

Ruth-Test Year



Southern Bell

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A. M. Lombardo
Assistant Vice President-Regulatory Relations

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March 25, 1992

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Chairman Thomas Beard
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida

Dear Chairman Beard:

In Order No. 25552, dated December 31, 1991, in Docket No. 911109-TL, the Florida Public Service Commission ordered Southern Bell Telephone and Telegraph Company ("Southern Bell"), to file a set of Minimum Filing Requirements ("MFRs") by May 1, 1992. So that Southern Bell may file MFRs in accordance with Order No. 25552, this letter requests approval of Calendar Year 1991 historical data, adjusted pro forma for known changes through 1993, as the basis for filing its MFRs. These MFRs will bring the 1991 financial results to a basis that will be appropriate for use in the proceedings scheduled for October of 1992. This proposed test period is a representative period subject to such adjustments as may be proper for ratemaking purposes.

For this particular MFR filing, adjusted historical 1991 data will be more representative of the Company's operations than a projected period. Southern Bell is now a part of BellSouth Telecommunications, Inc., which was created by combining Southern Bell and South Central Bell Telephone Company, and their service subsidiary, BellSouth Services, Inc., into one entity. The results of this combination can be reflected better by pro forma adjustments applied to historical 1991 results than by bottom-up forecasting. It should also be noted that, as a result of this reorganization, our budget organization is in a state of transition to meet the needs of the Company and that our budget process is currently under review.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

In addition to its filing a complete set of MFRs based on a historical 1991 test year, with appropriate pro forma adjustments, the Commission Staff has requested that the Company file certain MFR schedules on a forecasted basis for 1993. We plan to comply with this request. However, we feel that historical 1991 data, appropriately adjusted, will provide a more representative basis for resolving the issues that will be discussed later this year.

While we anticipate filing the MFRs by May 1, 1992, several issues have come to light that we want to share with the Commission. Historically, the filing of MFRs has been accompanied by the testimony of witnesses supporting the information contained therein. In this unique instance, we are filing MFRs without supporting testimony and therefore it is possible that some of the data contained in the MFRs will change by the time the testimony is filed for the October hearings. The cost of capital data are a prime example of information which may change between the filing date and the time we file testimony. We will strive to minimize such changes but the separating of the filing of the testimony and the MFRs necessarily creates some uncertainty in this regard.

We solicit your concurrence in Southern Bell's request that a test period based on 1991 historical data with pro forma adjustments be used in the Company's filing MFRs pursuant to Order No. 25552.

Sincerely,



A. M. Lombardo