b

Recap Schedules: B-1b

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

2. Schedule C-1b-- An adjusted operating income summary for the test year separately showing: total company Florida operations, interstate toll, total intrastate operations, intrastate toll (InterLATA and IntraLATA), and local exchange operations.

Operating Income Statement
Adjusted
Company Basis
(000)

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year - 1 1992

Schedule C-1b
Page 1 of 1
Witness Responsible: W. S. Reid

Check Whether Data is:
Historic [X] or Projected []
Average [X] or Year End []

Line No.	Description (1)	(3 + 4) Total Company (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll InterLATA (6)	IntraLATA (7)	Local (8)
1.	Operating revenues	3,088,434	785,832	2,302,802	642,713	281,978	360,735	1,660,089
2.	Operating expenses	1,537,304	388,696	1,148,608	279,106	120,944	158,162	869,502
3.	Depreciation	713,044	171,684	541,360	124,709	60,852	63,857	416,650
4.	Taxes - Other	163,405	31,791	131,614	26,141	9,522	16,619	105,472
5.	Federal Income Taxes	180,792	57,227	123,565	61,412	26,854	34,558	62,152
6.	State Income Taxes	34,279	12,823	21,454	15,269	5,962	9,307	6,186
7.	Deferred Income Tax Net							
8.	Federal	(21,975)	(8,291)	(13,684)	(4,063)	(1,987)	(2,076)	(9,621)
9.	State	4,276	1,178	3,098	531	240	291	2,567
10.	Investment Tax Credit	2	0	2	0	(1)	1	2
11.	Amortization of ITC	(24,199)	(6,171)	(18,028)	(4,102)	(2,074)	(2,028)	(13,926)
12.	Total Operating							
13.	Expenses and Taxes	2,586,928	648,940	1,937,988	499,004	220,313	278,691	1,438,984
14.	Net Operating Income	501,506	136,892	364,814	143,709	61,665	82,044	221,105
15.	Rate Base	5,445,158	1,391,665	4,053,493	914,640	460,212	454,429	3,138,852
16.	Rate of Return			9.00%	15.71%	13.40%	18.05%	7.04%

Supporting Schedules: A-2d, A-2e, B-2a, B-2b

Recap Schedules: B-1b

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

3. Schedule C-2a-- A summary of the effect of the proposed rate case adjustments on the booked total company net operating income for the test year. Adjustments should be the same as those identified in Schedule B-2a.

Summary of Adjustments to
Net Operating Income
(Total Company)
(000)

Schedule C-2a
Page 1 of 2
Witness Responsible: W. S. Reid

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell
Docket No. 920260-TL
Test Year-1

1992

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Operating Expenses and Taxes

Line No.	Entry No.	Description	Operating Revenues							Total Exp.	Other Taxes	Inc. Tax	Def IT	Tax Credit	Inv. Amort of ITC	Expenses & Taxes (9 thru 14)	Net Total Oper. Income (8-15)
			Interstate	Local	Inter LATA	Intra LATA	Misc.	Uncoll	Total 2 thru 7								
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1		Unadjusted	760,802	1,395,233	283,191	362,645	325,928	40,951	3,086,848	2,256,914	163,503	196,659	(9,083)	294	(24,921)	2,583,367	503,481
2																	
3	1	Excess Plug-in Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4																	
5	2	WECO Tax Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6																	
7	3	BELLCORE Invest & Divid	0	790	0	0	0	0	790	0	0	89	0	0	0	89	701
8																	
9	4	ENFIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10																	
11	5	Other Rate Base Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12																	
13	6	Out-of-Period Rev & Sett (ICO)	0	0	1,053	(78)	0	0	975	0	13	362	0	0	0	375	600
14																	
15	7	Out-of-Period Expenses	0	0	0	0	0	0	0	4,709	0	(658)	(1,114)	0	0	2,937	(2,937)
16																	
17	8	Out-of-Period MR & FR Taxes	0	0	0	0	0	0	0	0	(110)	13,596	(12,995)	(292)	263	462	(462)
18																	
19	9	Other Out-of-Period Revenue	0	7,256	(2,266)	0	(772)	0	4,218	0	56	1,566	0	0	0	1,622	2,596
20																	
21	10	Other Reg/Nonreg Adjustments	0	(561)	0	0	0	0	(561)	5,041	(5)	2,394	0	0	0	7,430	(7,991)
22																	
23	11	Yellow Page Profits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24																	
25	12	Gains on Sales of Property	0	(233)	0	0	0	0	(233)	1	(3)	(87)	0	0	0	(89)	(144)

Supporting Schedules: A-5b, C-4a

Recap Schedules:

Summary of Adjustments to
Net Operating Income
(Total Company)
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell

Docket No. 920260-TL

Test Year-1

1992

Check Whether Data Is:

Historic [X] or Projected []

Average [X] or Year End []

Schedule C-2a

Page 2 of 2

Witness Responsible: W. S. Reid

Operating Expenses and Taxes

Line No.	Entry No.	Description	Operating Revenues						Total Exp.	Other Taxes	Inc. Tax	Deficit	Tax Credit	Inv. Amort of ITC	Expenses & Taxes (9 thru 14)	Net Total Oper. Income (8-15)	
			Interstate	Local	Inter LATA	Intra LATA	Misc.	Uncoll									
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
26	13	Income Related to Temp Cash Inv	0	248	0	0	0	0	248	0	3	93	0	0	0	96	152
27																	
28	14	Interest Reconciliation	0	0	0	0	0	0	0	0	0	3,168	0	0	0	3,168	(3,168)
29																	
30	15	Interest Imputation	0	0	0	0	0	0	0	0	0	(1,422)	0	0	0	(1,422)	1,422
31																	
32	16	Lobbying Expense	0	0	0	0	0	0	0	(446)	0	168	0	0	0	(278)	278
33																	
34	17	Corporate Advertising Expense	0	0	0	0	0	0	0	(280)	0	105	0	0	0	(175)	175
35																	
36	18	Abandoned Projects	0	0	0	0	0	0	0	399	0	(150)	0	0	0	249	(249)
37																	
38	19	Casualty Expense	0	0	0	0	0	0	0	(19)	0	0	7	0	0	(12)	12
39																	
40	20	Other Regulatory Adjustments	0	0	0	0	0	0	0	(1,639)	0	617	0	0	0	(1,022)	1,022
41																	
42	21	Bond Refinancing Adjustment	0	(3,917)	0	0	0	(66)	(3,851)	0	(53)	(1,429)	0	0	0	(1,482)	(2,369)
43																	
44	22	1992 Depreciation Represcription	0	0	0	0	0	0	0	(14,333)	0	0	5,486	0	459	(8,388)	8,388
45																	
46	23	Not used	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
47																	
48	24	Not used	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
49																	
50	25	Not used	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
51																	
52		Adjusted Results	760,802	1,398,816	281,978	362,567	325,156	40,885	3,088,434	2,250,347	163,405	215,071	(17,699)	2	(24,199)	2,586,928	501,506

Supporting Schedules: A-6b, C-4a

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

4. Schedule C-2b-- A summary of the effect of the proposed rate case adjustments on the booked intrastate net operating income for the test year.

Summary of Adjustments to
Net Operating Income
(Intrastate)
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell

Docket No. 920260-TL

Test Year -1

1992

Schedule C-2b

Page 1 of 2

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [X] or Year End []

Operating Expenses and Taxes

Line No.	Entry No.	Description	Operating Revenues						Total Exp.	Other Taxes	Income Taxes		Deferred Income Taxes		Inv. Tax Credit	Inv. Amort of ITC	Expenses & Taxes (8 thru 15)	Net Total Oper. Income (7-16)
			Local	Inter LATA	Intra LATA	Misc.	Uncoll	Total (2 thru 6)			State	Federal	State	Federal				
			(2)	(3)	(4)	(5)	(6)	(7)			(10)	(11)	(12)	(13)			(16)	(17)
1		Unadjusted	1,395,109	283,191	360,812	300,839	38,738	2,301,213	1,095,868	129,998	19,388	113,129	3,588	(8,825)	218	(18,733)	1,934,624	366,589
2																		
3	1	Excess Plug-in Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4																		
5	2	WECO Tax Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6																		
7	3	BELLCORE Invest & Divid	790	0	0	0	0	790	0	0	13	76	0	0	0	0	89	701
8																		
9	4	ENFIA	0	0	0	0	0	0	(214)	(28)	14	83	0	0	0	3	(142)	142
10																		
11	5	Other Rate Base Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12																		
13	6	Out-of-Period Rev & Sett (ICO)	0	1,053	(78)	0	0	975	0	13	53	309	0	0	0	0	375	600
14																		
15	7	Out-of-Period Expenses	0	0	0	3	0	3	6,830	(29)	(211)	(1,254)	(163)	(951)	0	0	4,222	(4,219)
16																		
17	8	Out-of-Period MR & FR Taxes	0	0	0	0	0	0	0	1,663	1,642	7,789	(498)	(9,228)	(216)	243	1,395	(1,395)
18																		
19	9	Other Out-of-Period Revenue	7,256	(2,266)	0	(772)	0	4,218	0	56	229	1,337	0	0	0	0	1,622	2,596
20																		
21	10	Other Reg/Nonreg Adjustments	(561)	0	0	0	0	(561)	3,803	(5)	171	1,188	0	0	0	0	5,157	(5,718)
22																		
23	11	Yellow Page Profits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24																		
25	12	Gains on Sales of Property	(233)	0	0	0	0	(233)	1	(3)	(13)	(74)	0	0	0	0	(89)	(144)

Supporting Schedules: A-6b

Recap Schedules: A-1a, A-2b, A-2e, C-1b

Summary of Adjustments to
Net Operating Income
(Intrastate)
(000)

Schedule C-2b
Page 2 of 2
Witness Responsible: W. S. Reid

FLORIDA PUBLIC SERVICE COMMISSION
Company Southern Bell
Docket No. 920250-TL
Test Year-1

1992

Check Whether Data Is:
Historic [X] or Projected []
Average [X] or Year End []

Operating Expenses and Taxes

Line No.	Entry No.	Description	Operating Revenues					Total Exp.	Other Taxes	Income Taxes		Deferred Income Taxes		Inv. Tax Credit	Inv. Amort of ITC	Expenses & Taxes (8 thru 15)	Net Total Oper. Income (7-16)	
			Local	Inter LATA	Intra LATA	Misc.	Uncoll			Total (2 thru 6)	State	Federal	State					Federal
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
26	13	Income Related to Temp Cash Inv	248	0	0	0	0	248	0	3	14	79	0	0	0	0	96	152
27																		
28	14	Interest Reconciliation	0	0	0	0	0	0	0	0	463	2,705	0	0	0	0	3,168	(3,168)
29																		
30	15	Interest Imputation	0	0	0	0	0	0	0	0	(208)	(1,214)	0	0	0	0	(1,422)	1,422
31																		
32	16	Lobbying Expense	0	0	0	0	0	0	(446)	0	25	143	0	0	0	0	(278)	278
33																		
34	17	Corporate Advertising Expense	0	0	0	0	0	0	(280)	0	15	90	0	0	0	0	(175)	175
35																		
36	18	Abandoned Projects	0	0	0	0	0	0	399	0	(22)	(128)	0	0	0	0	249	(249)
37																		
38	19	Casualty Expense	0	0	0	0	0	0	(19)	0	0	0	1	6	0	0	(12)	12
39																		
40	20	Other Regulatory Adjustments	0	0	0	0	0	0	(1,639)	0	90	527	0	0	0	0	(1,022)	1,022
41																		
42	21	Bond Refinancing Adjustment	(3,917)	0	0	0	0	(3,851)	0	(53)	(209)	(1,220)	0	0	0	0	(1,482)	(2,369)
43																		
44	22	1992 Depreciation Represcription	0	0	0	0	0	0	(14,333)	0	0	0	172	5,314	0	459	(8,388)	8,388
45																		
46	23	Not used	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
47																		
48	24	Not used	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
49																		
50	25	Not used	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
51																		
52		Adjusted Results	1,398,692	281,978	380,734	300,070	38,672	2,302,802	1,689,968	131,614	21,454	123,565	3,098	(13,684)	2	(18,028)	1,937,988	364,814

Supporting Schedules: A-6b

Recap Schedules: A-1a, A-2b, A-2e, C-1b

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

5. Schedule C-3-- An income statement for the test year and the prior year separately showing: total company Florida operations, interstate toll, total intrastate operations, intrastate toll (InterLATA and IntraLATA), and local exchange operations. Show average equity and rate of return for each category.

Separated Income Statements for
Test Period and Prior Year
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year - 1 1992

Schedule C-3

Page 1 of 2

Witness Responsible W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [X] or Year End [X]

Line No.	Description (1)	(3 + 4) Total Company (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll InterLATA (6)	IntraLATA (7)	Local (8)
1.	Operating Revenue	3,086,849	785,636	2,301,213	637,061	282,851	354,210	1,664,152
2.	Operating Expense	2,583,367	648,743	1,934,624	497,469	219,881	277,588	1,437,155
3.	Net Operating Income	503,482	136,893	366,589	139,592	62,970	76,622	226,997
4.	Nonoperating Inc and Exp	(8,027)	(1,970)	(6,057)	(1,307)	(650)	(657)	(4,750)
5.	Nonoperating Taxes	(138)	53	(191)	(47)	(17)	(30)	(144)
6.	Fixed Charges	147,027	37,692	109,335	24,670	12,507	12,163	84,665
7.	Extraordinary Items	8,816	2,324	6,492	1,440	733	707	5,052
8.	Inc. Eff of Juris. Diff	0	0	0	0	0	0	0
9.	Nonregulated Net Income	(17,586)	0	0	0	0	0	0
10.	Net Income - Regulated	339,750	94,854	244,896	112,222	49,097	63,125	132,674
11.	Average Equity	2,750,600	703,448	2,047,152	462,845	232,813	230,032	1,584,307
12.	Rate of Return			11.96%	24.25%	21.09%	27.44%	8.37%

Supporting Schedules:

Recap Schedules:

Separated Income Statements for
Test Period and Prior Year
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -2 1991

Schedule C-3

Page 2 of 2

Witness Responsible W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [X] or Year End [X]

Line No.	Description (1)	(3 + 4) Total Company (2)	Interstate Toll (3)	(5 + 8) Total Intrastate (4)	(6 + 7) Intrastate Toll (5)	Intrastate Toll InterLATA (6)	IntraLATA (7)	Local (8)
1.	Operating Revenue	3,008,453	783,964	2,224,489	613,487	274,619	338,868	1,611,002
2.	Opr Expenses and Taxes	2,470,097	624,058	1,846,039	479,422	213,491	265,931	1,366,617
3.	Net Operating Income	538,356	159,906	378,450	134,065	61,128	72,937	244,385
4.	Nonoperating Inc and Exp	(5,112)	(1,163)	(3,949)	(862)	(391)	(471)	(3,087)
5.	Nonoperating Taxes	(1,483)	(371)	(1,112)	(258)	(125)	(133)	(854)
6.	Fixed Charges	157,284	42,601	114,683	26,727	13,464	13,263	87,956
7.	Extraordinary Items	0	0	0	0	0	0	0
8.	Inc. Eff of Juris. Diff	0	0	0	0	0	0	0
9.	Nonregulated Net Income	(18,414)	0	0	0	0	0	0
10.	Net Income -- Regulated	377,443	116,513	260,930	106,734	47,398	59,336	154,196
11.	Average Equity	2,812,973	774,734	2,038,239	510,841	251,572	259,269	1,527,398
12.	Rate of Return			12.80%	20.89%	18.84%	22.89%	10.10%

Supporting Schedules:

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

6. Schedule C-4a-- Operating revenues for each of the three years preceding the test year, the test year, and one year following the test year. Show effective date and amount of rate case increases (InterLATA, IntraLATA, and Miscellaneous) granted during these periods.

Operating Revenues

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year - 1 1992

Schedule C-4a

Page 1 of 2

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected [X]

Average [] or Year End [X]

Line No.	Revenues	1989 Amount	Date & Amt of Rate Increase	1990 Amount	Date & Amt of Rate Increase	1991 Amount	Date & Amt of Rate Increase	Test Year Amount	Date & Amt of Rate Increase	1993 Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Local Service:									
2.	Basic Area Service	796,826,517		827,092,839		798,297,449		818,367,896		864,687,709
3.	Optional Extended Area	2,605,001		5,048,775		5,808,930		6,714,527		7,496,605
4.	Cellular Mobile Service	0		0		0		0		0
5.	Other Mobile Service	3,151,249		3,186,226		3,350,201		2,876,022		3,211,008
6.	Public Telephone	72,697,387		72,749,779		76,213,864		76,805,103		85,751,016
7.	Local Private Line	28,382,124		32,651,936		41,595,819		47,798,877		50,742,000
8.	Customer Premises Revenue	3,526,708		3,467,847		3,757,504		5,032,728		5,618,917
9.	Other Local Exchange	359,796,672		399,878,123		418,936,798		437,536,579		488,498,873
10.	Other Local Exchange Revenue Settlements	181,207		19,141		(74,705)		(22,507)		(25,128)
10a	Interstate *	55,064		86,813		104,961		124,062		0
11.	InterLATA:									
12.	End User Charge	6,346		5,889,726		(1,237)		(1)		0
13.	Capacity Charges	21,610,597		17,396,068		167,043		143,334		160,096
14.	MOU Charges to IXC's	200,957,292		226,871,487		235,792,609		246,517,917		275,347,147
15.	Special Access Charges	21,688,324		19,893,179		19,259,293		19,947,612		22,280,401
16.	Private Line FX	0		0		0		0		0
17.	Interexchange Lease	See Misc.		See Misc.		See Misc.		See Misc.		See Misc.
18.	Operator Services	3,433,577		4,852,833		5,755,247		5,641,027		6,300,721
19.	Joint Transport Receipts (Pmts)	10,257		181,715		(79,496)		(48,267)		(53,911)
20.	Subsidy Fund Receipts (Pmts.)	(2,159,831)		(2,264,000)		(2,264,000)		(2,013,496)		(1,907,000)
21.	Others	466,902		379,244		3,395		1,977		2,208
21a	Interstate *	790,903,755		784,705,633		752,242,601		760,783,995		749,874,000
22.	IntraLATA:									
23.	End User Charge	0		0		0		0		0
24.	Capacity Charges	1,148,745		787,786		0		0		0
25.	MOU Charges to IXC's	10,814,202		11,853,232		12,499,629		11,705,653		13,074,579
26.	Private Line-Pooling	53,221,794		57,609,162		50,043,166		46,123,217		51,517,133
27.	MTS/WATS	282,857,121		289,309,041		277,705,445		296,673,547		289,840,000
28.	Joint Transport Receipts (Pmts.)	0		0		0		0		0
29.	Subsidy Fund Receipts (Pmts.)	(1,854,617)		(607,670)		(410,000)		(410,000)		(410,000)
30.	Others	3,614,442		3,848,809		3,473,278		3,049,947		1,702,626
30a	Interstate *	389,820		409,516		1,006,029		1,851,905		1,704,000

Supporting Schedules: None

Recap Schedules: None

Operating Revenues

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.
Docket No. 920260-TL
Test Year -1 1992

Schedule C-4a

Page 2 of 2

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic ☒ or Projected ☒

Average ☐ or Year End ☒

Line No.	Revenues (1)	1989 Amount (2)	Date & Amt of Rate Increase (3)	1990 Amount (4)	Date & Amt of Rate Increase (5)	1991 Amount (6)	Date & Amt of Rate Increase (7)	Test Year Amount (8)	Date & Amt of Rate Increase (9)	1993 Amount (10)
1.	Miscellaneous:									
2.	Directory Revenue	214,244,965		229,147,407		239,258,792		247,676,744		252,780,000
3.	Rent Revenue	3,574,836		4,837,527		11,902,221		5,475,950		5,906,857
3a.	Interexchange Lease	962,580		615,362		119,006		74,650		80,524
4.	Corporate Operations	0		0		0		0		0
5.	Miscellaneous	202,867		269,393		236,731		267,522		288,574
6.	Customer Operations	219,771		221,021		237,293		327,101		352,841
7.	Plant Operations	(16,952)		990		190		12		13
8.	Other Incidental Reg. Rev.	23,357,276		(37,054,101)		49,495,646		54,386,410		24,097,190
9.	Other Rev. Settlements	0		0		0		0		0
10.	Billing and Collecting - Interstate	41,398,109		41,055,430		30,876,865		23,549,639		22,294,000
11.	Billing and Collecting - Intrastate	11,381,338		11,697,684		13,350,019		9,300,913		10,571,000
11a	Other Misc. Interstate	2,740,718		1,930,285		1,896,678		1,538,987		2,466,000
12.	Uncollectible	(31,150,818)		(29,816,433)		(39,941,241)		(38,737,638)		(39,973,000)
12a	Interstate *	(1,176,453)		(820,691)		(2,163,125)		(2,213,077)		(2,150,000)
13.	Total Operating Revenues	2,920,068,892		2,987,381,114		3,008,452,898		3,086,848,868		3,192,127,000

* Interstate amounts are shown for balancing purposes.

Supporting Schedules: None

Recap Schedules: None

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

7. Schedule C-4b-- A listing and explanation of all changes in revenue accounts and subaccounts in Schedule C-4a that exceed the annual access line growth rate plus 10% for the test period compared to the prior twelve (12) month period. Show percent and dollar level of annual change for all accounts meeting the above criteria and the annual number and percent change in average access lines for each of the three (3) years preceding the test year, the test year, and the average annual change for the entire four-year period.

Explanation of Changes in Revenue Accounts

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule C-4b

Page 1 of 1

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [X] or Year End [X]

Line No.	Account Number	Description	Increase in Amount From 1991 to 1992		Explanation*
			Dollars	Percent	
	(1)	(2)	(3)	(4)	(5)
1.	5002	Local - Optional Extended Area	905,597	15.59%	Additional EAS routes implemented
2.	5040	Local - Local Private Line	6,203,058	14.91%	Private line rate restructure
3.	5050	Customer Premises Revenue	1,275,224	33.94%	Billing Correction

Average Annual Access Line Growth Rate

Period	Average Access Lines	Annual Percent Increase (Decrease)
(1)	(2)	(3)
1989	4,310,989	XXXXXX
1990	4,511,804	4.66%
1991	4,663,857	3.37%
1992	4,823,117	3.41%
Average Growth Rate for the Entire Period		3.81%

* Explain all percentage changes which exceed the annual access line growth rate plus 10%

Supporting Schedules: C-4a

Recap Schedules: None

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

8. Schedule C-4c-- An analysis of plant specific and plant non-specific expenses for the three years prior to the test year, the test year, and one year following the test year. Show yearly percentage changes for each expense category.

OPERATING EXPENSES
Plant Specific and Plant Nonspecific Expenses
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule C-4c

Page 1 of 1

Witness Responsible W. S. Reid

Check Whether Data is:

Historic [X] or Projected [X]

Average [] or Year End [X]

Line	Acct			Percent		Percent		Percent		Percent	
No.	No.	Expenses	1989	1990	Increase (Decrease)	1991	Increase (Decrease)	1992	Increase (Decrease)	1993	Increase (Decrease)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1		Plant Specific:									
2	6110	Network Support	4,479	4,804	7.27%	5,592	16.39%	10,474	87.32%	4,894	-53.28%
3	6120	General Support	149,663	145,899	-2.52%	137,900	-5.46%	158,575	14.99%	150,119	-5.33%
4	6211	Analog Electronic	44,613	40,329	-9.60%	39,437	-2.21%	33,506	-15.04%	34,339	2.49%
5	6212	Digital Electronic	37,912	47,348	24.89%	54,903	15.95%	64,151	16.84%	67,760	5.63%
6	6215	Electro-Mechanical	751	382	-49.10%	23	-93.94%	0	-100.00%	0	0.00%
7	6220	Operator Systems	1,286	1,265	-1.66%	2,378	88.03%	3,140	32.04%	2,073	-33.97%
8	6230	Central Office Transmission	47,923	47,709	-0.45%	48,467	1.59%	52,084	7.46%	50,468	-3.10%
9	6310	Information Origination/Termination	84,068	90,359	7.48%	107,199	18.64%	81,031	-24.41%	76,943	-5.04%
10	6411	Poles Expense	4,616	5,395	16.87%	4,968	-7.91%	7,046	41.82%	7,101	0.78%
11	6421	Aerial Cable	37,642	39,249	4.27%	41,819	6.55%	46,814	11.94%	58,065	24.03%
12	6422	Underground Cable	15,733	15,122	-3.88%	15,576	3.00%	18,395	18.10%	18,717	1.75%
13	6423	Buried Cable	118,342	119,665	1.12%	118,572	-0.91%	116,305	-1.91%	127,353	9.50%
14	6410	Other Cable and Wire Facilities	34,414	32,572	-5.35%	4,362	-86.61%	4,155	-4.74%	11,956	187.73%
15		Total Plant Specific	581,441	590,099	1.49%	581,194	-1.51%	595,676	2.49%	609,788	2.37%
16		Plant Nonspecific:									
17	6510	Other Property, Plant & Equipment	492	618	25.70%	5,583	803.38%	3,666	-34.33%	2,376	-35.19%
18	6531	Power	7,268	8,495	16.89%	11,326	33.32%	10,344	-8.67%	12,101	16.99%
19	6532	Network Administration	32,808	32,509	-0.91%	30,678	-5.63%	28,377	-7.50%	33,397	17.69%
20	6533	Testing	72,930	75,066	2.93%	73,899	-1.55%	78,735	6.54%	87,217	10.77%
21	6534	Plant Operations Administration	62,412	71,613	14.74%	77,879	8.75%	96,589	24.03%	90,165	-6.65%
22	6535	Engineering	80,499	82,649	2.67%	79,192	-4.16%	75,717	-4.39%	84,143	11.13%
23	6540	Access	18,005	18,024	0.10%	14,339	-20.45%	12,802	-10.72%	11,760	-8.14%
24		Total Plant Nonspecific	274,413	288,973	5.31%	292,895	1.36%	306,229	4.55%	321,159	4.88%
25		TOTAL	855,854	879,073	2.71%	874,089	-0.57%	901,905	3.18%	930,947	3.22%

Supporting Schedules:

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

9. Schedule C-4d-- A 14-month analysis of monthly plant specific and plant non-specific expenses for the test year and one month immediately preceding and following the test year.

OPERATING EXPENSES
Plant Specific and Plant Nonspecific Expenses
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year - 1 1992

Schedule C-4d

Page 1 of 1

Witness Responsible W. S. Reid

Check Whether Data is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Acct No.	Expenses (2)	Test Year													
			DEC 1991	JAN 1992	FEB 1992	MARCH 1992	APRIL 1992	MAY 1992	JUNE 1992	JULY 1992	AUG 1992	SEPT 1992	OCT 1992	NOV 1992	DEC 1992	JAN 1993 *
1		Plant Specific:														
2	6110	Network Support	787	431	670	499	485	348	549	943	763	1,338	2,088	951	1,409	1,037
3	6120	Genreal Support	14,406	7,422	13,922	13,206	13,620	12,294	12,367	12,894	12,130	15,018	17,102	9,098	19,501	12,884
4	6211	Analog Electronic	3,232	3,566	3,553	2,471	3,344	2,458	2,786	2,983	2,610	3,300	3,237	427	2,773	3,450
5	6212	Digital Electronic	4,983	5,582	6,157	7,608	3,122	5,338	5,495	5,049	3,955	3,772	5,038	5,156	7,879	6,189
6	6215	Electro-Mechanical	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	6220	Operator Systems	141	69	274	24	125	671	35	1,037	17	36	36	13	803	75
8	6230	Central Office Trans	3,698	3,718	3,870	4,424	4,112	3,956	4,269	4,380	3,909	3,847	415	13,645	1,540	4,034
9	6310	Information Orig/Term	11,514	6,056	5,602	6,329	5,400	5,334	6,457	6,892	6,349	8,905	8,263	8,059	7,384	8,120
10	6411	Poles Expense	299	570	564	562	581	582	549	619	557	644	818	821	181	800
11	6421	Aerial Cable	2,087	3,508	3,400	3,686	3,818	3,592	4,924	4,811	5,541	6,036	255	(241)	7,483	2,616
12	6422	Underground Cable	1,270	1,417	1,370	1,490	1,495	1,319	1,411	1,409	1,378	1,828	1,883	1,641	1,754	1,806
13	6423	Buried Cable	7,811	9,617	9,093	9,897	9,752	9,111	10,522	9,881	11,947	11,737	7,435	10,519	6,794	12,125
14	6410	Other Cable and Wire Facil.	(524)	244	255	285	310	277	308	322	309	450	470	454	470	434
15		Total Plant Specific	49,704	42,199	48,730	50,482	46,163	45,280	49,674	51,219	49,465	58,909	47,040	50,544	57,971	53,571
16		Plant Nonspecific:														
17	6510	Other Property, Plant & Equip	1,255	(264)	31	(116)	611	182	(880)	214	582	(347)	1,133	206	2,314	357
18	6531	Power	1,011	798	912	826	717	913	643	991	867	893	905	834	1,044	896
19	6532	Network Administration	2,205	2,212	2,153	2,410	2,308	2,242	2,395	2,365	2,348	2,659	2,643	2,343	2,301	2,325
20	6533	Testing	5,415	6,028	5,714	6,410	5,956	5,882	6,387	6,445	7,047	9,075	8,235	7,125	4,431	6,967
21	6534	Plant Operations Admin	5,111	5,598	5,870	6,787	6,495	6,957	7,018	7,298	6,927	12,808	8,536	11,425	10,871	10,169
22	6535	Engineering	5,098	5,474	5,950	6,052	6,171	6,170	6,303	6,098	6,225	6,376	7,112	6,531	7,253	6,179
23	6540	Access	1,104	1,187	1,192	1,133	1,215	1,175	1,170	1,130	974	965	917	913	829	866
24		Total Plant Nonspecific	21,199	21,033	21,823	23,503	23,471	23,521	23,036	24,541	24,970	32,429	29,482	29,375	29,045	27,760
25		TOTAL	70,903	63,232	70,553	73,984	69,634	68,801	72,710	75,760	74,434	89,339	76,522	79,920	87,015	81,330

* Amounts for January 1993 are actual

Supporting Schedules:

Recap Schedules:

OPERATING EXPENSES

Depreciation and Amortization Expenses and Customer Operations Expense (000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule C-4a

Page 1 of 2

Witness Responsible W. S. Reid

Check Whether Data is:

Historic [X] or Projected [X]

Average [] or Year End [X]

Line	Acct			Percent		Percent		Percent		Percent
No.	No.	Expenses	1989	1990	Increase	1991	Increase	1992	Increase	1993
	(1)	(2)	(3)	(4)	(Decrease)	(6)	(Decrease)	(8)	(Decrease)	(10)
					(5)		(7)		(9)	(11)
1		Depreciation and Amortization Expenses:								
2	6561	Depreciation - TPIS	664,859	695,131	4.55%	722,447	3.93%	724,861	0.33%	695,807
3	6562	Depreciation - PHFU	4	2	-40.34%	0	-100.00%	0	0.00%	0
4	6563	Amortization - Tangible	9,636	6,627	-31.23%	3,505	-47.11%	2,914	-16.85%	2,110
5	6564	Amortization - Intangible	0	0	0.00%	0	0.00%	0	0.00%	0
6	6565	Amortization - Other	0	3,805	100.00%	3,836	0.82%	3,823	-0.35%	3,852
7		Total Depreciation and Amortization	674,498	705,565	4.61%	729,788	3.43%	731,598	0.25%	701,769
8	6611	Product Management	25,997	27,522	5.86%	24,858	-9.68%	19,272	-22.47%	19,645
9	6612	Sales	52,790	55,284	4.72%	63,703	15.23%	63,249	-0.71%	72,816
10	6613	Product Advertising	13,408	15,224	13.54%	17,266	13.42%	16,722	-3.15%	20,021
11	6621	Call Completing Services	21,754	19,939	-8.34%	18,584	-6.79%	20,221	8.81%	21,693
12	6622	Number Services	48,292	54,052	11.93%	53,462	-1.09%	58,039	8.56%	63,789
13	6623	Customer Services	203,147	216,800	6.72%	230,313	6.23%	247,891	7.63%	259,710
14		Total Customer Operations	365,388	388,821	6.41%	408,186	4.98%	425,394	4.22%	457,674

Supporting Schedules:

Recap Schedules:

OPERATING EXPENSES
Depreciation and Amortization Expenses and Customer Operations Expense
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule C-4e

Page 2 of 2

Witness Responsible W. S. Reid

Check Whether Data is:

Historic ☒ or Projected ☐

Average ☐ or Year End ☒

Line No.	Acct No.	Expenses (2)	TEST YEAR													
			DEC	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN
			1991	1992	1992	1992	1992	1992	1992	1992	1992	1992	1992	1992	1992	1992
1		Depreciation and Amortization Expenses:														
2	6561	Depreciation -- TPIS	60,064	60,256	57,342	59,258	60,630	58,953	65,339	60,550	60,470	60,230	60,826	60,837	60,171	59,456
3	6562	Depreciation -- PHFU	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	6563	Amortization -- Tangible	200	246	247	248	256	246	248	225	253	277	236	217	215	213
5	6564	Amortization -- Intangible	0	0	0	(0)	0	0	0	0	0	0	0	0	0	0
6	6565	Amortization -- Other	318	318	319	319	319	319	319	319	319	319	319	319	319	319
7		Total Depreciation and Amortization	60,582	60,821	57,907	59,824	61,204	59,517	65,905	61,093	61,041	60,826	61,381	61,373	60,705	59,987
8	6611	Product Management	2,141	1,456	1,619	1,620	1,625	1,514	1,627	1,580	1,557	1,640	1,633	1,573	1,826	1,666
9	6612	Sales	6,217	4,004	4,620	4,216	5,027	4,356	6,045	6,096	6,387	5,230	5,374	6,124	5,770	5,462
10	6613	Product Advertising	3,632	725	752	254	3,113	1,418	1,723	1,583	1,037	1,056	1,697	2,415	948	278
11	6621	Call Completing Services	1,346	1,548	1,566	1,628	1,727	1,742	1,736	1,638	1,822	1,707	1,755	1,727	1,624	1,770
12	6622	Number Services	4,360	4,488	4,424	4,886	4,683	4,813	4,735	4,807	5,161	4,929	4,897	4,787	5,429	5,189
13	6623	Customer Services	18,896	18,716	18,255	20,379	20,726	19,564	19,709	20,541	21,085	22,090	22,664	20,354	23,807	20,584
14		Total Customer Operations	36,592	30,938	31,236	32,983	36,901	33,407	35,575	36,245	37,050	36,653	38,020	36,981	39,405	34,949

* Amounts for January 1993 are actual

Supporting Schedules:

Recap Schedules

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

11. Schedule C-4f-- Annual and 14-month analyses of monthly corporate operations and other income and expenses for the test year and one month immediately preceding and following the test year.

OPERATING EXPENSES
Corporate Operations and Other Income and Expense
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year - 1 1992

Check Whether Data is:

Historic [X] or Projected [X]

Average [] or Year End [X]

Schedule C-4f

Page 1 of 2

Witness Responsible W. S. Reid

Line No.	Acct No.	Expenses	1989 (3)	1990 (4)	Percent Increase (Decrease) (5)	1991 (6)	Percent Increase (Decrease) (7)	1992 (8)	Percent Increase (Decrease) (9)	1993 * (10)	Percent Increase (Decrease) (11)
1		Corporate Operations Expense:									
2	6711	Executive	9,858	8,119	-17.65%	8,844	8.93%	9,809	10.92%	14,630	49.15%
3	6712	Planning	2,677	2,211	-17.44%	2,648	19.80%	4,662	76.06%	2,727	-41.51%
4	6721	Accounting and Finance	27,105	29,577	9.12%	30,627	3.55%	37,090	21.10%	33,119	-10.71%
5	6722	External Relations	24,420	24,025	0.00%	22,926	-4.57%	22,516	-1.79%	22,430	-0.38%
6	6723	Human Resources	21,312	24,142	0.00%	22,554	-6.58%	27,467	21.79%	30,439	10.82%
7	6724	Information Management	59,216	61,942	4.60%	73,671	18.94%	61,390	-16.67%	67,270	9.58%
8	6725	Legal	7,774	9,162	17.86%	11,222	22.49%	14,139	25.99%	10,107	-28.52%
9	6726	Procurement	14,201	13,537	-4.68%	13,275	-1.93%	10,433	-21.41%	10,523	0.87%
10	6727	Research and Development	8,700	9,325	7.18%	10,055	7.83%	11,679	16.15%	12,062	3.28%
11	6728	Other General and Admin	114,453	101,649	-11.19%	115,435	13.56%	118,525	2.68%	100,265	-15.41%
12		Total Corporate Operations	289,717	283,687	-2.08%	311,257	9.72%	317,711	2.07%	303,572	-4.45%
13		Other Income and Expense									
14	7110	Income from Custom Work	0	0	0.00%	(0)	0.00%	(0)	0.00%	0	0.00%
15	7130	Return from nonreg use of Reg Facilities	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
16	7150	G/L Disp of Land and Art	942	239	-74.58%	67	-71.98%	(2)	-102.31%	0	-100.00%
17	7160	Other Gains and Losses	(286)	566	-297.89%	(954)	-268.49%	92	-109.66%	120	30.23%
18		Total Other Inc and Exp	656	805	22.83%	(887)	-210.13%	90	-110.17%	120	33.01%

Supporting Schedules:

Recap Schedules:

OPERATING EXPENSES
Corporate Operations and Other Income and Expense
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule C-4f

Page 2 of 2

Witness Responsible W. S. Reid

Check Whether Data is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Acct No.	Expenses	TEST YEAR													JAN 1993 *
			DEC 1991	JAN 1992	FEB 1992	MARCH 1992	APRIL 1992	MAY 1992	JUNE 1992	JULY 1992	AUG 1992	SEPT 1992	OCT 1992	NOV 1992	DEC 1992	
1	(1)	(2)														
1		Corporate Operations Expense:														
2	6711	Executive	1,006	876	684	842	767	892	572	777	697	1,592	1,429	1,163	(482)	651
3	6712	Planning	275	183	205	237	533	401	301	436	358	451	466	533	559	173
4	6721	Accounting and Finance	2,269	3,003	2,748	3,246	3,069	2,872	3,138	3,070	2,944	3,283	3,290	3,711	2,716	3,488
5	6722	External Relations	1,947	1,840	1,527	1,562	1,691	1,818	1,944	1,687	1,798	2,395	2,272	1,830	2,153	2,198
6	6723	Human Resources	1,843	2,376	1,809	1,821	2,042	2,124	2,123	2,201	2,231	2,899	2,918	2,713	2,210	3,472
7	6724	Information Management	9,713	3,718	3,619	4,367	4,451	4,149	4,366	5,105	4,178	5,281	5,449	6,097	10,612	5,750
8	6725	Legal	1,832	607	1,265	1,396	1,287	983	1,038	1,217	1,108	1,554	1,165	920	1,598	648
9	6726	Procurement	1,084	737	781	895	841	813	845	874	856	1,017	908	913	950	815
10	6727	Research and Develop	807	1,005	910	863	815	827	934	1,095	1,053	1,030	1,041	1,073	1,031	1,088
11	6728	Other Gen and Admin	11,728	11,802	9,843	12,749	7,132	7,453	8,282	10,455	10,045	10,814	7,744	11,293	10,912	8,944
12		Total Corporate Operations	32,505	26,148	23,390	27,978	22,629	22,334	23,543	26,917	25,269	30,317	26,681	30,246	32,259	27,227
13		Other Income and Expense														
14	7110	Income from Custom Work	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	7130	Return from nonreg use of Reg Facilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	7150	G/L Disp of Land and Art	12	0	0	0	0	0	0	0	0	0	(2)	0	0	0
17	7160	Other Gains and Losses	(10)	(14)	(14)	(14)	(14)	(20)	(10)	(14)	(23)	6	229	(29)	15	(14)
18		Total Other Inc and Exp	2	(14)	(14)	(14)	(14)	(20)	(10)	(14)	(23)	6	227	(29)	15	(14)

* Amounts for January are actual

Supporting Schedules:

Recap Schedules:

DOCKET NO. 920260-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY - FLORIDA

12. Schedule C-4g-- A listing and explanation of all changes in expense accounts and subaccounts in Schedules C-4c, C-4e and C-4f that exceed the annual access line growth rate plus 10% for the test period compared to the prior twelve (12) month period. Show percent and dollar level of annual change for all accounts meeting the above criteria. (Refer to Schedule B-4c for access line growth rates.)

Explanation of Changes in Expense Accounts
(000)

FLORIDA PUBLIC SERVICE COMMISSION

Company Southern Bell Telephone & Telegraph Co.

Docket No. 920260-TL

Test Year -1 1992

Schedule C-4g

Page 1 of 1

Witness Responsible: W. S. Reid

Check Whether Data Is:

Historic [X] or Projected []

Average [] or Year End [X]

Line No.	Account Number (1)	Description (2)	Increase in Amount From 1991 to 1992		Explanation*
			Dollars (3)	Percent	
1.	6110	Network Support	4,882	87.30%	Ordinary repairs of motor vehicles and repairs related to Hurricane Andrew.
2.	6120	General Support	20,675	14.99%	Contract services for plant labor, security and shipment of furniture due to reorganization and Hurricane Andrew; Environmental Issue settlement.
3.	6212	Digital Electronic	9,248	16.84%	Increase in plant labor due to Hurricane Andrew and contract services for the cost of loaned employees from AT&T and Bell Companies other and BellSouth.
4.	6220	Operator Systems	762	32.04%	Right-to-use, primarily the conversion of six operator units to Digital Automatic Call Distribution.
5.	6411	Poles Expense	2,078	41.83%	Due to the rearrangement of poles, including the transfer of material from one pole to another. Also, the impact of Hurricane Andrew.
6.	6422	Underground Cable	2,819	18.10%	Increase in plant labor related to Hurricane Andrew.
7.	6534	Plant Operations Administration	18,710	24.02%	Increase in plant labor related to Hurricane Andrew.
8.	6712	Planning	2,014	76.06%	Due to Basic Salaries/Wages, Overtime and Special Payments; overhead charges for employees loaned to Florida from other States due to Hurricane Andrew.
9.	6721	Accounting and Finance	6,463	21.10%	Increase includes overhead expense associated with loaned employees due to Hurricane Andrew. Also, Basic Wages/Salaries and Overtime Payments.
10.	6723	Human Resources	4,913	21.78%	Transfer of employees from BSSI to BellSouth Services and charges of loaned employees to assist in restoration effort due to Hurricane Andrew.
11.	6725	Legal	2,917	25.99%	Attorney and arbitrator payments due to settlement on a personal injury case and Davis case; overhead charges for loaned employees due to Hurricane Andrew.
12.	6727	Research and Development	1,624	16.15%	Benefit and payroll taxes clearances and headquarters prorates-wages/salaries.

* Explain all changes which exceed the annual access line growth rate (defined in Schedule B-4c) plus 10%

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13. Schedule C-4h-- (Part 1) In column A, list the number of access lines at the end of the test year, end of TY-1, TY-2, TY-3, and TY-4. In column B, calculate the compound increase in access lines. (This is calculated based on the compounded year-to-year increase.) In column C, list the Consumer Price Index-Urban (CPI-U) for the test year and for four years previous to the test year. In column D, calculate the compound increase in the CPI-U. (This is calculated in the same fashion as column B.) Multiply column B by column D and enter the results in column E. Multiply the amounts in column E ($E2 \times E3 \times E4 \times E5$) and enter the amounts in column F. (Part 2) -- List the amounts in column A for TY-4 by the categories of expense provided (excluding taxes and depreciation). In column B, copy the amount from Part 1, column F, for each category of expense. For each category, multiply column A by column B and enter the results in column C. List the expense amounts for the test year, (excluding taxes and depreciation) in column D. Subtract column C from column D and enter the results by category in column E. If the amounts are positive, list them by category in column F. Explain in detail all amounts in column F, justifying all amounts by category of expenses.

**Operation and Maintenance Expense Check Calculation
Part One**

FLORIDA PUBLIC SERVICE COMMISSION
 Company Southern Bell Telephone & Telegraph Co.
 Docket No. 920260-TL
 Test Year -1 1992
 Check Whether Data Is:
 Historic [X] or Projected [] - Average [] or Year End [X]

Schedule C-4h
 Page 1 of 1
 Witness Responsible W.S. Reid

Line No.	Year	A Access Lines*	B Increase in Access Lines	C CPI-U	D Increase in CPI	E Compnd Growth (B x D)	F Compound Inflation and Customer Growth
1.	1988	4,204,051	xxxx	118.3	xxxx	xxxx	xxxx
2.	1989	4,424,881	1.0525	124.0	1.0482	1.1032	xxxx
3.	1990	4,588,666	1.0370	130.7	1.0540	1.0930	xxxx
4.	1991	4,740,029	1.0330	136.2	1.0421	1.0765	xxxx
5.	1992	4,902,680	1.0343	140.3	1.0301	1.0654	1.3829

**Operation and Maintenance Expense Check Calculation
Part Two**

Line No.	O & M Expense Excluding Depr & Taxes	A Total Company Expense 1988	B Compounded Inflation & Customer Growth	C Benchmark (A x B)	D Total Company Expense 1991	E Difference From Benchmark (D - C)	F Differences
5.	Plant Specific	585,875,119	1.3829	810,206,702	595,676,240	(214,530,462)	
6.	Plant Non-specific	275,409,779	1.3829	380,864,183	306,228,776	(74,635,407)	
7.	Cust Operations	335,454,885	1.3829	463,900,560	425,394,022	(38,506,538)	
8.	Corp Operations	259,785,780	1.3829	359,257,755	317,710,626	(41,547,129)	
9.	Income & Expense	(98,146)	1.3829	(135,726)	90,591		226,317
10.	TOTAL O & M	1,456,427,417		2,014,093,474	1,645,100,255	(369,219,536)	226,317

* Access lines are year end.