

1 SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY
2 TESTIMONY OF WALTER S. REID
3 BEFORE THE
4 FLORIDA PUBLIC SERVICE COMMISSION
5 DOCKET NO. 920260-TL
6 JULY 15, 1992
7
8

FILED
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9 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND
10 POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC.
11

12 A. MY NAME IS WALTER S. REID, AND MY BUSINESS ADDRESS
13 IS 675 WEST PEACHTREE STREET, ATLANTA, GEORGIA. MY
14 POSITION IS DIRECTOR-REGULATORY MATTERS FOR THE
15 COMPTROLLERS DEPARTMENT OF BELLSOUTH
16 TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL
17 TELEPHONE AND TELEGRAPH COMPANY (SOUTHERN BELL OR
18 THE COMPANY).
19

20 Q. BRIEFLY OUTLINE YOUR EDUCATIONAL BACKGROUND AND
21 BUSINESS EXPERIENCE IN THE TELEPHONE INDUSTRY.
22

23 A. I RECEIVED BACHELOR AND MASTER OF SCIENCE DEGREES
24 IN INDUSTRIAL ENGINEERING IN 1969 AND 1971,
25 RESPECTIVELY, FROM THE GEORGIA INSTITUTE OF

07724-92
JUL 15 1992
FPSC-RECORDS/REG. DIV.

1 TECHNOLOGY. I WAS EMPLOYED BY SOUTHERN BELL IN
2 NOVEMBER, 1971, AS A MANAGEMENT TRAINEE IN THE
3 COMPTROLLERS DEPARTMENT IN JACKSONVILLE, FLORIDA.
4 SINCE THAT TIME I HAVE HELD VARIOUS POSITIONS OF
5 INCREASING RESPONSIBILITY IN THE AREAS OF BUDGET
6 AND FORECAST PREPARATION, COST ACCOUNTING,
7 SEPARATIONS, AND REGULATORY MATTERS. I WAS
8 TRANSFERRED TO MY CURRENT POSITION AT COMPANY
9 HEADQUARTERS IN OCTOBER 1987.

10

11 Q. WHAT ARE YOUR GENERAL AREAS OF RESPONSIBILITIES?

12

13 A. I AM RESPONSIBLE FOR THE PREPARATION AND ANALYSIS
14 OF THE COMPANY'S INTRASTATE FINANCIAL RESULTS, THE
15 PROVISION OF ACCOUNTING INFORMATION REQUESTED IN
16 PROCEEDINGS BEFORE STATE REGULATORY COMMISSIONS AND
17 THE COORDINATION OF OTHER REGULATORY ACTIVITIES.

18

19 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

20

21 A. IN THIS PROCEEDING THE COMPANY IS REPORTING ITS
22 PERFORMANCE UNDER AN INCENTIVE REGULATION PLAN
23 ESTABLISHED IN 1988, AND IS PROPOSING A NEW
24 PRICE REGULATION PLAN TO BE EFFECTIVE WITH CALENDAR
25 YEAR 1993. MY TESTIMONY ADDRESSES THE REGULATED

1 EARNINGS LEVEL OF THE COMPANY'S FLORIDA OPERATIONS
2 BOTH ON A HISTORICAL ACHIEVED BASIS AS WELL AS A
3 GOING LEVEL BASIS APPROPRIATE FOR USE IN
4 DETERMINING THE COMPANY'S EXPECTED REGULATED
5 EARNINGS FOR 1993. I WILL QUANTIFY THE FINANCIAL
6 IMPACT OF THE COMPANY'S PROPOSALS IN THIS
7 PROCEEDING AND WILL EXPLAIN HOW THE ANNUAL EARNINGS
8 SURVEILLANCE REPORT WOULD CHANGE AS A RESULT OF THE
9 COMPANY'S PROPOSED PRICE REGULATION PLAN.

10

11 MY TESTIMONY WILL DEMONSTRATE THAT FLORIDA
12 RATEPAYERS HAVE BENEFITED DURING THE PERIOD OF
13 INCENTIVE REGULATION THROUGH THE COMPANY'S
14 DECLINING LEVEL OF COST OF SERVICE PER ACCESS LINE.
15 WHILE THE COMPANY HAS NOT REACHED THE EARNINGS
16 LEVEL AT WHICH SHARING WOULD BE TRIGGERED UNDER THE
17 CURRENT INCENTIVE PLAN, THE COMPANY HAS BEEN ABLE
18 TO ACHIEVE REDUCED LEVELS OF COST OF SERVICE IN
19 SPITE OF JURISDICTIONAL COST OF SERVICE SHIFTS FROM
20 INTERSTATE TO INTRASTATE OPERATIONS AND A GENERAL
21 DOWNTURN IN THE ECONOMY. RATEPAYERS HAVE BENEFITED
22 THROUGH STABLE RATES DURING THIS TIME.

23

24 Q. HOW HAVE YOU QUANTIFIED THE ACHIEVED REGULATED
25 EARNINGS LEVEL OF THE COMPANY'S FLORIDA OPERATIONS?

1
2 A. FLORIDA PUBLIC SERVICE COMMISSION (PSC) RULE
3 25-4.0245 REQUIRES THE COMPANY TO FILE A PERIODIC
4 EARNINGS REPORT WITH THE COMMISSION. THE PSC STAFF
5 HAS HISTORICALLY SPECIFIED THE FORMAT FOR THIS
6 REPORT AND HAS FREQUENTLY REVIEWED UNDERLYING
7 FINANCIAL RECORDS OF THE COMPANY TO ENSURE THE
8 ACCURACY OF THE REPORTED INFORMATION. THIS
9 PERIODIC EARNINGS REPORT IS COMMONLY REFERRED TO AS
10 THE FLORIDA SURVEILLANCE REPORT. I HAVE INCLUDED
11 AS APPENDIX NO. 1 OF THE EXHIBIT TO MY TESTIMONY
12 COPIES OF THE CALENDAR YEAR FLORIDA SURVEILLANCE
13 REPORTS FOR 1984-1991.

14
15 UNDER THE REQUIRED FORMAT FOR THE SURVEILLANCE
16 REPORT, THE COMPANY MUST REPORT AMOUNTS FROM ITS
17 BOOKS AND RECORDS FOR REVENUES, EXPENSES, TAXES,
18 NET OPERATING INCOME, RATE BASE AND CAPITAL
19 STRUCTURE ITEMS. RATES OF RETURN ON INTRASTATE
20 RATE BASE AND EQUITY ARE ALSO REPORTED. THE
21 COMPANY ADJUSTS THE REPORTED "PER BOOK" EARNINGS
22 INFORMATION FOR COMMISSION ALLOWANCES,
23 DISALLOWANCES, OR SPECIAL ACCOUNTING CONVENTIONS.
24 THE COMMISSION ADJUSTMENTS ARE GUIDED BY THE
25 ADJUSTMENTS REQUIRED IN THE COMPANY'S LAST FORMAL

1 RATE PROCEEDING AND IN COMMISSION RULES. THE
2 HISTORICAL DATA UTILIZED IN MY TESTIMONY IS
3 PRIMARILY DERIVED FROM THE SURVEILLANCE REPORTS IN
4 MY APPENDIX NO. 1.

5

6 Q. HAVE YOU DONE ANALYSES TO COMPARE THE COMPANY'S
7 FINANCIAL RESULTS DURING THE PERIOD OF INCENTIVE
8 REGULATION WITH PRIOR PERIODS UNDER TRADITIONAL
9 REGULATION?

10

11 A. YES. MY SCHEDULE NOS. 1 THROUGH 3 DETAIL SEVERAL
12 COMPARISONS WHICH I HAVE MADE FOR CERTAIN KEY
13 INTRASTATE FINANCIAL STATISTICS DURING THE PERIOD
14 1984-1991. I HAVE REPORTED THE DATA ON BOTH A
15 DOLLAR BASIS AND A DOLLAR PER ACCESS LINE BASIS TO
16 REFLECT THE RELATIVE GROWTH IN CUSTOMERS BEING
17 SERVED. I HAVE ALSO CALCULATED A TOTAL INTRASTATE
18 REVENUE REQUIREMENT PER ACCESS LINE FOR EACH YEAR
19 TO DEMONSTRATE THE TREND IN COST OF SERVICE PER
20 CUSTOMER. I PERFORMED THE REVENUE REQUIREMENT PER
21 ACCESS LINE CALCULATIONS ASSUMING A CONSTANT RETURN
22 ON EQUITY (ROE) REQUIREMENT OVER THE PERIOD TO
23 ELIMINATE ANY FLUCTUATION DUE TO CHANGES IN
24 AUTHORIZED ROE. I PERFORMED A SECOND SET OF
25 REVENUE REQUIREMENT PER ACCESS LINE CALCULATIONS

1 ASSUMING BOTH A CONSTANT ROE REQUIREMENT AND A
2 CONSTANT COMPOSITE DEPRECIATION RATE TO ELIMINATE
3 FLUCTUATIONS IN DEPRECIATION EXPENSE.

4

5 Q. WHAT CONCLUSIONS DO YOU REACH REGARDING THE
6 COMPANY'S COST OF SERVICE PERFORMANCE DURING THE
7 INCENTIVE PLAN YEARS 1988-1991 AS COMPARED TO THE
8 YEARS 1984-1987, WHICH WERE BEFORE INCENTIVE
9 REGULATION?

10

11 A. THE COMPANY'S INTRASTATE COST OF SERVICE ON A PER
12 CUSTOMER BASIS IS LOWER FOR THE INCENTIVE PLAN
13 YEARS THAN FOR THE YEARS PRIOR TO INCENTIVE
14 REGULATION. THIS IS TRUE ON AN ABSOLUTE DOLLAR
15 BASIS EVEN WITHOUT CONSIDERING THAT INFLATION HAS
16 MADE THE DOLLAR WORTH LESS EACH YEAR AND THAT THE
17 COMPANY IS PROVIDING MORE SERVICES TO ITS CUSTOMERS
18 TODAY THAN IN THE PAST.

19

20 BASED ON THIS ANALYSIS IT APPEARS THAT THE
21 FAVORABLE COST OF SERVICE PERFORMANCE BY THE
22 COMPANY HAS BEEN ACHIEVED THROUGH A COMBINATION OF
23 EXPENSE CONTROL AND CAPITAL EFFICIENCIES. BOTH
24 EXPENSES (OTHER THAN DEPRECIATION) PER ACCESS LINE
25 AND RATE BASE PER ACCESS LINE AMOUNTS SHOW A TREND

1 OF IMPROVEMENT OVER THE PERIOD STUDIED.

2

3 Q. WOULD YOU EXPLAIN YOUR SCHEDULE 1 ENTITLED "TRENDS
4 IN FLORIDA FINANCIAL STATISTICS - PER BOOK
5 INTRASTATE AMOUNTS"?

6

7 A. MY SCHEDULE NO. 1 IS SEPARATED INTO TWO PARTS. THE
8 TOP HALF OF THE SCHEDULE REFLECTS THE DOLLAR AMOUNT
9 FOR EACH OF THE MAJOR COMPONENTS OF INTRASTATE COST
10 OF SERVICE (I.E., TOTAL REVENUE REQUIREMENTS). THE
11 FIRST COLUMN LISTS SPECIFIC COST OF SERVICE ITEMS.
12 EACH SUBSEQUENT COLUMN REPORTS THE DOLLAR AMOUNTS
13 FOR A CALENDAR YEAR CORRESPONDING TO THE ITEMS
14 LISTED IN THE FIRST COLUMN. THE LOWER HALF OF THE
15 EXHIBIT REFLECTS THE SAME INFORMATION AS THE TOP
16 HALF EXCEPT THAT IT IS STATED ON A PER ACCESS LINE
17 BASIS.

18

19 THE REVENUES, EXPENSES, TAXES, NET OPERATING INCOME
20 AND RATE BASE NUMBERS PRESENTED ON THIS EXHIBIT
21 WERE DERIVED DIRECTLY FROM THE FLORIDA SURVEILLANCE
22 REPORTS. THE NUMBERS ARE "PER BOOKS" WITH NO
23 COMMISSION ADJUSTMENTS APPLIED. THE ACCESS LINES
24 USED ARE THE AVERAGE NUMBERS REPORTED ON SCHEDULE
25 Z-10 (OR ITS PREDECESSOR FORM) OF THE ANNUAL REPORT

1 OF SOUTHERN BELL TO THE FLORIDA PSC (COMMONLY
2 REFERRED TO AS THE FLORIDA FORM M REPORT). THE
3 AMOUNT LISTED AS "RETURN REQUIRED" IS THE AMOUNT OF
4 NET OPERATING INCOME WHICH WOULD HAVE BEEN REQUIRED
5 GIVEN THE PER BOOKS RATE BASE, THE CAPITAL
6 STRUCTURE AND COST RATES REPORTED IN THE
7 SURVEILLANCE REPORT, AND A COST OF EQUITY CAPITAL
8 OF 15%. FOR PURPOSES OF THIS CALCULATION, I
9 APPLIED THE CURRENT REGULATORY TREATMENT FOR
10 HANDLING THE EARNINGS REQUIREMENT FOR UNAMORTIZED
11 INVESTMENT TAX CREDITS TO ALL YEARS.

12

13 THE CALCULATIONS SHOW THAT ON A PER BOOKS BASIS,
14 INTRASTATE COST OF SERVICE PER ACCESS LINE WAS
15 \$511.83 IN 1984 AND ONLY \$499.88 IN 1991. EACH OF
16 THE FULL CALENDAR YEARS AFTER INCENTIVE REGULATION
17 BEGAN (I.E., 1989, 1990 AND 1991) HAVE
18 SIGNIFICANTLY LOWER COST OF SERVICE PER ACCESS LINE
19 NUMBERS THAN THE YEARS PRIOR TO INCENTIVE
20 REGULATION.

21

22 Q. PLEASE EXPLAIN YOUR SCHEDULE 2 ENTITLED "TRENDS IN
23 FLORIDA FINANCIAL STATISTICS-COMMISSION ACHIEVED
24 BASIS".

25

1 A. THE FORMAT FOR THIS SCHEDULE IS IDENTICAL TO
2 SCHEDULE 1. THE AMOUNTS INCLUDED IN EACH COLUMN
3 REPRESENT PER BOOKS INFORMATION ADJUSTED FOR
4 COMMISSION ALLOWANCES, DISALLOWANCES OR SPECIAL
5 ACCOUNTING CONVENTIONS. FOR YEARS 1987-1991 THE
6 ADJUSTED AMOUNTS CAN BE FOUND DIRECTLY IN THE
7 SURVEILLANCE REPORTS. FOR YEAR 1984-1986, I HAD TO
8 CALCULATE THE ADJUSTED TOTALS FROM THE PER BOOKS
9 AND COMMISSION ADJUSTMENTS ITEMS SINCE THE
10 SURVEILLANCE REPORT DID NOT REPORT AN ADJUSTED
11 ACHIEVED AMOUNT DURING THESE YEARS.

12
13 THE ADJUSTED RESULTS TREAT "OUT OF PERIOD"
14 ACCOUNTING ENTRIES IN THE PERIOD TO WHICH THEY ARE
15 APPLICABLE. FOR THIS REASON, THE TREND IN COST OF
16 SERVICE PER ACCESS LINE SHOWN ON SCHEDULE 2 IS MORE
17 REPRESENTATIVE OF PURE YEAR TO YEAR OPERATIONS
18 CHANGES THAN THE CORRESPONDING INFORMATION ON
19 SCHEDULE 1.

20
21 BASED ON THE ADJUSTED RESULTS SHOWN ON SCHEDULE 2,
22 IT IS STILL EVIDENT THAT FLORIDA CUSTOMERS HAVE
23 BENEFITED BY LOWER COST OF SERVICE PER ACCESS LINE
24 DURING THE INCENTIVE PLAN YEARS 1989-1991. THE
25 INTRASTATE COST OF SERVICE PER ACCESS LINE IS

1 \$510.98, \$521.20, \$522.86, \$502.59, \$520.10,
2 \$499.03, \$496.56 AND \$502.43 FOR THE YEARS
3 1984-1991 RESPECTIVELY. THE DECREASE FOR THE YEAR
4 1987 SHOWN ABOVE RESULTS, IN PART, FROM THE CHANGE
5 IN THE FEDERAL INCOME TAX RATE FROM 46% TO 34%.
6 THE INCREASE FOR 1988 IS PRIMARILY DUE TO INCREASED
7 DEPRECIATION EXPENSE AND THE IMPLEMENTATION OF PART
8 32 ACCOUNTING PROCEDURES. THE INCREASE IN 1991 IS
9 PRIMARILY DUE TO EXPENSES ASSOCIATED WITH AN EARLY
10 RETIREMENT PLAN WHICH THE COMPANY IMPLEMENTED AS A
11 MEANS TO REDUCE COST AND INCREASE PRODUCTIVITY.

12

13 Q. CAN YOU QUANTIFY HOW MUCH OF THE IMPROVEMENT IN
14 COST OF SERVICE IS DIRECTLY RELATED TO INCENTIVE
15 REGULATION?

16

17 A. NO. SINCE IT IS NOT POSSIBLE TO RECREATE WHAT
18 "WOULD HAVE BEEN" UNDER A DIFFERENT SET OF
19 REGULATORY PRACTICES, I CANNOT CALCULATE A SPECIFIC
20 DOLLAR BENEFIT. HOWEVER, I DO AGREE WITH THE
21 COMMISSION'S STATEMENT IN ORDER NO. 20162 OF DOCKET
22 NO. 880069-TL, PAGE 6 WHERE IT READS:

23

24 ...WE DO BELIEVE THAT THIS PROGRAM WILL
25 PROVIDE MORE INCENTIVE TO SOUTHERN BELL THAN

1 THE PRESENT PRACTICES OF REGULATION. THIS NEW
2 REGIME SHOULD ENCOURAGE EFFICIENCY AND
3 INNOVATION BY SOUTHERN BELL. WE WILL
4 THEREFORE APPROVE THE CONCEPT OF SHARING AS
5 OUTLINED HEREIN UNTIL DECEMBER 31, 1990.

6
7 WITH THE BELIEF THAT THIS REGULATORY PLAN DOES
8 PROVIDE MORE INCENTIVE FOR THE COMPANY TO BE
9 EFFICIENT AND THE DATA ON SCHEDULE 2 WHICH
10 DEMONSTRATES THAT INTRASTATE COST OF SERVICE IS
11 IMPROVING, I THINK IT IS FAIR TO CONCLUDE THAT THE
12 CONCEPT OF INCENTIVE REGULATION IS WORKING.

13

14 Q. HAVE YOU DONE ANY OTHER ANALYSES ON THE COMPANY'S
15 FINANCIAL RESULTS FOR THE PERIOD 1984-1991?

16

17 A. YES. MY SCHEDULE 3 SHOWS A FINAL ANALYSIS WHICH I
18 PERFORMED ON THE FINANCIAL STATISTICS FOR
19 1984-1991. THIS SCHEDULE HAS THE SAME FORMAT AS
20 SCHEDULES 1 AND 2. THE DATA USED IN THIS SCHEDULE
21 IS SCHEDULE 2 DATA ADJUSTED TO REFLECT DEPRECIATION
22 EXPENSE FOR EACH YEAR AS IF IT HAD BEEN CALCULATED
23 TO YIELD A CONSTANT RELATIONSHIP TO PLANT IN
24 SERVICE (I.E., A CONSTANT COMPOSITE DEPRECIATION
25 RATE). THE PURPOSE OF THIS ANALYSIS IS TO

1 ELIMINATE THE IMPACT OF CHANGING CAPITAL RECOVERY
2 RATES FROM THE COST OF SERVICE TREND.

3

4 THE RESULTS OF THIS ANALYSIS FURTHER SUPPORT THE
5 FACT THAT INTRASTATE COST OF SERVICE IS
6 SIGNIFICANTLY LOWER DURING THE INCENTIVE REGULATION
7 YEARS THAN IN PRIOR PERIODS. USING THIS
8 METHODOLOGY THE INTRASTATE COST OF SERVICE IS
9 \$535.81, \$542.70, \$530.88, \$499.71, \$504.39,
10 \$492.80, \$491.08, AND \$490.03 FOR THE YEARS
11 1984-1991, RESPECTIVELY.

12

13 Q. HAVE YOU CALCULATED THE COMPANY'S EXPECTED
14 INTRASTATE EARNINGS LEVEL THAT WOULD BE REFLECTIVE
15 OF 1993 OPERATING CONDITIONS?

16

17 A. YES. MY SCHEDULE NO. 4 DETAILS MY CALCULATIONS OF
18 THE COMPANY'S INTRASTATE RATE BASE AND GOING LEVEL
19 INTRASTATE NET OPERATING INCOME THAT ARE
20 APPROPRIATE FOR USE IN THIS PROCEEDING TO MEASURE
21 EXPECTED 1993 EARNINGS. FOR THESE CALCULATIONS I
22 HAVE UTILIZED, AS A STARTING POINT, THE COMPANY'S
23 AVERAGE INTRASTATE RATE BASE AND ACHIEVED
24 INTRASTATE NET OPERATING INCOME FOR 1991. I HAVE
25 ADJUSTED THE 1991 DATA FOR ALL KNOWN AND MEASURABLE

1 CHANGES THAT ARE EXPECTED IN OPERATING CONDITIONS
2 BETWEEN 1991 AND 1993. I HAVE ALSO INCLUDED AN
3 ADJUSTMENT FOR ATTRITION WHICH HAS BEEN CALCULATED
4 BY WITNESS JOHN MCCLELLAN ON BEHALF OF THE COMPANY.

5
6 BASED ON MY CALCULATIONS, THE COMPANY'S EXPECTED
7 INTRASTATE RETURN ON RATE BASE FOR 1993 IS 9.43%.
8 THIS IS DETERMINED BY DIVIDING THE ADJUSTED
9 INTRASTATE OPERATING INCOME OF \$391,335,000 BY THE
10 ADJUSTED INTRASTATE RATE BASE OF \$4,150,495,000.
11 THIS RETURN ON RATE BASE WOULD RESULT IN A 13.54%
12 RETURN ON EQUITY USING THE CAPITAL STRUCTURE AND
13 COST RATES IN MR. KECK'S TESTIMONY.

14
15 Q. WHY HAVE YOU CHOSEN TO USE PRIOR YEAR ACTUAL
16 RESULTS FOR YOUR CALCULATIONS RATHER THAN THE
17 COMPANY'S BUDGET FOR 1993?

18
19 A. I BELIEVE THAT THE COMPANY'S BUDGET IS NORMALLY A
20 BETTER MEASURE OF EXPECTED EARNINGS IN FUTURE
21 PERIODS THAN ARE ADJUSTED HISTORICAL DATA.
22 HOWEVER, THE BUDGET THAT EXISTS AT THE TIME I AM
23 PREPARING THIS TESTIMONY WAS CONSTRUCTED DURING A
24 PERIOD WHEN THE COMPANY WAS UNDERGOING ITS MOST
25 SIGNIFICANT REORGANIZATION SINCE DIVESTITURE. THIS

1 REORGANIZATION IMPACTED NOT ONLY INDIVIDUAL
2 OPERATING UNITS, BUT THE BUDGET ORGANIZATION AS
3 WELL. SOUTHERN BELL, SOUTH CENTRAL BELL AND
4 BELLSOUTH SERVICES OPERATIONS HAVE BEEN MERGED INTO
5 ONE ORGANIZATION CALLED BELLSOUTH
6 TELECOMMUNICATIONS, INC. MANY FUNCTIONS, SUCH AS
7 THE BUDGET FUNCTION, WERE RESTRUCTURED TO HANDLE
8 ALL 9 STATES IN THE NEW ORGANIZATION. DUE TO THESE
9 NUMEROUS CHANGES, THE LEVEL OF CONFIDENCE IN THE
10 BUDGET AMOUNTS, PRIMARILY THE COST OF OPERATIONS,
11 IS NOT AS HIGH AS WOULD NORMALLY BE THE CASE. THIS
12 CONDITION IS TEMPORARY AND I ANTICIPATE THAT THE
13 CONFIDENCE LEVEL IN FUTURE BUDGETS WILL RETURN TO
14 NORMAL. FOR THIS REASON I CHOSE TO UTILIZE
15 HISTORICAL DATA ADJUSTED FOR KNOWN CHANGES AS THE
16 BASIS FOR MY EXHIBITS.

17
18 IN ADDITION TO THE ABOVE STATED REASON, THE
19 ANALYSES OF HISTORICAL RESULTS WHICH I HAVE
20 PERFORMED AND THE ATTRITION ANALYSIS WHICH MR.
21 MCCLELLAN HAS PERFORMED, PROVIDE SUPPORT FOR THE
22 "PRODUCTIVITY" OFFSET FACTOR IN THE NEW REGULATORY
23 PLAN WHICH IS PRESENTED IN MR. LOMBARDO'S
24 TESTIMONY. THIS PLAN DOES NOT REQUIRE FORECASTS OF
25 FUTURE PERIODS, BECAUSE IT HAS A FORMULA APPROACH

1 THAT CONTROLS PRICES EACH YEAR BASED ON AN
2 INFLATION MEASURE OFFSET BY A PRE-SET PRODUCTIVITY
3 FACTOR AND A FACTOR TO ADJUST FOR EXOGENOUS EVENTS.

4

5 Q. WHY IS THE COMPANY'S PROPOSED FORMULA APPROACH FOR
6 ESTABLISHING AUTHORIZED RATES BETTER NOW THAN THE
7 PROCEDURE USED INITIALLY IN DOCKET NO. 880069-TL
8 WHICH RELIED ON A THREE YEAR FORECAST OF
9 OPERATIONS?

10

11 A. IT IS APPROPRIATE TO MAKE THIS CHANGE IN THE
12 REGULATORY PLAN IN FLORIDA NOW FOR SEVERAL REASONS:

13

14 1) SOUTHERN BELL HAS BEEN OPERATING UNDER AN
15 INCENTIVE REGULATION PLAN SINCE LATE 1988. THE
16 COMPANY'S FORECASTS, THEREFORE, WOULD BE EXPECTED
17 TO INCLUDE THE FAVORABLE EFFECTS ON OPERATIONAL
18 EFFICIENCIES TO BE DERIVED IN THE FUTURE FROM
19 INCENTIVE REGULATION. TO ADJUST THE COMPANY'S
20 RATES BASED ON FORECAST INFORMATION NOW WOULD
21 DEPRIVE THE COMPANY OF ANY OF THE BENEFITS FROM
22 INCENTIVE REGULATION AND WOULD THUS DEFEAT THE
23 PURPOSE OF THIS REGULATORY PLAN.

24

25 2) ESTABLISHING A PRODUCTIVITY OFFSET FACTOR IN

1 THE FORMULA APPROACH ENSURES THAT CUSTOMERS ARE
2 GOING TO RECEIVE A QUANTIFIABLE BENEFIT RELATIVE TO
3 INFLATION IN THE PRICES THEY PAY FOR
4 TELECOMMUNICATION SERVICES. CUSTOMERS WOULD
5 RECEIVE FURTHER BENEFITS IF THE COMPANY WAS
6 SUCCESSFUL IN EARNING ABOVE THE SHARING THRESHOLD.

7
8
9 3) IT PROVIDES THE MANAGEMENT OF THE COMPANY WITH
10 A KNOWN PRODUCTIVITY HURDLE RATE WHICH CAN BE USED
11 TO PLAN OPERATIONS AND TO MOTIVATE THE COMPANY TO
12 EXCEED THE OBJECTIVE.

13
14 4) IT WAS RECOGNIZED IN DOCKET NO. 880069-TL THAT
15 FORECAST INFORMATION BECOMES LESS AND LESS RELIABLE
16 AS YOU MOVE OUT IN TIME FROM THE CURRENT PERIOD.
17 THE ABILITY TO FORECAST FUTURE ECONOMIC CONDITIONS,
18 INCLUDING THE LEVEL OF INFLATION, IS CERTAINLY ONE
19 OF THE PRIMARY DETERMINANTS OF THE ACCURACY OF
20 FORECASTS. THE COMPANY'S PROPOSED FORMULA APPROACH
21 ALLOWS PRICES TO BE TIED TO THE ACTUAL MOVEMENT OF
22 INFLATION IN THE ECONOMY RATHER THAN TIE IT TO A
23 FORECAST OF INFLATION MADE AS MUCH AS THREE YEARS
24 EARLIER.

25

1 5) AS THE COMMISSION AND THE COMPANY GAIN
2 EXPERIENCE WITH THE USE OF THE FORMULA APPROACH,
3 THE PLAN CAN BE EXTENDED TO FUTURE PERIODS ON AN
4 ADMINISTRATIVELY EFFICIENT BASIS WITHOUT THE NEED
5 FOR EXTENSIVE HEARINGS TO DEBATE THE ACCURACY OF
6 FORECAST INFORMATION.

7
8 6) THE FORMULA APPROACH INCLUDES ALL THE MAJOR
9 ELEMENTS OF THE PREVIOUS PLAN. INFLATION AND
10 PRODUCTIVITY WERE EMBEDDED IN THE FORECAST DATA IN
11 THE PREVIOUS PLAN AND EXOGENOUS EFFECTS AND RATE
12 CHANGES WERE SEPARATELY TRACKED. IN THE FORMULA
13 APPROACH, INFLATION AND THE PRODUCTIVITY OFFSET ARE
14 SPECIFICALLY IDENTIFIED AND EXOGENOUS EFFECTS AND
15 RATE CHANGES ARE TRACKED.

16
17 Q. HOW DOES YOUR ANALYSIS SUPPORT THE PRODUCTIVITY
18 OFFSET FACTOR OF 4.0% INCLUDED IN THE COMPANY'S
19 PLAN, AS DETAILED IN MR. LOMBARDO'S TESTIMONY?
20

21 A. THE BASIC PRICE REGULATION FORMULA, AS PRESENTED IN
22 MR. LOMBARDO'S TESTIMONY, IS MADE UP OF AN
23 INFLATION FACTOR LESS A PRODUCTIVITY OFFSET FACTOR
24 PLUS OR MINUS THE NET OF ANY EXOGENOUS FACTORS.
25 THE INFLATION FACTOR WHICH THE COMPANY IS PROPOSING

1 FOR USE IN THIS FLORIDA PLAN IS THE ANNUAL GROSS
2 NATIONAL PRODUCT PRICE INDEX (GNP-PI) WHICH IS ALSO
3 THE INFLATION FACTOR BEING USED IN THE INTERSTATE
4 PRICE CAP PLAN.
5
6 AS A TEST OF HOW THE COMPANY'S PROPOSED 4.0%
7 PRODUCTIVITY FACTOR MIGHT HAVE CHANGED RATES IN THE
8 PAST, I PREPARED MY SCHEDULE NO. 5 TO DEMONSTRATE
9 THE HISTORICAL APPLICATION OF A PRICE REGULATION
10 FORMULA FOR THE INFLATION AND PRODUCTIVITY
11 COMPONENTS. ON SCHEDULE NO. 5 THE FIRST LINE LISTS
12 THE GNP-PI GROWTH RATE FROM YEAR TO YEAR FROM
13 1984-1991. THE SECOND LINE SHOWS THE 4.0%
14 PRODUCTIVITY OFFSET FACTOR AND THE THIRD LINE SHOWS
15 THE DIFFERENCE. THE DIFFERENCE, WHICH IS STATED AS
16 A PERCENTAGE, IS APPLIED IN A PRICE REGULATION PLAN
17 TO A BASE REVENUE AMOUNT TO DETERMINE THE AMOUNT OF
18 REVENUE CHANGE WHICH IS ALLOWED IN THE CASE OF
19 INCREASES, OR REQUIRED IN THE CASE OF DECREASES.
20
21 FOR THE SAKE OF SIMPLICITY, I HAVE APPLIED THE
22 PERCENT DIFFERENCE TO THE GROSS INTRASTATE REVENUES
23 FOR A CALENDAR YEAR FROM MY SCHEDULE NO. 2, LINE 1
24 AND LISTED THE AMOUNT ON LINE 4 OF MY SCHEDULE NO.
25 5 IN THE ENSUING YEAR AS A REVENUE CHANGE.

1
2 OVER THE PERIOD 1984-1991, THE AVERAGE OF THE
3 ANNUAL GNP-PI AMOUNTS FROM LINE 1 OF SCHEDULE NO. 5
4 IS 3.66%, OR (.34%) BELOW THE 4% PRODUCTIVITY
5 OFFSET NUMBER PROPOSED BY THE COMPANY FOR THE PRICE
6 REGULATION PLAN. IN FIVE OF THE EIGHT YEARS
7 DISPLAYED, A RATE REDUCTION WOULD HAVE BEEN
8 REQUIRED AND THE CUMULATIVE RATE REDUCTION FOR
9 THESE FIVE YEARS WOULD HAVE BEEN \$60.8 MILLION. IN
10 TWO YEARS, RATE INCREASES TOTALING \$12.9 MILLION
11 HAVE BEEN INDICATED DUE TO GNP-PI NUMBERS EXCEEDING
12 THE 4.0% PRODUCTIVITY OFFSET. THE NET EFFECT OF
13 THE PRICE REGULATION FORMULA FOR THE INFLATION AND
14 PRODUCTIVITY COMPONENTS WOULD HAVE BEEN A REDUCTION
15 OF \$47.9 MILLION IN RATES OVER THE PERIOD 1984-1991.

16
17 IN ADDITION TO THE INFLATION AND PRODUCTIVITY
18 COMPONENTS OF THE PRICE REGULATION PLAN, ANY
19 EXOGENOUS EVENTS WHICH OCCUR WOULD ALSO BE
20 CONSIDERED IN THE PLAN MECHANICS. FOR EXAMPLE, THE
21 FEDERAL INCOME TAX RATE REDUCTION FROM 46% TO 34%
22 IN MID 1987, REDUCED SOUTHERN BELL'S REVENUE
23 REQUIREMENTS IN FLORIDA BY \$54 MILLION IN 1987 AND
24 ANOTHER \$44 MILLION IN 1988. THIS EVENT WOULD HAVE
25 BEEN QUANTIFIED AND INCLUDED AS A NEGATIVE FACTOR

1 IN THE CALCULATION OF THE AUTHORIZED RATE LEVELS.

2

3 Q. WHY IS THE GNP-PI THE BEST MEASURE OF INFLATION FOR
4 YOUR PROPOSED PRICE REGULATION PLAN?

5

6 A. THE FACTORS CONCERNING WHICH INFLATION MEASURE IS
7 THE BEST INDEX FOR A PRICE REGULATION PLAN HAVE
8 BEEN EXTENSIVELY DEBATED AT THE NATIONAL LEVEL.
9 THE GNP-PI WAS SELECTED BY THE FCC AS THE INDEX
10 WHICH BEST MET THE CRITERIA FOR AN ACCEPTABLE PRICE
11 REGULATION PLAN. THE CALIFORNIA COMMISSION ALSO
12 HAS SELECTED THE GNP-PI FOR USE IN ITS PRICE
13 REGULATION PLAN.

14

15 SOUTHERN BELL REVIEWED THE STATED RATIONALE FOR THE
16 SELECTION OF THE GNP-PI IN THESE PRIOR DECISIONS
17 AND ANALYZED OTHER INFLATION INDICATORS FOR
18 POSSIBLE USE IN FLORIDA. BASED ON THIS REVIEW, THE
19 COMPANY IS PERSUADED THAT THE GNP-PI SHOULD BE USED
20 FOR THE FOLLOWING REASONS:

21

22 1) THE COMPANY'S MAJOR COSTS OF OPERATIONS,
23 INCLUDING WAGES, TELEPHONE EQUIPMENT PURCHASES,
24 FUEL AND PAPER EXPENSES, ETC. ARE SIGNIFICANTLY
25 INFLUENCED BY NATIONAL PRICE TRENDS.

- 1
- 2) THE GNP-PI IS AN ACCEPTED BROAD BASED MEASURE
3 OF INFLATION REGULARLY CALCULATED BY THE U. S.
4 DEPARTMENT OF COMMERCE.
- 5
- 3) THE COMPANY FOUND THAT NO FLORIDA SPECIFIC
6 INFLATION INDICATOR EXISTS.
- 7
- 8
- 4) LOCAL CPI INDICATORS ARE AVAILABLE FOR THE
9 MIAMI AREA. HOWEVER, THESE MEASURES ARE SUBJECT TO
10 GREATER STATISTICAL ERROR AND VOLATILITY THAN THE
11 GNP-PI AND DO NOT REFLECT PRICE CHANGES THROUGHOUT
12 ALL OF SOUTHERN BELL'S FLORIDA TERRITORY.
- 13
- 14
- 5) THE GNP-PI ENCOMPASSES INVESTMENT GOODS AS WELL
15 AS CONSUMPTION EXPENDITURES AND THUS MATCHES THE
16 COMPANY'S EXPENDITURE PATTERNS BETTER THAN THE CPI.
- 17
- 18
- 6) THE CPI FOR TELEPHONE SERVICES MEASURES PRICES
19 TELEPHONE CUSTOMERS PAY FROM TELEPHONE TARIFFS NOT
20 THE PRICES THE COMPANY PAYS FOR WAGES OR MATERIALS.
21 THIS INDICATOR WOULD BE INFLUENCED BY NUMEROUS
22 REGULATORY FACTORS ACROSS THE COUNTRY AND WOULD
23 ALREADY BE AFFECTED BY TELEPHONE COMPANY
24 PRODUCTIVITY, INCLUDING SOUTHERN BELL'S ACHIEVED
25

1 PRODUCTIVITY.

2

3 7) THE TELEPHONE PLANT INDEX (TPI) IS A NARROW
4 MEASURE OF THE COST OF TELEPHONE PLANT. THE TPI IS
5 INFERIOR TO THE BROAD BASED GNP-PI FOR THE PURPOSE
6 OF MEASURING THE IMPACT OF INFLATION ON THE OVERALL
7 COST OF OPERATIONS.

8

9 Q. CAN YOU EXPLAIN HOW THE ANNUAL JURISDICTIONAL
10 SEPARATION CHANGES FOR THE SUBSCRIBER PLANT FACTOR
11 (SPF) AND THE DIAL EQUIPMENT MINUTES (DEM) FACTOR
12 AFFECT YOUR ANALYSIS?

13

14 A. YES. IN DOCKET NO. 880069-TL, THE COMMISSION DID
15 NOT TREAT THE ANNUAL REVENUE REQUIREMENT IMPACTS OF
16 THE CHANGES IN SPF AND DEM AS EXOGENOUS BECAUSE
17 THESE IMPACTS WERE INCLUDED IN THE FORECASTED
18 REVENUE REQUIREMENT INFORMATION ON WHICH RATES WERE
19 ORIGINALLY SET FOR 1988-1990. THESE IMPACTS WERE
20 ALSO NOT CONSIDERED FOR EXOGENOUS TREATMENT IN THE
21 EXTENSION OF THE INCENTIVE PLAN FOR 1991 AND 1992.
22 THE EFFECT OF NOT TREATING THESE ITEMS AS EXOGENOUS
23 FOR 1991 AND 1992 WAS TO ALLOW THESE NEGATIVE
24 FACTORS TO THE COMPANY'S INTRASTATE EARNINGS TO
25 BE OFFSET AGAINST IMPROVEMENTS TO EARNINGS OBTAINED

1 THROUGH PRODUCTIVITY. THIS MEANT THAT THE
2 COMPANY'S PRODUCTIVITY HISTORICALLY OFFSET THE
3 NEGATIVE EARNINGS IMPACT OF INFLATION IN THE 3 TO
4 4% RANGE PLUS OFFSET THE NEGATIVE EFFECTS OF THE
5 SPF AND DEM CHANGES. HOWEVER, DUE TO SEVERAL
6 FACTORS, I DO NOT BELIEVE THAT THE COMPANY CAN
7 SUSTAIN A CONTINUED OFFSET TO THE NEGATIVE EARNINGS
8 IMPACT OF THE SPF AND DEM CHANGES. THESE FACTORS
9 INCLUDE: THE INCREASING LEVEL OF COMPETITION IN
10 OUR MARKETS, INCLUDING THE OPENING OF THE EAEA'S TO
11 TOLL COMPETITION; THE CONTINUING REDUCTION IN OUR
12 RATES REQUIRED TO MEET THIS COMPETITION; AND THE
13 FACT THAT EFFICIENCIES IN PROCESSES BECOME MORE AND
14 MORE DIFFICULT TO ACHIEVE AS THE PROCESSES REACH A
15 MORE OPTIMAL EFFICIENT STATE. FORTUNATELY, THE
16 FINAL TRANSITION TO A 25% SPF AND THE PURE DEM
17 FACTOR WILL OCCUR IN 1993. FOR 1994 AND
18 THEREAFTER, THERE WILL NO LONGER BE AN ANNUAL
19 NEGATIVE EARNINGS EFFECT FOR THESE ISSUES.

20

21 Q. IS IT APPROPRIATE TO INCREASE THE COMPANY'S
22 PRODUCTIVITY OFFSET IN THE PRICE REGULATION FORMULA
23 ABOVE 4% FOR RATE SETTING IN 1994 AND THEREAFTER?

24

25 A. NO. THE 4% PRODUCTIVITY OFFSET IS AN AMBITIOUS

1 LEVEL FOR THE COMPANY ON A GOING FORWARD BASIS.
2 THE FCC PRICE CAP PLAN, FOR EXAMPLE, USES A 3.3%
3 PRODUCTIVITY OFFSET FACTOR WHICH WAS CALCULATED BY
4 ADDING A .5% CONSUMER BENEFIT ON TOP OF A 2.8%
5 PRODUCTIVITY FACTOR. UNDER THE FCC PLAN, A COMPANY
6 CAN CHOOSE TO TAKE A 4.3% PRODUCTIVITY OFFSET.
7 HOWEVER, IN RETURN FOR THE INCREASED RISK, THAT
8 COMPANY IS ALLOWED TO KEEP HIGHER LEVELS OF
9 EARNINGS BEFORE SHARING OF EARNINGS BEGINS.
10
11 FACED WITH THE RISKS OF COMPETITION IN THE MORE
12 LUCRATIVE PARTS OF OUR BUSINESS, A 4% PRODUCTIVITY
13 OFFSET FACTOR IS REASONABLE. IF THE COMPANY FINDS
14 ITSELF IN THE POSITION OF NOT BEING ABLE TO
15 GENERATE THIS LEVEL OF PRODUCTIVITY UNDER THE PLAN,
16 ITS EARNINGS WILL SUFFER AT LEAST DOWN TO THE
17 BOTTOM OF THE RANGE BEFORE IT CAN SEEK ANY RELIEF.
18 ON THE OTHER HAND, IF THE COMPANY WERE TO GENERATE
19 MORE THAN THE 4% PRODUCTIVITY, IT COULD MOVE INTO A
20 SHARING POSITION UNDER THE PLAN AND RATEPAYERS
21 WOULD BENEFIT IN ACCORDANCE WITH THE SHARING
22 FORMULA. RATEPAYERS ARE THUS IN A MORE PROTECTED
23 POSITION THAN THE COMPANY SINCE THE COMPANY BEARS
24 MORE RISK.
25

1 FOR THE PERIOD 1989-1991, INFLATION AS MEASURED BY
2 THE GNP-PI AVERAGED 4.2% AND THE COMPANY'S EARNED
3 RETURN ON EQUITY AS REPORTED ON ITS SURVEILLANCE
4 REPORTS WAS 13.69%, 13.81% AND 12.92% RESPECTIVELY.
5 THESE EARNINGS ARE APPROXIMATELY FLAT FOR 1989 AND
6 1990 AND DECLINED IN 1991 AS THE ECONOMY
7 DETERIORATED AND THE COMPANY INCURRED ONE TIME
8 CHARGES FOR AN EARLY RETIREMENT PROGRAM. A 4%
9 PRODUCTIVITY OFFSET WOULD CERTAINLY HAVE BEEN
10 REASONABLE DURING THIS TIME PERIOD AS THE COMPANY
11 WAS OPERATING UNDER INCENTIVE REGULATION AND HAD
12 INSTITUTED NUMEROUS COST CONTROLS, AS EXPLAINED IN
13 MR. LOMBARDO'S TESTIMONY, BUT WAS STILL NOT ABLE TO
14 IMPROVE UPON ITS EARNED RATE OF RETURN.

15

16 Q. WOULD YOU EXPLAIN YOUR SCHEDULE NO. 4 ENTITLED
17 ADJUSTED INTRASTATE RESULTS?

18

19 A. YES. THIS SCHEDULE DETAILS THE CALCULATION OF THE
20 INTRASTATE RATE BASE AND NET OPERATING INCOME WHICH
21 I AM PROPOSING FOR USE IN THIS PROCEEDING. ON
22 PAGES 1 AND 2 OF THIS SCHEDULE I HAVE PRESENTED A
23 SUMMARY OF THE 1991 AVERAGE INTRASTATE RATE BASE,
24 1991 INTRASTATE NET OPERATING INCOME, SPECIFIC
25 ACCOUNTING ADJUSTMENTS WHICH I AM PROPOSING, AND

1 THE RESULTING ADJUSTED INTRASTATE RATE BASE AND
2 ADJUSTED INTRASTATE NET OPERATING INCOME.
3
4 FOR PURPOSES OF CALCULATING THE APPROPRIATE
5 INTRASTATE RESULTS FOR 1993 OPERATING CONDITIONS, I
6 HAVE INCORPORATED THE RESULTS OF MR. MCCLELLAN'S
7 ATTRITION STUDY AS ONE OF THE ADJUSTMENTS REQUIRED
8 TO REACH MY ADJUSTED TOTALS. MR. MCCLELLAN'S STUDY
9 INDICATES THAT THE COMPANY HAS BEEN ABLE TO ACHIEVE
10 NEGATIVE ATTRITION, OR ACCRETION, IN EARNINGS IN
11 RECENT YEARS DUE TO EXPENSE CONTROL, CAPITAL
12 UTILIZATION, AND REVENUE ENHANCEMENT RELATIVE TO
13 ACCESS LINE GROWTH. THE INCLUSION OF HIS STUDY HAS
14 THE EFFECT OF INCREASING NET OPERATING INCOME AND
15 OFFSETTING THE NEGATIVE IMPACT OF OTHER ADJUSTMENTS
16 SUCH AS THE JURISDICTIONAL SEPARATIONS SHIFT OF
17 COSTS TO INTRASTATE FROM INTERSTATE.

18
19 PAGES 3 THROUGH 8 OF THIS SCHEDULE PROVIDE A BRIEF
20 EXPLANATION FOR EACH OF THE ADJUSTMENTS WHICH I
21 HAVE MADE TO THE ACTUAL 1991 RESULTS SHOWN ON LINE
22 1. THE ACTUAL RESULTS ARE DERIVED FROM THE BOOKS
23 AND RECORDS OF THE COMPANY AND ARE REPORTED IN MORE
24 DETAIL ON THE 1991 SURVEILLANCE REPORT WHICH I HAVE
25 INCLUDED UNDER APPENDIX NO. 1. THE ADJUSTMENTS

1 INCLUDE A QUANTIFICATION OF ALL SIGNIFICANT KNOWN
2 AND MEASURABLE CHANGES IN OPERATING CONDITIONS
3 WHICH WILL OCCUR BETWEEN 1991 AND 1993, AS WELL AS
4 THE EFFECTS OF VARIOUS COMPANY PROPOSALS IN THIS
5 PROCEEDING AND TRADITIONAL COMMISSION ADJUSTMENTS.
6 SINCE THE COMPANY HAS PROPOSED TO CONTINUE UNDER AN
7 INCENTIVE REGULATION PLAN, I HAVE CONTINUED TO
8 INCLUDE ALL OF THE COMMISSION ADJUSTMENTS WHICH
9 WERE UTILIZED IN REPORTING UNDER DOCKET NO.
10 880069-TL WITHOUT REDEBATING THESE ISSUES IN THIS
11 PROCEEDING.

12
13
14 Q. WHAT SPECIFIC CHANGES IN OPERATING CONDITIONS HAVE
15 YOU IDENTIFIED AND QUANTIFIED?

16
17 A. I HAVE IDENTIFIED SIX SIGNIFICANT ITEMS WHICH
18 REQUIRE RECOGNITION IN ORDER TO PROPERLY ADJUST
19 1991 DATA TO BE REPRESENTATIVE OF 1993 OPERATING
20 CONDITIONS. THE SIX ITEMS ARE: 1) JURISDICTIONAL
21 SEPARATIONS SHIFTS; 2) REORGANIZATION OF SOUTHERN
22 BELL, SOUTH CENTRAL BELL AND BELLSOUTH SERVICES
23 INTO BELLSOUTH TELECOMMUNICATIONS, INC. (BST); 3)
24 CHANGES IN CAPITAL RECOVERY RATES FOR THE COMPANY'S
25 1992 REPRESRIPTION; 4) THE IMPLEMENTATION OF

1 STATEMENT OF FINANCIAL ACCOUNTING STANDARDS (SFAS)
2 NO. 106 REGARDING OTHER POSTEMPLOYMENT BENEFITS,
3 WHICH IS TO BECOME EFFECTIVE IN 1993; 5) THE
4 IMPLEMENTATION OF SFAS NO. 109 REGARDING ACCOUNTING
5 FOR INCOME TAXES WHICH ALSO IS TO BECOME EFFECTIVE
6 IN 1993; AND 6) AN ANTICIPATED LEVEL OF ATTRITION
7 BASED ON A STUDY BY MR. MCCLELLAN.

8

9 Q. PLEASE EXPLAIN IN FURTHER DETAIL EACH OF THE SIX
10 SIGNIFICANT ITEMS YOU LISTED.

11

12 A. 1. THE JURISDICTIONAL SEPARATIONS SHIFTS WHICH I
13 HAVE QUANTIFIED WERE ORDERED BY THE FEDERAL
14 COMMUNICATIONS COMMISSION (FCC) IN CC DOCKET
15 NOS. 78-72, 80-286 AND 86-297. THESE
16 JURISDICTIONAL SHIFTS RELATE TO THE CHANGE IN
17 THE VALUE OF THE SUBSCRIBER PLANT FACTOR (SPF),
18 THE TRANSITION IN THE SEPARATIONS OF LOCAL
19 SWITCHING EQUIPMENT TO THE USE OF THE DIAL
20 EQUIPMENT MINUTE (DEM) FACTOR, AND THE COMPANY'S
21 EXPENSE RECOVERY FROM THE UNIVERSAL SERVICE FUND
22 (USF). IN THOSE DOCKETS, THE FCC CHANGED THE
23 PROCEDURES FOR ASSIGNING CERTAIN NON-TRAFFIC
24 SENSITIVE COSTS AND INVESTMENTS TO THE
25 INTERSTATE AND INTRASTATE JURISDICTIONS. THE

1 CHANGES MADE BY THE FCC ARE INCORPORATED IN PART
2 36 OF ITS RULES AND HAVE BEEN PHASED IN EACH
3 YEAR BEGINNING IN 1986 FOR THE SPF AND USF
4 CHANGES AND 1988 FOR THE DEM CHANGE. ALL THREE
5 JURISDICTIONAL CHANGES WILL BE COMPLETELY PHASED
6 IN AT THE BEGINNING OF 1993.

7
8 FOR THE SPF AND DEM QUANTIFICATION, A "WHAT IF"
9 CAPABILITY WAS UTILIZED IN THE COMPANY'S
10 SEPARATION INFORMATION SYSTEM (SIS) TO IDENTIFY
11 THE EFFECTS OF THE FCC PART 36 SCHEDULED CHANGES
12 IN THE SPF AND DEM ALLOCATIONS. THE TRANSITION
13 FORMULAS OUTLINED IN FCC PART 36.154 RULES FOR
14 SPF AND FCC PART 36.125 RULES FOR DEM WERE
15 FOLLOWED TO DETERMINE THE DIFFERENCE IN
16 INTRASTATE ALLOCATION BETWEEN 1991 AND 1993 THAT
17 WILL RESULT FROM FOLLOWING THESE RULES.

18
19 THE QUANTIFICATION OF THE UNIVERSAL SERVICE FUND
20 RECOVERY IS BASED ON THE COMPANY'S REPORT TO THE
21 NATIONAL EXCHANGE CARRIER ASSOCIATION (NECA) IN
22 1991 AND THE SUBSEQUENT REPORT FROM NECA
23 REGARDING SOUTHERN BELL FLORIDA'S RECOVERY
24 AMOUNT. THE TRANSITION PROCEDURES OUTLINED IN
25 FCC PART 36.641 RULES WERE FOLLOWED TO DETERMINE

1 THE USF EXPENSE ADJUSTMENT FOR 1993 AS COMPARED
2 TO THE AMOUNT REALIZED IN 1991.

3
4 2. THE REORGANIZATION OF SOUTHERN BELL, SOUTH
5 CENTRAL BELL AND BELLSOUTH SERVICES, INC. INTO
6 BST OCCURRED ON JANUARY 1, 1992. PRIOR TO THAT,
7 ON JULY 1, 1991, BELLSOUTH BUSINESS SYSTEMS,
8 INC. (BBS) WAS ESTABLISHED AS A JOINTLY OWNED
9 SUBSIDIARY OF SOUTHERN BELL AND SOUTH CENTRAL
10 BELL. BBS HAS RESPONSIBILITIES FOR JOINT
11 PROVISIONING OF BOTH REGULATED AND NON-REGULATED
12 PREMISES SALES EFFORTS. ON JANUARY 1, 1992, BBS
13 BECAME A WHOLLY OWNED SUBSIDIARY OF BST AND
14 RECEIVED THE OPERATIONAL RESPONSIBILITIES FOR
15 THE NON-REGULATED CUSTOMER PREMISES EQUIPMENT
16 MARKET FOR LARGE BUSINESS CUSTOMERS.

17
18 THE ADJUSTMENT RELATED TO THIS ITEM REMOVES ONE
19 TIME REORGANIZATIONAL COSTS INCURRED IN 1991;
20 INCLUDES COST SAVINGS DERIVED FROM FORCE
21 REDUCTIONS UNDER THE 1991 VOLUNTARY ENHANCED
22 EARLY RETIREMENT (VEER) PLAN; EVALUATES CHANGES
23 IN ACCOUNTING FOR COSTS WHICH WILL OCCUR DUE TO
24 THE INCLUSION OF THE SERVICES COMPANY WITH THE
25 OPERATING COMPANIES UNDER FCC PART 32 ACCOUNTING

1 RULES; AND QUANTIFIES CHANGES IN COST
2 ALLOCATIONS WHICH WILL OCCUR DUE TO THE NEW
3 ORGANIZATIONAL STRUCTURE.

4
5 3. THE ADJUSTMENT ENTITLED "CAPITAL RECOVERY
6 CHANGES" QUANTIFIES THE IMPACT OF THE COMPANY'S
7 MAY 1, 1992 DEPRECIATION REPRESRIPTION FILING
8 WITH THE COMMISSION. FOR QUANTIFYING
9 DEPRECIATION RATE CHANGES, THE CHANGE IN RATE IS
10 APPLIED TO AVERAGE 1991 DEPRECIABLE PLANT
11 BALANCES. FOR AMORTIZATION SCHEDULES, A
12 DIFFERENCE IS CALCULATED BETWEEN AMORTIZATION
13 EXPENSE SCHEDULED FOR BOOKING IN 1993 AND ACTUAL
14 AMOUNTS BOOKED IN 1991. THIS ADJUSTMENT WILL BE
15 REVISED AS NECESSARY BASED ON THE OUTCOME OF
16 DOCKET NO. 920385-TL.

17
18 4. THE ADJUSTMENT TO IMPLEMENT SFAS NO. 106 IS
19 BASED ON AN ACTUARIAL CALCULATION OF THE
20 COMPANY'S POST EMPLOYMENT BENEFIT EXPENSE OTHER
21 THAN PENSIONS UNDER SFAS NO. 106 AS COMPARED TO
22 THE COMPANY'S CURRENT PROCEDURES FOR HANDLING
23 THESE COSTS. THE COMPANY CURRENTLY INTENDS TO
24 ADOPT THIS ACCOUNTING PRONOUNCEMENT IN 1993 FOR
25 REGULATORY PURPOSES BASED ON AN AMORTIZATION

1 APPROACH FOR RECORDING THE TRANSITION BENEFIT
2 OBLIGATION. DUE TO THE FACT THAT THE COMPANY
3 ESTABLISHED A VOLUNTARY EMPLOYEE BENEFICIARY
4 ASSOCIATION (VEBA) TRUST IN 1986 AND HAS
5 INSTITUTED NUMEROUS COST CONTROL MEASURES SUCH
6 AS PREFERRED PROVIDER ORGANIZATIONS (PPO'S),
7 QUALITY CARE PROGRAMS AND CAPS ON BENEFIT
8 EXPENDITURES, THE INCREMENTAL EXPENSE EFFECT IS
9 SMALL COMPARED TO MANY OTHER COMPANIES. THIS
10 ADJUSTMENT IS BASED ON OUR EXISTING BENEFIT PLAN
11 (PLAN) AS WRITTEN AND WILL BE UPDATED IF
12 NECESSARY BASED ON ANY CHANGES THAT MAY OCCUR
13 WITH THIS YEAR'S BARGAINING AGREEMENT WITH THE
14 COMMUNICATIONS WORKERS OF AMERICA OR WITH ANY
15 CHANGES IN PLAN ASSUMPTIONS. PER SFAS 106, THE
16 COST OF BENEFIT IMPROVEMENTS THAT RESULT FROM
17 PLAN AMENDMENTS SHOULD BE AMORTIZED OVER THE
18 AVERAGE REMAINING SERVICE LIFE OF ACTIVE
19 EMPLOYEES. HOWEVER, IF THE ECONOMIC BENEFIT OF
20 A PLAN AMENDMENT IS SHORTER THAN THE AVERAGE
21 REMAINING SERVICE LIFE, A SHORTER AMORTIZATION
22 PERIOD MAY BE USED. THE COMPANY WILL DETERMINE
23 THE APPROPRIATE AMORTIZATION PERIOD FOR PLAN
24 AMENDMENTS AT THE TIME THAT AN AMENDMENT IS
25 ADOPTED BASED ON THE CIRCUMSTANCES OF THE

1 PARTICULAR AMENDMENT.

2

3 5. THE ADJUSTMENT TO IMPLEMENT SFAS NO. 109

4 REPRESENTS THE ADOPTION OF THIS NEW ACCOUNTING

5 PRONOUNCEMENT FOR RECORDING INCOME TAX

6 TRANSACTIONS IN 1993. THE MAJOR IMPACT ON

7 INTRASTATE OPERATING RESULTS AS A CONSEQUENCE OF

8 ADOPTING SFAS NO. 109 OCCURS DUE TO THE NEED TO

9 NORMALIZE PREVIOUSLY "FLOWED-THROUGH" TAX

10 EFFECTS AND THE NEED TO RESTATE DEFERRED TAX

11 BALANCES TO CURRENT TAX RATES. THOSE DEFERRED

12 TAX BALANCES WHERE TAX LAW REQUIRES A RATABLE

13 RECOGNITION FOR TAX RATE CHANGES WOULD BE

14 RESTATED. HOWEVER, THE IMPACT ON EARNINGS WHICH

15 RESULTS FROM THIS RESTATEMENT WOULD BE OFFSET BY

16 THE CREATION OF A REGULATORY LIABILITY. THE

17 LIABILITY WOULD THEN BE REVERSED AS THE IMPACT

18 OF THE TAX RATE CHANGE IS RATABLY RECOGNIZED IN

19 REGULATED EARNINGS IN ACCORDANCE WITH TAX LAWS.

20 THOSE DEFERRED TAX BALANCES NOT OTHERWISE

21 COVERED BY TAX LAWS, COMMONLY REFERRED TO AS

22 "UNPROTECTED DEFERRED TAXES", WOULD ALSO BE

23 RESTATED. FOR REGULATORY PURPOSES, SFAS NO. 109

24 COULD BE ADOPTED ON A REVENUE REQUIREMENT

25 NEUTRAL BASIS BY SETTING UP A REGULATORY ASSET

1 FOR THE NET OF THE PREVIOUS FLOW-THROUGH AND THE
2 RESTATEMENT OF THE UNPROTECTED TAX RATE CHANGE
3 AND THE AMORTIZATION OF THIS ASSET TO THE SAME
4 ACCOUNTING PERIODS THAT THE AMOUNTS WOULD HAVE
5 BEEN RECOGNIZED UNDER EXISTING ACCOUNTING
6 PROCEDURES. HOWEVER, I PROPOSE THAT A MORE
7 RAPID REGULATORY RECOGNITION BE APPROVED. THE
8 FLORIDA COMMISSION HAS ALWAYS BEEN PROGRESSIVE
9 IN RECOGNIZING NORMALIZATION ACCOUNTING AND
10 MOVING THE INDUSTRY CLOSER TO GENERALLY ACCEPTED
11 ACCOUNTING PRINCIPLES (GAAP). DUE TO THE
12 INCREASINGLY COMPETITIVE NATURE OF THE
13 COMMUNICATIONS BUSINESS AND THE MOVEMENT TOWARD
14 GAAP FOR REGULATORY PURPOSES WITH PART 32, THE
15 UNIFORM SYSTEM OF ACCOUNTS, I PROPOSE THAT SFAS
16 NO. 109 IMPACTS, OTHER THAN THOSE OTHERWISE
17 RESTRICTED BY TAX LAW, BE RECOGNIZED OVER FOUR
18 YEARS WITH FULL IMPLEMENTATION BY 1996. THIS
19 ADJUSTMENT QUANTIFIES THE FOUR YEAR ADOPTION
20 PROPOSED.

21

22 6. FINALLY, THE ADJUSTMENT I HAVE USED FOR
23 ATTRITION IS BASED ON A STUDY PERFORMED BY MR.
24 MCCLELLAN ON BEHALF OF THE COMPANY. THE
25 METHODOLOGY WHICH HE UTILIZED IN CALCULATING THE

1 AMOUNT FOR THIS ITEM IS INCLUDED IN HIS
2 TESTIMONY. THE DATA WHICH MR. MCCLELLAN USED TO
3 CALCULATE THE AMOUNT FOR ATTRITION WAS ADJUSTED
4 TO REMOVE THE NEGATIVE EARNINGS IMPACTS FROM THE
5 SPF AND DEM JURISDICTIONAL SHIFTS BECAUSE I HAVE
6 INCLUDED A SEPARATE PRO FORMA FOR THESE ITEMS.

7

8 Q. WOULD YOU IDENTIFY THE SPECIFIC COMPANY PROPOSALS
9 FOR WHICH YOU HAVE PREPARED AN ADJUSTMENT TO
10 INTRASTATE OPERATING RESULTS?

11

12 A. YES. I HAVE INCLUDED AN ADJUSTMENT TO TEST PERIOD
13 REVENUES, TAXES AND NET OPERATING INCOME FOR THE
14 COMPANY'S PROPOSED RATE AND RATE STRUCTURE CHANGES
15 AS DESCRIBED IN THE TESTIMONY OF NANCY SIMS. THE
16 SPECIFIC CHANGES INCLUDED ARE: 1) THE OPTIONAL
17 EXPANDED LOCAL SERVICE PLAN; 2) A REDUCTION IN
18 SWITCHED ACCESS RATES; 3) A REDUCTION IN THE
19 INTERCONNECTION RATE FOR MOBILE SERVICE PROVIDERS;
20 AND 4) AN ECONOMIC DEVELOPMENT PLAN.

21

22 Q. ARE THE REMAINING ADJUSTMENTS TO INTRASTATE
23 OPERATIONS SIMILAR TO TRADITIONAL COMMISSION
24 ALLOWANCES AND DISALLOWANCES REPORTED BY THE
25 COMPANY ON SURVEILLANCE REPORTS?

1

2 A. YES. THE REMAINING ADJUSTMENTS ARE OF THE TYPE
3 REPORTED BY THE COMPANY ON A RECURRING BASIS. A
4 BRIEF DESCRIPTION OF EACH ADJUSTMENT IS PROVIDED ON
5 SCHEDULE NO. 4 PAGES 3 THROUGH 8.

6

7 Q. PLEASE SUMMARIZE YOUR CALCULATIONS OF ADJUSTED
8 INTRASTATE RATE BASE AND INTRASTATE NET OPERATING
9 INCOME.

10

11 A. AS SHOWN ON SCHEDULE NO. 4, PAGE 1, I BEGAN WITH
12 THE COMPANY'S AVERAGE 1991 ACTUAL INTRASTATE RATE
13 BASE OF \$4,115,390,000 AND INTRASTATE NET OPERATING
14 INCOME OF \$378,450,000. I THEN ADJUSTED THESE
15 AMOUNTS FOR THE SPECIFIC ITEMS LISTED TO DERIVE ON
16 PAGE 2 AN ADJUSTED INTRASTATE RATE BASE OF
17 \$4,150,495,000 AND ADJUSTED INTRASTATE NET
18 OPERATING INCOME OF \$391,335,000. THE COMPANY'S
19 RESULTING RETURN ON RATE BASE IS, THEREFORE, 9.43%
20 WHICH EQUATES TO A 13.54% RETURN ON EQUITY.

21

22 Q. PLEASE EXPLAIN HOW THE ANNUAL EARNINGS SURVEILLANCE
23 REPORT WOULD CHANGE AS A RESULT OF THE COMPANY'S
24 PROPOSED PRICE REGULATION PLAN.

25

1 A. THE COMPANY WOULD CONTINUE TO FILE ITS MONTHLY
2 EARNINGS SURVEILLANCE REPORTS WITH THE COMMISSION.
3 THE ADDITIONAL INFORMATION SHEETS WHICH HAVE BEEN
4 INCLUDED WITH THE SURVEILLANCE REPORT DURING THE
5 FIRST INCENTIVE PLAN WOULD BE MODIFIED AS FOLLOWS:

6
7 1) THE TRACKING OF RATE INCREASES AND DECREASES
8 WOULD BE REMOVED FROM THE SURVEILLANCE REPORT
9 BECAUSE THIS INFORMATION WILL BE PROVIDED WITH
10 TARIFF CHANGES UNDER THE PRICE REGULATION PLAN TO
11 PROVE COMPLIANCE WITH THE PRICE REGULATION INDEX.

12
13 2) THE SHEET WHICH IDENTIFIES AND QUANTIFIES
14 EXOGENOUS EVENTS WOULD BE MODIFIED TO TRACK ITEMS
15 WHICH MEET THE DEFINITION OF EXOGENOUS AS COVERED
16 IN MR. TONY LOMBARDO'S TESTIMONY. AS A RATE
17 ADJUSTMENT IS MADE FOR AN EXOGENOUS ITEM, EITHER AT
18 THE TIME OF THE ANNUAL PRICE REGULATION ADJUSTMENT
19 OR DURING THE YEAR, THE EXOGENOUS ITEM WOULD BE
20 DROPPED FROM THE LIST.

21
22 3) THE SHEET WHICH TRACKS THE INTRODUCTION OF NEW
23 SERVICES WOULD BE RETAINED BUT THE QUANTIFICATION
24 OF THE ESTIMATED ANNUAL REVENUE IMPACT WOULD BE
25 DISCONTINUED.

1

2 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

3

4 A. YES, IT DOES.

5

6

7

8

9

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INTRASTATE "PER BOOKS" AMOUNTS

(000) SOUTHERN BELL TELEPHONE & TELEGRAPH COMPANY
 TRENDS IN FLORIDA REVENUE REQUIREMENTS 1984 - 1991

ITEM	1984	1985	1986	1987	1988	1989	1990	1991
INTRASTATE REVENUE	\$1,665,592	\$1,757,089	\$1,873,460	\$1,944,026	\$2,066,669	\$2,085,758	\$2,160,014	\$2,224,489
DEPRECIATION EXPENSE	232,826	249,325	310,125	377,382	478,042	472,114	503,048	546,255
OTHER EXPENSE & TAX	917,908	963,013	995,860	1,003,860	1,114,148	1,116,809	1,162,130	1,208,432
TOTAL EXPENSES	1,150,734	1,212,338	1,305,985	1,381,242	1,592,190	1,588,923	1,665,178	1,754,687
INCOME TAXES	179,823	196,065	211,854	180,680	108,449	101,077	99,272	91,352
NET OPERATING INCOME	335,035	348,686	355,621	382,104	366,030	395,758	395,564	378,450
PLANT IN SERVICE	3,843,753	4,166,294	4,527,174	4,892,415	5,404,006	5,847,093	6,245,469	6,400,778
DEPRECIATION RESERVE	589,685	723,386	909,736	1,177,746	1,505,614	1,881,696	2,229,179	2,315,365
NET PLANT	3,254,068	3,442,908	3,617,438	3,714,669	3,898,392	3,965,397	4,016,290	4,085,413
OTHER INVESTMENTS	89,333	163,925	102,589	57,695	69,266	62,408	74,917	29,977
RATE BASE	3,343,401	3,606,833	3,720,027	3,772,364	3,967,658	4,027,805	4,091,207	4,115,390
AVERAGE ACCESS LINES	3,329,379	3,480,215	3,653,951	3,882,952	4,096,329	4,310,989	4,511,804	4,663,857

PER AVERAGE ACCESS LINE

INTRASTATE REVENUE	\$500.27	\$504.88	\$512.72	\$500.66	\$504.52	\$483.82	\$478.75	\$476.96
DEPRECIATION EXPENSE	69.93	71.64	84.87	97.19	116.70	109.51	111.50	117.13
OTHER EXPENSE & TAX	275.70	276.71	272.54	258.53	271.99	259.06	257.58	259.11
TOTAL EXPENSES	345.63	348.35	357.42	355.72	388.69	368.58	369.07	376.23
INCOME TAXES	54.01	56.34	57.98	46.53	26.47	23.45	22.00	19.59
NET OPERATING INCOME	100.63	100.19	97.33	98.41	89.36	91.80	87.67	81.15
PLANT IN SERVICE	1154.50	1197.14	1238.98	1259.97	1319.23	1356.32	1384.25	1372.42
DEPRECIATION RESERVE	177.12	207.86	248.97	303.31	367.55	436.49	494.08	496.45
NET PLANT	977.38	989.28	990.01	956.66	951.68	919.83	890.17	875.97
OTHER INVESTMENTS	26.83	47.10	28.08	14.86	16.91	14.48	16.60	6.43
RATE BASE	1004.21	1036.38	1018.08	971.52	968.59	934.31	906.78	882.40

REVENUE REQUIREMENTS PER AVERAGE ACCESS LINE

RETURN REQUIRED	\$347.714	\$371,504	\$376,095	\$374,596	\$399,543	\$408,419	\$416,894	\$418,947
ACTUAL RETURN	335,035	348,686	355,621	382,104	366,030	395,758	395,564	378,450
DIFFERENCE	12,679	22,818	20,474	(7,508)	33,513	12,661	21,330	40,497
EXPANSION FACTOR	0.50308	0.49835	0.49941	0.55546	0.6093	0.60798	0.60889	0.605084
ADDITIONAL REVENUE	25,203	45,787	40,996	(13,517)	55,002	20,825	35,031	66,928
REVENUE REQUIREMENT	1,704,087	1,818,057	1,928,647	1,952,898	2,146,455	2,137,734	2,224,861	2,331,358
REVENUE REQ./ACC. LN.	513.83	522.40	527.83	502.94	523.99	495.88	493.12	499.88

INTRASTATE "ACHIEVED" AMOUNTS

(000) SOUTHERN BELL TELEPHONE & TELEGRAPH COMPANY
 TRENDS IN FLORIDA REVENUE REQUIREMENTS 1984 - 1991

ITEM	1984	1985	1986	1987	1988	1989	1990	1991
INTRASTATE REVENUE	\$1,649,564	\$1,745,768	\$1,856,705	\$1,935,421	\$2,064,115	\$2,077,064	\$2,170,238	\$2,231,460
DEPRECIATION EXPENSE	232,826	249,325	310,125	378,869	474,955	475,458	502,902	545,252
OTHER EXPENSE & TAX	917,374	960,983	994,815	1,006,932	1,109,627	1,115,302	1,156,902	1,209,686
TOTAL EXPENSES	1,150,200	1,210,308	1,304,940	1,385,801	1,584,582	1,590,760	1,659,804	1,754,938
INCOME TAXES	171,984	191,110	192,803	167,565	101,821	99,806	112,677	95,728
NET OPERATING INCOME	327,380	344,350	358,962	382,055	377,712	386,498	397,757	380,794
PLANT IN SERVICE	3,833,758	4,158,684	4,553,257	4,952,446	5,453,476	5,905,614	6,308,678	6,462,693
DEPRECIATION RESERVE	589,685	723,386	909,736	1,197,407	1,519,283	1,896,888	2,238,972	2,324,950
NET PLANT	3,244,073	3,435,298	3,643,521	3,755,039	3,934,193	4,008,726	4,069,706	4,137,743
OTHER INVESTMENTS	89,333	163,925	102,589	57,843	69,169	62,244	74,878	29,943
RATE BASE	3,333,406	3,599,223	3,746,110	3,812,882	4,003,362	4,070,970	4,144,584	4,167,686
AVERAGE ACCESS LINES	3,329,379	3,480,215	3,653,951	3,882,952	4,096,329	4,310,989	4,511,804	4,663,857
PER AVERAGE ACCESS LINE								
INTRASTATE REVENUE	\$495.46	\$501.63	\$508.14	\$498.44	\$503.89	\$481.81	\$481.01	\$478.46
DEPRECIATION EXPENSE	69.93	71.64	84.87	97.57	115.95	110.29	111.46	116.91
OTHER EXPENSE & TAX	275.54	276.13	272.26	259.32	270.88	258.71	256.42	259.37
TOTAL EXPENSES	345.47	347.77	357.13	356.89	386.83	369.00	367.88	376.28
INCOME TAXES	51.66	54.91	52.77	43.15	24.86	23.15	24.97	20.53
NET OPERATING INCOME	98.33	98.95	98.24	98.39	92.21	89.65	88.16	81.65
PLANT IN SERVICE	1151.49	1194.95	1246.12	1275.43	1331.31	1369.90	1398.26	1385.70
DEPRECIATION RESERVE	177.12	207.86	248.97	308.38	370.89	440.01	496.25	498.50
NET PLANT	974.38	987.09	997.15	967.06	960.42	929.89	902.01	887.19
OTHER INVESTMENTS	26.83	47.10	28.08	14.90	16.89	14.44	16.60	6.42
RATE BASE	1001.21	1034.20	1025.22	981.95	977.30	944.32	918.61	893.61
REVENUE REQUIREMENTS PER AVERAGE ACCESS LINE								
RETURN REQUIRED	\$346.674	\$370.720	\$378.732	\$378.619	\$403.139	\$412.796	\$422.333	\$424.270
ACTUAL RETURN	327.380	344.350	358.962	382.055	377.712	386.498	397.757	380.794
DIFFERENCE	19.294	26.370	19.770	(3.436)	25.427	26.298	24.576	43.476
EXPANSION FACTOR	0.50308	0.49835	0.49941	0.55546	0.6093	0.60798	0.60889	0.605084
ADDITIONAL REVENUE	36.352	52.915	39.586	(6.186)	41.731	43.255	40.362	71.852
REVENUE REQUIREMENT	1,701,238	1,813,874	1,910,498	1,951,521	2,130,505	2,151,329	2,240,390	2,343,248
REVENUE REQ./ACC.LN.	510.98	521.20	522.86	502.59	520.10	499.03	496.56	502.43

INTRASTATE "ACHIEVED" AMOUNTS
ADJUSTED FOR CONSTANT DEPRECIATION
SOUTHERN BELL TELEPHONE & TELEGRAPH COMPANY
(000) TRENDS IN FLORIDA REVENUE REQUIREMENTS 1984 - 1991

ITEM	1984	1985	1986	1987	1988	1989	1990	1991
INTRASTATE REVENUE	\$1,649,564	\$1,745,768	\$1,856,705	\$1,935,421	\$2,064,115	\$2,077,064	\$2,170,238	\$2,231,460
DEPRECIATION EXPENSE	323,569	350,993	384,295	417,986	460,273	498,434	532,452	545,252
OTHER EXPENSE & TAX	917,374	960,983	994,815	1,006,932	1,109,627	1,115,302	1,156,902	1,209,686
TOTAL EXPENSES	1,240,943	1,311,976	1,379,110	1,424,918	1,569,900	1,613,736	1,689,354	1,754,938
INCOME TAXES	127,547	141,323	156,482	150,647	107,346	91,160	101,558	95,728
NET OPERATING INCOME	281,074	292,469	321,113	359,856	386,869	372,168	379,326	380,794
PLANT IN SERVICE	3,833,758	4,158,684	4,553,257	4,952,446	5,453,476	5,905,614	6,308,678	6,462,693
DEPRECIATION RESERVE	635,057	854,963	1,139,232	1,483,547	1,817,640	2,199,392	2,567,739	2,668,492
NET PLANT	3,198,701	3,293,721	3,414,025	3,468,899	3,635,836	3,706,222	3,740,939	3,794,201
OTHER INVESTMENTS	89,333	163,925	102,589	57,843	69,169	62,244	74,878	29,943
RATE BASE	3,288,034	3,457,646	3,516,614	3,526,742	3,705,005	3,768,466	3,815,817	3,824,144
AVERAGE ACCESS LINES	3,329,379	3,480,215	3,653,951	3,882,952	4,096,329	4,310,989	4,511,804	4,663,857
PER AVERAGE ACCESS LINE								
INTRASTATE REVENUE	\$495.46	\$501.63	\$508.14	\$498.44	\$503.89	\$481.81	\$481.01	\$478.46
DEPRECIATION EXPENSE	97.19	100.85	105.17	107.65	112.36	115.62	118.01	116.91
OTHER EXPENSE & TAX	275.54	276.13	272.26	259.32	270.88	258.71	256.42	259.37
TOTAL EXPENSES	372.73	376.98	377.43	366.97	383.25	374.33	374.43	376.28
INCOME TAXES	38.31	40.61	42.83	38.80	26.21	21.15	22.51	20.53
NET OPERATING INCOME	84.42	84.04	87.88	92.66	94.44	86.33	84.07	81.65
PLANT IN SERVICE	1151.49	1194.95	1246.12	1275.43	1331.31	1369.90	1398.26	1385.70
DEPRECIATION RESERVE	190.74	248.54	311.78	382.07	443.72	510.18	569.12	572.16
NET PLANT	960.75	946.41	934.34	893.37	887.58	859.72	829.14	813.53
OTHER INVESTMENTS	26.83	47.10	28.08	14.90	16.89	14.44	16.60	6.42
RATE BASE	987.58	993.52	962.41	908.26	904.47	874.15	845.74	819.95
REVENUE REQUIREMENTS PER AVERAGE ACCESS LINE								
RETURN REQUIRED	\$341.956	\$356.138	\$355.530	\$350.205	\$373.094	\$382.122	\$388.832	\$389.298
ACTUAL RETURN	281.074	292.469	321.113	359.856	386.869	372.168	379.326	380.794
DIFFERENCE	60.882	63.669	34.417	(9.651)	(13.775)	9.954	9.506	8.504
EXPANSION FACTOR	0.50308	0.49835	0.49941	0.55546	0.6093	0.60798	0.60889	0.605084
ADDITIONAL REVENUE	121.018	127.759	68.915	(17.374)	(22.608)	16.373	15.612	14.054
REVENUE REQUIREMENT	1,783.904	1,888.718	1,939.827	1,940.333	2,066.166	2,124.447	2,215.640	2,285.450
REVENUE REQ./ACC.LN.	535.81	542.70	530.88	499.71	504.39	492.80	491.08	490.03

Southern Bell
Intrastate Rate Base and Net Operating Income Adjustments
(\$000)

Reid Exhibit No.
Schedule 4
Florida Docket 920260-TL
Page 1 of 8

Entry No.	Description	Rate Base Amounts	Operations Effect				Net Operating Income	NOI Effect of Rate Base Adj.	Total NOI Effect	Incr/(Decr) Revenue Requirements
			Revenues	Depreciation & Amort.	Other Expenses & Taxes	Income Taxes				
	Per Books - 1991	4,115,390	2,224,489	546,255	1,298,432	91,352	378,450			
1	Jurisdictional Separations Shifts									
	SPF 1991-1992	48,378	31	5,615	8,765	(6,056)	(8,293)	(4,489)	(12,782)	21,126
	SPF 1992-1993	48,378	31	5,615	8,765	(6,056)	(8,293)	(4,489)	(12,782)	21,126
	DEH 1991-1992	20,824	8	2,962	3,326	(2,684)	(3,596)	(1,932)	(5,528)	9,137
	DEH 1992-1993	10,510	4	1,481	1,664	(1,343)	(1,798)	(975)	(2,773)	4,583
	USF 1991-1992	0	0	0	(3,634)	1,368	2,266	0	2,266	(3,745)
	USF 1992-1993	0	0	0	(1,935)	728	1,207	0	1,207	(1,995)
	Sub-total	128,090	74	15,673	16,951	(14,043)	(18,507)	(11,885)	(30,392)	50,232
2	Reorganization of SB, SCB, BSS	(22,717)	(7,439)	1,370	(21,724)	4,855	8,060	2,108	10,168	(16,805)
3	Capital Recovery Changes:									
	Expiring amortizations - 1992	8,435		(16,871)	0	7,046	9,825	(783)	9,042	(14,944)
	Expiring amortizations - 1993	20,222		(40,444)	0	16,890	23,554	(1,877)	21,677	(35,825)
	Represcription - 1992	(14)		28	0	(12)	(16)	1	(15)	24
	Represcription - 1993	(9,617)		19,235	0	(7,800)	(11,435)	892	(10,543)	17,423
	Sub-total	19,026	0	(38,052)	0	16,124	21,928	(1,767)	20,161	(33,322)
4	Implementation of SFAS 106 (OPEBS)	(578)		25	5,795	(2,190)	(3,630)	54	(3,576)	5,910
5	Implementation of SFAS 109 (Accounting for Income Taxes)					2,802	(2,802)	0	(2,802)	4,631
6	Attrition	(144,163)	23,717	12,914	(36,340)	19,195	27,948	13,366	41,314	(68,280)
7	Company Proposal									
	Switched Access Reduction		(4,911)		(60)	(1,826)	(3,025)	0	(3,025)	4,999
	Optional Expanded Local Service		(7,562)		(92)	(2,811)	(4,659)	0	(4,659)	7,699
	Interconnect Rate Reduction		(589)		(7)	(219)	(363)	0	(363)	600
8	Excess Plug Ins	(13,224)					0	1,227	1,227	(2,028)
9	WRCO Tax Credits	33,366					0	(3,096)	(3,096)	5,117
10	BellSouth Services	28,402	3,138				3,138	(2,636)	502	(830)
11	Bellcore Investment & Dividend	1,653	183		2	68	113	(153)	(40)	67
12	ENFIA	(1,497)	(1)		(448)	191	256	139	395	(653)

Southern Bell
Intrastate Rate Base and Net Operating Income Adjustments
(\$000)

Reid Exhibit No.
Schedule 4
Florida Docket 920260-TL
Page 2 of 8

Entry No.	Description	Rate Base Amounts	Operations Effect				Net Operating Income	NOI Effect of Rate Base Adj.	Total NOI Effect	Incr/(Decr) Revenue Requirements
			Revenues	Depreciation & Amort.	Expenses & Other Taxes	Income Taxes				
14	Other Rate Base Adj.	5,250						(487)	(487)	805
15	Out of Period Revenue & Settlements (Independent Company)	0	1,268		16	471	781	0	781	(1,291)
16	Out of Period Expenses	0		(965)	3,435	(902)	(1,568)	0	(1,568)	2,591
17	Out of Period Taxes	0			(1,124)	1,847	(723)	0	(723)	1,195
18	Other Out of Period Revenues	0	2,851		34	1,149	1,668	0	1,668	(2,757)
19	Other Regulated/Nonregulated Adjustments	0		(38)	1,311	(452)	(821)	0	(821)	1,357
20	Yellow Page Profits	0	0		0	0	0	0	0	0
21	Gains on Sale of Property	0	(288)		(170)	(44)	(72)	0	(72)	118
22	Income Related to Temporary Cash Investments	0	1				1	0	1	(2)
23	Interest Reconciliation & AFUDC Debt	0				4,177	(4,177)	0	(4,177)	6,903
24	Interest Imputation	0				(1,704)	1,704	0	1,704	(2,816)
25	Lobbying Expense	0			(530)	199	331	0	331	(547)
26	Corporate Advertising Expense	0			(29)	11	18	0	18	(30)
27	Abandoned Projects	0			675	(254)	(421)	0	(421)	696
28	Casualty Expense	0			(61)	23	38	0	38	(63)
29	Other Regulatory Adjustments	0			(1,855)	698	1,157	0	1,157	(1,912)
30	1992 Revenue Reduction due to expiring amortizations	0	(21,478)		(262)	(7,984)	(13,232)	0	(13,232)	21,868
Total Adjustments		35,105	(11,033)	(9,073)	(34,035)	19,190	12,885	(3,269)	9,616	(15,895)
Adjusted Total		4,150,495	2,213,456	537,182	1,174,397	110,542	391,335	(3,269)	9,616	(15,895)

Southern Bell
Intrastate Rate Base and Net Operating Income Adjustments

1. Jurisdictional Separations Shifts:
These adjustments reflect the incremental intrastate impact associated with the FCC's Part 36 rule changes regarding the subscriber plant factor (SPF) and dial equipment minute (DEM) factor. Also included is the incremental universal service fund (USF) recovery from the National Exchange Carrier Association (NECA).
2. Reorganization:
This adjustment quantifies the intrastate operating impacts of consolidating Southern Bell, South Central Bell and BellSouth Services, Inc. into BellSouth Telecommunications, Inc. (BST) effective January 1, 1992. Also included is the impact of transferring the non-regulated customer premise equipment (CPE) line of business to BellSouth Business Systems effective January 1, 1992.
3. Capital Recovery Changes:
This adjustment quantifies the incremental impact due to the Company's May 1, 1992 depreciation represcription filing with the Commission. Also included are the impacts of amortizations which are scheduled to expire in 1992 and 1993.
4. Implementation of SFAS 106 (OPEBs):
This adjustment quantifies the additional expense due to adoption of the accounting pronouncement for Other Post Employment Benefits (OPEBs) in 1993.
5. Implementation of SFAS 109:
The Company anticipates adoption of the pronouncement for Accounting for Income Taxes in 1993. The impact of that adoption is based on the Company's proposal to amortize over four years the difference between the regulatory asset for previous tax flow through items and the liability related to the restatement of deferred tax balances for "unprotected" items.

6. Attrition:

This adjustment reflects the results of a study performed by Mr. John McClellan related to the earnings trend of the Company. Mr. McClellan's study determines the expected revenue requirement improvement for the Company in 1993 relative to 1991 results.

7. Company Proposal:

This adjustment reduces test period revenues for the changes in rates and rate structures that Southern Bell is proposing in conjunction with the price regulation plan. The specific changes included are 1) the optional expanded local service plan; 2) a reduction in switched access rates; 3) a reduction in the interconnection usage rate for mobile service providers; and 4) an economic development plan. A description of these changes is included in Nancy Sims' testimony.

8. Excess Plug-In Units:

This adjustment reduces rate base for the excess over 30-days supply on hand of plug-in units.

9. WECO Tax Credits:

Per Docket No. 820376-TP, Rule No. 25-14.010, the Florida Commission requires deferred taxes on intercompany transactions to be treated as zero cost capital instead of as a rate base reduction. To comply, this adjustment: (a) restores the original surviving Western Electric Company (WECO) taxes to plant accounts, (b) establishes a deferred tax account balance representing the unamortized WECO tax, and (c) adjusts the depreciation reserve by the cumulative WECO tax restoral.

10. BellSouth Services:

For 1991, Florida's portion of BellSouth Services, Inc.'s (BSSI) net income is added to regulated net income, and Florida's portion of Southern Bell's investment in BSSI is added to rate base. As part of the reorganization adjustment (No. 2), this adjustment is reversed since BSSI is no longer a separate company.

11. Bellcore Investment & Dividend:

An adjustment to include Florida's share of the Bellcore dividend in income and Bellcore investment in rate base was previously included in the BellSouth Services, Inc. adjustments on the Company's Surveillance Reports. Since the corporate reorganization effective January 1, 1992, Bellcore stock is owned directly by BellSouth Telecommunications, Inc. Therefore, for 1992 and forward, a specific adjustment for the Bellcore dividend and investment will be required.

12. ENFIA

In Docket 820294-TP, Order No. 12221, the Florida Commission decreased intrastate expenses each year due to the impact of Exchange Network Facilities for Interstate Access (ENFIA) minutes of use per line on the frozen Subscriber Plant Factor (SPF). This adjustment is no longer applicable after 1992, since the SPF factor is specified at 25% for 1993 and is reversed by adjustment No. 13.

13. Reverse ENFIA:

Since the ENFIA adjustment (No. 12) is phased out by the end of 1992, we have reversed the 1991 proforma adjustment.

14. Other Rate Base Adjustments:

This item includes adjustments to reflect Customer Dialed Account Recording (CDAR) and protocol conversion as regulated services for intrastate, adjustments to plant in services and depreciation reserve for various depreciation changes, and adjustments for various out-of-period entries affecting rate base.

15. Out of Period Revenue & Settlements (Independent Company):

This adjustment is made to exclude revenue and settlement amounts with independent companies booked in the current year that are applicable to prior periods. Likewise, adjustments booked subsequent to 1991 but applicable to 1991 are included.

16. Out of Period Expenses:

This adjustment is made to exclude from the test year any expenses booked during 1991 that are applicable to prior periods. Likewise, adjustments booked subsequent to 1991 but applicable to 1991 are included.

17. Out of Period Taxes:

This adjustment removes any 1991 income tax expense which is applicable to prior periods. Also, included in this adjustment is an amount to adjust (decrease) 1991 intrastate gross receipts taxes.

18. Other Out of Period Revenues:

This adjustment is to exclude test year revenues applicable to prior periods and to include subsequently booked revenues applicable to 1991. This includes all out of period revenue adjustments other than those in adjustment No. 15.

19. Other Regulated/Nonregulated Adjustments:

Various adjustments related to the allocation of expenses to regulated versus nonregulated or vice versa are required as such adjustments become known through Cost Separations System (CSS) audits or retroactive corrections. Also reflected here are differences between Federal and state regulated treatment such as CDAR and Protocol Conversion expenses, and the disallowance of CAM audit fees for state purposes.

20. Yellow Page Profits:

Per FPSC Rule No. 25-4.0405, a computation is made to determine whether any directory advertising revenues are required to be excluded from regulated income. Because 1991 gross profits were less than the 1982 adjusted amount, no adjustment was required.

21. Net Gains on Sale of Property:

In Docket No. 820294, Order No. 12221, the Florida Commission (FPSC) ruled that the net gain on sales of property upon disposition should be recorded above the line for rate making purposes. The FPSC determined that a five year average was appropriate to smooth out the erratic nature of these sales. This adjustment is made to comply with the FPSC order.

22. Income Related to Temporary Cash Investments:
This adjustment is in compliance with Docket No. 820294, Order No. 12221, in which the FPSC ruled that interest income related to temporary cash investments should be moved above the line for rate purposes.
23. Interest Reconciliation & AFUDC Debt:
This adjustment is made to reconcile booked interest to the interest calculated on the debt components of capital structure. The adjustment is for the tax effect of the difference in the interest amounts.
24. Interest Imputation:
This adjustment imputes a hypothetical interest amount and resulting tax savings to the investment credit component of capital structure. The unamortized investment tax credit component is multiplied by the weighted cost of long term debt to determine the interest portion and then the appropriate tax factors are applied to determine the tax impact. This adjustment is in accordance with prior Commission treatment for this issue.
25. Lobbying Expense:
In several orders (No. 7926, No. 10449, and No. 12221) the FPSC has disallowed lobbying expense for rate making purposes. Lobbying expense incurred by Florida employees, or allocated to Florida from Southern Bell Headquarters is booked below the line to Account 7370 to the extent it meets the Part 32 Uniform System of Accounts definition of lobbying. However, to meet the more stringent FPSC disallowances, this adjustment is made to move additional amounts out of regulated expense for state purposes. In addition, the Florida intrastate portion of lobbying or legislative liaison expenses included in billings from BellSouth Corporation, BellSouth Services, or Bellcore are removed from regulated expenses as part of adjustment No. 29.
26. Corporate Advertising Expense:
This adjustment removes corporate advertising expenses incurred by Southern Bell from regulated expense per FPSC rulings in Docket No. 820294-TP. In addition, corporate advertising expense included in billings from BellSouth Corporation, BellSouth Services or Bellcore are removed from regulated expense as part of adjustment No. 29.

27. Abandoned Projects:

Abandoned projects in Docket No. 820294-TP and Docket No. 880069-TL were treated as an allowable expense for rate purposes. The purpose of this adjustment is to move expenses recorded below the line into regulated expense for rate purposes.

28. Casualty Expense:

This adjustment is made in accordance with prior Commission treatment to average the impact of casualty expenses. The adjustment amount is the difference between the five year average and the expense incurred in the current twelve month period for 1991.

29. Other Regulatory Adjustments:

The purpose of this adjustment is to remove from regulated expense certain costs included in billings from BellSouth Corporation, BellSouth Services, and Bellcore. The items being removed are not separately billed by these affiliates, but rather are included in overheads. Adjustments are made for the Florida intrastate portion of contributions, social and service membership dues, BellSouth Classic expense, lobbying/legislative liaison expenses, and corporate advertising.

30. 1992 Revenue Reduction due to Expiring Amortizations:

During 1992, customers are receiving a credit on their bills equal to one twelfth of \$44.9 million, which is the FPSC's estimate of the total to be returned to ratepayers for 1992. Included in this credit is \$21.868 million in reduced revenue requirements corresponding to amortizations which expired at the end of 1991. This adjustment removes the revenue associated with this issue from 1991 operations.

Florida Historical
Inflation less Productivity Analysis

<u>Line</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
1 Inflation (GNP-PI)	3.3	3.6	2.8	3.1	3.9	4.3	4.3	4.0
2 Productivity Offset	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
3 Difference	(.7)	(.4)	(1.2)	(.9)	(.1)	.3	.3	--
4 Approx. Revenue Value \$ million		(11.6)	(7.0)	(22.5)	(17.6)	(2.1)	6.3	6.6
5 Cumulative Rate Change Amount		(11.6)	(18.6)	(41.1)	(58.7)	(60.8)	(54.5)	(47.9)

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1991

	(1) Total Company Columns (2 + 3)	(2) Interstate Toll	(3) Total Intrastate Columns (4 + 7)	(4) Intrastate Toll Columns (5 + 6)	(5)	(6) IntraToll Inter- territory Intra- territory	(7) Local
RATE BASE(\$00)							
AVERAGE RATE BASE							
1. General Support.....	\$1,189,889	\$256,658	\$853,231	\$188,862	\$85,522	\$182,540	\$665,169
2. Central Office.....	3,190,166	839,793	2,350,373	558,816	255,727	383,889	1,791,557
3. Information Orig./Term.....	169,650	47,123	122,527	24,522	14,478	18,852	98,885
4. Cable and Wire Facilities.....	4,272,541	1,213,841	3,859,588	784,369	387,533	316,836	2,355,131
5. Amortizable Assets.....	19,756	4,689	15,147	3,383	1,548	1,843	11,764
6. Plant in Service.....	\$8,762,882	\$2,361,224	\$6,408,778	\$1,479,152	\$744,792	\$734,368	\$4,921,626
7. Accumulated Depreciation and Amortization.....	3,287,528	892,163	\$2,315,365	535,179	272,886	263,173	1,788,186
8. Net Plant in Service.....	\$5,554,474	\$1,469,061	\$4,885,413	\$943,973	\$472,786	\$471,187	\$3,141,440
9. Property Held for Future Use.....	327	88	239	55	28	27	184
10. TPUC (No IDC).....	55,546	14,955	48,591	9,382	4,719	4,663	31,289
11. Acquisition Adjustments.....	0	0	0	0	0	0	0
12. Working Capital Allowance.....	(18,497)	(7,644)	(18,853)	(2,521)	(984)	(1,537)	(8,332)
13. Per Book Average Rate Base.....	\$5,591,858	\$1,476,468	\$4,115,398	\$958,889	\$476,549	\$474,348	\$3,164,581
14. % Distribution.....	100%	26.48%	73.60%	17.88%	8.52%	8.48%	56.59%
ADJUSTMENTS TO AVERAGE RATE BASE							
15. Adjustments for Achieved Rate Base.....			\$52,296				
16. Adjusted Achieved Rate Base.....			\$4,167,686				
ADJUSTED ANNUALIZED/PRO FORMA YEAR END RATE BASE							
17. Year End Rate Base per Books.....			4,882,213				
18. Adjustments for Year End Rate Base.....			118,811				
19. Adjusted Year End Rate Base.....			\$4,288,224				
RATES OF RETURN							
20. Average Per Book	9.63%	18.83%	9.28%	14.18%	12.83%	15.38%	7.72%
21. Average Adjusted Achieved			9.14%				
22. Adjusted Year End.....			9.84%				

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12 Months Ended : December 31, 1991

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ADJUSTMENTS TO AVERAGE RATE BASE (000)	Plant In Service	Accumulated Depreciation and Amortization	Property Held for Future Use	ST Plant Under Construction	Acquisition Adjustment	Working Capital Allowance	Per Book Average Rate Base
1. Intrastate Rate Base per Books.....	\$6,400,778	\$2,315,365	\$239	\$40,591	\$0	(\$10,853)	\$4,115,390
INTRASTATE ACHIEVED ADJUSTMENTS							
2. Excess Plug-in Units	(13,224)	\$0	\$0	\$0	\$0	\$0	(\$13,224)
3. WECCO Tax Credits	48,568	15,194	0	0	0	0	33,366
4. BellSouth Services	28,402	0	0	0	0	0	28,402
5. ENFIA	(2,397)	(934)	0	(18)	0	(16)	(1,497)
6. Other Rate Base Adjustments	574	(4,675)	0	0	0	0	5,249
7. Total Accounting Adjustments. Intrastate Achieved.....	\$61,915	\$9,585	\$0	(\$18)	\$0	(\$16)	\$52,296
8. Achieved Intrastate Rate Base.....	\$6,462,693	\$2,324,950	\$239	\$40,573	\$0	(\$10,869)	\$4,167,686
9. Intrastate Year End Rate Base per Books.....	\$6,491,752	\$2,423,129	\$168	\$24,432	\$0	(\$11,010)	\$4,082,213
INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS							
FPSC ADJUSTMENTS:							
10. Excess Plug-in Units	(\$13,224)	\$0	\$0	\$0	\$0	\$0	(\$13,224)
11. WECCO Tax Credits	48,957	15,072	0	0	0	0	33,885
12. BellSouth Services	30,154	0	0	0	0	0	30,154
13. ENFIA	(2,397)	(934)	0	(18)	0	(16)	(1,497)
ANNUALIZING ADJUSTMENTS:							
14.							
15.							
16.							
17.							
18.							
PRO FORMA ADJUSTMENTS:							
19. Phase Down of SPF	78,876	30,206					47,870
20. Other Separations Changes	32,120	11,297					20,823
21.							
22. Total Accounting Adjustments. Intrastate Annualized.....	\$173,686	\$55,641	\$0	(\$18)	\$0	(\$16)	\$118,011
23. Intrastate Annualized/Pro Forma Year End Rate Base.....	\$6,665,438	\$2,478,770	\$168	\$24,414	\$0	(\$11,026)	\$4,200,224

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Company : Southern Bell Tel. & Tel. Co.
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	(1) Total Company Columns (2 + 3)	(2) Interstate Toll \$	(3) Total Intrastate Columns (4 + 7) \$ **	(4) Intrastate Toll Columns (5 + 6)	(5)	(6)	(7) Local
NET OPERATING INCOME(\$000)	-----IntraToll----- Inter-territory Intra-territory						
BOOKED REVENUE							
1. Basic Local Service Revenue.....	\$1,347,991	185	\$1,347,886	\$0	0	0	\$1,347,886
2. Network Access Revenue.....	1,823,387	752,254	271,133	271,133	258,635	12,498	0
3. Long Distance Revenue.....	331,886	994	330,812	330,812	0	330,812	0
4. Miscellaneous Revenue.....	347,373	32,774	314,599	19,786	16,249	3,537	294,813
5. Uncollectible Revenues.....	42,184	2,163	39,941	8,244	265	7,979	31,697
6. Net Booked Revenue.....	\$3,888,453	\$783,964	\$2,224,489	\$613,487	\$274,619	\$338,868	\$1,611,882
OPERATING EXPENSES							
7.							
8. Plant Specific Operation Expense.....	\$581,353	131,642	369,711	84,874	41,818	42,256	285,637
9. Plant Non-Specific Operations Exp.....	265,694	68,949	196,745	56,716	21,593	35,127	140,829
10. Depreciation and Amortization.....	723,697	177,442	546,255	127,598	63,154	64,444	418,657
11. Customer Operations Expense.....	388,617	73,128	387,497	74,429	28,812	46,417	233,868
12. Corporate Operations Expense.....	291,623	79,170	212,453	49,514	22,511	27,003	162,939
13. Other Income and Expense.....	(671)	(188)	(483)	(113)	(57)	(56)	(378)
14. Total Operating Expense.....	\$2,162,313	\$538,135	\$1,632,178	\$392,218	\$177,831	\$215,187	\$1,239,968
15. % Distribution.....	100%	24.52%	75.48%	18.14%	8.19%	9.95%	37.34%
OPERATING TAXES							
16. Federal Income Tax.....	123,618	47,445	\$76,165	\$48,193	21,477	26,716	27,972
17. State Income Tax.....	29,912	14,725	15,187	13,699	5,241	8,458	1,488
18. Other Taxes.....	154,262	31,753	122,509	25,312	9,742	15,570	97,197
19. Total Operating Taxes.....	\$387,784	\$93,923	\$213,861	\$87,204	\$36,460	\$50,744	\$126,657
NET OPERATING INCOME							
20. Per Book NOI.....	\$538,356	\$159,986	\$378,450	\$134,865	\$61,128	\$72,937	244,385
21. NOI Effect of Adjustments(Achieved).....			2,344				
22. Adjusted Achieved NOI.....			\$380,794				
23. NOI Effect of Adjustments(Annual/Pro Forma).....			(1,383)				
24. Annualized/Pro Forma NOI.....			\$379,491				

† Includes \$ 9,895,171 for Universal Service Fund

* Above expenses include regulatory and legislative liaison expenses of \$ 835,888. See the Lobbying Expense proforma for the legislative and liaison expenses excluded for rate making purposes.

** This report includes(\$ 29,461,179) in revenue reductions and(\$ 2,588,888) in interest set aside for FPSC disposition.

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Company : Southern Bell Tel. & Tel. Co.
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	(1)	(2)	(3)	(4)	(5)	(6)
ADJUSTMENTS TO NET OPERATING INCOME	Basic Local	Inter-	Intra-	Misc	Uncollectible	Net
INTRASTATE REVENUE	Service	Territory	Territory	Revenue	Revenues	Booked
(000)	Revenue	Revenues	Revenue			Revenue
1. Total Intrastate Revenue per Books	\$1,347,886	\$274,884	\$346,847	\$294,813	\$39,941	\$2,224,489
INTRASTATE ACHIEVED ADJUSTMENTS						
OUT OF PERIOD ADJUSTMENTS:						
2. Rev & Sett (Ind Co)		732	536			\$1,268
3. Expenses						0
4. MR & FR Taxes						0
5. Other Out of Period Revenue	2,893	(922)	0	1,680	0	2,851
6. Excess EAS Revenues per FPSC			0			0
7. FASB7				0		0
8.						
9.						
10. Other Reg/Nonreg Adjustments						0
11. Yellow Page Profits				0	0	0
12. Gains on Sales of Property	(291)				(5)	(286)
13. Income Related to Temp Cash Inv	1					1
14. Interest Reconciliation						0
15. Interest Imputation						0
16. ENFIA				(1)		(1)
17. Lobbying Expense						0
18. Corporate Advertising Expense						0
19. Abandoned Projects						0
20. Casualty Expense						0
21. BellSouth Services	3,138					3,138
22. Telephone Franchise Requirement						0
23. Other Regulatory Adjustments						0
24. Total Accounting Adjustments, Intrastate Achieved.....	\$4,941	(\$198)	\$536	\$1,679	6,978 (\$5)	\$6,971
25. Total Achieved Intrastate Revenue..	\$1,352,827	\$274,694	\$347,383	\$296,492	\$39,936	\$2,231,461

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ADJUSTMENTS TO NET OPERATING INCOME INTRASTATE REVENUE (000)	(1) Basic Local Service Revenue	(2) Inter- Territory Revenues	(3) Intra- Territory Revenue	(4) Misc Revenue	(5) Uncollectible Revenues	(6) Net Booked Revenue
25. Total Achieved Intrastate Revenue..	\$1,352,827	\$274,694	\$347,383	\$296,492	\$39,936	\$2,231,461

INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS

ANNUALIZING ADJUSTMENTS:

26.						\$0
27.						0
28.						0
29.						0
30.						0

31.						0
32.						0

FPSC ADJUSTMENTS (PRO FORMA):

33.						0
34.						0

PRO FORMA ADJUSTMENTS:

35. Employee Level Adjustment						0
36. Nonrecurring Items						0
37. High Cost Universal Service Fund						0
38. Phase Down of SPF						0
39. Other Separations Changes						0

40. Total Accounting Adjustments. Intrastate Annualized.....	\$0	\$0	\$0	\$0	\$0	\$0
41. Total Annualized Intrastate Revenue	\$1,352,827	\$274,694	\$347,383	\$296,492	\$39,936	\$2,231,460

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Company : Southern Bell Tel. & Tel. Co.
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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Plant Specific Operations Expense	Other Non-Plant Specific Oper. Exp.	Depreciation and Amortization	Customer Operations Expense	Corporate Operations Expenses	Other Income and Expenses	Total Operating Expense
ADJUSTMENTS TO NET OPERATING INCOME								
INTRASTATE OPERATING EXPENSE (000)								
1. Total Intrastate Expense per Books	\$0	\$369,711	\$196,745	\$546,255	\$387,497	\$212,453	(\$483)	\$1,632,178
INTRASTATE ACHIEVED ADJUSTMENTS								
OUT OF PERIOD ADJUSTMENTS:								
2. Rev & Sett (Ind Co)								\$0
3. Expenses		1,500	147	(965)	175	1,613		\$2,470
4. MR & FR Taxes								0
5. Other Out of Period Revenue								0
6. Excess EAS Revenues per FPSC								0
7. FASB7								0
8.								
9.								
10. Other Reg/Nonreg Adjustments				(38)	1	(768)	2,070	1,273
11. Yellow Page Profits								0
12. Gains on Sales of Property							(167)	(167)
13. Income Related to Temp Cash Inv								0
14. Interest Reconciliation								0
15. Interest Imputation								0
16. ENFIA							(415)	(415)
17. Lobbying Expense						(538)		(538)
18. Corporate Advertising Expense					(29)			(29)
19. Abandoned Projects							675	675
20. Casualty Expense		(61)						(61)
21. BellSouth Services								0
22. Telephone Franchise Requirement								0
23. Other Regulatory Adjustments							(1,855)	(1,855)
24. Total Accounting Adjustments, Intrastate Achieved.....	\$0	\$1,439	\$147	(\$1,003)	\$147	\$323	\$308	\$1,361
25. Total Achieved Intrastate Expense..	\$0	\$371,150	\$196,892	\$545,252	\$387,644	\$212,776	(\$175)	\$1,633,539

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ADJUSTMENTS TO NET OPERATING INCOME		Plant	Other					
INTRASTATE OPERATING EXPENSE		Specific	Non-Plant	Depreciation	Customer	Corporate	Other	Total
(000)		Operations	Specific	and	Operations	Operations	Income and	Operating
		Expense	Oper. Exp.	Amortization	Expense	Expenses	Expenses	Expense
25. Total Achieved Intrastate Expenses	\$0	\$371,150	\$196,892	\$545,252	\$307,644	\$212,776	(\$175)	\$1,633,539

INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS

ANNUALIZING ADJUSTMENTS:

26.								\$0
27.								0
28.								0
29.								0
30.								0
31.								0

32.

FPSC ADJUSTMENTS (PRO FORMA):

33.								0
34.								0

PRO FORMA ADJUSTMENTS:

35. Employee Level Adjustment †								0
36. Nonrecurring Items						(14,947)		(14,947)
37. High Cost Universal Service Fund							(3,634)	(3,634)
38. Phase Down of SPF							14,388	14,388
39. Other Separations Changes							6,288	6,288

40. Total Accounting Adjustments.

Intrastate Annualized	\$0	\$0	\$0	\$0	\$0	(\$14,947)	\$17,034	\$2,087
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41. Total Annualized Intrastate Expense	\$0	\$371,150	\$196,892	\$545,252	\$307,644	\$197,829	\$16,859	\$1,635,626
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† Due to reorganization this data is still being developed.

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	(1)	(2)	(3)	(4)	(5)
ADJUSTMENTS TO NET OPERATING INCOME					
INTRASTATE OPERATING TAXES (000)	Federal Income Tax	State Income Tax	Other Taxes	Total Operating Taxes	NOI
1. Total Intrastate Taxes per Books..	\$76,165	\$15,187	\$122,509	\$213,861	\$378,458
INTRASTATE ACHIEVED ADJUSTMENTS					
OUT OF PERIOD ADJUSTMENTS:					
2. Rev & Sett (Ind Co)	402	69	16	\$487	\$781
3. Expenses	(770)	(132)		(902)	(1,568)
4. MR & FR Taxes	(2,617)	4,464	(1,124)	723	(723)
5. Other Out of Period Revenue	981	168	34	1,183	1,668
6. Excess EAS Revenues per FPSC				0	0
7. FAS87				0	0
8.					
9.					
10. Other Reg/Non-reg Adjustments	(423)	(29)		(452)	(821)
11. Yellow Page Profits	0	0	0	0	0
12. Gains on Sales of Property	(37)	(7)	(3)	(47)	(72)
13. Income Related to Temp Cash Inv	0	0	0	0	1
14. Interest Reconciliation	2,586	443		3,029	(3,029)
15. Interest Imputation	(1,358)	(232)		(1,590)	1,590
16. ENFIA	164	27	(33)	158	256
17. Lobbying Expense	170	29		199	331
18. Corporate Advertising Expense	9	2		11	18
19. Abandoned Projects	(217)	(37)		(254)	(421)
20. Casualty Expense	20	3		23	38
21. BellSouth Services				0	3,138
22. Telephone Franchise Requirement				0	0
23. Other Regulatory Adjustments	596	102		698	1,157
24. Total Accounting Adjustments, Intrastate Achieved.....	(\$494)	\$4,870	(\$1,110)	\$3,266	\$2,344
25. Total Achieved Intrastate Taxes....	\$75,671	\$20,057	\$121,399	\$217,127	\$380,794

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	(1)	(2)	(3)	(4)	(5)
ADJUSTMENTS TO NET OPERATING INCOME				Total	
INTRASTATE OPERATING TAXES	Federal	State	Other Taxes	Operating	NOI
(000)	Income Tax	Income Tax		Taxes	
25. Total Achieved Intrastate Taxes..	\$75,671	\$20,057	\$121,399	\$217,127	\$380,794

INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS

ANNUALIZING ADJUSTMENTS:

26.				\$0	\$0
27.				0	0
28.				0	0
29.					
30.					
31.					
32.				0	0
FPSC ADJUSTMENTS (PRO FORMA):					
33.				0	0
34.				0	0
PRO FORMA ADJUSTMENTS:					
35. Employee Level Adjustment				0	0
36. Nonrecurring Items	4,803	822		5,625	9,322
37. High Cost Universal Service Fund	1,168	200	0	1,368	2,266
38. Phase Down of SPF	(4,620)	(791)	0	(5,411)	(8,969)
39. Other Separations Changes	(2,020)	(346)	0	(2,366)	(3,922)
40. Total Accounting Adjustments.					
Intrastate Annualized.....	(\$669)	(\$115)	\$0	(\$784)	(\$1,303)
41. Total Annualized Intrastate Taxes..	\$75,002	\$19,942	\$121,399	\$216,343	\$379,491

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AVERAGE CAPITAL (INTRASTATE) (000)	(1)	(2)	(3) #	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Average Per Books	Specific Adjustments	Pro Rata Adjustments	Adjusted Amount	% of Total	Floor	Cost Rate Sharing	Ceiling	Floor	Weighted Cost Rate Sharing	Ceiling
1. Long Term Debt.....	1,047,327		(27,554)	\$1,019,773	24.47%		0.81%			2.16%	
2. Short Term Debt.....	162,651	75,516	(6,266)	231,901	5.56%		6.84%			0.34%	
3. Preferred Stock.....	0		0	0	0.00%		0.00%			0.00%	
4. Customer Deposits.....	54,382		(1,431)	52,951	1.27%		0.25%			0.10%	
5. Common Equity.....	2,015,267	21,275	(53,579)	1,982,963	47.58%	11.50%	14.00%	16.00%	5.47%	6.66%	7.61%
6. Investment Tax Credits.....	145,138		(3,818)	141,320	3.39%	10.50%	11.71%	13.56%	0.36%	0.40%	0.46%
7. Cost Free Capital.....	725,373	33,366	(19,961)	738,778	17.73%		0.00%			0.00%	
8. Total Capital.....	\$4,150,138	\$130,157	(\$112,609)	\$4,167,686	100.00%				0.43%	9.66%	10.67%

INTERNAL FUNDS

9. % Internal funds to construction expenditures after dividends (Total Company).....	80.16%
10. Times interest earned (NI+Interest+Income Tax)/Interest (Total Company).....	4.16
11. Long Term Debt / Capital (Intrastate).....	32.26%
12. Short Term Debt / Capital (Intrastate).....	5.01%
13. Average adjusted achieved return on equity (Intrastate).....	12.92%
14. Adjusted year end return on equity (Intrastate).....	12.71%

See Page 6 for details.

FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE EARNINGS SURVEILLANCE REPORT

REVISED 4/92

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1991

	(1) Intrastate Toll Columns (2 + 3)	(2) -----Intratoll----- Inter- territory	(3) Intra- territory
CUSTOMER BILLING (000)			
ACCESS CHARGES :			
1. End User Charges.....	\$0	0	0
2. Capacity Charges (a).....	717	717	0
3. MOU Charges To IXC's (b).....	248,213	235,713	12,500
4. Special Access Charges (c).....	19,276	19,276	0
5. Other (d).....	621	622	(1)
6. Total Access Charges.....	\$268,827	\$256,328	\$12,499
OTHER CHARGES TO IXC'S :			
7. Operator Services (D.A.).....	\$4,583	4,583	0
8. Billing and Collecting.....	13,312	13,312	0
9. Interexchange Lease.....	119	0	119
10. Total Other Charges to IXC's.....	\$18,014	\$17,895	\$119
CUSTOMER CHARGES (e) :			
11. MTS.....	\$255,265	0	255,265
12. WATS.....	25,260	0	25,260
13. Private Line-FX.....	59,483	0	59,483
14. Local Exchange.....	0	0	0
15. Miscellaneous.....	0	0	0
16. Total Customer Charges.....	\$340,008	\$0	\$340,008
17. Total Billing.....	\$626,849	\$274,223	\$352,626
18. Joint Transport Receipts (Payments).....	(\$87)	(\$87)	\$0
19. Subsidy Fund Receipts (Payments).....	(\$2,676)	(\$2,264)	(\$412)
20. Out-of-Period Billings.....	(\$174)	(\$139)	(\$35)
21. Intra-LATA Private Line Pool Revenue.....			(\$11,853)
22. Access Expense.....			(\$2,048) †
23. Other Settlements.....	(\$12,111)	(2,261)	(9,850)

NOTE: The amounts on this schedule reflect, among other things, all payments from IXC's on a composite basis. However, LEC's are expected to maintain individual side records by IXC in the same level of detail found on this schedule.

(a) Busy Hour minutes of Capacity Charge.

(b) Includes Local Switching, Local Transport, Line Termination and Carrier Common Line.

(c) For Intrastate Interterritory Station Terminals.

(d) Includes testing, ordering, labor, etc.

(e) For Lines 11 through 15, include only charges billed to customer and retained by company, not charges billed on behalf of IXC.

† MABC Revenues were \$ 12,462 and MABC expenses were \$ 14,510 for twelve months ending December 31, 1991.

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Company : Southern Bell Tel. & Tel. Co.
Month Ended : December 31, 1991

NET OPERATING INCOME FOR THE MONTH ENDED December 31, 1991	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Total Company Columns (2 + 3)	Interstate Toll	Total Intrastate Columns (4 + 7)	Intrastate Toll Columns (5 + 6)	-----IntraToll----- Inter- territory		Intra- territory Local
BOOKED REVENUE							
1. Basic Local Service Revenue.....	\$118,451	0	\$118,442	\$0	\$0	\$0	\$118,442
2. Network Access Revenue.....	88,867	66,144	22,723	22,723	21,712	1,011	0
3. Long Distance Revenue.....	29,915	128	29,788	29,788	0	29,788	0
4. Miscellaneous Revenue.....	21,475	2,199	19,276	754	493	261	18,522
5. Uncollectible Revenues.....	2,264	69	2,195	448	9	439	1,747
6. Net Booked Revenue.....	\$256,445	\$68,411	\$188,034	\$52,817	\$22,194	\$30,621	\$135,217
OPERATING EXPENSES							
7.							
8. Plant Specific Operation Expense.....	48,210	18,415	29,795	6,882	7,272	3,530	22,993
9. Plant Non-Specific Operations Exp.....	19,319	4,991	14,328	4,168	1,543	2,617	10,168
10. Depreciation and Amortization.....	68,855	14,243	45,812	18,626	5,282	5,424	35,166
11. Customer Operations Expense.....	33,215	6,552	26,663	6,455	2,386	4,069	20,288
12. Corporate Operations Expense.....	27,811	7,368	20,443	4,725	2,871	2,654	15,718
13. Other Income and Expense.....	1	0	1	0	0	0	1
14. Total Operating Expense.....	\$188,611	\$43,569	\$137,042	\$32,768	\$14,474	\$18,294	\$104,274
15. % Distribution.....	188%	24.12%	75.88%	18.14%	8.01%	10.13%	57.73%
OPERATING TAXES							
16. Federal Income Tax.....	13,562	5,498	\$9,072	\$4,394	1,642	2,752	3,678
17. State Income Tax.....	2,825	782	1,243	566	193	373	677
18. Other Taxes.....	7,870	1,965	5,905	1,788	582	1,198	4,125
19. Total Operating Taxes.....	\$23,457	\$8,237	\$15,220	\$6,748	\$2,417	\$4,323	\$8,468
NET OPERATING INCOME							
20. Per Book NOI for the Month.....	\$52,377	\$16,685	\$35,772	\$13,389	\$5,385	\$8,084	\$22,463

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TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1991

RECONCILIATION OF CAPITAL TO RATE BASE
(000)

DESCRIPTION	COMBINED	INTRASTATE
1. Long Term Plant Under Construction.....	(\$32,913)	(\$24,053)
2. Investments in and Advances to Affiliated Companies.....	(42,316)	(30,959)
3. Miscellaneous Physical Property.....	(7,700)	(5,634)
4. Other.....	(53,754)	(70,893)
5. Rate Base Adjustments.....		
A. Excess Plug-in Units.....	(17,950)	(13,224)
B. Bell South Services Investment.....	38,783	28,402
C. ENFIA.....	0	(1,497)
D. Out of Period Items.....	5,327	5,249
E. Total Rate Base Adjustments.....	26,160	18,930
6. Total.....	(110,523)	(112,609)

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 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1991

RATE STABILIZATION ORDER
 REPORT OF RATE CHANGES/EXOGENEOUS FACTORS/DEBT CHANGES/TECHNOLOGICAL CHANGES
 Intrastate Amounts
 (000's)

	Annual Revenue Requirement Impact	YTD Effective Portion for 1991	Cumulative Effect
All Price Changes. Exogeneous Factors > \$ 3 Million. Debt Refinancings and Major Technological Changes			
I. RATE CHANGES			
A. Rate Increases	\$17,586	\$17,586	\$45,467
B. Rate Decreases	(7,178)	(7,182)	(10,973)
Net	\$10,408	\$10,484	\$34,494
II. EXOGENEOUS FACTORS			
A. Depr increase due to USDAR Docket	(12,133)	(12,133)	(35,028)
B. Separations change	(7,422)	(7,422)	(20,411)
Net	(\$19,555)	(\$19,555)	(\$55,439)
III. DEBT REFINANCING			
A. Difference between forecast and actual	(\$1,319)	(\$1,319)	(5,295)
IV. MAJOR TECHNOLOGICAL CHANGES			
NONE			
Grand Net	(\$10,466)	(\$10,390)	(\$26,240)

Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1991

RATE STABILIZATION ORDER
 REPORT OF RATE CHANGES/EXOGENEOUS FACTORS/DEBT CHANGES/TECHNOLOGICAL CHANGES
 ADDITIONAL DESCRIPTION OF ITEMS
 (000's)

All Price Changes,
 Exogeneous Factors > \$ 3 Million.
 Debt Refinancings and Major
 Technological Changes

	Annual Impact	YTD Effective Portion for 1991	Cumulative Effect
I.A. Rate increases (by service)			
1. Nonrecurring FX charges. Tariff offering GSST A-9, Eff. 7/11/88	\$2,465	\$2,465	\$8,828
2. Toll Terminals. Tariff offering GSST A-13, Eff. 1/1/89	2,086	2,086	6,258
3. Mobile Service. Tariff offering GSST A-3, Eff. 4/21/89	2,254	2,254	6,011
4. Custom Calling Services. Tariff offering GSST A-13, Eff. 9/1/89	10,000	10,000	23,333
5. Bad check charge. Tariff offering GSST A-2, Eff. 5/21/90	781	781	1,237
	\$17,586	\$17,586	\$45,467
I.B. Rate decreases (by service)			
1. Megalink service reduction. Private Line B-7, Eff. 8/8/88	(\$98)	(\$98)	(\$269)
2. WATS usage charge. Tariff offering GSST A-19, Eff. 10/20/89	(134)	(134)	(290)
3. Telephone Answering Serv DID. Tariff off GSST A-6.A-B, Eff 3/19/90	(182)	(182)	(319)
4. Saver Service. Tariff offering A-18.A-118, Eff. 8/1/90	(4,205)	(4,205)	(6,792)
5. PIC Change Charge. Access Tariff E-13, Eff. 9/4/90	(2,436)	(2,436)	(3,248)
6. Saver Service and WatsSaver Services. GSST Tariff A-18, Eff. 7/1/91	(104)	(52)	(52)
7. Mobile Service Provider Interconnection. GSST Tariff A-35, Eff 11/11/91	(27)	(3)	(3)
	(7,178)	(7,102)	(10,973)

II.A. Depreciation differences due to the USDAR Docket.
 B. Separations change for revenue accounting procedures. The
 FCC mandated this change be effective on 4/1/89.

III.A. Difference between actual long term debt cost rate and forecasted
 rate (per 10/19/90 Response to Staff's Interrogatory Item No. 7)
 for twelve month period ending 12/31/91, adjusted to exclude
 the effective portion of the 1991 interest savings associated with
 the 1989 refinancing of \$200M of 11.75% debentures.

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 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1991

RATE STABILIZATION ORDER
 REPORT OF NEW SERVICES
 Intrastate Amounts (000's)

New Services	Effective Date	Estimated Annual Revenue Impact		
		Year 1	Year 2	Year 3
1. Key System cust allowed to partic as STS providers	3/5/88	\$0	\$0	\$0
2. TouchStar Service	8/8/88	131	6,151	13,775
3. Link-Up Florida	9/12/88	0	0	0
4. Pay Per View (TicketTaker)	5/15/89 †	64	67	
5. Private Line Tariff (Megalink Channel)	4/29/88	296	1,690	3,244
6. GeoServ	7/11/88	129	144	N/A
7. 2 Way Measured Tariff	12/2/88	28	109	
8. AccuPulse Service	1/9/89	3	59	
9. Switched Access AccuPulse Service	1/9/89	520	520	
10. ESSX Multi-Account Service	3/28/89	842	842	
11. Special Calling Features	8/15/89	224	1,409	
12. Intralata Only 800 Service	9/1/89	115	126	
13. Dial Backup Service	9/27/89	9	9	
14. 2400 bps Central Office Data Set	9/27/89	5	6	
15. Automatic Call Distribution(ACD-MIS)	10/9/89	1,847	1,847	
16. Switched Data Service	10/9/89	33	33	
17. Simplified Message Desk Interface(SMDI)	10/9/89	109	109	
18. Customer Network Management	11/13/89	19	58	
19. Station Message Detail Recording - Premises	12/1/89	1,013	1,013	
20. Area Communication Service (ACS)	12/19/89	23	23	
21. Billing & Collecting of Subscriber Surcharge	1/1/90	96		
22. Call Forwarding Busy Line	1/15/90	45		
23. Call Forwarding Don't Answer	1/15/90	108		
24. Inward Operator Services Access Service	2/15/90	154		
25. Central Office Local Area Network (CO LAN)	7/31/90	71		
26. Digital Elect Tandem Switching Features(DETS)	7/31/90	141		
27. IntraLATA 800 Service with DID	7/30/90	22		
28. Enhanced CCS Features	8/6/90	18		
29. Outgoing Only Service	8/31/90	0		
30. Exchange Line Data Service (ELDS)	11/30/90 ‡	181		
31. Pulselink Protocols (SNA/SDLC & X.32)	12/9/90	68		
32. Option 800 Service to Residence Customers	1/7/91 @	17		
33. New Megalink Sys Opt. Feature: Clear Channel Capability	1/16/91	34		
Subtotal from Page 8A		7,285	0	0
Totals		\$13,650	\$14,217	\$17,039

† This service was previously provided under a limited service arrangement which was effective 11/16/87. As of 5/15/89, it was available as a permanent statewide offering. The annual revenue impact has been revised to reflect this tariff change.

‡ This service was previously provided under a limited service arrangement which was effective 9/28/88. As of 11/30/90, it was available as a permanent statewide offering.

@ This service was previously referred to as IntraLATA Only 800 Service.

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 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1991

RATE STABILIZATION ORDER
 REPORT OF NEW SERVICES
 Intrastate Amounts (\$'s)

New Services (Continued)	Effective Date	Estimated Annual Revenue Impact		
		Year 1	Year 2	Year 3
34. Digital Electronic Business Set (DEBS) Svs	2/25/91	139		
35. New Features for ESSX and Digital ESSX Service	2/28/91	394		
36. New Network Services (DNA)	3/11/91	583		
37. Digital ESSX - Optional Features	3/15/91	1,051		
38. Derived Data Channel Service (Miami LSD)	4/1/91	0		
39. Telecomm Service Priority (TSP) System	4/8/91	61		
40. Coin/Coinless Credit Card Service	5/28/91	304		
41. Operator Transfer Service	6/17/91	1,389		
42. Caller ID with Per Call Blocking	7/1/91	2		
43. Call Tracking - Bulk Calling Line ID	7/1/91	434		
44. Trunk Side Access Facility & DNA Services	9/2/91	783		
45. Public Inmate Calling Service (ICS) and Customer Provided Public Inmate Calling Svs	9/3/91	N/A	>	
46. New Equipment for Disabled Customers(at cost)	9/16/91	N/A		
47. ESSX ISDN Service	10/1/91	573		
48. Administrative Management Service (AMS)	10/4/91	141		
49. Bill Processing Service - Telemessaging	10/21/91	187		
50. ESSX - Caller ID, Blocking, Display	10/21/91	148		
51. Extended Communication Svs. (EXCS)	10/21/91	772		
52. Essx /Digital Essx Service Very Small	12/24/91	327		
Total (to Page 2)		\$7,285	\$0	\$0

& We are not able to quantify Caller ID with the effects of per call blocking. Semiannual reports for 24 months will be filed with the Commission.

> Services to be provided as requested by individual facilities to address desired calling limitations.

SOUTHERN BELL - FLORIDA OPERATIONS
 CALCULATION OF ANNUAL IDC RATE - DECEMBER 31, 1991 DATA

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Cost of Capital(000)

	Amount	% of Total	Cost Rate	Weighted Cost
	-----	-----	----	-----
1. Long Term Debt	\$1,819,773	24.47%	8.80%	2.15%
2. Short Term Debt	231,901	5.56%	6.04%	0.34%
3. Equity	1,982,963	47.58%	13.20%	6.28%
4. Customer Deposits	52,951	1.27%	8.25%	0.10%
5. Cost Free Capital	738,778	17.73%	0.00%	0.00%
6. Job Dev. Inv. Credit	141,320	3.39%	0.00%	0.00%
	-----	-----		-----
7. Total Capital	\$4,167,686	100.00%		8.87%

Annual Percentage Rate Currently Used by Southern Bell 8.59%

Annual Rate per Calculation 12/31/91 8.87%

SOUTHERN BELL - FLORIDA OPERATIONS
 CALCULATION OF ADJUSTED CAPITAL STRUCTURE
 (\$000)

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Capital Structure

	Unadjusted Amount -----	Reconciling Adjustment -----	Adjusted Capital Structure -----
1. Long Term Debt	\$1,047,327	(\$27,554)	1,019,773
2. Short Term Debt	238,167	(6,266)	231,901
3. Equity	2,036,542	(53,579)	1,982,963
4. Customer Deposits	54,382	(1,431)	52,951
5. Cost Free Capital	758,739	(19,961)	738,778
6. Job Dev. Inv. Credit	145,138	(3,818)	141,320
	-----	-----	-----
7. Total	\$4,280,295	(\$112,689)	\$4,167,606

Average Rate Base per Books	\$4,115,398
Accounting Adjustments	52,296
Average Adjusted Rate Base	4,167,686

BellSouth Telecommunications, Inc.
Notification of Written Communications with the Federal Communications Commission,
the Financial Accounting Standards Board, or the Internal Revenue Service
Florida Public Service Commission Rule 25-4.017(7)
For the month ended January 31, 1992

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FILING DATE	AGENCY	SUBJECT	DESCRIPTION
01/02/92	FCC	Affiliate Transactions	Reply Comments
01/21/92	FCC	FCC Audit Notification Letter	Letter from FCC and Data Request
01/22/92	FCC	Transport Rate Structure & Pricing	Reply Comments
01/27/92	FCC	FCC Audit - Time Reporting	Response to Data Request

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1990

RATE BASE(000)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Total Company Columns (2 + 3)	Interstate Toll	Total Intrastate Columns (4 + 7)	Intrastate Toll Columns (5 + 6)	IntraToll		Local
					Inter-	Intra-	
					territory	territory	
AVERAGE RATE BASE							
1. General Support.....	\$1,873,771	\$260,763	\$813,888	\$192,438	\$86,136	\$106,302	\$628,578
2. Central Office.....	2,946,612	821,867	2,124,745	555,831	244,787	310,324	1,569,714
3. Information Orig./Term.....	566,529	168,844	398,485	81,562	48,162	33,408	316,923
4. Cable and Wire Facilities.....	4,180,863	1,215,610	2,885,253	728,942	392,843	328,899	2,164,311
5. Amortizable Assets.....	31,685	7,787	23,978	5,698	2,549	3,149	18,280
6. Plant in Service.....	\$8,719,468	\$2,473,991	\$6,245,469	\$1,555,671	\$773,597	\$782,874	\$4,689,798
7. Accumulated Depreciation and Amortization.....	3,164,782	935,523	2,229,179	548,979	278,182	270,797	1,680,288
8. Net Plant in Service.....	\$5,554,758	\$1,538,468	\$4,016,290	\$1,006,692	\$495,415	\$512,077	\$3,009,598
9. Property Held for Future Use.....	786	288	586	126	62	64	388
10. TPUC (No IDC).....	33,799	15,238	38,569	9,611	4,761	4,850	28,958
11. Acquisition Adjustments.....	0	0	0	0	0	0	0
12. Working Capital Allowance.....	37,811	1,169	35,842	8,945	4,724	4,221	26,897
13. Per Book Average Rate Base.....	\$5,646,274	\$1,555,867	\$4,091,287	\$1,025,374	\$504,962	\$520,412	\$3,065,833
14. % Distribution.....	18.8%	27.34%	72.46%	18.16%	8.94%	9.22%	54.38%
ADJUSTMENTS TO AVERAGE RATE BASE							
15. Adjustments for Achieved Rate Base.....			\$53,377				
16. Adjusted Achieved Rate Base.....			\$4,144,584				
ADJUSTED ANNUALIZED/PRO FORMA YEAR END RATE BASE							
17. Year End Rate Base per Books.....			4,189,951				
18. Adjustments for Year End Rate Base.....			111,274				
19. Adjusted Year End Rate Base.....			\$4,221,225				
RATES OF RETURN							
20. Average Per Book	9.97%	18.74%	9.67%	15.81%	14.21%	17.36%	7.62%
21. Average Adjusted Achieved			9.68%				
22. Adjusted Year End.....			9.22%				

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TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1998

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ADJUSTMENTS TO AVERAGE RATE BASE (000)	Plant In Service	Accumulated Depreciation and Amortization	Property Held for Future Use	ST Plant Under Construction	Acquisition Adjustment	Working Capital Allowance	Per Book Average Rate Base
1. Intrastate Rate Base per Books.....	\$6,245,469	\$2,229,179	\$586	\$38,569	\$0	\$35,842	\$4,091,207
INTRASTATE ACHIEVED ADJUSTMENTS							
2. Excess Plug-in Units	(13,836)	\$0	\$0	\$0	\$0	\$0	(\$13,836)
3. WECO Tax Credits	49,738	15,666	0	0	0	0	34,064
4. BellSouth Services	29,399	0	0	0	0	0	29,399
5. ENFIA	(3,524)	(1,436)	0	(23)	0	(18)	(2,129)
6. Other Rate Base Adjustments	648	(4,437)		2			5,079
7. Total Accounting Adjustments. Intrastate Achieved.....	\$63,289	\$9,793	\$0	(\$21)	\$0	(\$18)	\$53,377
8. Achieved Intrastate Rate Base.....	\$6,388,678	\$2,238,972	\$586	\$38,548	\$0	\$35,824	\$4,144,584
9. Intrastate Year End Rate Base per Books.....	\$6,130,107	\$2,089,974	\$377	\$40,489	\$0	\$28,952	\$4,189,951
INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS							
FPSC ADJUSTMENTS:							
10. Excess Plug-in Units	(\$13,836)	\$0	\$0	\$0	\$0	\$0	(\$13,836)
11. WECO Tax Credits	50,627	15,737	0	0	0	0	34,890
12. BellSouth Services	26,916	0	0	0	0	0	26,916
13. ENFIA	(3,524)	(1,436)	0	(23)	0	(18)	(2,129)
ANNUALIZING ADJUSTMENTS:							
14.							
15.							
16.							
17.							
18.							
PRO FORMA ADJUSTMENTS:							
19. Phase Down of SPF	74,042	27,795					46,247
20. Other Separations Changes	25,566	7,181					18,385
21.							
22. Total Accounting Adjustments. Intrastate Annualized.....	\$160,592	\$49,277	\$0	(\$23)	\$0	(\$18)	\$111,274
23. Intrastate Annualized/Pro Forma Year End Rate Base.....	\$6,290,699	\$2,139,251	\$377	\$40,466	\$0	\$28,934	\$4,221,225

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1990

	(1) Total Company Columns (2 + 3)	(2) Interstate Toll \$	(3) Total Intrastate Columns (4 + 7) \$	(4) Intrastate Toll Columns (5 + 6)	(5) -----IntraToll----- Inter- territory	(6) Intra- territory	(7) Local
NET OPERATING INCOME(\$00)							
BOOKED REVENUE							
1. Basic Local Service Revenue.....	\$1,344,182	87	\$1,344,895	\$0	0	0	\$1,344,895
2. Network Access Revenue.....	1,070,492	784,786	295,786	295,786	267,295	18,491	0
3. Long Distance Revenue.....	358,623	489	358,214	358,214	0	358,214	0
4. Miscellaneous Revenue.....	252,721	42,986	289,735	19,470	15,375	4,095	198,265
5. Uncollectible Revenues.....	38,637	821	29,816	6,897	127	5,970	23,719
5. Net Booked Revenue.....	\$2,987,381	\$827,367	\$2,168,814	\$649,373	\$282,543	\$366,838	\$1,518,641
OPERATING EXPENSES							
7.							
9. Plant Specific Operation Expense.....	\$513,827	141,134	371,893	91,417	44,667	46,750	288,476
9. Plant Non-Specific Operations Exp.....	278,493	72,891	197,682	63,829	22,648	48,381	134,573
10. Depreciation and Amortization.....	781,816	197,966	583,848	126,566	61,797	64,769	376,482
11. Customer Operations Expense.....	361,725	69,833	291,892	73,589	26,668	46,849	218,383
12. Corporate Operations Expense.....	269,596	83,828	186,576	48,178	21,631	26,547	138,399
13. Other Income and Expense.....	566	(2)	568	98	58	48	478
14. Total Operating Expense.....	\$2,116,423	\$564,844	\$1,551,579	\$482,797	\$177,453	\$225,344	\$1,148,782
15. % Distribution.....	100%	26.69%	73.31%	19.83%	8.38%	18.65%	54.28%
OPERATING TAXES							
16. Federal Income Tax.....	132,182	58,596	\$81,586	\$47,796	19,418	28,378	33,718
17. State Income Tax.....	28,834	11,868	17,766	18,274	3,952	6,322	7,492
18. Other Taxes.....	147,369	33,778	113,599	26,421	9,988	16,433	67,178
19. Total Operating Taxes.....	\$308,385	\$95,434	\$212,871	\$84,491	\$33,358	\$51,133	\$128,388
NET OPERATING INCOME							
20. Per Book NOI.....	\$562,653	\$167,889	\$395,564	\$162,885	\$71,732	\$98,353	\$233,479
21. NOI Effect of Adjustments(Achieved).....			2,193				
22. Adjusted Achieved NOI.....			\$397,757				
23. NOI Effect of Adjustments(Annual/Pro Forma).....			(8,511)				
24. Annualized/Pro Forma NOI.....			\$389,246				
† Includes \$ 16,129,266 for Universal Service Fund * Above expenses include regulatory and legislative liaison expenses of \$ 589,888. See the Lobbying Expense proforma for the legislative and liaison expenses excluded for rate making purposes.							

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1990

	(1)	(2)	(3)	(4)	(5)	(6)
ADJUSTMENTS TO NET OPERATING INCOME	Basic Local	Network	Long Distance	Misc	Uncollectible	Net
INTRASTATE REVENUE	Service	Access	Revenue	Revenue	Revenues	Booked
(000)	Revenue	Revenues	Revenue	Revenue	Revenues	Revenue
1. Total Intrastate Revenue per Books	\$1,344,895	\$282,670	\$372,800	\$190,265	\$29,815	\$2,160,014

INTRASTATE ACHIEVED ADJUSTMENTS

OUT OF PERIOD ADJUSTMENTS:

2. Rev & Sett (Ind Co)		(542)	1,114			\$572
3. Expenses						0
4. MR & FR Taxes						0
5. Other Out of Period Revenue	5,896	(6,848)		4,688	(21)	2,877
6. Excess EAS Revenues per FPSC			1,250			1,250
7. FAS87				2,600		2,600
8.						
9.						
10. Other Reg/Nonreg Adjustments						0
11. Yellow Page Profits				(315)	(4)	(311)
12. Gains on Sales of Property	(69)				(1)	(68)
13. Income Related to Temp Cash Inv	9					9
14. Interest Reconciliation						0
15. Interest Imputation						0
16. ENFIA				(2)		(2)
17. Lobbying Expense						0
18. Corporate Advertising Expense						0
19. Abandoned Projects						0
20. Casualty Expense						0
21. BellSouth Services	3,297					3,297
22. Telephone Franchise Requirement						0
23. Other Regulatory Adjustments						0
24. Total Accounting Adjustments.						
Intrastate Achieved.....	\$8,333	(\$7,398)	\$2,364	\$6,891	(\$26)	\$10,224
25. Total Achieved Intrastate Revenue..	\$1,352,428	\$275,280	\$375,164	\$197,156	\$29,790	\$2,170,238

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 12 Months Ended : December 31, 1990

	(1)	(2)	(3)	(4)	(5)	(6)
ADJUSTMENTS TO NET OPERATING INCOME	Basic Local	Network	Long Distance	Misc	Uncollectible	Net
INTRASTATE REVENUE	Service	Access	Revenue	Revenue	Revenues	Booked
(000)	Revenue	Revenues				Revenue
25. Total Achieved Intrastate Revenue..	\$1,352,428	\$275,288	\$375,164	\$197,156	\$29,798	\$2,170,238

INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS

ANNUALIZING ADJUSTMENTS:

26.						\$0
27.						0
28.						0
29.						0
30.						
31.						
32.						0
FPSC ADJUSTMENTS (PRO FORMA):						
33.						0
34.						0
PRO FORMA ADJUSTMENTS:						
35. Employee Level Adjustment						0
36. Nonrecurring Items						0
37. High Cost Universal Service Fund						0
38. Phase Down of SPF						0
39. Other Separations Changes						0
40. Total Accounting Adjustments.						
Intrastate Annualized.....	\$0	\$0	\$0	\$0	\$0	\$0
41. Total Annualized Intrastate Revenue	\$1,352,428	\$275,288	\$375,164	\$197,156	\$29,798	\$2,170,238

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Company : Southern Bell Tel. & Tel. Co.
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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ADJUSTMENTS TO NET OPERATING INCOME		Plant	Other					Total
INTRASTATE OPERATING EXPENSE		Specific	Non-Plant	Depreciation	Customer	Corporate	Other	Operating
(000)		Operations	Specific	and	Operations	Operations	Income and	Expense
		Expense	Oper. Exp.	Amortization	Expense	Expenses	Expenses	Expense
1. Total Intrastate Expense per Books	\$0	\$371,893	\$197,682	\$503,848	\$291,672	\$186,576	\$568	\$1,551,579
INTRASTATE ACHIEVED ADJUSTMENTS								
OUT OF PERIOD ADJUSTMENTS:								
2. Rev & Sett (Ind Co)								\$0
3. Expenses		432		(146)		2,985	(2,618)	\$561
4. MR & FR Taxes								0
5. Other Out of Period Revenue								0
6. Excess EAS Revenues per FPSC								0
7. FASB7								0
8.								0
9.								0
10. Other Reg/Nonreg Adjustments		(463)				11	(345)	(2,070)
11. Yellow Page Profits								0
12. Gains on Sales of Property								0
13. Income Related to Item Cash Inv								0
14. Interest Reconciliation								0
15. Interest Imputation								0
16. ENFIA								(634)
17. Lobbying Expense								(830)
18. Corporate Advertising Expense						(31)		(31)
19. Abandoned Projects								515
20. Casualty Expense		24						24
21. BellSouth Services								0
22. Telephone Franchise Requirement								0
23. Other Regulatory Adjustments								(1,989)
24. Total Accounting Adjustments.								
Intrastate Achieved.....	\$0	(\$7)	\$0	(\$146)	(\$20)	\$1,702	(\$5,782)	(\$5,259)
25. Total Achieved Intrastate Expense..	\$0	\$371,886	\$197,682	\$502,902	\$291,872	\$188,278	\$6,220	\$1,546,320

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Plant Specific Operations Expense	Other Non-Plant Specific Oper. Exp.	Depreciation and Amortization	Customer Operations Expense	Corporate Operations Expenses	Other Income and Expenses	Total Operations Expense
ADJUSTMENTS TO NET OPERATING INCOME								
INTRASTATE OPERATING EXPENSE (000)								
25. Total Achieved Intrastate Expenses	\$0	\$371,886	\$197,682	\$582,982	\$291,872	\$188,278	(86,228)	\$1,545,328

INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS

ANNUALIZING ADJUSTMENTS:

26.								\$0
27.								0
28.								2
29.								0
30.								0
31.								0

FPSC ADJUSTMENTS (PRO FORMA):

33.								0
34.								0

PRO FORMA ADJUSTMENTS:

35. Employee Level Adjustment							(18,249)	(18,249)
36. Nonrecurring Items								0
37. High Cost Universal Service Fund							2,853	2,853
38. Phase Down of SPF							15,385	15,385
39. Other Separations Changes							5,657	5,657

40. Total Accounting Adjustments. Intrastate Annualized	\$0	\$0	\$0	\$0	\$0	\$0	\$13,646	\$13,646
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41. Total Annualized Intrastate Expense	\$0	\$371,886	\$197,682	\$582,982	\$291,872	\$188,278	\$7,426	\$1,559,964
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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1990

	(1)	(2)	(3)	(4)	(5)
ADJUSTMENTS TO NET OPERATING INCOME				Total	
INTRASTATE OPERATING TAXES	Federal	State	Other Taxes	Operating	NOI
(000)	Income Tax	Income Tax		Taxes	
1. Total Intrastate Taxes per Books..	\$81,506	\$17,766	\$113,599	\$212,871	\$395,564
INTRASTATE ACHIEVED ADJUSTMENTS					
OUT OF PERIOD ADJUSTMENTS:					
2. Rev & Sett (Ind Co)	182	31	6	\$219	\$353
3. Expenses	(181)	(30)		(211)	(350)
4. MR & FR Taxes	4,657	1,831		6,488	(6,488)
5. Other Out of Period Revenue	1,886	68	(32)	1,922	955
6. Excess EAS Revenues per FPSC	401	69		470	788
7. FASB7	835	143		978	1,622
8.					
9.					
10. Other Reg/Non-reg Adjustments	936	116		1,052	1,815
11. Yellow Page Profits	(100)	(17)	0	(117)	(194)
12. Gains on Sales of Property	(21)	(4)	(1)	(26)	(42)
13. Income Related to Temp Cash Inv	3	1	0	4	5
14. Interest Reconciliation	2,813	482	0	3,295	(3,295)
15. Interest Imputation	(1,596)	(273)		(1,869)	1,869
16. ENFIA	270	44	(88)	226	406
17. Lobbying Expense	269	46		315	523
18. Corporate Advertising Expense	10	2		12	19
19. Abandoned Projects	(166)	(28)		(194)	(321)
20. Casualty Expense	(8)	(1)		(9)	(15)
21. BellSouth Services				0	3,297
22. Telephone Franchise Requirement				0	0
23. Other Regulatory Adjustments	627	100		735	1,254
24. Total Accounting Adjustments.					
Intrastate Achieved.....	\$10,817	\$2,588	(\$115)	\$13,298	\$2,193
25. Total Achieved Intrastate Taxes....	\$92,323	\$20,354	\$113,484	\$226,161	\$397,757

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1990

	(1)	(2)	(3)	(4)	(5)
ADJUSTMENTS TO NET OPERATING INCOME				Total	
INTRASTATE OPERATING TAXES	Federal	State	Other Taxes	Operating	NOI
(000)	Income Tax	Income Tax		Taxes	
25. Total Achieved Intrastate Taxes..	\$92,323	\$20,354	\$113,484	\$226,161	\$397,757

INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS

ANNUALIZING ADJUSTMENTS:

26.				\$0	\$0
27.				0	0
28.				0	0
29.					
30.					
31.					
32.				0	0

FPSC ADJUSTMENTS (PRO FORMA):

33.				0	0
34.				0	0

PRO FORMA ADJUSTMENTS:

35. Employee Level Adjustment	3,293	564		3,857	6,392
36. Nonrecurring Items				0	0
37. High Cost Universal					
Service Fund	(917)	(157)	0	(1,074)	(1,779)
38. Phase Down of SPF	(4,943)	(846)	0	(5,789)	(9,596)
39. Other Separations Changes	(1,818)	(311)	0	(2,129)	(3,528)
40. Total Accounting Adjustments.					
Intrastate Annualized.....	(\$4,385)	(\$750)	\$0	(\$5,135)	(\$8,511)
41. Total Annualized Intrastate Taxes..	\$87,938	\$19,684	\$113,484	\$221,826	\$389,246

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Company : Southern Bell Tel. & Tel. Co.
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AVERAGE CAPITAL (INTRASTATE) (000)	(1)	(2)	(3) 0	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Average Per Books	Specific Adjustments	Pro Rata Adjustments	Adjusted Amount	% of Total	Floor	Cost Rate Sharing	Weighted Cost Rate Ceiling	Floor	Weighted Cost Rate Sharing	Weighted Cost Rate Ceiling
1. Long Term Debt.....	1,836,291		(21,285)	91,015,086	24.49%		0.02%			2.15%	
2. Short Term Debt.....	137,320	44,005	(3,712)	177,781	4.29%		0.20%			0.36%	
3. Preferred Stock.....	0		0	0	0.00%		0.00%			0.00%	
4. Customer Deposits.....	50,657		(1,037)	49,620	1.20%		7.96%			0.10%	
5. Common Equity.....	1,972,590	10,039	(40,732)	1,949,897	47.04%	11.50%	14.00%	16.00%	5.41%	6.59%	7.53%
6. Investment Tax Credits.....	167,920		(3,436)	164,482	3.97%	10.50%	11.70%	13.54%	0.42%	0.46%	0.54%
7. Cost Free Capital.....	770,119	34,126	(16,457)	787,788	19.01%		0.00%			0.00%	
8. Total Capital.....	94,134,913	96,250	(406,579)	94,144,584	100.00%				0.45%	9.67%	10.69%

INTERNAL FUNDS

9. % Internal funds to construction expenditures after dividends (Total Compa.....	99.46%
10. Times interest earned (NI+Interest+Income Tax)/Interest (Total Company).....	4.45
11. Long Term Debt / Capital (Intrastate).....	32.75%
12. Short Term Debt / Capital (Intrastate).....	4.34%
13. Average adjusted achieved return on equity (Intrastate).....	13.01%
14. Adjusted year end return on equity (Intrastate).....	13.05%

0 See Page 6 for details.

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Company : Southern Bell Tel. & Tel. Co.
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ADJUSTMENTS TO AVERAGE CAPITAL(\$000)	(1) LONG TERM DEBT	(2) SHORT TERM DEBT	(3) PREFERRED STOCK	(4) CUSTOMER DEPOSITS	(5) COMMON EQUITY	(6) INVESTMENT TAX CREDITS	(7) COST FREE CAPITAL	(8) TOTAL CAPITAL
1. Total Capital Per Books.....	1,445,684	191,581	0	50,657	2,751,871	226,615	1,834,431	\$5,708,839
DESCRIPTION OF ADJUSTMENTS TO SPECIFIC SOURCES								
2. Accrued Dividends.....					25,165			25,165
3. WECO Tax Credits.....							47,825	47,825
4. Accrual for Florida Refund.....		44,085						44,085
5.								0
6. Sub-total of Specific Adjustments to Sources...	0	\$44,085	0	0	\$25,165	0	\$47,825	\$117,875
7. Adjusted Total Capital.....	\$1,445,684	\$235,666	0	\$50,657	\$2,777,036	\$226,615	\$1,882,256	\$5,817,914
DESCRIPTION OF PRO RATA ADJUSTMENTS								
9. Various Diff From Rate Base 0	(23,913)	(3,898)	0	(838)	(45,936)	(3,748)	(17,902)	(96,235)
9.								
10.								
11.								
12. Sub-total of Pro Rata Adjustments to Sources...	(\$23,913)	(\$3,898)	0	(\$838)	(\$45,936)	(\$3,748)	(\$17,902)	(\$96,235)
13. Subtotal, Pro Rata Adjusted Total Capital.....	\$1,421,771	\$231,768	0	\$49,819	\$2,731,100	\$222,867	\$1,864,354	\$5,721,679
14. Interstate Separation Factor.....	\$406,685	\$54,867	0	\$199	\$781,283	\$58,375	\$276,566	\$1,577,895
15. Adjusted Jurisdictional Capital.....	\$1,815,886	\$177,781	0	\$49,628	\$1,949,897	\$164,492	\$787,788	\$4,144,584

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1990

	(1)	(2)	(3)
	Intrastate Toll Columns (2 + 3)	Inter- territory	Intra- territory
CUSTOMER BILLING (000)			
ACCESS CHARGES :			
1. End User Charges.....	\$10	10	0
2. Capacity Charges (a).....	18,184	17,396	788
3. MOU Charges To IXC's (b).....	238,986	227,853	11,853
4. Special Access Charges (c).....	19,893	19,893	0
5. Other (d).....	5,893	14	5,879
6. Total Access Charges.....	\$282,886	\$264,366	\$18,528
OTHER CHARGES TO IXC'S :			
7. Operator Services (D.A.).....	\$4,839	4,839	0
8. Billing and Collecting.....	11,651	11,651	0
9. Interexchange Lease.....	0	0	0
10. Total Other Charges to IXC's.....	\$16,490	\$16,490	\$0
CUSTOMER CHARGES (e) :			
11. MTS.....	\$267,848	0	267,848
12. WATS.....	25,728	0	25,728
13. Private Line-FX.....	68,846	0	68,846
14. Local Exchange.....	0	0	0
15. Miscellaneous.....	0	0	0
16. Total Customer Charges.....	\$361,614	\$0	\$361,614
17. Total Billing.....	\$668,998	\$288,856	\$388,134
18. Joint Transport Receipts (Payments).....	\$182	\$182	\$0
19. Subsidy Fund Receipts (Payments).....	(\$2,872)	(\$2,264)	(\$608)
20. Out-of-Period Billings.....	\$3,138	\$4,459	(\$1,321)
21. Intra-LATA Private Line Pool Revenue.....			(\$18,437)
22. Access Expense.....			(\$5,383) †
23. Other Settlements.....	(\$12,928)	(1,884)	(11,044)

NOTE: The amounts on this schedule reflect, among other things, all payments from IXC's on a composite basis. However, LEC's are expected to maintain individual side records by IXC in the same level of detail found on this schedule.

(a) Busy Hour minutes of Capacity Charge.

(b) Includes Local Switching, Local Transport, Line Termination and Carrier Common Line.

(c) For Intrastate Interterritory Station Terminals.

(d) Includes testing, ordering, labor, etc.

(e) For Lines 11 through 15, include only charges billed to customer and retained by company, not charges billed on behalf of IXC's.

† MABC Revenues were \$ 12,641 and MABC expenses were \$ 18,824 for twelve months ending December 31, 1990.

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Company : Southern Bell Tel. & Tel. Co.
Month Ended : December 31, 1998

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
NET OPERATING INCOME FOR THE MONTH ENDED December 31, 1998	Total Company Columns (2 + 3)	Interstate Toll	Total Intrastate Columns (4 + 7)	Intrastate Toll Columns (5 + 6)	-----IntraToll----- Inter- territory Intra- territory		Local
BOOKED REVENUE							
1. Basic Local Service Revenue.....	\$114,297	8	\$114,289	80	80	8	\$114,289
2. Network Access Revenue.....	87,484	63,782	23,702	23,702	22,730	972	0
3. Long Distance Revenue.....	26,533	53	26,480	26,480	0	26,480	0
4. Miscellaneous Revenue.....	28,980	3,183	25,797	1,408	1,091	317	24,389
5. Uncollectible Revenues.....	2,995	(164)	3,159	617	(23)	640	2,542
6. Net Booked Revenue.....	\$254,219	\$67,118	\$187,109	\$58,973	\$23,844	\$27,129	136,136
OPERATING EXPENSES							
7. 1987 Expenses (excl Depr).....	80	0	80	80	80	0	80
8. Plant Specific Operation Expense.....	42,295	11,562	30,733	7,486	3,672	3,734	23,327
9. Plant Non-Specific Operations Exp.....	21,691	5,910	15,781	4,861	1,837	3,024	10,920
10. Depreciation and Amortization.....	59,114	16,947	42,167	18,435	5,237	5,198	31,732
11. Customer Operations Expense.....	31,382	5,887	25,495	6,164	2,232	3,932	19,331
12. Corporate Operations Expense.....	25,385	7,225	18,160	4,416	1,993	2,423	13,744
13. Other Income and Expense.....	687	195	492	128	61	59	372
14. Total Operating Expense.....	\$188,474	\$47,646	\$132,828	\$33,482	\$15,833	\$18,369	\$99,426
15. X Distribution.....	100%	26.48%	73.68%	18.51%	8.33%	18.18%	55.89%
OPERATING TAXES							
16. Federal Income Tax.....	9,981	2,918	97,063	\$3,468	1,884	1,664	3,595
17. State Income Tax.....	2,596	923	1,673	933	449	484	748
18. Other Taxes.....	11,621	2,682	9,019	1,978	771	1,287	7,041
19. Total Operating Taxes.....	\$24,198	\$6,443	\$17,755	\$6,379	\$3,024	\$3,355	\$11,376
NET OPERATING INCOME							
20. Per Book NOI for the Month.....	\$49,547	\$13,821	\$36,526	\$11,192	\$5,787	\$5,485	\$25,334

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RECONCILIATION OF CAPITAL TO RATE BASE
(000)

DESCRIPTION	COMBINED	INTRASTATE
1. Long Term Plant Under Construction.....	(\$26,891)	(\$19,278)
2. Investments in and Advances to Affiliated Companies.....	(51,252)	(36,738)
3. Miscellaneous Physical Property.....	(7,988)	(5,721)
4. Other.....	(37,692)	(44,155)
5. Rate Base Adjustments.....		
A. Excess Plug-in Units.....	(18,079)	(13,836)
B. Bell South Services Investment.....	41,814	29,399
C. ENFIA.....	0	(2,129)
D. Out of Period Items.....	4,645	5,879
E. Total Rate Base Adjustments.....	27,588	19,313
6. Total.....	(96,235)	(86,579)

Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1990

RATE STABILIZATION ORDER
 REPORT OF RATE CHANGES/EXOGENEOUS FACTORS/DEBT CHANGES/TECHNOLOGICAL CHANGES
 Intrastate Amounts
 (000's)

	Annual Revenue Requirement Impact	YTD Effective Portion for 1990	Cumulative Effect
All Price Changes, Exogeneous Factors > \$ 3 Million, Debt Refinancings and Major Technological Changes			
I. RATE CHANGES			
A. Rate Increases	\$17,586	\$17,261	\$27,881
B. Rate Decreases	(7,047)	(3,754)	(3,871)
Net	\$10,539	\$13,507	\$24,010
II. EXOGENEOUS FACTORS			
A. Depr increase due to USDAR Docket	(8,862)	(8,862)	(22,895)
B. Separations change	(7,422)	(7,422)	(12,989)
Net	(\$16,284)	(\$16,284)	(\$35,884)
III. DEBT REFINANCING			
A. Difference between forecast and actual	(\$1,316)	(\$1,316)	(3,976)
IV. MAJOR TECHNOLOGICAL CHANGES			
NONE			
Grand Net	(\$7,061)	(\$4,093)	(\$15,850)

Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1990

RATE STABILIZATION ORDER
 REPORT OF RATE CHANGES/EXOGENEOUS FACTORS/DEBT CHANGES/TECHNOLOGICAL CHANGES
 ADDITIONAL DESCRIPTION OF ITEMS
 (000's)

All Price Changes,
 Exogeneous Factors > \$ 3 Million,
 Debt Refinancings and Major
 Technological Changes

	Annual Impact	YTD Effective Portion for 1990	Cumulative Effect
I.A. Rate increases (by service)			
1. Nonrecurring FX charges. Tariff offering GSST A-9, Eff. 7/11/88	\$2,465	\$2,465	\$6,163
2. Toll Terminals. Tariff offering GSST A-13. Eff. 1/1/89	2,086	2,086	4,172
3. Mobile Service. Tariff offering GSST A-3. Eff. 4/21/89	2,254	2,254	3,757
4. Custom Calling Services. Tariff offering GSST A-13, Eff. 9/1/89	10,000	10,000	13,333
5. Bad check charge. Tariff offering GSST A-2, Eff. 5/21/90	781	456	456
	\$17,586	\$17,261	\$27,881
I.B. Rate decreases (by service)			
1. Megalink service reduction. Private Line B-7. Eff. 8/8/88	(\$98)	(\$84)	(\$179)
2. WATS usage charge. Tariff offering GSST A-19, Eff. 10/28/89	(134)	(134)	(156)
3. Telephone Answering Serv DID. Tariff off GSST A-6,A-8. Eff 3/19/90	(182)	(137)	(137)
4. Saver Service. Tariff offering A-10,A-11B. Eff. 8/1/90	(4,285)	(2,587)	(2,587)
5. PIC Change Charge. Access Tariff E-13. Eff. 9/4/90	(2,436)	(812)	(812)
	(7,047)	(3,754)	(3,871)
II.A. Depreciation differences due to the USOAR Docket.			
B. Separations change for revenue accounting procedures. The FCC mandated this change be effective on 4/1/89.			
III.A. Difference between actual long term debt cost rate and forecasted rate for twelve month period ending 12/31/90, adjusted to exclude the effective portion of the 1990 interest savings associated with the 1989 refinancing of \$200M of 11.75% debentures.			

FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1990

RATE STABILIZATION ORDER
 REPORT OF NEW SERVICES
 Intrastate Amounts (000's)

New Services	Effective Date	Estimated Annual Revenue Impact		
		Year 1	Year 2	Year 3
1. Key System cust allowed to partic as STS providers	3/5/88	\$8	\$8	\$8
2. TouchStar Service	8/8/88	131	6,151	13,775
3. Link-Up Florida	9/12/88	8	8	8
4. Pay Per View (TicketTaker)	5/15/89 †	64	67	
5. Private Line Tariff (Megalink Channel)	4/29/88	296	1,698	3,246
6. GeoServ	7/11/88	129	144	
7. 2 Way Measured Tariff	12/2/88	28	189	
8. AccuPulse Service	1/9/89	3	59	
9. Switched Access AccuPulse Service	1/9/89	528	528	
10. ESSX Multi-Account Service	3/28/89	842	842	
11. Special Calling Features	8/15/89	224	1,489	
12. Intralata Only 800 Service	9/1/89	115	128	
13. Dial Backup Service	9/27/89	9	9	
14. 2400 bps Central Office Data Set	9/27/89	5	6	
15. Automatic Call Distribution(ACD-MIS)	10/9/89	1,847	1,847	
16. Switched Data Service	10/9/89	33	33	
17. Simplified Message Desk Interface(SMDI)	10/9/89	189	189	
18. Customer Network Management	11/13/89	19	58	
19. Station Message Detail Recording - Premises	12/1/89	1,813	1,813	
20. Area Communication Service (ACS)	12/19/89	23	23	
21. Billing & Collecting of Subscriber Surcharge	1/1/90	96		
22. Call Forwarding Busy Line	1/15/90	45		
23. Call Forwarding Don't Answer	1/15/90	188		
24. Inward Operator Services Access Service	2/15/90	154		
25. Central Office Local Area Network (CO LAN)	7/31/90	71		
26. Digital Elect Tandem Switching Features(DETS)	7/31/90	141		
27. IntraLATA 800 Service with DID	7/30/90	22		
28. Enhanced CCS Features	8/6/90	18		
29. Outgoing Only Service	8/31/90	8		
30. Exchange Line Data Service (ELDS)	11/30/90 ‡	181		
31. Pulselink Protocols (SNA/SDLC & X.32)	12/9/90	68		
Total		\$6,314	\$14,217	\$17,821

† This service was previously provided under a limited service arrangement which was effective 11/16/87. As of 5/15/89, it was available as a permanent statewide offering. The annual revenue impact has been revised to reflect this tariff change.

‡ This service was previously provided under a limited service arrangement which was effective 9/28/88. As of 11/30/90, it was available as a permanent statewide offering.

SOUTHERN BELL - FLORIDA OPERATIONS
 CALCULATION OF ANNUAL IDC RATE - DECEMBER 31, 1990 DATA

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Cost of Capital(000)

	Amount	% of Total	Cost Rate	Weighted Cost
	-----	-----	-----	-----
1. Long Term Debt	\$1,815,086	24.49%	8.82%	2.16%
2. Short Term Debt	177,781	4.29%	8.28%	0.36%
3. Equity	1,949,897	47.84%	13.28%	6.21%
4. Customer Deposits	49,628	1.28%	7.96%	0.10%
5. Cost Free Capital	787,788	19.81%	0.00%	0.00%
6. Job Dev. Inv. Credit	164,492	3.97%	0.00%	0.00%
	-----	-----		-----
7. Total Capital	\$4,144,584	100.00%		8.83%

Annual Percentage Rate Currently Used by Southern Bell 8.59%

Annual Rate per Calculation 12/31/90 8.83%

SOUTHERN BELL - FLORIDA OPERATIONS
 CALCULATION OF ADJUSTED CAPITAL STRUCTURE
 (\$000)

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Capital Structure

	Unadjusted Amount	Reconciling Adjustment	Adjusted Capital Structure
	-----	-----	-----
1. Long Term Debt	\$1,836,291	(\$21,285)	1,815,006
2. Short Term Debt	181,413	(3,712)	177,701
3. Equity	1,998,629	(48,732)	1,949,897
4. Customer Deposits	58,657	(1,837)	49,628
5. Cost Free Capital	884,245	(16,457)	787,788
6. Job Dev. Inv. Credit	167,928	(3,436)	164,492
	-----	-----	-----
7. Total	\$4,231,163	(\$86,579)	\$4,144,584
Average Rate Base per Books	\$4,891,287		
Accounting Adjustments	53,377		
Average Adjusted Rate Base	4,144,584		

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1989

RATE BASE(\$000)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Total Company Columns (2 + 3)	Interstate Toll	Total Intrastate Columns (4 + 7)	Intrastate Toll Columns (5 + 6)	-----IntraToll----- Inter- territory Intra- territory		Local
AVERAGE RATE BASE							
1. General Support.....	\$1,854,459	\$268,919	\$785,548	\$199,712	\$87,696	\$112,016	\$385,827
2. Central Office.....	2,722,543	792,857	1,929,686	532,685	224,633	388,052	1,397,001
3. Information Orig./Term.....	574,252	179,284	394,968	84,677	49,854	34,824	318,291
4. Cable and Wire Facilities.....	3,928,545	1,212,151	2,708,394	698,261	372,431	325,838	2,810,133
5. Amortizable Assets.....	38,289	9,784	28,505	7,287	3,196	4,091	21,218
6. Plant in Service.....	\$8,318,888	\$2,462,995	\$5,847,893	\$1,522,622	\$737,818	\$784,813	\$4,324,478
7. Accumulated Depreciation and Amortization.....	2,732,927	851,231	1,881,696	486,164	239,885	246,278	1,395,533
8. Net Plant in Service.....	\$5,577,161	\$1,611,764	\$3,965,397	\$1,036,459	\$497,924	\$538,534	\$2,928,938
9. Property Held for Future Use.....	431	127	304	79	38	41	224
10. TPUC (No IDC).....	64,828	19,286	45,622	11,981	5,764	6,137	33,721
11. Acquisition Adjustments.....	0	0	0	0	0	0	0
12. Working Capital Allowance.....	1,882	(15,488)	16,482	4,195	2,338	1,866	12,286
13. Per Book Average Rate Base.....	\$5,643,422	\$1,615,617	\$4,027,805	\$1,052,634	\$506,056	\$546,577	\$2,975,169
14. % Distribution.....	100%	28.63%	71.37%	18.65%	8.97%	9.69%	52.72%
ADJUSTMENTS TO AVERAGE RATE BASE							
15. Adjustments for Achieved Rate Base.....			\$43,165				
16. Adjusted Achieved Rate Base.....			\$4,070,970				
ADJUSTED ANNUALIZED/PRO FORMA YEAR END RATE BASE							
17. Year End Rate Base per Books.....			4,024,834				
18. Adjustments for Year End Rate Base.....			112,848				
19. Adjusted Year End Rate Base.....			\$4,136,874				
RATES OF RETURN							
20. Average Per Book	10.13%	10.98%	9.83%	12.81%	10.78%	13.15%	9.85%
21. Average Adjusted Achieved			9.49%				
22. Adjusted Year End.....			9.88%				

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TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1989

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ADJUSTMENTS TO AVERAGE RATE BASE (000)	Plant In Service	Accumulated Depreciation and Amortization	Property Held for Future Use	ST Plant Under Construction	Acquisition Adjustment	Working Capital Allowance	Per Book Average Rate Base
1. Intrastate Rate Base per Books.....	\$5,847,893	\$1,881,696	\$384	\$45,622	\$0	\$16,482	\$4,827,885
INTRASTATE ACHIEVED ADJUSTMENTS							
2. Excess Plug-in Units	(14,365)	\$0	\$0	\$0	\$0	\$0	(\$14,365)
3. WECO Tax Credits	58,782	18,811	0	0	0	0	31,971
4. BellSouth Services	26,943	0	0	0	0	0	26,943
5. ENFIA	(4,491)	(1,663)	0	(42)	0	(24)	(2,894)
6. Other Rate Base Adjustments	(348)	(1,956)		(98)			1,518
7. Total Accounting Adjustments. Intrastate Achieved.....	\$58,521	\$15,192	\$0	(\$148)	\$0	(\$24)	\$43,165
8. Achieved Intrastate Rate Base.....	\$5,985,614	\$1,896,888	\$384	\$45,482	\$0	\$16,458	\$4,878,978
9. Intrastate Year End Rate Base per Books.....	\$5,984,687	\$2,828,664	\$263	\$36,887	\$0	\$24,541	\$4,824,834
INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS							
FPSC ADJUSTMENTS:							
10. Excess Plug-in Units	(\$14,365)	\$0	\$0	\$0	\$0	\$0	(\$14,365)
11. WECO Tax Credits	52,385	18,981	0	0	0	0	33,484
12. BellSouth Services	29,511	0	0	0	0	0	29,511
13. ENFIA	(4,491)	(1,663)	0	(41)	0	(24)	(2,893)
ANNUALIZING ADJUSTMENTS:							
14.							
15.							
16.							
17.							
18.							
PRO FORMA ADJUSTMENTS:							
19. Phase Down of SPF	74,842	27,795					46,247
20. Other Separations Changes	27,964	7,988					28,856
21.							
22. Total Accounting Adjustments. Intrastate Annualized.....	\$165,846	\$52,941	\$0	(\$41)	\$0	(\$24)	\$112,848
23. Intrastate Annualized/Pro Forma Year End Rate Base.....	\$6,149,653	\$2,873,685	\$263	\$36,846	\$0	\$24,517	\$4,136,874

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TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1989

	(1) Total Company Columns (2 + 3)	(2) Interstate Toll	(3) Total Intrastate Columns (4 + 7)	(4) Intrastate Toll Columns (5 + 6)	(5) IntraToll Inter- territory	(6) Intra- territory	(7) Local
NET OPERATING INCOME(\$000)							
BOOKED REVENUE							
1. Basic Local Service Revenue.....	\$1,267,222	55	\$1,267,167	\$0	0	0	\$1,267,167
2. Network Access Revenue.....	1,048,589	798,916	257,672	257,672	246,813	11,659	0
3. Long Distance Revenue.....	338,528	377	338,143	338,143	0	338,143	0
4. Miscellaneous Revenue.....	298,866	44,139	253,927	18,963	14,365	4,598	234,964
5. Uncollectible Revenues.....	32,327	1,176	31,151	6,318	169	6,149	24,833
6. Net Booked Revenue.....	\$2,928,869	\$834,311	\$2,095,758	\$688,468	\$268,289	\$348,251	\$1,477,298
OPERATING EXPENSES							
7.							
8. Plant Specific Operation Expense.....	\$512,888	147,391	365,417	95,893	44,932	58,141	278,324
9. Plant Non-Specific Operations Exp.....	258,218	72,421	185,797	61,768	21,465	48,383	124,828
10. Depreciation and Amortization.....	678,417	198,382	472,114	124,515	59,576	64,938	347,688
11. Customer Operations Expense.....	338,242	68,858	269,392	77,119	28,812	49,188	192,273
12. Corporate Operations Expense.....	274,281	81,618	192,583	53,811	24,868	28,951	138,772
13. Other Income and Expense.....	(286)	(58)	(228)	(52)	(25)	(27)	(176)
14. Total Operating Expense.....	\$2,853,599	\$568,524	\$1,485,876	\$412,255	\$178,841	\$233,414	\$1,872,821
15. % Distribution.....	188%	27.68%	72.32%	28.87%	8.71%	11.37%	52.24%
OPERATING TAXES							
16. Federal Income Tax.....	125,985	45,137	\$80,848	\$36,482	13,397	22,885	44,447
17. State Income Tax.....	32,898	11,878	28,229	8,739	3,757	4,982	11,498
18. Other Taxes.....	136,538	32,683	103,847	24,637	9,448	15,189	79,218
19. Total Operating Taxes.....	\$294,613	\$89,689	\$204,924	\$69,777	\$26,881	\$42,977	\$135,147
NET OPERATING INCOME							
20. Per Book NOI.....	\$571,856	\$176,898	\$395,758	\$126,428	\$54,567	\$71,868	\$269,338
21. NOI Effect of Adjustments(Achieved).....			(9,268)				
22. Adjusted Achieved NOI.....			\$386,498				
23. NOI Effect of Adjustments(Annual/Pro Forma).....			(14,134)				
24. Annualized/Pro Forma NOI.....			\$372,364				

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1989

	(1)	(2)	(3)	(4)	(5)	(6)
ADJUSTMENTS TO NET OPERATING INCOME	Basic Local	Network	Long Distance	Misc	Uncollectible	Net
INTRASTATE REVENUE (000)	Service Revenue	Access Revenues	Revenue	Revenue	Revenues	Booked Revenue
1. Total Intrastate Revenue per Books	\$1,267,167	\$260,378	\$354,488	\$234,964	\$31,151	\$2,885,758
INTRASTATE ACHIEVED ADJUSTMENTS						
OUT OF PERIOD ADJUSTMENTS:						
2. Rev & Sett (Ind Co)		752	(982)			(\$230)
3. Expenses						0
4. MR & FR Taxes						0
5. Other Out of Period Revenue	(2,859)	1,788		(2,958)	(36)	(3,265)
6. Separations Adjustaent						0
7. Bond Refinancing Expenses						0
8. Excess EAS Revenues per FPSC			(1,250)			(1,250)
9. FASB7	(2,188)					(2,188)
10. Other Non-reg changes						0
11. Yellow Page Profits				(7,535)	(184)	(7,431)
12. Gains on Sales of Property	(47)				(1)	(46)
13. Income Related to Temp Cash Inv	785					785
14. Interest Reconciliation						0
15. Interest Imputation						0
16. ENFIA						0
17. Lobbying Expense						0
18. Corporate Advertising Expense						0
19. Abandoned Projects						0
20. Casualty Expense						0
21. BellSouth Services	4,923					4,923
22. Telephone Franchise Requirement						0
23. Other Regulatory Adjustments						0
24. Total Accounting Adjustments, Intrastate Achieved.....	\$1,422	\$2,468	(\$2,232)	(\$10,485)	(\$141)	(\$8,694)
25. Total Achieved Intrastate Revenue..	\$1,268,589	\$262,838	\$352,168	\$224,479	\$31,010	\$2,877,064

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TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1989

	(1)	(2)	(3)	(4)	(5)	(6)
ADJUSTMENTS TO NET OPERATING INCOME	Basic Local	Network	Long Distance	Misc	Uncollectible	Net
INTRASTATE REVENUE	Service	Access	Revenue	Revenue	Revenues	Booked
(000)	Revenue	Revenues				Revenue
25. Total Achieved Intrastate Revenue..	\$1,268,589	\$262,838	\$352,168	\$224,479	\$31,818	\$2,877,864

INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS

ANNUALIZING ADJUSTMENTS:

26.						\$0
27.						0
28.						0
29.						0
30.						0
31. Rate Stabilization Order (12 Mos 1998)	2,800	(4,200)	(5,600)		(97)	(6,903)
32.						0
FPSC ADJUSTMENTS (PRO FORMA):						
33.						0
34.						0
PRO FORMA ADJUSTMENTS:						
35. Employee Level Adjustment						0
36. Nonrecurring Items						0
37. High Cost Universal Service Fund						0
38. Phase Down of SPF						0
39. Other Separations Changes						0
40. Total Accounting Adjustments. Intrastate Annualized.....	\$2,800	(\$4,200)	(\$5,600)	\$0	(\$97)	(\$6,903)
41. Total Annualized Intrastate Revenue	\$1,271,389	\$258,638	\$346,568	\$224,479	\$38,913	\$2,870,161

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1989

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ADJUSTMENTS TO NET OPERATING INCOME		Plant	Other	Depreciation	Customer	Corporate	Other	Total
INTRASTATE OPERATING EXPENSE		Specific	Non-Plant	and	Operations	Operations	Income and	Operating
(000)		Operations	Specific	Amortization	Expense	Expenses	Expenses	Expense
		Expense	Oper. Exp.					
1. Total Intrastate Expense per Books	\$0	\$365,417	\$185,797	\$472,114	\$269,392	\$192,583	(9228)	\$1,485,876
INTRASTATE ACHIEVED ADJUSTMENTS								
OUT OF PERIOD ADJUSTMENTS:								
2. Rev & Sett (Ind Co)								\$0
3. Expenses		(416)		3,538	(768)	(3,699)		(1,337)
4. MR & FR Taxes								0
5. Other Out of Period Revenue								0
6. Separations Adjustment			(47)	(191)		(34)	18	(262)
7. Bond Refinancing Expenses							6,499	6,499
8. Excess EAS Revenues per FPSC								0
9. FASB7								0
10. Other Non-rea changes		(1,835)				(49)		(1,884)
11. Yellow Page Profits								0
12. Gains on Sales of Property								0
13. Income Related to Tebo Cash Inv								0
14. Interest Reconciliation								0
15. Interest Imputation								0
16. ENFIA							(931)	(931)
17. Lobbying Expense						(815)		(815)
18. Corporate Advertising Expense					(31)			(31)
19. Abandoned Projects							1,697	1,697
20. Casualty Expense		68						68
21. BellSouth Services								0
22. Telephone Franchise Requirement				(3)				(3)
23. Other Regulatory Adjustments							(1,876)	(1,876)
24. Total Accounting Adjustments.								
Intrastate Achieved.....	\$0	(\$1,391)	(\$47)	\$3,344	(\$791)	(\$4,597)	\$5,399	\$1,917
25. Total Achieved Intrastate Expense..	\$0	\$364,026	\$185,750	\$475,458	\$268,601	\$187,986	\$5,171	\$1,486,992

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ADJUSTMENTS TO NET OPERATING INCOME INTRASTATE OPERATING EXPENSE (000)		Plant Specific Operations Expense	Other Non-Plant Specific Oper. Exp.	Depreciation and Amortization	Customer Operations Expense	Corporate Operations Expenses	Other Income and Expenses	Total Operating Expense
25. Total Achieved Intrastate Expenses	\$0	\$364,826	\$185,750	\$475,458	\$268,681	\$187,986	\$5,171	\$1,486,992

INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS

ANNUALIZING ADJUSTMENTS:

26.								\$0
27.								0
28.								0
29.								0
30.								0

31. Rate Stabilization Order
(12 Mos 1998)

								0
--	--	--	--	--	--	--	--	---

FPSC ADJUSTMENTS (PRO FORMA):

33.								0
34.								0

PRO FORMA ADJUSTMENTS:

35. Employee Level Adjustment							(7,355)	(7,355)
36. Nonrecurring Items								0
37. High Cost Universal Service Fund							249	249
38. Phase Down of SPF							15,385	15,385
39. Other Separations Changes							7,559	7,559

40. Total Accounting Adjustments.
Intrastate Annualized

	\$0	\$0	\$0	\$0	\$0	\$0	\$15,838	\$15,838
--	-----	-----	-----	-----	-----	-----	----------	----------

41. Total Annualized Intrastate Expense

	\$0	\$364,826	\$185,750	\$475,458	\$268,681	\$187,986	\$21,089	\$1,502,830
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FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1989

	(1)	(2)	(3)	(4)	(5)
ADJUSTMENTS TO NET OPERATING INCOME				Total	
INTRASTATE OPERATING TAXES	Federal	State		Operating	
(000)	Income Tax	Income Tax	Other Taxes	Taxes	NOI
1. Total Intrastate Taxes per Books..	\$88,848	\$28,229	\$183,847	\$284,924	\$395,758
INTRASTATE ACHIEVED ADJUSTMENTS					
OUT OF PERIOD ADJUSTMENTS:					
2. Rev & Sett (Ind Co)	(73)	(12)	(3)	(88)	(\$142)
3. Expenses	429	74		583	834
4. MR & FR Taxes	4,779	(1,484)		3,295	(3,295)
5. Other Out of Period Revenue	(1,837)	(178)	(37)	(1,252)	(2,813)
6. Separations Adjustment	84	14		98	164
7. Bond Refinancing Expenses	(2,888)	(358)		(2,446)	(4,853)
8. Excess EAS Revenues per FPSC	(397)	(68)	(14)	(479)	(771)
9. FASB7	(667)	(114)	(24)	(805)	(1,295)
10. Other Non-req changes	348	68		488	676
11. Yellow Page Profits	(2,385)	(488)	(9)	(2,882)	(4,629)
12. Gains on Sales of Property	(15)	(2)	(1)	(18)	(28)
13. Income Related to Temp Cash Inv	224	38	8	278	435
14. Interest Reconciliation	2,894	495		3,389	(3,389)
15. Interest Imputation	(1,868)	(328)		(2,188)	2,188
16. ENFIA	344	56		480	531
17. Lobbying Expense	262	45		387	588
18. Corporate Advertising Expense	18	2		12	19
19. Abandoned Projects	(545)	(93)		(639)	(1,858)
20. Casualty Expense	(28)	(3)		(23)	(37)
21. BellSouth Services				8	4,923
22. Telephone Franchise Requirement	1	8		1	2
23. Other Regulatory Adjustments	683	183		786	1,178
24. Total Accounting Adjustments, Intrastate Achieved.....	\$883	(\$2,154)	(\$88)	(\$1,351)	(\$9,268)
25. Total Achieved Intrastate Taxes....	\$81,731	\$18,875	\$183,767	\$283,573	\$386,498

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 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1989

	(1)	(2)	(3)	(4)	(5)
ADJUSTMENTS TO NET OPERATING INCOME				Total	
INTRASTATE OPERATING TAXES	Federal	State		Operating	
(000)	Income Tax	Income Tax	Other Taxes	Taxes	NOI
25. Total Achieved Intrastate Taxes..	\$81,731	\$18,875	\$183,767	\$283,573	\$386,498

INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS

ANNUALIZING ADJUSTMENTS:

26.				\$0	\$0
27.				0	0
28.				0	0
29.					
30.					

31. Rate Stabilization Order (12 Mos 1990)	(2,192)	(375)	(80)	(2,647)	(4,256)
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32.				0	0
FPSC ADJUSTMENTS (PRO FORMA):					
33.				0	0
34.				0	0

PRO FORMA ADJUSTMENTS:

35. Employee Level Adjustment	2,363	485		2,768	4,587
36. Nonrecurring Items				0	0
37. High Cost Universal Service Fund	(80)	(14)	0	(94)	(155)
38. Phase Down of SPF	(4,943)	(846)	0	(5,789)	(9,596)
39. Other Separations Changes	(2,429)	(416)	0	(2,845)	(4,714)

40. Total Accounting Adjustments. Intrastate Annualized.....	(\$7,281)	(\$1,246)	(\$80)	(\$8,607)	(\$14,134)
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41. Total Annualized Intrastate Taxes..	\$74,450	\$16,829	\$183,687	\$194,966	\$372,364
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FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1989

AVERAGE CAPITAL (INTRASTATE) (000)	(1)	(2)	(3) #	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Average Per Books	Specific Adjustments	Pro Rata Adjustments	Adjusted Amount	% of Total	Floor	Cost Rate Sharing	Ceiling	Floor	Weighted Cost Rate Sharing	Ceiling
1. Long Term Debt.....	1,023,794		(14,531)	\$1,009,263	24.79%		8.89%			2.20%	
2. Short Term Debt.....	127,591	6,967	(1,910)	132,648	3.26%		9.34%			8.30%	
3. Preferred Stock.....	0		0	0	0.00%		8.80%			8.80%	
4. Customer Deposits.....	49,000		(696)	48,304	1.19%		7.53%			8.09%	
5. Common Equity.....	1,896,210	19,485	(27,191)	1,888,504	46.39%	11.50%	14.00%	16.00%	5.33%	6.49%	7.42%
6. Investment Tax Credits.....	190,276		(2,701)	187,575	4.61%	10.59%	13.20%	13.55%	8.49%	8.54%	8.62%
7. Cost Free Capital.....	784,274	31,971	(11,585)	804,660	19.76%		8.00%			8.00%	
8. Total Capital.....	64,071,161	658,423	(658,614)	64,070,970	100.00%				8.41%	9.62%	10.63%

INTERNAL FUNDS

9. % Internal funds to construction expenditures after dividends (Total Company).....	87.63%
10. Times interest earned (NI+Interest+Income Tax)/Interest (Total Company).....	4.32
11. Long Term Debt / Capital (Intrastate).....	33.38%
12. Short Term Debt / Capital (Intrastate).....	4.16%
13. Average adjusted achieved return on equity (Intrastate).....	13.69%
14. Adjusted year end return on equity (Intrastate).....	12.69%

See Page 6 for details.

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 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1989

CUSTOMER BILLING (\$000)	(1)	(2)	(3)
	Intrastate Toll Columns (2 + 3)	-----Intratoll----- Inter- territory Intra- territory	
ACCESS CHARGES :			
1. End User Charges.....	\$6	6	0
2. Capacity Charges (a).....	22,759	21,611	1,149
3. MOU Charges To IXC's (b).....	211,782	200,968	10,814
4. Special Access Charges (c).....	21,688	21,688	0
5. Other (d).....	(756)	(756)	0
6. Total Access Charges.....	<u>\$255,480</u>	<u>\$243,517</u>	<u>\$11,963</u>
OTHER CHARGES TO IXC'S :			
7. Operator Services (D.A.).....	\$3,885	4,189	(384)
8. Billing and Collecting.....	11,328	11,328	0
9. Interexchange Lease.....	0	0	0
10. Total Other Charges to IXC's.....	<u>\$15,213</u>	<u>\$15,517</u>	<u>(\$384)</u>
CUSTOMER CHARGES (e) :			
11. MTS.....	\$251,842	0	251,842
12. WATS.....	36,897	0	36,897
13. Private Line-FX.....	65,081	0	65,081
14. Local Exchange.....	0	0	0
15. Miscellaneous.....	0	0	0
16. Total Customer Charges.....	<u>\$352,140</u>	<u>0</u>	<u>\$352,140</u>
17. Total Billing.....	<u>\$622,833</u>	<u>\$259,834</u>	<u>\$363,799</u>
18. Joint Transport Receipts (Payments).....	<u>\$18</u>	<u>\$18</u>	<u>\$0</u>
19. Subsidy Fund Receipts (Payments).....	<u>(\$4,849)</u>	<u>(\$2,133)</u>	<u>(\$1,916)</u>
20. Out-of-Period Billings.....	<u>(\$126)</u>	<u>(\$309)</u>	<u>\$183</u>
21. Intra-LATA Private Line Pool Revenue.....			<u>(\$11,798)</u>
22. Access Expense.....			<u>(\$6,842) †</u>
23. Other Settlements.....	<u>(\$15,487)</u>	<u>(1,691)</u>	<u>(13,716)</u>

NOTE: The amounts on this schedule reflect, among other things, all payments from IXC's on a composite basis. However, LEC's are expected to maintain individual side records by IXC in the same level of detail found on this schedule.

(a) Busy Hour minutes of Capacity Charge.

(b) Includes Local Switching, Local Transport, Line Termination and Carrier Common Line.

(c) For Intrastate Interterritory Station Terminals.

(d) Includes testing, ordering, labor, etc.

(e) For Lines 11 through 15, include only charges billed to customer and retained by company, not charges billed on behalf of IXC's.

† MABC Revenues were \$ 11,963 and MABC expenses were \$ 18,885 for twelve months ending December 31, 1989.

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TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
Month Ended : December 31, 1989

NET OPERATING INCOME FOR THE MONTH ENDED December 31, 1989	(1) Total Company Columns (2 + 3)	(2) Interstate Toll	(3) Total Intrastate Columns (4 + 7)	(4) Intrastate Toll Columns (5 + 6)	(5)		(6)	(7)
					Inter-	Intra-		
					territory	territory		Local
BOOKED REVENUE								
1. Basic Local Service Revenue.....	\$188,536	6	\$188,529	\$0	\$0	\$0	\$0	\$188,529
2. Network Access Revenue.....	98,258	67,822	22,427	22,427	21,467	960	0	0
3. Long Distance Revenue.....	34,337	21	34,316	34,316	0	34,316	0	0
4. Miscellaneous Revenue.....	26,158	2,861	23,289	2,689	2,339	350	0	28,688
5. Uncollectible Revenues.....	3,488	118	3,298	666	4	663	0	2,632
6. Net Booked Revenue.....	\$256,864	\$78,681	\$185,463	\$38,966	\$23,883	\$35,163		\$126,497
OPERATING EXPENSES								
7. 1987 Expenses (excl Depr).....	\$0	0	\$0	\$0	\$0	0	0	\$0
8. Plant Specific Operation Expense.....	41,391	11,817	29,574	7,748	3,744	4,804	0	21,825
9. Plant Non-Specific Operations Exp.....	19,973	5,358	14,423	4,858	1,649	3,289	0	9,565
10. Depreciation and Amortization.....	56,718	16,627	40,082	18,415	5,822	5,393	0	29,667
11. Customer Operations Expense.....	32,984	6,878	26,106	7,328	3,261	4,849	0	18,796
12. Corporate Operations Expense.....	19,836	3,762	14,874	4,117	2,157	1,960	0	9,957
13. Other Income and Expense.....	(14)	4	(18)	(2)	(1)	(1)	0	(16)
14. Total Operating Expense.....	\$178,888	\$46,639	\$124,241	\$34,446	\$15,832	\$18,614		\$89,795
15. % Distribution.....	188%	27.29%	72.71%	28.16%	9.27%	18.89%		52.55%
OPERATING TAXES								
16. Federal Income Tax.....	15,678	4,789	\$18,968	\$5,972	1,732	4,248	0	4,988
17. State Income Tax.....	1,985	695	1,291	737	144	593	0	533
18. Other Taxes.....	11,673	3,193	8,480	2,834	711	1,323	0	6,446
19. Total Operating Taxes.....	\$29,328	\$8,597	\$28,731	\$9,743	\$2,587	\$6,157		\$11,968
NET OPERATING INCOME								
20. Per Book NOI for the Month.....	\$55,856	\$15,365	\$48,491	\$15,777	\$5,384	\$10,393		\$24,714

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1989

RECONCILIATION OF CAPITAL TO RATE BASE
(000)

DESCRIPTION	COMBINED	INTRASTATE
1. Long Term Plant Under Construction.....	(\$27,285)	(\$19,249)
2. Investments in and Advances to Affiliated Companies.....	(58,691)	(35,581)
3. Miscellaneous Physical Property.....	(9,552)	(6,784)
4. Other.....	(18,998)	(8,274)
5. Rate Base Adjustments		
A. Excess Plug-in Units.....	(28,268)	(14,365)
B. Bell South Services Investment.....	38,384	26,943
C. ENFIA.....	0	(2,894)
D. Out of Period Items.....	1,308	1,518
E. Total Rate Base Adjustments.....	19,424	11,194
6. Total.....	(79,102)	(58,614)

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 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1989

RATE STABILIZATION ORDER
 REPORT OF RATE CHANGES/EXOGENEOUS FACTORS/DEBT CHANGES/TECHNOLOGICAL CHANGES
 Intrastate Amounts
 (000's)

	Annual Revenue Requirement Impact	YTD Effective Portion for 1989	Cumulative Effect
All Price Changes. Exogeneous Factors > \$ 3 Million. Debt Refinancings and Major Technological Changes			
I. RATE CHANGES			
A. Rate Increases	\$16,885	\$9,387	\$18,628
B. Rate Decreases	(213)	(91)	(117)
Net	\$16,592	\$9,296	\$18,503
II. EXOGENEOUS FACTORS			
A. Depr increase due to USOAR Docket	(9,844)	(9,844)	(14,833)
B. Separations change	(7,422)	(5,567)	(5,567)
Net	(\$16,466)	(\$14,611)	(\$19,688)
III. DEBT REFINANCING			
A. Difference between forecast and actual	(\$1,281)	(\$1,281)	(2,668)
IV. MAJOR TECHNOLOGICAL CHANGES			
NONE			
Grand Net	(\$1,155)	(\$6,596)	(\$11,757)

FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1989

RATE STABILIZATION ORDER
 REPORT OF RATE CHANGES/EXOGENEOUS FACTORS/DEBT CHANGES/TECHNOLOGICAL CHANGES
 ADDITIONAL DESCRIPTION OF ITEMS
 (000's)

All Price Changes,
 Exogeneous Factors > \$ 3 Million,
 Debt Refinancings and Major
 Technological Changes

	Annual Impact	YTD Effective Portion for 1989	Cumulative Effect
I.A. Rate increases (by service)			
1. Nonrecurring FX charges. Tariff offering GSST A-9. Eff. 7/11/88	\$2,465	\$2,465	\$3,698
2. Toll Terminals. Tariff offering GSST A-13. Eff. 1/1/89	2,886	2,886	2,886
3. Custom Calling Services. Tariff offering GSST A-13. Eff 9/1/89	10,000	3,333	3,333
	\$14,551	\$7,884	\$9,117
I.B. Rate decreases (by service)			
1. Megalink service reduction. Private Line B-7. Eff. 8/8/88	(\$79)	(\$69)	(\$95)
2. WATS usage charge. Tariff offering GSST A-19. Eff. 10/20/89	(134)	(22)	(22)
	(213)	(91)	(117)
II.A. Depreciation differences due to the USDAR Docket.			
B. Separations change for revenue accounting procedures. The FCC mandated this change be effective on 4/1/89.			
III.A. Difference between actual long term debt cost rate and forecasted rate for twelve month period ending 12/31/89. adjusted to exclude the 1989 interest savings associated with the 1989 refinancing of \$200M of 11.75% debentures.			

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 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1989

RATE STABILIZATION ORDER
 REPORT OF NEW SERVICES
 Intrastate Amounts (\$000's)

New Services	Effective Date	Estimated Annual Revenue Impact	
		Year 1	Year 2
1. Key System customer allowed to participate as STS providers.	3/5/88	\$0	\$0
2. TouchStar Service	8/8/88	131	1,914
3. Link-Up Florida	9/12/88	0	0
4. Pay Per View (TicketTaker)	5/15/89†	176	
5. Private Line Tariff (Megalink Channel)	4/29/88	296	1,426
6. GeoServ	7/11/88	129	144
7. 2 Way Measured Tariff	12/2/88	141	141
8. AccuPulse Service	1/9/89	719	
9. Switched Access AccuPulse Service	1/9/89	520	
10. ESSX Multi-Account Service	3/28/89	842	
11. Special Calling Features	8/15/89	59	
12. Intralata Only 800 Service	9/1/89	460	
13. Dial Backup Service	9/27/89	17	
14. 2400 bps Central Office Data Set	9/27/89	13	
15. Automatic Call Distribution(ACD-MIS)	10/9/89	1,847	
16. Switched Data Service	10/9/89	33	
17. Simplified Message Desk Interface(SMDI)	10/9/89	109	
18. Customer Network Management	11/13/89	101	
19. Station Message Detail Recording - Premises	12/1/89	1,813	
20. Area Communication Service (ACS)	12/19/89	115	
Total		\$6,721	\$3,625

† This service was previously provided under a limited service arrangement which was effective 11/16/87. As of 5/15/89, it was available as a permanent statewide offering. The annual revenue impact has been revised to reflect this tariff change.

SOUTHERN BELL - FLORIDA OPERATIONS
 CALCULATION OF ANNUAL IDC RATE - DECEMBER 31, 1989 DATA

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Cost of Capital(\$000)	REVISED 4/91			
	Amount	% of Total	Cost Rate	Weighted Cost
1. Long Term Debt	\$1,009,263	24.79%	8.82%	2.19%
2. Short Term Debt	132,648	3.26%	9.34%	0.30
3. Equity	1,888,512	46.39%	13.20%	6.12
4. Customer Deposits	48,312	1.19%	7.53%	0.09
5. Cost Free Capital	884,668	19.76%	0.00%	0.00
6. Job Dev. Inv. Credit	187,575	4.61%	11.67%	0.54
7. Total Capital	\$4,078,978	100.00%		9.24%

Cost of JDIC

Long Term Debt	\$1,009,263	34.83%	8.82%	3.87%
Equity	1,888,512	65.17%	13.20%	8.60%
Total	\$2,897,775			11.67%

Annual Percentage Rate Currently Used by Southern Bell 10.24%

Annual Rate per Calculation 12/31/89 9.24%

SOUTHERN BELL - FLORIDA OPERATIONS
CALCULATION OF ADJUSTED CAPITAL STRUCTURE
(\$000)

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Capital Structure

	<u>Unadjusted Amount</u>	<u>Reconciling Adjustment</u>	<u>Adjusted Capital Structure</u>
1. Long Term Debt	\$1,823,794	(\$14,531)	\$1,809,263
2. Short Term Debt	134,558	(1,918)	132,640
3. Equity	1,915,703	(27,191)	1,888,512
4. Customer Deposits	49,000	(696)	48,304
5. Cost Free Capital	816,245	(11,585)	804,660
6. Job Dev. Inv. Credit	198,276	(2,781)	195,495
7. Total	<u>\$4,129,584</u>	<u>(\$58,614)</u>	<u>\$4,070,970</u>
Average Rate Base per Books	\$4,027,805		
Accounting Adjustments	43,165		
Average Adjusted Rate Base	4,070,970		

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1988

RATE BASE(\$000)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Total Company Columns (2 + 3)	Interstate Toll	Total Intrastate Columns (4 + 7)	Intrastate Toll Columns (5 + 6)	IntraToll ----- Inter- territory Intra- territory		Local
AVERAGE RATE BASE							
1. General Support.....	\$1,852,193	\$272,573	\$779,628	\$282,514	\$85,438	\$117,076	\$577,186
2. Central Office.....	2,443,733	741,689	1,782,044	497,818	196,773	381,037	1,284,234
3. Information Orig./Term.....	559,382	185,514	373,868	86,487	51,112	35,295	287,461
4. Cable and Wire Facilities.....	3,734,752	1,213,813	2,520,939	658,587	345,888	312,619	1,862,432
5. Amortizable Assets.....	37,192	9,657	27,535	7,135	3,836	4,899	28,488
6. Plant in Service.....	\$7,827,252	\$2,423,246	\$5,404,086	\$1,452,373	\$682,247	\$778,126	\$3,951,633
7. Accumulated Depreciation and Amortization.....	2,242,689	736,995	1,505,614	398,353	198,297	288,056	1,187,261
8. Net Plant in Service.....	\$5,584,643	\$1,686,251	\$3,898,392	\$1,054,020	\$491,950	\$562,070	\$2,844,372
9. Property Held for Future Use.....	321	188	221	68	28	32	161
10. TPUC (No IDC).....	71,832	22,383	49,329	13,397	6,294	7,183	36,132
11. Acquisition Adjustments.....	0	0	0	0	0	0	0
12. Working Capital Allowance.....	294	(19,222)	19,516	5,828	2,718	2,310	14,488
13. Per Book Average Rate Base.....	\$5,657,898	\$1,689,432	\$3,967,658	\$1,072,585	\$588,998	\$571,515	\$2,895,153
14. % Distribution.....	100%	29.86%	78.14%	18.96%	8.86%	18.18%	51.18%
ADJUSTMENTS TO AVERAGE RATE BASE							
15. Adjustments for Achieved Rate Base.....			\$33,784				
16. Adjusted Achieved Rate Base.....			\$4,003,362				
ADJUSTED ANNUALIZED/PRD FORMA YEAR END RATE BASE							
17. Year End Rate Base per Books.....			3,954,861				
18. Adjustments for Year End Rate Base.....			183,247				
19. Adjusted Year End Rate Base.....			\$4,058,108				
RATES OF RETURN							
20. Average Per Book	9.91%	11.52%	9.23%	14.19%	14.22%	14.17%	7.39%
21. Average Adjusted Achieved			9.43% †				
22. Adjusted Year End.....			7.40% †				
† Includes the effect of the Rate Stabilization Order.							

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TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1988

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ADJUSTMENTS TO AVERAGE RATE BASE (000)	Plant In Service	Accumulated Depreciation and Amortization	Property Held for Future Use	ST Plant Under Construction	Acquisition Adjustment	Working Capital Allowance	Per Book Average Rate Base
1. Intrastate Rate Base per Books.....	\$5,484,886	\$1,585,614	\$221	\$49,529	\$0	\$19,516	\$3,967,658
INTRASTATE ACHIEVED ADJUSTMENTS							
2. Excess Plug-in Units	(89,498)	\$0	\$0	\$0	\$0	\$0	(89,498)
3. WECD Tax Credits	49,982	17,428	0	0	0	0	32,554
4. Bell South Services	14,199	0	0	0	0	0	14,199
5. ENFIA	(5,383)	(1,726)	0	(61)	0	(36)	(3,674)
6. Out of Period/CAN	82	(2,833)					2,115
7. Total Accounting Adjustments. Intrastate Achieved.....	\$49,478	\$13,669	\$0	(61)	\$0	(636)	\$35,784
8. Achieved Intrastate Rate Base.....	\$5,433,476	\$1,519,283	\$221	\$49,468	\$0	\$19,480	\$4,003,362
9. Intrastate Year End Rate Base per Books.....	\$5,583,748	\$1,681,534	\$328	\$34,579	\$0	\$17,748	\$3,954,861
INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS							
FPSC ADJUSTMENTS:							
10. Excess Plug-in Units	(89,498)	\$0	\$0	\$0	\$0	\$0	(89,498)
11. WECD Tax Credits	58,934	17,371	0	0	0	0	33,563
12. Bell South Services	14,188	0	0	0	0	0	14,188
13. ENFIA	(5,383)	(1,726)	0	(61)	0	(36)	(3,674)
ANNUALIZING ADJUSTMENTS:							
14.							0
15.							0
16.							0
17. Rate Stabilization Order		(1,588)					1,588
18.							
PRO FORMA ADJUSTMENTS:							
19. Phase Down of SPF	74,842	27,795					46,247
20. Other Separations Changes	29,883	8,162					28,921
21.							0
22. Total Accounting Adjustments. Intrastate Annualized.....	\$153,446	\$58,182	\$0	(61)	\$0	(636)	\$183,247
23. Intrastate Annualized/Pro Forma Year End Rate Base.....	\$5,737,186	\$1,731,636	\$328	\$34,518	\$0	\$17,712	\$4,058,188

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1988

	(1) Total Company Columns (2 + 3)	(2) Interstate Toll	(3) Total Intrastate Columns (4 + 7) †	(4) Intrastate Toll Columns (5 + 6)	(5) -----IntraToll----- Inter- territory	(6) Intra- territory	(7) Local
NET OPERATING INCOME(000)							
BOOKED REVENUE							
1. Basic Local Service Revenue.....	\$1,188,398	\$15	\$1,188,383	\$0	\$0	\$0	\$1,188,383
2. Network Access Revenue.....	1,128,288	833,853	292,435	292,435	278,597	13,838	0
3. Long Distance Revenue.....	376,183	353	375,830	375,830	0	375,830	0
4. Miscellaneous Revenue.....	277,538	42,733	234,805	15,644	11,415	4,229	219,161
5. Uncollectible Revenues.....	24,644	(148)	24,784	5,463	514	4,949	19,321
6. Net Booked Revenue.....	\$2,945,763	\$879,894	\$2,866,669	\$678,446	\$289,498	\$388,948	\$1,388,223
OPERATING EXPENSES							
7. 1987 Expenses (excl Depr).....	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Plant Specific Operation Expense.....	554,246	165,427	388,819	185,171	47,786	57,385	283,648
9. Plant Non-Specific Operations Exp.....	266,161	78,471	187,690	63,236	21,778	41,458	124,454
10. Depreciation and Amortization.....	671,367	193,325	478,042	129,324	59,906	69,418	348,718
11. Customer Operations Expense.....	332,844	67,548	264,496	85,824	28,549	57,275	178,672
12. Corporate Operations Expense.....	253,883	75,385	177,778	52,855	21,386	31,549	124,923
13. Other Income and Expense.....	0	0	0	0	0	0	0
14. Total Operating Expense.....	\$2,876,981	\$388,876	\$1,496,825	\$436,418	\$179,325	\$257,885	\$1,868,415
15. † Distribution.....	100%	27.93%	72.07%	21.81%	8.63%	12.38%	51.86%
OPERATING TAXES							
16. Federal Income Tax.....	\$147,378	\$68,247	\$87,123	\$52,693	\$24,438	\$28,263	34,438
17. State Income Tax.....	34,898	12,764	21,326	13,768	5,946	7,822	7,558
18. Other Taxes.....	126,786	31,341	95,365	23,386	8,581	14,885	71,979
19. Total Operating Taxes.....	\$308,166	\$112,352	\$203,814	\$89,847	\$38,957	\$56,898	\$113,967
NET OPERATING INCOME							
20. Per Book NOI.....	\$568,696	\$194,666	\$366,838	\$152,189	\$71,216	\$88,973	\$213,841
21. NOI Effect of Adjustments(Achieved).....			11,682				
22. Adjusted Achieved NOI.....			\$377,712				
23. NOI Effect of Adjustments(Annual/Pro Forma).....			(77,518)				
24. Annualized/Pro Forma NOI.....			\$300,282				
† Southern Bell is accruing monthly for the \$44 million in revenues due to the tax rate change to be disposed of at the Commission's discretion.							

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 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1988

	(1)	(2)	(3)	(4)	(5)	(6)
ADJUSTMENTS TO NET OPERATING INCOME	Basic Local	Network	Long Distance	Misc	Uncollectible	Net
INTRASTATE REVENUE	Service	Access	Revenue	Revenue	Revenues	Booked
(000)	Revenue	Revenues	Revenue	Revenue	Revenues	Revenue
1. Total Intrastate Revenue per Books	\$1,188,383	\$292,435	\$375,838	\$234,885	\$24,784	\$2,866,669
INTRASTATE ACHIEVED ADJUSTMENTS						
OUT OF PERIOD ADJUSTMENTS:						
2. Rev & Sett (Ind Co)		(\$78)	(\$2,285)			(\$2,363)
3. Expenses						0
4. Reversal of actual vs. accrual for 1987 overearnings	377					377
5. MR & FR Taxes						0
6. Reversal of Accrual for additional intrastate overearnings for 1987	5,986					5,986
7. Other Out of Period Revenue	2,859	1,298		(125)		3,224
8. FASB7		(567)				(567)
9. Other Non-reg changes	136		27	(14)		149
10. Yellow Page Profits				(11,725)	(132)	(11,593)
11. Gains on Sales of Property	646				7	639
12. Income Related to Temp Cash Inv	24				0	24
13. Interest Reconciliation						0
14. Interest Imputation						0
15. ENFIA						0
16. Lobbying Expense						0
17. Corporate Advertising Expense						0
18. Abandoned Projects						0
19. Casualty Expense						0
20. Bell South Services	1,570					1,570
21. Other Regulatory Adjustments						0
22. Total Accounting Adjustments. Intrastate Achieved.....	\$18,798	\$645	(\$2,258)	(\$11,864)	(\$125)	(\$2,554)
23. Total Achieved Intrastate Revenue..	\$1,199,181	\$293,080	\$373,572	\$222,941	\$24,659	\$2,864,115

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 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1988

	(1)	(2)	(3)	(4)	(5)	(6)
ADJUSTMENTS TO NET OPERATING INCOME	Basic Local	Network	Long Distance	Misc	Uncollectible	Net
INTRASTATE REVENUE	Service	Access	Revenue	Revenue	Revenues	Booked
(000)	Revenue	Revenues				Revenue
23. Total Achieved Intrastate Revenue..	\$1,199,181	\$293,888	\$373,572	\$222,941	\$24,659	\$2,864,115

INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS

ANNUALIZING ADJUSTMENTS:

24. 1989 Depreciation(12 Mos)						\$0
25.						0
26.						0
27.						0
28.						0
29. Rate Stabilization Order (12 Mos 1989)	(23,300)	(60,300)	(88,200)		(1,843)	(161,957)
30.						0
FPSC ADJUSTMENTS (PRO FORMA):						
31.						0
32.						0
PRO FORMA ADJUSTMENTS:						
33. Employee Level Adjustment						0
34. Nonrecurring Items						0
35. High Cost Universal Service Fund						0
36. Phase Down of SPF						0
37. Other Separations Changes						0
38. Total Accounting Adjustments. Intrastate Annualized.....	(\$23,300)	(\$60,300)	(\$88,200)	\$0	(\$1,843)	(\$161,957)
39. Total Annualized Intrastate Revenue	\$1,175,881	\$232,788	\$293,372	\$222,941	\$22,816	\$1,982,158

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1988

	(1) 1987 Expenses Excluding Depreciation	(2) Plant Specific Operations Expense	(3) Other Non-Plant Specific Oper. Exp.	(4) Depreciation and Amortization	(5) Customer Operations Expense	(6) Corporate Operations Expenses	(7) Other Income and Expenses	(8) Total Operating Expense
ADJUSTMENTS TO NET OPERATING INCOME								
INTRASTATE OPERATING EXPENSE (000)								
1. Total Intrastate Expense per Books	\$0	\$388,819	\$187,690	\$478,842	\$264,496	\$177,778	\$0	\$1,496,825
INTRASTATE ACHIEVED ADJUSTMENTS								
OUT OF PERIOD ADJUSTMENTS:								
2. Rev & Sett (Ind Co)								\$0
3. Expenses	(1,458)	344		(3,211)		(822)	3	(4,944)
4. Reversal of actual vs. accrual for 1987 overearnings								0
5. MR & FR Taxes								0
6. Reversal of Accrual for additional intrastate overearnings for 1987								0
7. Other Out of Period Revenue								0
8. FASB7								0
9. Other Non-reg changes				124	(338)	(157)	(19)	(382)
10. Yellow Page Profits								0
11. Gains on Sales of Property								0
12. Income Related to Temp Cash Inv								0
13. Interest Reconciliation								0
14. Interest Imputation								0
15. ENFIA							(1,143)	(1,143)
16. Lobbying Expense						(585)		(585)
17. Corporate Advertising Expense					(154)			(154)
18. Abandoned Projects							1,282	1,282
19. Casualty Expense		55						55
20. Bell South Services								0
21. Other Regulatory Adjustments							(1,781)	(1,781)
22. Total Accounting Adjustments. Intrastate Achieved.....	(\$1,458)	\$599	\$0	(\$3,087)	(\$484)	(\$1,484)	(\$1,658)	(\$7,572)
23. Total Achieved Intrastate Expense..	(\$1,458)	\$389,418	\$187,690	\$474,955	\$264,012	\$176,294	(\$1,658)	\$1,489,253

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1988

	(1) 1987 Expenses Excluding Depreciation	(2) Plant Specific Operations Expense	(3) Other Non-Plant Specific Oper. Exp.	(4) Depreciation and Amortization	(5) Customer Operations Expense	(6) Corporate Operations Expenses	(7) Other Income and Expenses	(8) Total Operating Expense
ADJUSTMENTS TO NET OPERATING INCOME								
INTRASTATE OPERATING EXPENSE (000)								
23. Total Achieved Intrastate Expenses	(\$1,458)	\$389,418	\$187,698	\$474,955	\$264,812	\$176,294	(\$1,658)	\$1,489,253
INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS								
ANNUALIZING ADJUSTMENTS:								
24. 1989 Depreciation(12 Mos)				(58,888)				(\$58,888)
25.								0
26.								0
27.								0
28.								0
29. Rate Stabilization Order (12 Mos 1989)				(1,588)				(1,588)
30.								0
FPSC ADJUSTMENTS (PRO FORMA):								
31.								0
32.								0
PRO FORMA ADJUSTMENTS:								
33. Employee Level Adjustment							(13,153)	(13,153)
34. Nonrecurring Items								0
35. High Cost Universal Service Fund							(167)	(167)
36. Phase Down of SPF							13,385	13,385
37. Other Separations Changes							13,389	13,389
38. Total Accounting Adjustments, Intrastate Annualized	\$0	\$0	\$0	(\$51,588)	\$0	\$0	\$15,454	(\$36,846)
39. Total Annualized Intrastate Expense	(\$1,458)	\$389,418	\$187,698	\$423,455	\$264,812	\$176,294	\$13,796	\$1,453,287

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1988

	(1)	(2)	(3)	(4)	(5)
ADJUSTMENTS TO NET OPERATING INCOME				Total	
INTRASTATE OPERATING TAXES (000)	Federal Income Tax	State Income Tax	Other Taxes	Operating Taxes	NOI
1. Total Intrastate Taxes per Books..	\$87,123	\$21,326	\$95,365	\$203,814	\$366,838
INTRASTATE ACHIEVED ADJUSTMENTS					
OUT OF PERIOD ADJUSTMENTS:					
2. Rev & Sett (Ind Co)	(\$750)	(\$129)	(\$28)	(\$907)	(\$1,456)
3. Expenses	1,719	194	(38)	1,875	3,869
4. Reversal of actual vs. accrual for 1987 overearnings	128	28	4	144	233
5. MR & FR Taxes	(7,568)	48		(7,512)	7,512
6. Reversal of Accrual for additional intrastate overearnings for 1987	2,613	163		2,776	3,218
7. Other Out of Period Revenue	1,824	175	39	1,238	1,986
8. FASB7	(188)	(31)	(7)	(218)	(349)
9. Other Non-reg changes	154	17		171	368
10. Yellow Page Profits	(3,728)	(637)	(14)	(4,371)	(7,222)
11. Gains on Sales of Property	283	35	7	245	394
12. Income Related to Temp Cash Inv	8	1	1	10	14
13. Interest Reconciliation	1,158	197	8	1,347	(1,347)
14. Interest Imputation	(2,851)	(351)	8	(2,482)	2,482
15. ENFIA	452	73		525	618
16. Lobbying Expense	163	27		198	315
17. Corporate Advertising Expense	49	9		58	96
18. Abandoned Projects	(412)	(78)		(482)	(888)
19. Casualty Expense	(18)	(3)		(21)	(34)
20. Bell South Services				8	1,578
21. Other Regulatory Adjustments	572	98		678	1,111
22. Total Accounting Adjustments, Intrastate Achieved.....	(\$6,464)	(\$164)	(\$36)	(\$6,664)	\$11,682
23. Total Achieved Intrastate Taxes....	\$88,659	\$21,162	\$95,329	\$197,158	\$377,712

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 TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1988

	(1)	(2)	(3)	(4)	(5)
ADJUSTMENTS TO NET OPERATING INCOME				Total	
INTRASTATE OPERATING TAXES	Federal	State	Other Taxes	Operating	NOI
(000)	Income Tax	Income Tax		Taxes	
23. Total Achieved Intrastate Taxes..	\$88,659	\$21,162	\$95,329	\$197,150	\$377,712
INTRASTATE ANNUALIZED/PRO FORMA ADJUSTMENTS					
ANNUALIZING ADJUSTMENTS:					
24. 1989 Depreciation(12 Mos)	\$16,865	2,750		\$18,815	\$31,185
25.				0	0
26.				0	0
27.					
28.					
29. Rate Stabilization Order (12 Mos 1989)	(58,771)	(8,691)	(1,939)	(61,401)	(99,856)
30.				0	0
FPSC ADJUSTMENTS (PRO FORMA):					
31.				0	0
32.				0	0
PRO FORMA ADJUSTMENTS:					
33. Employee Level Adjustment	4,226	723		4,949	8,204
34. Nonrecurring Items				0	0
35. High Cost Universal Service Fund	54	9	0	63	184
36. Phase Down of SPF	(4,943)	(846)	0	(5,789)	(9,596)
37. Other Separations Changes	(4,382)	(736)	0	(5,838)	(8,351)
38. Total Accounting Adjustments. Intrastate Annualized.....	(\$39,671)	(\$6,791)	(\$1,939)	(\$48,401)	(\$77,518)
39. Total Annualized Intrastate Taxes..	\$48,988	\$14,371	\$93,398	\$148,749	\$308,282

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TELEPHONE EARNINGS SURVEILLANCE REPORT

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1988

AVERAGE CAPITAL (INTRASTATE) (000)	(1)	(2)	(3) #	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Average Per Books	Specific Adjustments	Pro Rata Adjustments	Adjusted Amount	% of Total	Floor	Cost Rate Sharing	Ceiling	Floor	Weighted Cost Rate Sharing	Ceiling
1. Long Term Debt.....	\$1,829,345		(\$16,663)	\$1,812,682	25.30%		8.94%			2.26%	
2. Short Term Debt.....	78,152	25,790	(1,683)	102,259	2.55%		8.10%			0.21%	
3. Preferred Stock.....	0		0	0	0.00%		0.00%			0.00%	
4. Customer Deposits.....	48,334		(782)	47,552	1.19%		7.43%			0.09%	
5. Common Equity.....	1,845,993	18,061	(38,175)	1,833,879	45.81%	11.50%	14.00%	16.00%	5.27%	6.41%	7.33%
6. Investment Tax Credits.....	283,995		(3,302)	280,693	5.01%	10.59%	11.68%	13.49%	0.53%	0.59%	0.68%
7. Cost Free Capital.....	787,010	32,554	(13,267)	806,297	20.14%		0.00%			0.88%	
8. Total Capital.....	\$3,992,829	\$76,405	(\$65,872)	\$4,003,362	100.00%				0.36%	9.56%	10.57%

INTERNAL FUNDS

9. % Internal funds to construction expenditures after dividends (Total Company).....	86.76%
10. Times interest earned (NI+Interest+Income Tax)/Interest (Total Company).....	4.88
11. Long Term Debt / Capital (Intrastate).....	34.64%
12. Short Term Debt / Capital (Intrastate).....	2.63%
13. Average adjusted achieved return on equity (Intrastate).....	13.69% †
14. Adjusted year end return on equity (Intrastate).....	9.54% †

† See Page 6 for details.

‡ Includes the effect of the Rate Stabilization Order.

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Company : Southern Bell Tel. & Tel. Co.
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ADJUSTMENTS TO AVERAGE CAPITAL(\$000)	(1) LONG TERM DEBT	(2) SHORT TERM DEBT	(3) PREFERRED STOCK	(4) CUSTOMER DEPOSITS	(5) COMMON EQUITY	(6) INVESTMENT TAX CREDITS	(7) COST FREE CAPITAL	(8) TOTAL CAPITAL
1. Total Capital Per Books.....	\$1,494,899	\$113,438	\$0	\$48,334	\$2,679,467	\$287,558	\$1,077,648	\$5,708,329
DESCRIPTION OF ADJUSTMENTS TO SPECIFIC SOURCES								
2. Accrued Dividends.....					\$26,215			\$26,215
3. MECO Tax Credits.....							47,553	47,553
4. Accrual for Florida Refund.....		25,798						25,798
5.								0
6. Sub-total of Specific Adjustments to Sources.....	\$0	\$25,798	\$0	\$0	\$26,215	\$0	\$47,553	\$99,558
7. Adjusted Total Capital.....	\$1,494,899	\$139,228	\$0	\$48,334	\$2,705,682	\$287,558	\$1,125,193	\$5,808,086
DESCRIPTION OF PRO RATA ADJUSTMENTS								
8. Various Diff From Rate Base \$	(\$22,000)	(\$2,050)	\$0	(\$712)	(\$39,840)	(\$4,234)	(\$16,568)	(\$85,404)
9.								
10.								
11.								
12. Sub-total of Pro Rata Adjustments to Sources.....	(\$22,000)	(\$2,050)	\$0	(\$712)	(\$39,840)	(\$4,234)	(\$16,568)	(\$85,404)
13. Subtotal, Pro Rata Adjusted Total Capital.....	\$1,472,899	\$137,178	\$0	\$47,622	\$2,665,842	\$283,316	\$1,108,625	\$5,714,682
14. Interstate Separation Factor.....	\$459,417	\$34,919	\$0	\$70	\$831,963	\$82,623	\$382,328	\$1,711,321
15. Adjusted Jurisdictional Capital.....	\$1,932,316	\$172,097	\$0	\$47,792	\$3,497,805	\$365,939	\$1,490,953	\$6,423,003
* See Page 6 for details.								

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Company : Southern Bell Tel. & Tel. Co.
Year To Date : December 31, 1988

CUSTOMER BILLING (000)	(1)	(2)	(3)
	Intrastate Toll Columns (2 + 3)	Intratoll Inter- territory †	Intra- territory †
ACCESS CHARGES :			
1. End User Charges.....	\$18	\$18	\$0
2. Capacity Charges (a).....	83,362	78,858	4,504
3. MOU Charges To IXC's (b).....	179,388	169,961	9,427
4. Special Access Charges (c).....	24,412	24,397	15
5. Other (d).....	(2,342)	(2,342)	0
6. Total Access Charges.....	\$284,838	\$270,892	\$13,946
OTHER CHARGES TO IXC'S :			
7. Operator Services (D.A.).....	\$2,218	\$2,326	(\$108)
8. Billing and Collecting.....	18,092	18,092	0
9. Interexchange Lease.....	0	0	0
10. Total Other Charges to IXC's.....	\$12,310	\$12,418	(\$108)
CUSTOMER CHARGES (e) :			
11. NTS.....	\$277,896	\$0	\$277,896
12. WATS.....	44,269	0	44,269
13. Private Line-FX.....	66,821	0	66,821
14. Local Exchange.....	0	0	0
15. Miscellaneous.....	0	0	0
16. Total Customer Charges.....	\$388,186	\$0	\$388,186
17. Total Billing.....	\$685,334	\$283,310	\$402,024
18. Joint Transport Receipts (Payments).....	\$26	\$26	\$0
19. Subsidy Fund Receipts (Payments).....	(\$7,242)	(\$2,391)	(\$4,851)
20. Out-of-Period Billings.....	\$2,268	(\$894)	\$3,162
21. Intra-LATA Private Line Pool Revenue.....			(\$18,243)
22. Access Expense.....			(\$3,619) †
23. Other Settlements.....	(\$14,314)	(\$2,882)	(\$12,312)

NOTE: The amounts on this schedule reflect, among other things, all payments from IXC's on a composite basis. However, LEC's are expected to maintain individual side records by IXC in the same level of detail found on this schedule.

(a) Busy Hour minutes of Capacity Charge.

(b) Includes Local Switching, Local Transport, Line Termination and Carrier Common Line.

(c) For Intrastate Interterritory Station Terminals.

(d) Includes testing, ordering, labor, etc.

(e) For Lines 11 through 15, include only charges billed to customer and retained by company, not charges billed on behalf of IXC's.

† MABC December revenues were \$ 1,358 and MABC expenses were \$ (885). Also included is accrual for January revenue \$ 673 and expense \$ 1,861.

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Company : Southern Bell Tel. & Tel. Co.
Month Ended : December 31, 1988

NET OPERATING INCOME FOR THE MONTH ENDED December 31, 1988	(1) Total Company Columns (2 + 3)	(2) Interstate Toll	(3) Total Intrastate Columns (4 + 7)	(4) Intrastate Toll Columns (5 + 6)	(5) -----IntraToll-----		(6) Inter- territory Intra- territory	(7) Local
					Inter-	Intra-		
BOOKED REVENUE								
1. Basic Local Service Revenue.....	\$95,399	\$1	\$95,398	\$0	\$0	\$0	\$95,398	
2. Network Access Revenue.....	96,659	75,760	20,899	20,899	19,556	1,343	0	0
3. Long Distance Revenue.....	30,700	35	30,673	30,673	0	30,673	0	0
4. Miscellaneous Revenue.....	23,913	3,635	20,278	1,452	1,083	369	10,826	10,826
5. Uncollectible Revenues.....	2,711	(123)	2,834	651	181	550	2,183	2,183
6. Net Booked Revenue.....	\$243,968	\$79,554	\$164,414	\$52,373	\$20,538	\$31,835	\$112,841	
OPERATING EXPENSES								
7. 1987 Expenses (excl Depr).....	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Plant Specific Operation Expense.....	47,061	13,264	33,797	10,484	3,934	6,550	23,313	23,313
9. Plant Non-Specific Operations Exp.....	10,164	5,711	12,453	3,496	1,619	1,877	8,957	8,957
10. Depreciation and Amortization.....	66,417	16,083	49,534	14,689	5,911	8,778	34,845	34,845
11. Customer Operations Expense.....	30,607	6,009	23,878	7,129	2,556	4,573	16,749	16,749
12. Corporate Operations Expense.....	21,421	6,212	15,209	4,756	1,799	2,957	10,453	10,453
13. Other Income and Expense.....	0	0	0	0	0	0	0	0
14. Total Operating Expense.....	\$183,750	\$40,879	\$134,871	\$40,554	\$15,819	\$24,735	\$94,317	
15. I Distribution.....	100%	26.60%	73.40%	22.07%	8.61%	13.46%	51.33%	
OPERATING TAXES								
16. Federal Income Tax.....	\$7,115	\$6,930	\$185	(\$1,292)	(\$776)	(\$516)	1,477	1,477
17. State Income Tax.....	2,113	1,286	827	404	3	401	423	423
18. Other Taxes.....	8,756	2,030	6,710	1,551	551	1,000	5,167	5,167
19. Total Operating Taxes.....	\$17,984	\$10,254	\$7,730	\$663	(\$222)	\$885	\$7,067	
NET OPERATING INCOME								
20. Per Book NOI for the Month.....	\$42,234	\$20,421	\$21,813	\$11,156	\$4,941	\$6,215	\$10,657	

Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1988

RECONCILIATION OF CAPITAL TO RATE BASE
(000)

DESCRIPTION	COMBINED	INTRASTATE
1. Long Term Plant Under Construction.....	(638,848)	(926,772)
2. Investments in Affiliated Companies.....	(19,777)	(13,625)
3. Advances to Affiliated Companies.....	(15,418)	(18,622)
4. Miscellaneous Physical Property.....	(6,462)	(4,452)
5. Other.....	(14,946)	(13,551)
6. Rate Base Adjustments		
A. Excess Plug-in Units.....	(13,626)	(9,498)
B. Bell South Services Investment.....	28,611	14,199
C. ENFIA.....	0	(3,674)
D. Out of Period Items.....	3,854	2,115
E. Total Rate Base Adjustments.....	18,839	3,158
7. Total.....	(85,484)	(65,872)

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Company : Southern Bell Tel. & Tel. Co.
 12 Months Ended : December 31, 1988

RATE STABILIZATION ORDER
 REPORT OF RATE CHANGES/EXOGENEOUS FACTORS/DEBT CHANGES/TECHNOLOGICAL CHANGES
 Intrastate Amounts
 (\$'s)

	Annual Revenue Requirement Impact	Effective Portion for 1988
All Price Changes, Exogeneous Factors > \$ 3 Million, Debt Refinancings and Major Technological Changes		
I. RATE CHANGES		
A. Rate increases	2,465	1,233
B. Rate decreases	(62)	(26)
Net	2,403	1,207
II. EXOGENEOUS FACTORS		
Depr increase due to USDAR Docket	(4,989)	(4,989)
Net	(4,989)	(4,989)
III. DEBT REFINANCING		
Difference between forecast and actual	(1,379)	(1,379)
IV. MAJOR TECHNOLOGICAL CHANGES		
NONE		
Grand Net - Revised	(3,965)	(5,161)

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1988

RATE STABILIZATION ORDER
REPORT OF RATE CHANGES/EXOGENEOUS FACTORS/DEBT CHANGES/TECHNOLOGICAL CHANGES
ADDITIONAL DESCRIPTION OF ITEMS
(000's)

All Price Changes.
Exogeneous Factors > \$ 3 Million.
Debt Refinancings and Major
Technological Changes

	Annual Impact	Effective Portion For 1988
I.A. Rate increases (by service)		
Nonrecurring FX charges. Tariff offering GSST A-9. Eff. 7/11/88	2,465	1,233
	-----	-----
	2,465	1,233
	=====	=====
I.B. Rate decreases (by service)		
Megalink service reduction. Private Line B-7. Eff. 8/8/88	62	26
	-----	-----

III. Debt refinancing
Difference between actual long term debt cost rate and forecasted rate
for twelve month period ending 12/31/88.

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Company : Southern Bell Tel. & Tel. Co.
12 Months Ended : December 31, 1988

RATE STABILIZATION ORDER
REPORT OF NEW SERVICES
Intrastate Amounts
(000's)

	<u>Effective Date</u>	<u>Revenue Impact</u>
<u>New Services</u>		
1. Key System customer allowed to participate as STS providers	3/5/88	48
2. TouchStar Service	8/8/88	2
3. Link-Up Florida	9/12/88	0
4. Pay Per View (Tickettaker)	11/16/87	60
5. Private Line Tariff (MegaLink Channel)	4/29/88	829
6. GeoServ	7/11/88	39
7. 2 Way Measured Tariff	12/2/88	141
Total		<u>\$1,871</u>

SOUTHERN BELL - FLORIDA OPERATIONS
 CALCULATION OF ANNUAL IDC RATE - DECEMBER 31, 1988 DATA

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Cost of Capital(000)

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	<u>Amount</u>	<u>% of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
1. Long Term Debt	\$1,012,682	25.30%	8.93%	2.26%
2. Short Term Debt	102,259	2.55%	8.10%	0.21
3. Equity	1,833,879	45.81%	13.20%	6.05
4. Customer Deposits	47,552	1.19%	7.43%	0.09
5. Cost Free Capital	806,297	20.14%	0.00%	0.00
6. Job Dev. Inv. Credit	200,693	5.01%	11.68%	0.59
7. Total Capital	<u>\$4,803,362</u>	<u>100.00%</u>		<u>9.20%</u>

Cost of JDIC

Long Term Debt	\$1,012,682	35.58%	8.93%	3.18%
Equity	1,833,879	64.42%	13.20%	8.50%
Total	<u>\$2,846,561</u>			<u>11.68%</u>

Annual Percentage Rate Currently Used by Southern Bell 10.24%

Annual Rate per Calculation 12/31/88 9.20%

SOUTHERN BELL - FLORIDA OPERATIONS
 CALCULATION OF ADJUSTED CAPITAL STRUCTURE
 (\$000)

REVISED 4/91

Capital Structure

	Unadjusted Amount	Reconciling Adjustment	Adjusted Capital Structure
	-----	-----	-----
1. Long Term Debt	\$1,829,345	(\$16,663)	\$1,812,682
2. Short Term Debt	183,942	(1,683)	182,259
3. Equity	1,864,054	(38,175)	1,833,879
4. Customer Deposits	48,334	(782)	47,552
5. Cost Free Capital	819,564	(13,267)	806,297
6. Job Dev. Inv. Credit	283,995	(3,382)	280,613
	-----	-----	-----
7. Total	\$4,869,234	(\$65,872)	\$4,803,362
Average Rate Base per Books	\$3,967,658		
Accounting Adjustments	35,784		
Average Adjusted Rate Base	4,803,362		

FLORIDA PUBLIC) COMMISSION
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 (000)

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LOCAL EXCHANGE COMPANY Southern Bell
 OPERATIONS 12-MONTHS ENDED December 31, 1987

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Total Company (283)	Interstate Toll	Total Intra- State (467) †	Intrastate Toll (586)	-----Intrastate----- Interstate Intrastate		Local
BOOKED REVENUE							
1. Local Network Services	\$1,139,322	\$5	\$1,139,317	\$0	\$0	\$0	\$1,139,317
2. Network Access Services(A)	1,108,445	841,894	266,551	266,551	266,551	0	0
3. Long Distance Network Services	339,431	38	339,393	339,393	0	339,393	0
4. Inter-Exchange Lease	4,646	0	4,646	0	0	0	4,646
5. Miscellaneous Revenues	254,881	38,373	216,508	12,793	12,793	0	203,715
6. Uncollectibles	24,492	2,103	22,389	5,443	48	5,395	16,946
7. NET BOOKED REVENUE	2,822,233	878,207	1,944,026	613,294	279,296	333,998	1,330,732
OPERATING EXPENSE							
8. Maintenance	\$543,797	\$178,272	\$365,525	\$107,365	\$47,810	\$59,555	\$258,160
9. Depreciation & Amortization	587,433	210,051	377,382	103,714	48,270	57,444	271,668
10. Traffic Expense	76,505	9,854	66,651	19,335	4,171	15,164	47,316
11. Commercial Expense	214,328	46,043	168,285	51,974	18,491	33,483	116,311
12. General Office	221,847	63,804	158,043	51,916	23,080	28,836	106,127
13. Other Operations	189,878	66,589	123,289	43,698	18,000	25,698	79,591
14. TOTAL OPERATING EXP.	1,833,788	574,613	1,259,175	380,002	159,822	220,180	879,173
15. % Distribution	100%	31.33%	68.67%	20.72%	8.72%	12.01%	47.94%
OPERATING TAXES							
16. Federal Income Tax	\$223,554	\$68,908	\$154,646	\$59,274	\$32,483	\$26,791	\$95,372
17. State Income Tax	42,180	16,146	26,034	11,111	6,259	4,852	14,923
18. Other Taxes	164,314	42,247	122,067	31,443	12,028	19,415	90,624
19. TOTAL OPERATING TAXES	430,048	127,301	302,747	101,828	50,770	51,058	200,919
20. % Distribution	100%	29.60%	70.40%	23.68%	11.81%	11.87%	46.72%
NET OPERATING INCOME							
21. PER BOOK NOI	\$558,397	\$176,293	\$382,104	\$131,464	\$68,704	\$62,760	\$250,640
22. NOI EFFECT OF ADJS (ACHIEVED) (B)			(49)				
23. ADJUSTED ACHIEVED NOI			\$382,055				
24. NOI EFFECT OF ADJS (ANNUAL) (C)			(34,874)				
25. ADJUSTED ANNUAL NOI			\$347,181				
26. NOI EFFECT OF ADJS (YEAR END)			(34,923)				
27. ADJUSTED YEAR END NOI			\$347,181				

(A) AMOUNTS ON THIS LINE SHOULD INCLUDE ALL MAJOR ACCESS CHARGE ELEMENTS AND OTHER CHARGES.

(B) FROM "SUBTOTAL ACHIEVED" PAGE 3B COLUMN 21

(C) FROM "SUBTOTAL ANNUAL" PAGE 3B COLUMN 21

† THIS REPORT INCLUDES THE EFFECT OF AN ACCRUAL OF \$ 19,000,000 FOR EARNINGS OVER 15% RETURN ON EQUITY.

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(000)

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LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDED December 31, 1987

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Total Company (2&3)	Interstate Totl	Total Intra- State (4&7)	Intrastate Totl (5&6)	-----Intrastate----- Interstate Intrastate		Local
RATE BASE AVERAGE							
1. Land and Buildings	\$609,692	\$168,168	\$441,524	\$118,968	\$47,557	\$71,411	\$322,556
2. C.O.E.	2,156,679	674,269	1,482,410	471,662	176,318	295,344	1,010,748
3. Station Equipment	556,131	212,025	344,106	92,365	54,000	38,365	251,741
4. Outside Plant	3,525,970	1,206,639	2,319,331	574,586	320,682	253,904	1,744,743
5. Other Investment	422,623	117,579	305,044	79,935	34,449	45,486	225,109
6. Plant in Service	7,271,095	2,378,680	4,892,415	1,337,516	633,006	704,510	3,554,899
7. Accumulated Depreciation	1,816,730	638,984	1,177,746	322,081	153,910	168,171	855,665
8. Net Plant (1 thru 5)-7	5,454,365	1,739,696	3,714,669	1,015,435	479,096	536,339	2,699,234
9. Plant Under Const. (No IDC)	80,076	26,327	53,749	14,640	6,871	7,769	39,109
10. Future Use Property	456	149	307	86	40	46	221
11. Acquisition Adjustments	0	0	0	0	0	0	0
12. Working Capital Allowance	6,507	2,868	3,639	248	728	(480)	3,391
13. Average Rate Base (8 thru 12)	\$5,541,404	\$1,769,040	\$3,772,364	\$1,030,409	\$486,735	\$543,674	\$2,741,955
14. X Distribution	100%	31.92%	68.08%	18.59%	8.78%	9.81%	49.48%
ADJUSTMENTS TO RATE BASE AVERAGE							
15. ADJS FOR ACHIEVED RATE BASE (A)			40,518				
16. ADJUSTED ACHIEVED RATE BASE			\$3,812,882				
17. ADJS FOR ANNUAL RATE BASE (B)			(19,831)				
18. ADJUSTED ANNUAL RATE BASE			\$3,793,051				
YEAR END RATE BASE							
19. UNADJUSTED YEAR END RATE BASE			\$3,805,474				
20. ADJUSTMENTS			30,989				
21. ADJUSTED YEAR END RATE BASE (19+20)			\$3,836,463				
RATES OF RETURN							
22. PER BOOKS (L21, PAGE1)/13	10.08%	9.97%	10.13%	12.76%	14.12%	11.54%	9.14%
23. ADJUSTED ACHIEVED (L23,PAGE1)/L16			10.02%				
24. ADJ ANNUAL RATE BASE(L25,PAGE1)/L18			9.15%				
25. ADJ YEAR END RATE BASE(L27,PAGE1)/L21			9.05%				

(A) FROM "SUBTOTAL ACHIEVED" ON PAGE 4 COLUMN B

(B) FROM "SUBTOTAL ANNUAL" ON PAGE 4 COLUMN B

(C) ALL INTRASTATE DATA IS ON A SEVEN DAY USAGE BASIS TO BE CONSISTENT WITH INDEPENDENT COMPANY SETTLEMENTS CALCULATIONS

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NDI ADJUSTMENTS - INTRASTATE
(000)

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDED December 31, 1987

PAGE 3A OF 5

LINE NO.	ADJUSTMENT DESCRIPTION (1)	LOCAL NETWORK SERVICES (2)	NETWORK ACCESS SERVICES (3)	LONG DISTANCE NETWORK SERVICES (4)	INTEREXCHANGE LEASE (5)	MISCELLANEOUS REVENUES (6)	UNCOLLECTIBLE REVENUES (7)	NET BOOKED REVENUES (8)	MAINTENANCE EXPENSE (9)	DEPRECIATION EXPENSE (10)	TRAFFIC EXPENSE (11)	COMMERCIAL EXPENSE (12)	GENERAL OFFICE EXPENSE (13)
1	PER BOOKS AMOUNT	\$1,139,317	\$266,551	\$339,393	\$4,646	\$216,508	\$22,389	\$1,944,026	\$365,525	\$377,382	\$66,651	\$168,285	\$158,043
2	OUT OF PERIOD ITEMS (TOTAL)		(854)	4,575		(14)		3,707	1,563	1,487	1,497	(46)	523
3	NONRECURRING ITEMS (TOTAL)							0					
4	YELLOW PAGE PROFITS ##					(16,000)	(117)	(15,883)					
5	GAINS ON SALES OF PROPERTY	1,032					8	1,024					
6	INCOME REL TO TEMP CASH INV	770					6	764					
7	INTEREST RECONCILIATION							0					
8	INTEREST IMPUTATION							0					
9	ENFIA							0					
10	LOBBYING EXPENSE							0					(169)
11	CORPORATE ADVERTISING							0				(160)	
12	ABANDONED PROJECTS							0					
13	CASUALTY EXPENSE							0	(10)				
14	TELEPHONE FRANCHISE REQ							0					
15	BELL SOUTH SERVICES	1,783						1,783					
16	IND CO SETT EFF OF 2-14							0					
17	SUBTOTAL ACHIEVED	1,142,902	265,697	343,968	4,646	200,494	22,286	1,935,421	367,078	378,869	68,148	168,079	158,397
18	EMPLOYEE LEVEL ADJUSTMENT							0					
19	NONRECURRING ITEMS (TOTAL)							0					
20	DEPRECIATION REPRESCRIPTION							0		22,662			
21	STIPULATION ITEMS		(2,583)					(2,583)		17,000			
22	PHASE DOWN OF SPF							0					
23	HIGH COST UNIVERSAL SERVICE FUND							0					
24	ADDITIONAL CPE PHASE OUT							0					
25	OTHER SEPARATIONS CHANGES							0					
26	USDA							0					
27	REVERSAL OF ACCRUAL FOR INTRA-STATE OVERTURNINGS	19,000						19,000					
28	SUBTOTAL ANNUAL	1,161,902	263,114	343,968	4,646	200,494	22,286	1,951,838	367,078	418,531	68,148	168,079	158,397

ADJUSTMENTS SHOULD BE SHOWN ON A PRETAX BASIS. TAX EFFECT OF ADJUSTMENTS SHOULD BE SHOWN IN COLUMNS 17-20, PAGE 3B.

AMOUNTS ON THIS LINE REPRESENT THE 'EXCESS YELLOW PAGE PROFIT' AS DEFINED IN S. 364.037, F.S. IN DETERMINING THIS AMOUNT, USE AN ANNUAL AVERAGE CONSUMER PRICE INDEX (CPI), FOR URBAN WAGE EARNERS AND CLERICAL WORKERS AS PUBLISHED BY THE DEPT OF LABOR, PLUS THE AVERAGE ACCESS LINE GROWTH RATE.

FLORIDA PUBLIC SERVICE CO. JDN
 TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT
 (REVISION B, 3/87)

Revised 2/14/89

NOT ADJUSTMENTS - INTRASTATE
 (000)

LOCAL EXCHANGE COMPANY Southern Bell
 OPERATIONS 12-MONTHS ENDED December 31, 1987

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LINE NO.	ADJUSTMENT DESCRIPTION (14)	OTHER OPERATING EXPENSE (15)	TOTAL OPERATING EXPENSES (16)	FEDERAL INCOME TAXES (17)	STATE INCOME TAXES (18)	OTHER TAXES (19)	TOTAL OPERATING TAXES (20)	NET OPERATING INCOME (21)
1	PER BOOKS AMOUNT	\$123,289	\$1,259,175	\$154,646	\$26,034	\$122,067	\$302,747	\$382,104
2	OUT OF PERIOD ITEMS (TOTAL)	(341)	4,683	(2,950)	(1,605)	298	(4,257)	3,281
3	NONRECURRING ITEMS (TOTAL)		0				0	0
4	YELLOW PAGE PROFITS **		0	(5,989)	(872)	(20)	(6,881)	(9,002)
5	GAINS ON SALES OF PROPERTY		0	381	56	14	451	573
6	INCOME REL TO TEMP CASH INV		0	284	41	11	336	428
7	INTEREST RECONCILIATION		0	147	21		168	(168)
8	INTEREST IMPUTATION		0	(2,455)	(358)		(2,813)	2,813
9	ENFIA	(1,343)	(1,343)	507	74	0	581	762
10	LOBBYING EXPENSE		(169)	64	9	0	73	96
11	CORPORATE ADVERTISING		(160)	60	9	0	69	91
12	ABANDONED PROJECTS	1,289	1,289	(487)	(71)		(558)	(731)
13	CASUALTY EXPENSE		(10)	3	1	0	4	6
14	TELEPHONE FRANCHISE RED	(34)	(34)	13	2	0	15	19
15	BELL SOUTH SERVICES		0				0	1,783
16	JND CO SETT EFF OF 2-14		0				0	0
17	SUBTOTAL ACHIEVED	122,860	1,263,431	144,224	23,341	122,370	289,935	382,055
18	EMPLOYEE LEVEL ADJUSTMENT	(18,051)	(18,051)	6,814	993	0	7,807	10,244
19	NONRECURRING ITEMS (TOTAL)	(19,767)	(19,767)	7,462	1,087		8,549	11,218
20	DEPRECIATION REDESCRIPTION		22,662	(8,555)	(1,246)		(9,801)	(12,861)
21	STIPULATION ITEMS		17,000	(7,379)	(1,075)	(36)	(8,490)	(11,093)
22	PHASE DOWN OF SPF	21,850	21,850	(8,248)	(1,292)		(9,450)	(12,400)
23	HIGH COST UNIVERSAL SERVICE FUND	4,413	4,413	(1,666)	(243)		(1,909)	(2,504)
24	ADDITIONAL CPE PHASE OUT	6,660	6,660	(2,514)	(366)		(2,880)	(3,780)
25	OTHER SEPARATIONS CHANGES	4,415	4,415	(1,667)	(243)		(1,910)	(2,505)
26	USDA	38,607	38,607	(14,574)	(2,123)		(16,697)	(21,910)
27	REVERSAL OF ACCRUAL FOR INTRA-STATE OVERR EARNINGS		0	7,795	488		8,283	10,717
28	SUBTOTAL ANNUAL	160,987	1,341,220	121,692	19,411	122,334	263,437	347,181

** ADJUSTMENTS SHOULD BE SHOWN ON A PRETAX BASIS. TAX EFFECT OF ADJUSTMENTS SHOULD BE SHOWN IN COLUMNS 17-20, PAGE 38.
 ** AMOUNTS ON THIS LINE REPRESENT THE 'EXCESS YELLOW PAGE PROFIT' AS DEFINED IN S. 364.037, F.S. IN DETERMINING THIS AMOUNT, USE AVERAGE CONSUMER PRICE INDEX (CPI), FOR URBAN WAGE EARNERS AND CLERICAL WORKERS AS PUBLISHED BY THE DEPT OF LABOR, PLUS THE ACCESS LINE GROWTH RATE.

FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT
 RATE BASE ADJUSTMENTS - INTRASTATE
 (REVISION B, 3/87)
 (000)

Revised 2/14/89

LOCAL EXCHANGE COMPANY Southern Bell
 OPERATIONS 12-MONTHS ENDED December 31, 1987

PAGE 4 OF 5

LINE NO.	ADJUSTMENT DESCRIPTION (1)	PLANT IN SERVICE (2)	DEPRECIATION RESERVE (3)	ST PLANT UNDER CONSTRUCTION (4)	PROP HELD FOR FUTURE USE (5)	ACQUISITION ADJUSTMENT (6)	WORKING CAPITAL ALLOWANCE (7)	TOTAL RATE BASE (8)
1	PER BOOKS AMOUNTS	\$4,892,415	\$1,177,746	\$53,749	\$307	\$0	\$3,639	\$3,772,364
2	EXCESS PLUG-IN UNITS	(7,450)	0	0	0	0	0	(7,450)
3	NECD TAX CREDITS	49,686	15,866	0	0	0	0	33,820
4	BELL SOUTH SERVICES	9,767	0	0	0	0	0	9,767
5	ENFIA	(5,148)	0	0	0	0	0	(5,148)
6	OUT OF PERIOD	13,176	3,795	88	2	0	58	9,529
5	SUBTOTAL ACHIEVED	4,952,446	1,197,407	53,837	309	0	3,697	3,812,882
6	DEPRECIATION REPRESCRIPTION	0	11,331	0	0	0	0	(11,331)
7	STIPULATION	0	8,500	0	0	0	0	(8,500)
8	SUBTOTAL ANNUAL	4,952,446	1,217,238	53,837	309	0	3,697	3,793,051

FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT
 (REVISION B, 3/87)

Revised 2/14/89

(000)
 COMPANY Southern Bell
 OPERATIONS 12-MONTHS ENDED December 31, 1987
 ADJUSTED ACHIEVED CAPITAL STRUCTURE

PAGE 5A OF 5

COST OF CAPITAL	(1) AMOUNT	(2) % OF TOTAL	COST RATE †			WEIGHTED COST RATE		
			(3) FLOOR	(4) MIDPOINT	(5) CEILING	(6) FLOOR	(7) MIDPOINT	(8) CEILING
1. SHORT TERM DEBT	\$73,330	1.92%		6.91%			0.13%	
2. LONG TERM DEBT	1,011,901	26.54%		8.85%			2.35%	
3. EQUITY	1,709,810	44.84%	14.00%	15.00%	16.00%	6.28%	6.73%	7.17%
4. PREFERRED STOCK	0	0.00%		0.00%			0.00%	
5. CUSTOMER DEPOSITS	31,155	0.82%		7.64%			0.06%	
6. COST FREE CAPITAL	788,800	20.69%		0.00%			0.00%	
7. J01C	197,886	5.19%	12.08%	12.71%	13.34%	0.63%	0.66%	0.69%
8. TOTAL CAPITAL (A)	\$3,812,882	100.00%				9.45%	9.93%	10.40%

† EQUITY COST RATE EQUALS LAST AUTHORIZED FLOOR, MIDPOINT AND CEILING

INTERNAL FUNDS

9. X INTERNAL FUNDS TO CONSTRUCTION EXPENDITURES AFTER DIVIDENDS (TOTAL COMPANY)	84.76%
10. TIMES INTEREST EARNED (INT+INTEREST+INC.TAX)/INTEREST (TOTAL COMPANY)	5.53
11. LONG TERM DEBT/CAPITAL (INTRASTATE)	36.43%
12. SHORT TERM DEBT/CAPITAL (INTRASTATE)	2.64%
13. JURIS AVG PER BOOKS RETURN ON EQUITY (INTRASTATE) (B)	15.42% †
14. JURIS AVG ADJ ACHIEVED RETURN ON EQUITY (INTRASTATE) (R)	15.19% †
15. JURIS AVG ADJ ANNUAL RETURN ON EQUITY (INTRASTATE) (B)	13.39%

(A) CAPITAL STRUCTURE SHOULD BE RECONCILED TO RATE BASE IN ACCORDANCE WITH THE COMMISSION ORDER RENDERED IN THE COMPANY'S LAST RATE CASE.

(B) JURISDICTIONAL EARNED RETURNS ON EQUITY ARE CALCULATED BY USING THE OVERALL EARNED RATES OF RETURN ON LINES 22 THRU 24, COLUMN 3, PAGE 2 OF 5 AND APPLYING THIS TO LINE 8, COLUMN 7, PAGE 5 OF 5. FROM THERE CALCULATE THE WEIGHTED COST OF EQUITY (COLUMN 7) AND COST OF EQUITY (COLUMN 4) ACCORDINGLY FOR JURIS AVG PER BOOKS, JURIS AVG ADJ ACHIEVED AND JURIS AVG ADJ ANNUAL.

† THIS REPORT INCLUDES THE EFFECT OF AN ACCRUAL OF \$ 19,000,000 FOR EARNINGS OVER 15% RETURN ON EQUITY.

Raia Exhibit No.
 Appendix 1
 Florida Docket No. 920260-TL
 Page 84 of 119

FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT
 (REVISION B, 3/87)

Revised 2/14/89

COMPANY Southern Bell
 OPERATIONS 12-MONTHS ENDED December 31, 1987

(000)
 ADJUSTED ANNUAL CAPITAL STRUCTURE

PAGE 58 OF 5

COST OF CAPITAL	(1) AMOUNT	(2) % OF TOTAL	COST RATE †			WEIGHTED COST RATE		
			(3) FLOOR	(4) MIDPOINT	(5) CEILING	(6) FLOOR	(7) MIDPOINT	(8) CEILING
1. SHORT TERM DEBT	\$72,949	1.92%		6.91%			0.13%	
2. LONG TERM DEBT	1,006,638	26.54%		8.85%			2.35%	
3. EQUITY	1,700,917	44.84%	14.00%	15.00%	16.00%	6.28%	6.73%	7.17%
4. PREFERRED STOCK	0	0.00%		0.00%			0.00%	
5. CUSTOMER DEPOSITS	30,993	0.82%		7.64%			0.06%	
6. COST FREE CAPITAL	784,698	20.69%		0.00%			0.00%	
7. JDIC	196,856	5.19%	12.08%	12.71%	13.34%	0.63%	0.66%	0.69%
8. TOTAL CAPITAL (A)	\$3,793,051	100.00%				9.45%	9.93%	10.40%

† EQUITY COST RATE EQUALS LAST AUTHORIZED FLOOR, MIDPOINT AND CEILING

INTERNAL FUNDS

9. % INTERNAL FUNDS TO CONSTRUCTION EXPENDITURES AFTER DIVIDENDS (TOTAL COMPANY)	84.76%
10. TIMES INTEREST EARNED (NI+INTEREST+INC.TAX)/INTEREST (TOTAL COMPANY)	5.53
11. LONG TERM DEBT/CAPITAL (INTRASTATE)	36.43%
12. SHORT TERM DEBT/CAPITAL (INTRASTATE)	2.64%
13. JURIS AVG PER BOOKS RETURN ON EQUITY (INTRASTATE) (B)	15.42%
14. JURIS AVG ADJ ACHIEVED RETURN ON EQUITY (INTRASTATE) (B)	15.19%
15. JURIS AVG ADJ ANNUAL RETURN ON EQUITY (INTRASTATE) (B)	13.39%

(A) CAPITAL STRUCTURE SHOULD BE RECONCILED TO RATE BASE IN ACCORDANCE WITH THE COMMISSION ORDER RENDERED IN THE COMPANY'S LAST RATE CASE.

(B) JURISDICTIONAL EARNED RETURNS ON EQUITY ARE CALCULATED BY USING THE OVERALL EARNED RATES OF RETURN ON LINES 22 THRU 24, COLUMN 3, PAGE 2 OF 5 AND APPLYING THIS TO LINE 8, COLUMN 7, PAGE 5 OF 5. FROM THERE CALCULATE THE WEIGHTED COST OF EQUITY (COLUMN 7) AND COST OF EQUITY (COLUMN 4) ACCORDINGLY FOR JURIS AVG PER BOOKS, JURIS AVG ADJ ACHIEVED AND JURIS AVG ADJ ANNUAL.

REVISED 2/14/89

SOUTHERN BELL - FLORIDA OPERATIONS
 CALCULATION OF ANNUAL IDC RATE - DECEMBER 31, 1987 DATA

Cost of Capital(000)

	Amount	% of Total	Cost Rate	Weighted Cost
	-----	-----	-----	-----
1. Long Term Debt	\$1,006,638	26.54%	8.85%	2.35%
2. Short Term Debt	72,949	1.92%	6.91%	0.13
3. Equity	1,700,917	44.84%	15.00%	6.73
4. Customer Deposits	30,993	0.82%	7.64%	0.06
5. Cost Free Capital	784,698	20.69%	0.00%	0.00
6. Job Dev. Inv. Credit	196,856	5.19%	12.71%	0.66
	-----	-----		-----
7. Total Capital	\$3,793,051	100.00%		9.93%

Cost of JDIC

Long Term Debt	\$1,006,638	37.18%	8.85%	3.29%
Equity	1,700,917	62.82%	15.00%	9.42
	-----			-----
Total	\$2,707,555			12.71%

Annual Percentage Rate Currently Used by Southern Bell 10.24%

Annual Rate per Calculation 12/31/87 9.93%

REVISED 2/14/89

SOUTHERN BELL - FLORIDA OPERATIONS
CALCULATION OF ADJUSTED CAPITAL STRUCTURE
(\$000)

Capital Structure

	Unadjusted Amount	Reconciling Adjustment	Adjusted Capital Structure
1. Long Term Debt	\$1,028,011	(\$21,373)	\$1,006,638
2. Short Term Debt	74,498	(1,549)	72,949
3. Equity	1,737,031	(36,114)	1,700,917
4. Customer Deposits	31,651	(658)	30,993
5. Cost Free Capital	901,358	(16,660)	784,698
6. Job Dev. Inv. Credit	201,036	(4,180)	196,856
7. Total	\$3,873,585	(\$80,534)	\$3,793,051

Average Rate Base per Books	\$3,772,364
Accounting Adjustments	20,687
Average Adjusted Rate Base	3,793,051

FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

Appendix A

LOCAL EXCHANGE COMPANY Southern Bell
 OPERATIONS 12 MONTHS ENDING December 31, 1986

Page 1 of 5

In 1986's Description	(283)	Inter- Toll	(487)	(586)	Intratoll		Local
	Total Company		Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CUSTOMER BILLING							
ACCESS CHARGES							
1. End User Charges	103,784	103,784	0	0	0	0	0
2. Capacity Charges (a)	82,658	2,036	80,622	80,622	80,622	0	0
3. NOJ Charges to IXC's (b)	583,428	428,510	154,918	154,918	154,918	0	0
4. Special Access Charges (c)	101,619	78,357	23,262	23,262	23,262	0	0
5. Other (d)	3,138	3,138	0	0	0	0	0
6. Total Access Charges (1 thru 5)	874,627	615,825	258,802	258,802	258,802	0	0
OTHER CHARGES TO IXC's							
7. Operator Services (O.A.)	16,407	14,746	1,661	1,661	1,661	0	0
8. Billing and Collecting	40,699	30,990	9,709	9,709	9,709	0	0
9. Interexchange Lease	8,496	0	8,496	0	0	0	8,496
10. Total Other Charges (7 thru 9)	65,602	45,736	19,866	11,370	11,370	0	8,496
CUSTOMER CHARGES							
11. NTS	225,856	249	225,607	225,607	0	225,607	0
12. WATS	53,783	43	53,740	53,740	0	53,740	0
13. Private Line	67,872	24	67,848	67,848	0	67,848	0
14. Local Exchange	1,115,034	(1)	1,115,035	0	0	0	1,115,035
15. Miscellaneous	179,723	0	179,723	0	0	0	179,723
16. Total Customer Charges (11 thru 15)	1,642,268	315	1,641,953	347,195	0	347,195	1,294,758
17. Total Billing (6+(0+16))	2,582,497	661,876	1,920,621	617,367	270,172	347,195	1,303,254

Note: The amounts on this schedule reflect actual billing to IXC's on a composite basis. However, LEC's are expected to maintain individual side records by IXC in the same level of detail found on this schedule.

(a) Busy hour minute of capacity charge.

(b) Includes local switching, local transport, line termination and carrier common line.

(c) For intrastate, interterritory station terminals; for interstate, would include all special access line charges.

(d) Includes testing, ordering, labor, etc.

(e) Customer charges include only charges for LEC-provided toll; does not include toll monies turned over to IXC's.

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS STATEMENT REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDING December 31, 1986

Page 2 of 3

In \$000's Description	(263)	(467)	(566)	Intratoll		Local	
	Total Company	Inter- Toll	Total Intra- State	Inter- Toll	Inter- Territory		Intra- Territory
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
BOOKED REVENUES							
1. Access Charges (a)	\$1,109,928	\$850,009	\$259,919	259,919	\$259,919	\$0	\$0
2. Intra Territory Toll	324,942	0	324,942	324,942	0	324,942	0
3. Interexchange Lease	8,496	0	8,496	0	0	0	8,496
4. Gross Revenue (b)	1,294,181	(113)	1,294,294	0	0	0	1,294,294
5. Uncollectibles	16,042	1,851	14,191	2,441	0	2,441	11,750
6. Net Booked Revenue (1 thru 5)	\$2,721,505	\$848,045	\$1,873,460	\$582,420	259,919	322,301	1,291,040
OPERATING EXPENSE							
7. Maintenance	\$543,275	\$185,862	\$357,413	\$113,854	\$52,913	\$60,941	\$243,559
8. Depreciation & Amortization	474,433	164,308	310,125	100,921	46,461	54,460	209,204
9. Traffic Expense	77,342	8,714	68,628	19,552	4,574	14,978	49,076
10. Commercial Expense	212,307	46,095	166,212	55,213	20,171	35,042	110,999
11. General	214,496	67,134	147,362	49,101	22,523	26,578	98,261
12. Other Operating	186,777	50,282	136,495	40,673	18,803	29,870	87,822
13. Total Operating Expense (7 thru 12)	1,708,630	522,395	1,186,235	387,314	165,445	221,869	798,921
14. X Distribution	100%	30.57%	69.43%	22.67%	9.68%	12.99%	46.76%
OPERATING TAXES							
15. Federal Income Taxes	\$276,501	\$89,689	186,812	\$60,949	\$31,032	\$29,917	\$125,863
16. State Income Tax	39,175	14,133	25,042	7,887	3,794	4,093	17,155
17. Other Taxes	161,267	41,517	119,750	31,893	12,184	19,709	87,857
18. Total Operating Taxes (15 thru 17)	476,943	145,339	331,604	100,729	47,010	53,719	230,875
19. X Distribution	100%	30.47%	69.53%	21.12%	9.86%	11.26%	48.41%
NET OPERATING INCOME							
20. Per Book NOI (6-13-18)	535,952	180,311	355,621	94,377	47,464	46,913	261,244
21. NOI Effect of Adjustments	17,107	12,724	4,383	8,476	4,428	4,048	(4,093)
22. Adjusted NOI	\$553,059	\$193,035	\$360,004	\$102,853	\$51,892	\$50,961	\$257,151

(a) Amounts on this line should include all major access charge elements and other charges such as those defined on lines 1 through 8 of page 1 of 5 of this report that are part of the "access charge pool".

(b) Amounts on this line should include all "above the line-regulated" booked revenues not included on lines 1 through 3 of this page

GENERAL NOTE:

Data concerning directory operations includes only amounts on Southern Bell's books.

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS STATEMENT REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS FOR THE MONTH ENDED December, 1986

Page 2a of 3

In \$000's Description	(283)	Inter- Toll	(487)	(586)	Intrastate		Local
	Total Company		Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
BOOKED REVENUES							
1. End User Charges	\$10,258	\$10,258	\$0	0	\$0	\$0	\$0
2. Capacity Charges (a)	6,181	78	6,103	6,103	6,103	0	0
3. MOU Charges to IXCs	58,499	45,508	12,991	12,991	12,991	0	0
4. Special Access Charges	10,533	8,593	1,940	1,940	1,940	0	0
5. Other Access Charges	5,757	6,008	(251)	(251)	(251)	0	0
6. Intra Territory Toll	32,871	0	32,871	32,871	0	32,871	0
7. Interexchange Lease	553	0	553	0	0	0	553
8. Coin	7,020	(4)	7,024	1,433	0	1,433	5,591
9. DA	2,798	1,251	1,547	(369)	(721)	352	1,916
10. Other	3,437	2,638	799	799	799	0	0
11. Gross Revenue (b)	104,907	(219)	105,126	0	0	0	105,126
12. Uncollectibles	1,443	129	1,314	179	0	179	1,135
13. Net Booked Revenue (11 thru 12)	241,371	73,982	167,389	55,338	20,861	34,477	112,051
OPERATING EXPENSE							
14. Maintenance	\$51,537	\$17,248	\$34,289	\$10,872	\$4,916	\$5,956	\$23,417
15. Depreciation & Amortization	57,955	14,233	43,722	14,477	6,588	7,889	29,245
16. Traffic Expense	7,212	884	6,328	1,637	440	1,197	4,691
17. Commercial Expense	20,171	4,393	15,778	4,690	1,682	3,008	11,088
18. General	21,071	6,465	14,606	4,743	2,086	2,657	9,863
19. Other Operating	22,652	6,875	15,777	5,537	2,462	3,075	10,240
20. Total Operating Expense (14 thru 19)	180,598	50,098	130,500	41,956	18,174	23,782	88,544
21. % Distribution	100%	27.74%	72.26%	23.23%	10.86%	13.17%	49.03%
OPERATING TAXES							
22. Federal Income Taxes	\$11,557	\$5,627	\$5,930	\$11,549	\$4,362	\$7,187	\$83,619
23. State Income Tax	2,244	939	1,305	\$951	322	629	354
24. Other Taxes	13,747	3,349	10,398	\$2,702	961	1,741	7,696
25. Total Operating Taxes (22 thru 24)	27,548	9,915	17,633	15,202	5,645	9,557	2,431
26. % Distribution	100%	35.99%	64.01%	55.18%	20.49%	34.69%	8.82%
NET OPERATING INCOME							
27. Per Book NOI (13-20-25)	33,225	13,969	19,256	(1,820)	(2,958)	1,138	21,076
28. NOI Effect of Adjustments	0	0	0	0	0	0	0
29. Adjusted NOI (27+28)	\$33,225	\$13,969	\$19,256	(\$1,820)	(\$2,958)	\$1,138	\$21,076

(a) Amounts on this line should include all major access charge elements and other charges such as those defined on lines 1 through 8 of page 1 of 5 of this report that are part of the "access charge pool".

(b) Amounts on this line should include all "above the line-regulated" booked revenues not included on lines 1 through 3 of this page

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Appendix 1
Florida Docket No. 920260-TL
Page 90 of 119

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDING December 31, 1986

Page 3 of 5

In 8000's Description	(263)	(467)	(566)	* Intratoll		Local	
	Total Company	Inter- Toll	Total Intra- State	Intra- Toll	Inter- Territory		Intra- Territory
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
RATE BASE AVERAGE							
1. Land and Buildings	\$601,566	\$163,896	\$437,670	\$134,096	\$55,019	\$79,077	\$303,574
2. C.O.E.	1,949,678	357,232	1,592,446	512,412	199,843	313,569	879,034
3. Station Equipment	546,501	251,023	295,478	103,919	59,264	44,655	191,559
4. Outside Plant	3,307,163	1,169,914	2,137,249	510,001	290,239	219,762	1,427,248
5. Other Investment	380,593	116,262	264,331	74,921	34,337	40,584	189,410
6. Plant in Service(L1 thru L5)	6,785,501	2,258,327	4,527,174	1,336,349	638,702	697,647	3,190,825
7. Accumulated Depreciation	1,427,490	517,754	909,736	273,627	131,075	142,552	636,109
8. Net Plant (L6-L7)	5,358,011	1,740,573	3,617,438	1,062,722	507,627	555,095	2,554,716
9. Plant Under Construction (no IDC)	64,577	17,999	46,578	12,265	5,447	6,818	34,313
10. Future Use Property	619	181	438	132	58	74	306
11. Acquisition Adjustments	0	0	0	0	0	0	0
12. Material and Supplies	52,947	18,741	34,206	8,180	4,642	3,538	26,026
13. Cash Working Capital	30,687	9,320	21,367	6,132	2,957	3,175	15,235
14. Average Rate Base(L8 thru L13)	\$5,506,841	\$1,786,814	\$3,720,027	\$1,089,431	\$520,731	\$568,700	\$2,630,596
15. % Distribution	100%	32.45%	67.55%	19.78%	9.46%	10.33%	47.77%
ADJUSTMENTS TO RATE BASE AVERAGE							
16. Accounting Adjustments	35,677	(20,905)	56,582	38,350	11,864	26,486	18,232
17. Adjusted Rate Base(L14+L16)	\$5,542,518	\$1,765,909	\$3,776,609	\$1,127,781	\$532,595	\$595,186	\$2,648,828
YEAR END RATE BASE							
18. Achieved Year End Rate Base			3,778,751				
19. Accounting Adjustments			57,614				
20. Adjusted Year End Rate Base			3,836,365				
RATES OF RETURN							
21. Achieved Average Rate Base (L20 (pg 2 of 5)/L14)	9.73%	10.09%	9.56%	8.66%	9.11%	8.25%	9.93%
22. Adjusted Average Rate Base (L22 (pg 2 of 5)/L17)	9.98% #	10.93% #	9.53% **	9.12%	9.74%	8.56%	9.71%
23. Adjusted Year End Rate Base (L22 (pg 2 of 5)/L20)			9.38%				

* All intra data is on a seven day usage basis to be consistent with Independent Company settlements calculations.

GENERAL NOTE:

Data concerning directory operations includes only amounts on Southern Bell's books.

Since this interstate toll rate of return includes only the effect of Pro forma adjustments made for Florida it is not representative of the going rate of return on a nation wide basis.

** The change in ROR is due to \$20 mil. in additional depreciation expense booked in December, 1986 per the stipulation agreed upon by Southern Bell and the FPSC.

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FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDING December 31, 1986

Page 4a of 5

In \$000's Description	(263)	Inter- Toll	(467)	(586)	Intratoll		Local
	Total Company		Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Yellow Page profits *	(\$17,286)	80	(\$17,286)	80	80	80	(\$17,286)
2. Out of Period Adjustments	(589)	0	(589)	(589)	(1,557)	968	0
3. Gains on Sales of Property	1,506	428	1,078	0	0	0	1,078
4. Inc. Rel. to Teap. Cash Inv.	1,384	459	925	0	0	0	925
5. Billing Inquiry	(1,135)	(4,000)	2,865	923	(591)	1,514	1,942
6. Sep Change For Closed End Mats	0	(1,855)	1,855	(1,051)	(1,489)	438	2,906
7. Intra-EA Expense Recovery	4,554	0	4,554	0	0	0	4,554
8. Interest Reconciliation	(4,273)	0	(4,273)	(1,226)	(591)	(635)	(3,047)
9. Interest Imputation	8,061	0	8,061	2,314	1,116	1,190	5,747
10. ENFIA	0	(2,217)	2,217	0	0	0	2,217
11. Independent Co. Sett. Effect	(1,305)	0	(1,305)	(1,305)	0	(1,305)	0
12. Lobbying Expense	(223)	(70)	(153)	(51)	(23)	(28)	(102)
13. Corporate Advertising	(293)	(94)	(199)	(81)	(36)	(45)	(118)
14. Abandoned Projects	1,693	290	1,403	263	82	181	1,140
15. Employee Level Adjustment	(5,223)	(1,376)	(3,847)	(1,145)	(483)	(662)	(2,702)
16. Casualty Expense	216	74	142	45	21	24	97
17. Miscellaneous Out-of-Period	(11,906)	(2,324)	(9,582)	(3,301)	(1,923)	(1,378)	(6,281)
18. Telephone Franchise Req.	(106)	(36)	(70)	(22)	(10)	(12)	(48)
19. Phase Down of SPF	0	(14,375)	14,375	0	0	0	14,375
20. High Cost Universal Svc. Fund	0	5,225	(5,225)	0	0	0	(5,225)
21. Removal of CPE Coop from Ind's	15,975	0	15,975	15,975	8,640	7,335	0
22. Additional CPE Phase Out	0	(9,168)	9,168	3,646	2,153	1,493	5,522
23. Late Payment Charge	6,939	0	6,939	0	0	0	6,939
24. Total Adjustments	(2,011)	(29,039)	27,028	14,395	5,309	9,086	12,633
25. NOI Effect	17,107	12,724	4,383	8,476	4,428	4,048	(4,093)

The above amounts shall be those adjustments necessary to reflect Commission policy enumerated in the Company's most recent rate case in accordance with S. 366.071, F.S., Interim rates; procedures.

*Amounts shown on this line represent the "excess yellow page profit" as defined in S. 364.037, F.S. In determining this amount, use an annual average Consumer Price Index (CPI), for urban wage earners and clerical workers as published by the Department of Labor. Also, use average access line growth rate for this calculation.

All intra toll data is on a seven day usage basis to be consistent with Independent Company settlements calculations.

GENERAL NOTE:

Data concerning directory operations includes only amounts on Southern Bell's books.

Pro forma are not necessary for contributions and membership fees and dues because these amounts have been excluded from operating expenses on a per books basis.

FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
 OPERATIONS 12-MONTHS ENDING December 31, 1986

Page 4b of 5

In \$000's Description	(263)	Inter- Toll	(487)	(586)	Intratoll		Local
	Total Company		Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Excess Plug-in Units	(817,162)	(184,905)	(612,257)	(84,519)	(81,759)	(82,760)	(87,738)
2. Billing Inquiry	0	(1,356)	1,356	697	(200)	897	659
3. Out of Period Amounts	(5,765)	(4,733)	(1,032)	18,687	1,416	17,271	(19,719)
4. Additional CPE Phase Out	0	(29,143)	29,143	11,589	6,844	4,745	17,554
5. WECCO Tax Credits	58,604	19,232	39,372	11,896	5,563	6,333	27,476
6. Total Rate Base Adjustments	35,677	(20,905)	56,582	38,350	11,864	26,486	18,232

The above amounts shall be those adjustments necessary to reflect Commission policy enumerated in the Company's most recent rate case in accordance with S. 366.071, F.S., Interio rates; procedures.

All intra toll data is on a seven day usage basis to be consistent with Independent Company settlements calculations.

GENERAL NOTE:

Data concerning directory operations includes only amounts on Southern Bell's books.

FLORIDA PUBLIC SERVICE COMMISSION
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LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDING December 31, 1986

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(000's)	Amount	% of Total	Cost Rate	Weighted Cost Rate
COST OF CAPITAL (a)	(1)	(2)	(3)	(4)
1. Long Term Debt	\$1,033,577	27.37%	9.12%	2.50%
2. Short Term Debt	87,123	2.31%	6.96%	0.16%
3. Equity	1,661,211	43.99%	15.00%	6.60%
4. Customer Deposits	32,544	0.86%	7.58%	0.07%
5. Cost Free Capital	731,839	19.37%	--	--
6. Job Dev. Inv. Cr.	230,315	6.10%	12.75%	0.78%
7. Total Capital	\$3,776,609	100%		10.11%

Equity cost rate equals last authorized midpoint.

FLORIDA OPERATIONS
TOTAL COMPANY

INTERNAL FUNDS

7. Net Income (less IDC)	\$ 377,083,857
8. Depreciation	474,432,950
9. Current Deferred Taxes	106,740,725
10. Current ITC	(114,272,897)
11. Other	429,023
12. Subtotal	944,413,658
13. Construction Expenditures (b)	471,610,994
14. % Internal Funds	140.62%
15. Appropriated dividends	-----
16. % Internal Funds after dividends ((12-15)/13)	140.62%
17. Times Interest Earned	5.31

((Net Income + Interest + Income Taxes)/Interest)
Also, show overall weighted cost rate on investment at last authorized equity floor 9.63%
and last authorized equity maximum 10.59%

The per cent of long term debt to total investor capital (total capital excluding customer deposits, deferred taxes and unamortized investment tax credits) is 37.37%

The per cent of short term debt to total investor capital (total capital excluding customer deposits, deferred taxes and unamortized investment tax credits) is 3.15%

The Jurisdictional Adjusted Average Return on Equity is (c) 13.79% ⁸

- (a) Capital Structure should be reconciled to rate base in accordance with the Commission Order rendered in the Company's last rate case.
(b) Construction expenditures to be calculated in the same manner as "Total applications to Const. and Plant Exp." per Annual report Form N, Schedule 12D (Source and Application of Funds).
(c) Jurisdictional average per books earned return on equity is calculated by using the overall earned rate of return on line 22, column 3, page 3 of 5 and applying this to line 7, column 4 page 5 of 5. From there calculate the weighted cost of equity (Column 4) and cost of equity (Column 3) accordingly.

GENERAL NOTE:

- Data concerning directory operations includes only amounts on Southern Bell's books.
8 The change in ROE is due to \$20 mil. in additional depreciation expense booked in December, 1986 per the stipulation agreed upon by Southern Bell and the FPSC.

PROFORMA WORKSHEET

LOCAL EXCHANGE COMPANY: Southern Bell Telephone & Telegraph Co.
 OPERATIONS 12-MONTHS ENDING: December 31, 1986

Page 1 of 4

	Total Company	Interstate	Total Intrastate	Total Intra-Toll	Intra-Toll		Local
					Inter- Territory	Intra- Territory	
1. A. Yellow Page Profits	(17,286)	0	(17,286)	0	0	0	(17,286)
NDI .5103	(8,821)	0	(8,821)	0	0	0	(8,821)
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NDI	(8,821)	0	(8,821)	0	0	0	(8,821)
2. A. Out-of-Period Adjustments	(589)	0	(589)	(589)	(1,557)	968	0
NDI .5034510	(297)	0	(297)	(297)	(784)	487	0
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NDI	(297)	0	(297)	(297)	(784)	487	0
3. A. Gains on Sales of Property	1,506	428	1,078	0	0	0	1,078
NDI .4994091	752	214	538	0	0	0	538
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NDI	752	214	538	0	0	0	538
4. A. Income Related to Temp. Cash Inv.	1,384	459	925	0	0	0	925
NDI .4994091	691	229	462	0	0	0	462
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NDI	691	229	462	0	0	0	462
5. A. Billing Inquiry	(1,135)	(4,000)	2,865	923	(591)	1,514	1,942
NDI	571	2,041	(1,470)	(479)	301	(780)	(991)
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NDI	571	2,041	(1,470)	(479)	301	(780)	(991)
6. A. Separations Change for Closed End Mats Eff. 6/86	0	(1,855)	1,855	(1,051)	(1,489)	438	2,906
NDI .5034510	0	(934)	934	(529)	(750)	221	1,463
B. Ind. Co. Settlements	174	0	174	174	0	174	0
Ind. Co. NDI	(88)	0	(88)	(88)	0	(88)	0
C. Total NDI	(88)	(934)	846	(617)	(750)	133	1,463
7. A. Intra-EA Expense Recovery	4,554	0	4,554	0	0	0	4,554
NDI .5103	(2,324)	0	(2,324)	0	0	0	(2,324)
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NDI	(2,324)	0	(2,324)	0	0	0	(2,324)

Reid Exhibit No.
 Appendix 1
 Florida Docket No. 920260-JL
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PROFORMA WORKSHEET

LOCAL EXCHANGE COMPANY: Southern Bell Telephone & Telegraph Co.
 OPERATIONS 12-MONTHS ENDING: December 31, 1986

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	Total Company	Interstate	Total Intrastate	Total Intra-Toll	Intra-Toll		Local
					Inter- Territory	Intra- Territory	
8. A. Interest Reconciliation	(4,273)	0	(4,273)	(1,226)	(591)	(635)	(3,047)
NOI .4897	(2,092)	0	(2,092)	(600)	(289)	(311)	(1,492)
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NOI	(2,092)	0	(2,092)	(600)	(289)	(311)	(1,492)
9. A. Interest Imputation	8,061	0	8,061	2,314	1,116	1,198	5,747
NOI .4897	3,947	0	3,947	1,134	547	587	2,813
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NOI	3,947	0	3,947	1,134	547	587	2,813
10. A. ENFIA	0	(2,217)	2,217	0	0	0	2,217
NOI .5034510	0	(1,116)	1,116	0	0	0	1,116
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NOI	0	(1,116)	1,116	0	0	0	1,116
11. A. Lobbying Expense	(223)	(70)	(153)	(51)	(23)	(28)	(102)
NOI .5103	114	36	78	26	12	14	52
B. Ind. Co. Settlements	11	0	11	11	0	11	0
Ind. Co. NOI	(6)	0	(6)	(6)	0	(6)	0
C. Total NOI	108	36	72	20	12	8	52
12. A. Corporate Advertising	(293)	(94)	(199)	(81)	(36)	(45)	(118)
NOI .5103	149	48	101	41	18	23	60
B. Ind. Co. Settlements	18	0	18	18	0	18	0
Ind. Co. NOI	(9)	0	(9)	(9)	0	(9)	0
C. Total NOI	140	48	92	32	18	14	60
13. A. Abandoned Projects	1,693	290	1,403	263	82	181	1,140
NOI .5103	(864)	(148)	(716)	(134)	(42)	(92)	(582)
B. Ind. Co. Settlements	(72)	0	(72)	(72)	0	(72)	0
Ind. Co. NOI	36	0	36	36	0	36	0
C. Total NOI	(828)	(148)	(680)	(98)	(42)	(56)	(582)
14. A. Employee Level Adjustment	(5,223)	(1,376)	(3,847)	(1,145)	(483)	(662)	(2,702)
NOI .5103	2,665	702	1,963	584	246	338	1,379
B. Ind. Co. Settlements	264	0	264	264	0	264	0
Ind. Co. NOI	(133)	0	(133)	(133)	0	(133)	0
C. Total NOI	2,532	702	1,830	451	246	205	1,379

PROFORMA WORKSHEET

LOCAL EXCHANGE COMPANY: Southern Bell Telephone & Telegraph Co.
 OPERATIONS 12-MONTHS ENDING: December 31, 1986

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	Total Company	Interstate	Total Intrastate	Total Intra-Toll	Intra-Toll		Local
					Inter- Territory	Intra- Territory	
15. A. Casualty Expense	216	74	142	45	21	24	97
NDI .5103	(110)	(38)	(72)	(23)	(11)	(12)	(49)
B. Ind. Co. Settlements	(10)	0	(10)	(10)	0	(10)	0
Ind. Co. NDI	5	0	5	5	0	5	0
C. Total NDI	(105)	(38)	(67)	(10)	(11)	(7)	(49)
16. A. Miscellaneous Out-of-Period	(11,906)	(2,324)	(9,582)	(3,301)	(1,923)	(1,378)	(6,281)
NDI	11,906	2,324	9,582	3,301	1,923	1,378	6,281
B. Ind. Co. Settlements	915	0	915	915	0	915	0
Ind. Co. NDI	(544)	0	(544)	(544)	0	(544)	0
C. Total NDI	11,362	2,324	9,038	2,757	1,923	834	6,281
17. A. Telephone Franchise Req.	(106)	(36)	(70)	(22)	(10)	(12)	(48)
NDI .5103	54	18	36	11	5	6	25
B. Ind. Co. Settlements	5	0	5	5	0	5	0
Ind. Co. NDI	(3)	0	(3)	(3)	0	(3)	0
C. Total NDI	51	18	33	8	5	3	25
18. A. Phase Down of SPF	0	(14,375)	14,375	0	0	0	14,375
NDI .5103	0	7,336	(7,336)	0	0	0	(7,336)
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NDI	0	7,336	(7,336)	0	0	0	(7,336)
19. A. High Cost Universal Service Fund	0	5,225	(5,225)	0	0	0	(5,225)
NDI .5103	0	(2,666)	2,666	0	0	0	2,666
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NDI	0	(2,666)	2,666	0	0	0	2,666
20. A. Removal of CPE Compensation From Independents	15,975	0	15,975	15,975	8,640	7,335	0
NDI .5034510	8,043	0	8,043	8,043	4,350	3,693	0
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NDI	8,043	0	8,043	8,043	4,350	3,693	0

PROFORMA WORKSHEET

LOCAL EXCHANGE COMPANY: Southern Bell Telephone & Telegraph Co.
 OPERATIONS 12-MONTHS ENDING: December 31, 1986

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	Total Company	Interstate	Total Intrastate	Total Intra-Toll	Intra-Toll		Local
					Inter- Territory	Intra- Territory	
21. A. Additional CPE Phase Out	0	(9,168)	9,168	3,646	2,153	1,493	5,522
NDI .5013	0	4,678	(4,678)	(1,860)	(1,098)	(762)	(2,818)
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NDI	0	4,678	(4,678)	(1,860)	(1,098)	(762)	(2,818)
22. A. Late Payment Charge	6,939	0	6,939	0	0	0	6,939
NDI .4994091	3,465	0	3,465	0	0	0	3,465
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NDI	3,465	0	3,465	0	0	0	3,465
23. A. Ind. Co. Settlement Effect	1,305	0	1,305	1,305	0	1,305	0
Ind. Co. NDI	(742)	0	(742)	(742)	0	(742)	0
B. Total NDI							
NDI effect is included in each pro-forma.							
24. Total NDI	17,107	12,724	4,383	8,476	4,428	4,048	(4,093)

Reid Exhibit No.
 Appendix 1
 Florida Docket No. 920260-TL
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SOUTHERN BELL - FLORIDA OPERATIONS
 CALCULATION OF ANNUAL IDC RATE - DECEMBER 31, 1986 DATA

Cost of Capital

	<u>Amount</u>	<u>% of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
1. Long Term Debt	1,033,577	27.37%	9.12%	2.50%
2. Short Term Debt	87,123	2.31	6.96	.16
3. Equity	1,661,211	43.99	15.00	6.60
4. Customer Deposits	32,544	.86	7.58	.07
5. Cost Free Capital	731,839	19.37	-	-
6. Job Dev. Inv. Credit	<u>230,315</u>	<u>6.10</u>	12.75	<u>.78</u>
7. Total Capital	3,776,609	100.00		10.11%

Cost of JDIC

Long Term Debt	1,033,577	38.35%	9.12%	3.50%
Equity	<u>1,661,211</u>	61.65	15.00	<u>9.25</u>
Total	2,694,788			12.75%

Annual Percentage Rate Currently Used by Southern Bell 10.24%

Annual Rate per Calculation 12/31/86 10.11%

SOUTHERN BELL - FLORIDA OPERATIONS
CALCULATION OF ADJUSTED CAPITAL STRUCTURE
(\$000)

Capital Structure

	<u>Unadjusted Amount</u>	<u>Reconciling Adjustment</u>	<u>Adjusted Capital Structure</u>
1. Long Term Debt	\$1,044,128	(10,551)	1,033,577
2. Short Term Debt	88,012	(889)	87,123
3. Equity	1,678,160	(16,949)	1,661,211
4. Customer Deposits	32,871	(327)	32,544
5. Cost Free Capital	739,159	(7,320)	731,839
6. Job Dev. Inv. Credit	<u>232,655</u>	<u>(2,340)</u>	<u>230,315</u>
7. Total	\$3,814,985	(38,376)	3,776,609
Average Rate Base per Books		3,720,027	
Accounting Adjustments		56,582	
Average Adjusted Rate Base		3,776,609	

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

Appendix A

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12 MONTHS ENDING December 31, 1985

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In \$000's Description	(283)	Inter- Toll	(467)	(566)	Intratoll		Local
	Total Company		Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CUSTOMER BILLING							
ACCESS CHARGES							
1. End User Charges	64,193	64,194	(1)	(1)	(1)	0	0
2. Capacity Charges (a)	36,520	791	35,729	35,729	35,729	0	0
3. MOU Charges to IXC's (b)	706,000	533,987	172,013	172,013	172,013	0	0
4. Special Access Charges (c)	84,670	60,436	24,234	24,234	24,234	0	0
5. Other (d)	0	0	0	0	0	0	0
6. Total Access Charges (1 thru 5)	891,383	659,408	231,975	231,975	231,975	0	0
OTHER CHARGES TO IXC's							
7. Operator Services (D.A.)	13,174	7,360	5,814	5,814	5,814	0	0
8. Billing and Collecting	58,265	49,585	8,680	8,680	8,680	0	0
9. Interexchange Lease	11,325	0	11,325	0	0	0	11,325
10. Total Other Charges (7 thru 9)	82,764	56,945	25,819	14,494	14,494	0	11,325
CUSTOMER CHARGES							
11. NTS	206,517	219	206,298	206,298	0	206,298	0
12. WATS	46,712	32	46,680	46,680	0	46,680	0
13. Private Line	68,378	5,666	62,712	62,712	0	62,712	0
14. Local Exchange	1,031,280	7	1,031,273	0	0	0	1,031,273
15. Miscellaneous	165,071	0	165,071	0	0	0	165,071
16. Total Customer Charges (11 thru 15)	1,517,958	5,924	1,512,034	315,690	0	315,690	1,196,344
17. Total Billing (6+10+16)	2,492,105	722,277	1,769,820	562,159	246,469	315,690	1,207,669

Note: The amounts on this schedule reflect actual billing to IXC's on a composite basis. However, IEC's are expected to maintain individual side records by IXC in the same level of detail found on this schedule.

- (a) Busy hour minute of capacity charge.
- (b) Includes local switching, local transport, line termination and carrier common line.
- (c) For intrastate, interterritory station terminals; for interstate, would include all special access line charges.
- (d) Includes testing, ordering, labor, etc.
- (e) Customer charges include only charges for IEC-provided toll; does not include toll monies turned over to IXC's.

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDING December 31, 1985

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In \$000's Description	(2&3)	Inter- Toll	(4&7)	(5&6)	Intratoll		Local
	Total Company		Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
BOOKED REVENUES							
1. Access Charges (a)	\$1,072,766	\$826,336	\$246,430	246,430	\$246,430	\$0	\$0
2. Intra Territory Toll	517,572	0	317,572	317,572	0	317,572	0
3. Interexchange Lease	11,325	0	11,325	0	0	0	11,325
4. Gross Revenue (b)	1,202,683	5,740	1,196,943	0	0	0	1,196,943
5. Uncollectibles	16,744	1,563	15,181	2,540	0	2,540	12,641
6. Net Booked Revenue (1 thru 5)	\$2,587,602	\$830,513	\$1,757,089	\$561,462	246,430	315,032	1,195,627
OPERATING EXPENSE							
7. Maintenance	\$550,771	\$190,607	\$360,164	\$116,691	\$55,821	\$60,870	\$243,473
8. Depreciation & Amortization	401,492	152,167	249,325	81,455	38,635	42,820	167,870
9. Traffic Expense	70,640	8,039	62,601	16,742	4,285	12,457	45,859
10. Commercial Expense	196,220	55,746	140,482	45,547	15,767	29,780	94,935
11. General	187,573	58,255	129,318	41,071	18,789	22,282	88,247
12. Other Operating	208,326	47,754	160,572	53,625	18,010	35,615	106,947
13. Total Operating Expense (7 thru 12)	1,615,030	512,568	1,102,462	355,131	151,307	203,824	747,331
14. % Distribution	100%	31.74%	68.26%	21.99%	9.37%	12.62%	46.27%
OPERATING TAXES							
15. Federal Income Taxes	\$257,139	\$85,083	\$172,056	\$58,110	\$27,838	\$30,272	\$113,946
16. State Income Tax	37,006	12,997	24,009	9,745	3,515	6,230	14,264
17. Other Taxes	149,743	39,867	109,876	29,666	11,417	18,249	80,210
18. Total Operating Taxes (15 thru 17)	443,888	137,947	305,941	97,521	42,770	54,751	208,420
19. % Distribution	100%	31.08%	68.92%	21.97%	9.64%	12.33%	46.95%
NET OPERATING INCOME							
20. Per Book NOI (6-13-18)	528,684	179,990	348,686	108,810	52,353	56,457	239,876
21. NOI Effect of Adjustments	17,962	13,454	4,508	(725)	10,247	(10,972)	5,233
22. Adjusted NOI (20+21)	\$546,646	\$193,452	\$353,194	\$108,085	\$62,600	\$45,485	\$245,109

(a) Amounts on this line should include all major access charge elements and other charges such as those defined on lines 1 through 8 of page 1 of 5 of this report that are part of the "access charge pool".

(b) Amounts on this line should include all "above the line-regulated" booked revenues not included on lines 1 through 3 of this page

GENERAL NOTE:

Data concerning directory operations includes only amounts on Southern Bell's books.

Reid Exhibit No.
Appendix 1
Florida Docket No. 920260-TL
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FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS FOR THE MONTH ENDED December, 1985

Page 2a of 5

In \$000's Description	(263)		(487)	(566)	Intratoll		Local
	Total Company	Inter- Toll	Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
BOOKED REVENUES							
1. End User Charges	\$6,880	\$6,880	\$0	\$0	\$0	\$0	\$0
2. Capacity Charges (a)	401	(527)	928	928	928	0	0
3. MOU Charges to IXCs	62,006	44,272	17,734	17,734	17,734	0	0
4. Special Access Charges	5,271	4,279	992	992	992	0	0
5. Other Access Charges	6,332	6,389	(57)	(57)	(57)	0	0
6. Intra Territory Toll	24,582	0	24,582	24,582	0	24,582	0
7. Interexchange Lease	744	0	744	0	0	0	744
8. Coin	8,283	2	8,281	2,018	0	2,018	6,263
9. BA	3,459	1,117	2,342	619	267	352	1,723
10. Other	(10)	924	(934)	(934)	(934)	0	0
11. Gross Revenue (b)	95,524	(146)	95,670	0	0	0	95,670
12. Uncollectibles	(2,297)	141	(2,438)	(575)	0	(575)	(1,863)
13. Net Booked Revenue (L1 thru L12)	215,769	63,049	152,720	46,457	18,930	27,527	106,263
OPERATING EXPENSE							
14. Maintenance	\$51,709	\$18,463	\$33,246	\$12,305	\$5,644	\$6,461	\$21,141
15. Depreciation & Amortization	34,643	13,308	21,335	7,377	3,281	4,096	13,958
16. Traffic Expense	5,151	867	4,284	677	499	178	3,607
17. Commercial Expense	18,377	4,714	13,663	5,222	1,430	3,792	8,441
18. General	16,320	5,010	11,310	3,706	1,576	2,130	7,604
19. Other Operating	15,578	551	15,027	4,119	1,293	2,826	10,908
20. Total Operating Expense (14 thru 19)	141,778	42,913	98,865	33,206	13,723	19,483	65,659
21. % Distribution	100%	30.2%	69.7%	23.4%	9.6%	13.7%	46.3%
OPERATING TAXES							
22. Federal Income Taxes	\$17,305	\$3,769	\$13,536	\$2,909	\$1,037	\$1,872	\$10,627
23. State Income Tax	1,872	315	1,557	389	119	270	1,168
24. Other Taxes	12,603	2,877	9,726	2,296	825	1,471	7,430
25. Total Operating Taxes (22 thru 24)	31,780	6,961	24,819	5,594	1,981	3,613	19,225
26. % Distribution	100%	21.9%	78.1%	17.6%	6.2%	11.3%	60.4%
NET OPERATING INCOME							
27. Per Book NOI (13-20-25)	42,211	13,175	29,036	7,657	3,226	4,431	21,379
28. NOI Effect of Adjustments	0	0	0	0	0	0	0
29. Adjusted NOI (27+28)	\$42,211	\$13,175	\$29,036	\$7,657	\$3,226	\$4,431	\$21,379

(a) Amounts on this line should include all major access charge elements and other charges such as those defined on lines 1 through 8 of page 1 of 5 of this report that are part of the "access charge pool".

(b) Amounts on this line should include all "above the line-regulated" booked revenues not included on lines 1 through 3 of this page

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDING December 31, 1985

Page 3 of 5

In \$000's Description	(2&3)	Inter- Toll	(4&7)	(5&6)	* Intratoll		Local
	Total Company		Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
RATE BASE AVERAGE							
1. Land and Buildings	\$591,231	\$162,001	\$429,230	\$125,585	\$53,906	\$71,679	\$303,645
2. C.O.E.	1,723,230	469,333	1,253,897	433,301	102,919	250,382	820,596
3. Station Equipment	540,549	289,568	250,981	116,761	65,889	50,872	134,220
4. Outside Plant	3,098,666	1,112,717	1,985,949	524,090	272,274	251,816	1,461,859
5. Other Investment	358,707	112,470	246,237	60,413	31,500	36,825	177,824
6. Accumulated Depreciation	1,152,533	429,147	723,386	232,220	110,803	121,417	491,166
7. Net Plant (L1 thru L5-L6)	5,159,850	1,716,942	3,442,908	1,035,930	495,773	540,157	2,406,978
8. Plant Under Construction (no IDC)	72,729	21,418	51,319	13,310	6,254	7,056	38,009
9. Future Use Property	784	225	559	166	73	93	393
10. Acquisition Adjustments	0	0	0	0	0	0	0
11. Working Capital Adjs.	165,909	53,862	112,047	32,438	15,826	16,612	79,609
12. Average Rate Base(L7 thru L11)	\$5,399,272	\$1,792,439	\$3,606,833	\$1,081,844	\$517,926	\$563,918	\$2,524,989
13. % Distribution	100%	33.20%	66.80%	20.04%	9.59%	10.44%	46.77%
ADJUSTMENTS TO RATE BASE AVERAGE							
14. Accounting Adjustments	(10,458)	(10,160)	(298)	4,692	(2,825)	7,517	(4,990)
15. Adjusted Rate Base (L12+L14)	\$5,388,814	\$1,782,279	\$3,606,535	\$1,086,536	\$515,101	\$571,435	\$2,519,999
YEAR END RATE BASE							
16. Unadjusted year en rate base			3,686,884				
17. Accounting Adjustments			(298)				
18. Adjusted Rate Base (L16+L17)			3,686,586				
RATES OF RETURN							
19. Per Book (L20 [pg 2 of 5]/L12)	9.79%	10.04%	9.67%	10.06%	10.11%	10.01%	9.50%
20. Adj. with Average Rate Base (L22 [pg 2 of 5]/L15)	10.14% #	10.85% #	9.79%	9.95%	12.15%	7.96%	9.73%
21. Adj. with Year end rate base (L22 [pg 2 of 5]/L18)			9.58%				

* All intra data is on a seven day usage basis to be consistent with Independent Company settlements calculations.

GENERAL NOTE:

Data concerning directory operations includes only amounts on Southern Bell's books.

Since this interstate toll rate of return includes only the effect of Pro Forma adjustments made for Florida it is not representative of the going rate of return on a nation wide basis.

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDING December 31, 1985

Page 4a of 5

In \$000's Description	(243)	Inter- Toll	(487)	(546)	Intratoll		Local
	Total Company		Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Yellow Page profits *	(\$14,553)	\$0	(\$14,553) ✓	\$0	\$0	\$0	(\$14,553)
2. Out of Period Adjustments	695	0	695	(622)	9,614	(10,236)	1,317
3. Gains on Sales of Property	1,254	357	897	0	0	0	897
4. Inc. Rel. to Temp. Cash Inv.	169	57	112	0	0	0	112
5. Custom Calling & EAS	(215)	0	(215) ✓	0	0	0	(215)
6. Billing Inquiry	(11,543)	(21,555)	10,012	10,012	(4,900)	14,912	0
X 7. Bill and Keep Order(7/1/85)	13,670	0	13,670	6,110	3,692	2,410	7,560
X 8. CPE/ANPS Refund-Revenue	1,010	0	1,010	0	0	0	1,010
X 9. Interest Synchronization	(6,089)	0	(6,089)	(1,810)	(865)	(945)	(4,279)
X 10. ENFTA	0	(2,217)	2,217	0	0	0	2,217
11. Independent Co. Sett. Effect	(1,306)	0	(1,306)	(1,306)	0	(1,306)	0
12. Lobbying Expense	(203)	(63)	(140)	(44)	(20)	(24)	(96)
13. Corporate Advertising	(2,280)	(794)	(1,486)	(589)	(221)	(368)	(897)
14. Abandoned Projects	1,224	297	927	228	88	140	699
X 15. Employee Level Adjustment	(21,674)	(6,388)	(15,286)	(4,421)	(1,905)	(2,516)	(10,865)
16. Casualty Expense	1,326	459	867	281	134	147	586
17. Miscellaneous Out-of-Period	(3,532)	(31)	(3,501)	(1,043)	(497)	(546)	(2,458)
18. Telephone Franchise Req.	(108)	(38)	(70)	(23)	(11)	(12)	(42)
19. Total Adjustments	(41,247)	(29,878)	(11,369)	6,796	5,120	1,676	(10,165)
20. NOI Effect	17,962	13,454	4,508	(725)	10,247	(10,972)	5,233

The above amounts shall be those adjustments necessary to reflect Commission policy enumerated in the Company's most recent rate case in accordance with S. 366.071, F.S., Interim rates; procedures.

*Amounts shown on this line represent the "excess yellow page profit" as defined in S. 364.037, F.S. In determining this amount, use an annual average Consumer Price Index(CPI), for urban wage earners and clerical workers as published by the Department of Labor. Also, use average access line growth rate for this calculation.

All intra toll data is on a seven day usage basis to be consistent with Independent Company settlements calculations.

GENERAL NOTE:

Data concerning directory operations includes only amounts on Southern Bell's books.

Pro forma are not necessary for contributions and membership fees and dues because these amounts have been excluded from operating expenses on a per books basis.

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDING December 31, 1985

Page 4b of 5

In \$000's Description	(263)	Inter- Toll	(467)	(546)	Intratoll		Local
	Total Company		Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
✓ 1. Excess Plug-in Units	(\$10,458)	(\$2,848)	(\$7,610)	(\$2,620)	(\$1,100)	(\$1,520)	(\$4,990)
✓ 2. Billing Inquiry	0	(7,312)	7,312	7,312	(1,725)	9,037	0
3. Total Rate Base Adjustments	(10,458)	(10,160)	(298)	4,692	(2,825)	7,517	(4,990)

The above amounts shall be those adjustments necessary to reflect Commission policy enumerated in the Company's most recent rate case in accordance with S. 366.071, F.S., Interim rates; procedures.

All intra toll data is on a seven day usage basis to be consistent with Independent Company settlements calculations.

GENERAL NOTE:

Data concerning directory operations includes only amounts on Southern Bell's books.

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDING December 31, 1985

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(000's)	Amount	% of Total	Cost Rate	Weighted Cost Rate
COST OF CAPITAL (a)	(1)	(2)	(3)	(4)
1. Long Term Debt	\$1,074,242	29.78%	9.44%	2.81%
2. Short Term Debt	131,590	3.45%	8.00%	0.29%
3. Equity	1,532,890	42.50%	15.00%	6.38%
4. Customer Deposits	29,508	0.82%	7.62%	0.06%
5. Cost Free Capital	621,678	17.24%	--	--
6. Job Dev. Inv. Cr.	216,627	6.01%	10.15%	0.61%
7. Total Capital	\$3,606,535	100%		10.15%

*Equity cost rate equals last authorized midpoint.

FLORIDA OPERATIONS
TOTAL COMPANY

INTERNAL FUNDS

7. Net Income (less IDC)	\$ 345,539,280
8. Depreciation	401,491,560
9. Current Deferred Taxes	103,406,955
10. Current ITC	24,517,193
11. Other	2,390,862
12. Subtotal	877,345,850
13. Construction Expenditures (b)	668,667,316
14. % Internal Funds	131.21%
15. Appropriated dividends	
16. % Internal Funds after dividends [(12-15)/13]	131.21%
17. Times Interest Earned	4.53
((Net Income + Interest + Income Taxes)/Interest)	

Also, show overall weighted cost rate on investment at last authorized equity floor 9.70%
and last authorized equity maximum 10.60%

The per cent of long term debt to total investor capital (total capital excluding customer deposits, deferred taxes and unamortized investment tax credits) is 39.43%

The per cent of short term debt to total investor capital (total capital excluding customer deposits, deferred taxes and unamortized investment tax credits) is 4.83%

The Jurisdictional Average Adjusted Return on Equity is 14.21%

- (a) Capital Structure should be reconciled to rate base in accordance with the Commission Order rendered in the Company's last rate case.
(b) Construction expenditures to be calculated in the same manner as "Total applications to Const. and Plant Exp." per Annual report Form W, Schedule 12B (Source and Application of Funds).
(c) Jurisdictional average per books earned return on equity is calculated by using the overall earned rate of return on line 20, column 3, page 3 of 5 and applying this to line 7, column 4 page 5 of 5. From there calculate the weighted cost of equity (Column 4) and cost of equity (Column 3) accordingly.

GENERAL NOTE:

Data concerning directory operations includes only amounts on Southern Bell's books.

PROFORMA WORKSHEET

LOCAL EXCHANGE COMPANY: Southern Bell Telephone & Telegraph Co.
 OPERATIONS 12-MONTHS ENDING: December 31, 1985

Page 1 of 3

	Total Company	Interstate	Total Intrastate	Total Intra-Toll	Intra-toll		Local
					Inter- Territory	Intra- Territory	
1. A. Yellow Page Profits	(14,553)	0	(14,553)	0	0	0	(14,553)
NOI .5103	(7,426)	0	(7,426)	0	0	0	(7,426)
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NOI	(7,426)	0	(7,426)	0	0	0	(7,426)
2. A. Out-of-Period Adjustments	695	0	695	(622)	9,614	(10,236)	1,317
NOI .5023603	349	0	349	(312)	4,830	(5,142)	661
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NOI	349	0	349	(312)	4,830	(5,142)	661
3. A. Gains on Sales of Property	1,254	357	897	0	0	0	897
NOI .4983453	625	178	447	0	0	0	447
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NOI	625	178	447	0	0	0	447
4. A. Income Related to Temp.							
Cash Inv.	169	57	112	0	0	0	112
NOI .4983453	84	28	56	0	0	0	56
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NOI	84	28	56	0	0	0	56
5. A. Custom Calling & EAS	(215)	0	(215)	0	0	0	(215)
NOI .4983453	(107)	0	(107)	0	0	0	(107)
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NOI	(107)	0	(107)	0	0	0	(107)
6. A. Billing Inquiry	(11,543)	(21,555)	10,012	10,012	(4,900)	14,912	0
NOI	5,799	11,000	(5,201)	(5,201)	2,502	(7,703)	0
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NOI	5,799	11,000	(5,201)	(5,201)	2,502	(7,703)	0
7. A. Bill and Keep Order(7/1/85)	13,670	0	13,670	6,110	3,692	2,418	7,540
NOI .5023603	6,867	0	6,867	3,069	1,855	1,214	3,798
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NOI	6,867	0	6,867	3,069	1,855	1,214	3,798
B. A. CPE/ANPS Refund-Rev.	1,810	0	1,810	0	0	0	1,810
NOI .5023603	909	0	909	0	0	0	909
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total NOI	909	0	909	0	0	0	909

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PROFORMA WORKSHEET

LOCAL EXCHANGE COMPANY: Southern Bell Telephone & Telegraph Co.
 OPERATIONS 12-MONTHS ENDING: December 31, 1985

Page 2 of 3

	Total Company	Interstate	Total Intrastate	Total Intra-Toll	Intra-Toll		Local
					Inter- Territory	Intra- Territory	
9. A. Interest Synchronization	(6,089)	0	(6,089)	(1,010)	(865)	(945)	(4,279)
MOI 4897	(2,982)	0	(2,982)	(887)	(424)	(463)	(2,095)
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total MOI	(2,982)	0	(2,982)	(887)	(424)	(463)	(2,095)
10. A. ENFIA	0	(2,217)	2,217	0	0	0	2,217
MOI 5023603	0	(1,113)	1,113	0	0	0	1,113
B. Ind. Co. Settlements	0	0	0	0	0	0	0
C. Total MOI	0	(1,113)	1,113	0	0	0	1,113
11. A. Lobbying Expense	(203)	(63)	(140)	(44)	(20)	(24)	(96)
MOI 5103	103	32	71	22	10	12	49
B. Ind. Co. Settlements	10	0	10	10	0	10	0
Ind. Co. MOI	(5)	0	(5)	(5)	0	(5)	0
C. Total MOI	98	32	66	17	10	7	49
12. A. Corporate Advertising	(2,280)	(794)	(1,486)	(589)	(221)	(368)	(897)
MOI 5103	1,163	405	758	300	112	188	458
B. Ind. Co. Settlements	151	0	151	151	0	151	0
Ind. Co. MOI	(76)	0	(76)	(76)	0	(76)	0
C. Total MOI	1,087	405	682	224	112	112	458
13. A. Abandoned Projects	1,224	297	927	228	88	140	699
MOI 5103	(625)	(152)	(473)	(116)	(45)	(71)	(357)
B. Ind. Co. Settlements	(58)	0	(58)	(58)	0	(58)	0
Ind. Co. MOI	29	0	29	29	0	29	0
C. Total MOI	(596)	(152)	(444)	(87)	(45)	(42)	(357)
14. A. Employee Level Adj.	(21,674)	(6,388)	(15,286)	(4,421)	(1,905)	(2,516)	(10,865)
MOI 5103	11,060	3,260	7,800	2,256	972	1,284	5,544
B. Ind. Co. Settlements	1,034	0	1,034	1,034	0	1,034	0
Ind. Co. MOI	(519)	0	(519)	(519)	0	(519)	0
C. Total MOI	10,541	3,260	7,281	1,737	972	765	5,544
15. A. Casualty Expense	1,326	459	867	281	134	147	586
MOI 5103	(676)	(234)	(442)	(143)	(68)	(75)	(299)
B. Ind. Co. Settlements	(60)	0	(60)	(60)	0	(60)	0
Ind. Co. MOI	30	0	30	30	0	30	0
C. Total MOI	(646)	(234)	(412)	(113)	(68)	(45)	(299)

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PROFORMA WORKSHEET

LOCAL EXCHANGE COMPANY: Southern Bell Telephone & Telegraph Co.
 OPERATIONS 12-MONTHS ENDING: December 31, 1985

Page 3 of 3

	Total Company	Interstate	Total Intrastate	Total Intra-Toll	Intra-Toll		Local
					Inter- Territory	Intra- Territory	
16. A. Miscellaneous Out-of-Period	(3,532)	(31)	(3,501)	(1,043)	(497)	(546)	(2,458)
MOI	3,532	31	3,501	1,043	497	546	2,458
B. Ind. Co. Settlements	224	0	224	224	0	224	0
Ind. Co. MOI	(224)	0	(224)	(224)	0	(224)	0
C. Total MOI	3,308	31	3,277	819	497	322	2,458
17. A. Telephone Franchise Req.	(108)	(38)	(70)	(23)	(11)	(12)	(47)
MOI .5103	55	19	36	12	6	6	24
B. Ind. Co. Settlements	5	0	5	5	0	5	0
Ind. Co. MOI	(3)	0	(3)	(3)	0	(3)	0
C. Total MOI	52	19	33	9	6	3	24
18. A. Ind. Co. Settlement Effect	1,306	0	1,306	1,306	0	1,306	0
Ind. Co. MOI	(768)	0	(768)	(768)	0	(768)	0
B. Total MOI							
19. Total MOI	17,962	13,454	4,508	(725)	10,247	(10,972)	5,233

MOI effect is included in each pro-forma.

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

Appendix A

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS YEAR-TO-DATE December 31, 1984

Page 1 of 3

In \$000's Description	(263) Total Company	Inter- Toll	(467) Total	(586) Intra- Toll	Intratoll		Local
			Intra- State	Intra- Territory	Intra- Territory		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CUSTOMER BILLING							
ACCESS CHARGES							
1. End User Charges	22461	22461	0	0	0	0	0
2. Capacity Charges (a)	56334	1904	54430	54430	54430	0	0
3. MDU Charges to IIC's (b)	502532	394715	107817	107817	107817	0	0
4. Special Access Charges (c)	68201	36957	31244	31244	31244	0	0
5. Other (d)	40559	40559	0	0	0	0	0
6. Total Access Charges (1 thru 5)	690087	496596	193491	193491	193491	0	0
OTHER CHARGES TO IIC's							
7. Operator Services (D.A.)	19788	9600	10188	10188	10188	0	0
8. Billing and Collecting	54846	33815	21031	21031	21031	0	12536
9. Interexchange Lease	12536	0	12536	0	0	0	12536
10. Total Other Charges (7 thru 9)	87170	43415	43755	31219	31219	0	12536
CUSTOMER CHARGES							
11. NTS	235401	39386	196015	196015	0	196015	0
12. NATS	55077	3061	50016	50016	0	50016	0
13. Private Line	75884	6615	69269	69269	0	69269	0
14. Local Exchange	958835	21	958834	0	0	0	958834
15. Miscellaneous	0	0	0	0	0	0	0
16. Total Customer Charges (11 thru 15)	1325217	51083	1274134	315300	0	315300	958834
17. Total Billing (6+10+16)	2102474	591094	1511380	540610	224710	315300	971370

Note: The amounts on this schedule reflect actual billing to IIC's on a composite basis. However, LEC's are expected to maintain individual side records by IIC in the same level of detail found on this schedule.

- (a) Busy hour minute of capacity charge.
- (b) Includes local switching, local transport, line termination and carrier common line.
- (c) For intrastate, interterritory station terminals; for interstate, would include all special access line charges.
- (d) Includes testing, ordering, labor, etc.
- (e) Customer charges include only charges for LEC-provided toll; does not include toll monies turned over to IIC's.

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FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTH ENDING DECEMBER 31, 1964

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In 0000's Description	(263)		(467)	(586)	Intratoll		
	Total Company	Inter- Toll	Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	Local
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
BOOKED REVENUES							
1. Access Charges (a)	8991,751	8714,463	8277,200 8	8277,200 8	8277,200 8	80	80
2. Intra Territory Toll	279,744	0	279,744 88	279,744 88	0	279,744 88	80
3. Interexchange Lease	12,536	0	12,536	0	0	0	812,536
4. Gross Revenue (b)	1,148,409	39,293	1,109,316	0	0	0	81,109,316
5. Uncollectibles	13,652	360	13,292	2,243	0	2,243	811,049
6. Net Booked Revenue (1 thru 5)	82,418,988	8753,396	81,665,592	8354,789	277,200	277,501	1,110,003
OPERATING EXPENSE							
7. Maintenance	8543,531	8189,464	8354,087	8113,452	849,365	844,087	8240,635
8. Depreciation & Amortization	373,193	140,367	232,826	73,276	33,550	39,726	8159,550
9. Traffic Expense	71,215	7,950	63,257	17,951	3,927	14,024	845,306
10. Commercial Expense	164,045	42,919	121,126	36,876	14,859	21,615	885,852
11. General	133,406	42,852	91,354	28,237	12,437	15,800	843,117
12. Other Operating	232,494	56,328	176,166	57,297	19,109	38,188	8118,849
13. Total Operating Expense (7 thru 12)	81,517,904	8479,888	81,038,016	8326,287	8132,847	8193,448	8712,529
14. % Distribution	100%	31.56%	68.44%	21.50%	8.75%	12.74%	46.94%
OPERATING TAXES							
15. Federal Income Taxes	8237,336	870,316	8167,020	870,248	849,869	820,379	896,772
16. State Income Tax	18,547	5,744	12,803	5,931	3,971	1,960	86,872
17. Other Taxes	150,833	38,115	111,918	32,349	14,625	17,724	879,569
18. Total Operating Taxes (15 thru 17)	8405,916	8114,175	8291,741	8108,528	868,465	848,063	8183,213
19. % Distribution	100%	28.13%	71.87%	26.74%	16.87%	9.87%	45.14%
NET OPERATING INCOME							
20. Per Book NOI (6-13-18)	495,168	160,133	335,035	119,974	75,976	43,998	215,061
21. NOI Effect of Adjustments (6,276)	(6,276)	(312)	(5,964)	(3,283)	(3,493)	210	(2,681)
22. Adjusted NOI (20+21)	8488,892	8159,821	829,071	8116,691	872,483	844,208	8212,380

(a) Amounts on this line should include all major access charge elements and other charges such as those defined on lines 1 through 8 of page 1 of 5 of this report that are part of the "access charge pool".

(b) Amounts on this line should include all "above the line-regulated" booked revenues not included on lines 1 through 3 of this page.

8 Includes the full annual effect of the \$26.2 million surcharge to ATT-C and \$5760 for the interterritory portion of the 89754 CPE charge to independents.

88 Intraterritory includes \$3994 of the 89754 CPE charge to independents.

GENERAL NOTE:

Data concerning directory operations includes only amounts on Southern Bell's books for 1964.

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTH ENDING DECEMBER 31, 1984

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In 8000's Description	(263)	(467)	(586)	(6)		Local	
	Total Company	Inter- Toll	Total Intra- State **	Inter- Toll **	Intra- Territory **		
	(1)	(2)	(3)	(4)	(5)	(7)	
RATE BASE AVERAGE							
1. Land and Buildings	8582,493	8153,471	8427,022	8114,640	946,083	948,577	8312,362
2. E.O.E.	1,543,227	403,100	1,150,127	358,347	126,999	231,348	799,780
3. Station Equipment	588,306	343,296	245,010	139,608	79,701	59,307	188,002
4. Outside Plant	2,799,407	1,006,391	1,793,016	449,666	241,763	227,303	1,323,950
5. Other Investment	322,538	101,960	220,578	57,923	26,712	31,211	162,455
6. Accumulated Depreciation	937,237	347,572	589,665	191,804	83,362	106,442	397,861
7. Net Plant (L1 thru L5-L6)	4,918,714	1,644,646	3,254,048	947,200	435,896	511,304	2,306,868
8. Plant Under Construction (no JOC)	70,237	21,306	48,931	14,131	5,655	8,476	34,800
9. Future Use Property	1,153	339	814	221	94	127	393
10. Acquisition Adjustments	0	0	0	0	0	0	0
11. Working Capital Adjs. - Est.	61,197	21,609	39,588	10,536	5,300	5,234	29,054
12. Average Rate Base(L7 thru L11)	85,051,301	81,787,900	83,343,401	8972,086	8446,945	8523,141	82,371,315
13. X Distribution	100%	33.81%	66.19%	19.24%	8.85%	10.40%	46.94%
ADJUSTMENTS TO RATE BASE AVERAGE							
14. Accounting Adjustments	(116,180)	235	(116,415)	(4,757)	(1,944)	(2,813)	(11,658)
15. Adjusted Rate Base (L12+L14)	85,035,121	81,790,135	83,226,986	8967,329	8445,001	8520,328	82,359,657
YEAR END RATE BASE							
16. Unadjusted year end rate base			3,434,934				
17. Accounting Adjustments			(9,172)				
18. Adjusted Rate Base (L16+L17)			3,425,762				
RATES OF RETURN							
19. Per Book (L20 (pg 2 of 53/L12)	9.80%	9.38%	10.02% ***	12.34% ***	17.00% ***	8.38%	9.07%
20. Adj. with Average Rate Base (L22 (pg 2 of 53/L13)	9.71% 0	9.36% 0	9.89%	12.06%	16.29%	8.46%	9.00%
21. Adj. with Year end rate base (L22 (pg 2 of 53/L18)			9.61%				

* All intra data is on a seven day usage basis to be consistent with Independent Company settlements calculations.

GENERAL NOTES:

Data concerning directory operations includes only accounts on Southern Bell's books for 1984.

0 Since this interstate toll rate of return includes only the effect of Pro Forma adjustments made for Florida it is not representative

of the going rate of return on a nation wide basis.

** Includes the full annual effect of the \$26.2 million surcharge to All-C and intratoll includes the \$9754 CPE charge to Independents - \$5760 for Interterritory and \$3994 for Intraterritory.

*** Removal of the \$26.2 Million in Revenues would lower the rate of return for Total Intrastate by 40 points, Intra Toll by 137 points and Interterritory by 230 points.

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FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDING DECEMBER 31, 1984

Page 4a of 5

In \$000's Description	(263)		(467)	(566)	Intratoll		
	Total Company	Inter- Toll	Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	Local
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
✓1. Yellow Page profits *	189,510	80	(189,510)	80	80	80	(189,510)
X2. Add'l. Settlements for Dec. 84	(2,678)	0	(2,678)	(2,678)	(7,682)	4,400	0
✓3. Gains on Sales of Property	551	164	387	108	46	62	279
✓4. Inc. Rel. to Temp. Cash Inv.	293	99	194	57	26	31	137
✓5. Custom Calling & EAS	2,126	0	2,126	0	0	0	2,126
✓6. Out of Period Settlements	(4,333)	0	(4,333)	(4,333)	0	(4,333)	0
✓7. ENFIA	2,316	0	2,316	0	0	0	2,316
0. Independent Co. Sett. Effect	(221)	0	(221)	(221)	(94)	(127)	0
✓9. Lobbying Expense	(211)	167	(144)	(45)	(20)	(25)	(99)
✓10. Corporate Advertising	46	5	41	15	10	5	26
✓11. Abandoned Projects	1,292	358	934	235	106	129	699
✓12. Casualty Expense	1,537	543	1,014	325	141	184	609
✓13. Miscellaneous Out-of-Period	(1,150)	(693)	(1457)	(501)	(217)	(284)	44
X14. Effect of Separations Changes	0	1,361	(1,361)	(371)	(145)	(226)	(990)
15. Total Adjustments	(9,922)	1,770	(11,692)	(7,409)	(7,229)	(180)	(4,283)
16. NOI Effect	(6,276)	(312)	(5,964)	(3,283)	(3,493)	210	(2,681)

The above amounts shall be those adjustments necessary to reflect Commission policy enumerated in the Company's most recent rate case in accordance with FS 364.071 interim rates; procedures.

*Amounts shown on this line represent the "excess yellow page profit as defined in FS 364.037. In determining this amount, use an annual average Consumer Price Index (CPI), for all urban as published by the Department of Labor. Also, use average access line growth rate for this calculation. The 189,510 is based on Southern Bell booked data for 1984.

All intra toll data is on a seven day usage basis to be consistent with Independent Company settlements calculations.

GENERAL NOTE:

Data concerning directory operations includes only amounts on Southern Bell's books for 1984.

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FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTHS ENDING DECEMBER 31, 1984

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In 1000's Description	(263)	Inter- Toll	(467)	(566)	Intratoll		Local
	Total Company		Total Intra- State	Intra- Toll	Inter- Territory	Intra- Territory	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Excess Plug-in Units	(87,187)	(81,852)	(85,295)	(81,639)	(8581)	(81,858)	(83,656)
2. Effect of Separations Changes	0	3,877	(3,877)	(1,166)	(491)	(615)	(2,771)
3. Additional PSC Depr. Adj.	(2,543)	0	(2,543)	(790)	(363)	(427)	(1,753)
4. Capitalized Leases	(6,490)	(1,790)	(4,700)	(1,222)	(509)	(713)	(3,478)
5. Total Rate Base Adjustments	(16,180)	235	(16,415)	(4,757)	(1,944)	(2,813)	(11,458)

The above amounts shall be those adjustments necessary to reflect Commission policy enumerated in the Company's most recent rate case in accordance with FS 366.071 Interim rates; procedures.

All intra toll data is on a seven day usage basis to be consistent with Independent Company settlements calculations.

GENERAL NOTES:

Data concerning directory operations includes only amounts on Southern Bell's books for 1984.

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE MONTHLY EARNINGS SURVEILLANCE REPORT

LOCAL EXCHANGE COMPANY Southern Bell
OPERATIONS 12-MONTH ENDING DECEMBER 31, 1984

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(000's)	Amount	% of Total	Cost Rate	Weighted Cost Rate
COST OF CAPITAL (a)	(1)	(2)	(3)	(4)
1. Long Term Debt	\$1,060,242	31.87%	9.43%	3.00%
2. Short Term Debt	73,400	2.21%	10.22%	0.23%
3. Equity	1,400,007	42.32%	15.00%	6.35%
4. Customer Deposits	26,555	0.80%	7.31%	0.06%
5. Cost Free Capital	559,961	16.83%	--	--
6. Job Dev. Inv. Cr.	190,741	5.97%	10.25%	0.61%
7. Total Capital	\$3,326,986	100%		10.25%

*Equity cost rate equals last authorized midpoint.

FLORIDA OPERATIONS
TOTAL COMPANY

INTERNAL FUNDS

7. Net Income (less IDC)	\$ 323,631,100 *
8. Depreciation	573,493,311
9. Current Deferred Taxes	89,934,036
10. Current ITC	13,986,076
11. Other	2,165,956
12. Subtotal	802,910,479
13. Construction Expenditures (b)	620,016,517
14. % Internal Funds	129.50%
15. Appropriated Dividends	
16. % Internal Funds after Dividends [(12-15)/13]	129.50%
17. Times Interest Earned	4.29

((Net Income + Interest + Income Taxes)/Interest)

Also, show overall weighted cost rate on investment at last authorized equity floor 9.80%
and last authorized equity maximum 10.70%

The per cent of long term debt to total investor capital (total capital excluding customer deposits, deferred taxes and unamortized investment tax credits) is 31.87%

The per cent of short term debt to total investor capital (total capital excluding customer deposits, deferred taxes and unamortized investment tax credits) is 2.90%

The Jurisdictional Average Per Books Earned Return on Equity is 14.20% . (c)

- (a) Capital Structure should be reconciled to rate base in accordance with the Commission Order rendered in the Company's last rate case.
(b) Construction expenditures to be calculated in the same manner as "Total applications to Const. and Plant Exp." per Annual report Form R, Schedule 12B (Source and Application of Funds).
(c) Jurisdictional average per books earned return on equity is calculated by using the overall earned rate of return on line 20, column 3, page 3 of 5 and applying this to line 7, column 4 page 5 of 5. From there calculate the weighted cost of equity (Column 4) and cost of equity (Column 3) accordingly.

GENERAL NOTE:

Data concerning directory operations includes only amounts on Southern Bell's books for 1984.

* Includes the full annual effect of the \$26.2 million surcharge to AT&T.

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PROFORMA WORKSHEET

LOCAL EXCHANGE COMPANY: Southern Bell Telephone & Telegraph Co.
OPERATIONS 12-MONTHS ENDING: December 31, 1984

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	Total Company	Interstate	Total Intrastate	Total Intra-Toll	Intra-Toll		Local
					Inter- Territory	Intra- Territory	
1. A. Yellow Page Profits	(9,510)	-	(9,510)	-	-	-	(9,510)
NOI .5166539	(4,914)	-	(4,914)	-	-	-	(4,914)
B. Ind. Co. Settlement	-	-	-	-	-	-	-
C. Total NOI	(4,914)	-	(4,914)	-	-	-	(4,914)
2. A. Additional Settlements for December, 1984	(2,678)	-	(2,678)	(2,678)	(7,082)	4,404	-
NOI .5083689	(1,361)	-	(1,361)	(1,361)	(3,600)	2,239	-
B. Ind. Co. Settlement	-	-	-	-	-	-	-
Ind. Co. NOI	-	-	-	-	-	-	-
C. Total NOI	(1,361)	-	(1,361)	(1,361)	(3,600)	2,239	-
3. A. Gains on Sales of Property	551	164	387	108	46	62	279
NOI .5030763	277	82	195	54	23	31	141
B. Ind. Co. Settlement	47	-	47	47	22	25	-
Ind. Co. NOI	(24)	-	(24)	(24)	(11)	(13)	-
C. Total NOI	253	82	171	30	12	18	141
4. A. Income Related to Temp. Cash Inv.	293	99	194	57	26	31	137
NOI .5030763	148	50	98	29	13	16	69
B. Ind. Co. Settlement	25	-	25	25	12	13	-
Ind. Co. NOI	(13)	-	(13)	(13)	(6)	(7)	-
C. Total NOI	135	50	85	16	7	9	69
5. A. Custom Calling & EAS	2,126	-	2,126	-	-	-	2,126
NOI .5030763	1,070	-	1,070	-	-	-	1,070
B. Ind. Co. Settlement	-	-	-	-	-	-	-
Ind. Co. NOI	-	-	-	-	-	-	-
C. Total	1,070	-	1,070	-	-	-	1,070

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LOCAL EXCHANGE COMPANY: Southern Bell Telephone & Telegraph Co.
 OPERATIONS 12-MONTHS ENDING: December 31, 1984

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	Total Company	Interstate	Total Intrastate	Total Intra-Toll	Intra-Toll		Local
					Inter- Territory	Intra- Territory	
6. A. Out-of-Period Settlements	(4,333)	-	(4,333)	(4,333)	-	(4,333)	-
NOI .5083689	(2,203)	-	(2,203)	(2,203)	-	(2,203)	-
B. Ind. Co. Settlement	-	-	-	-	-	-	-
Ind. Co. NOI	-	-	-	-	-	-	-
C. Total NOI	(2,203)	-	(2,203)	(2,203)	-	(2,203)	-
7. A. ENFIA	2,316	-	2,316	-	-	-	2,316
NOI .5030763	1,165	-	1,165	-	-	-	1,165
B. Ind. Co. Settlement	-	-	-	-	-	-	-
C. Total NOI	1,165	-	1,165	-	-	-	1,165
8. A. Lobbying Expense	(211)	(67)	(144)	(45)	(20)	(25)	(99)
NOI .5166539	109	35	74	23	10	13	51
B. Ind. Co. Settlement	20	-	20	20	10	10	-
Ind. Co. NOI	(10)	-	(10)	(10)	(5)	(5)	-
C. Total NOI	99	35	64	13	5	8	51
9. A. Corporate Advertising	46	5	41	15	10	5	26
NOI .5166539	(24)	(3)	(21)	(8)	(5)	(3)	(13)
B. Ind. Co. Settlement	(7)	-	(7)	(7)	(5)	(2)	-
Ind. Co. NOI	4	-	4	4	3	1	-
C. Total NOI	(20)	(3)	(17)	(4)	(2)	(2)	(13)
10. A. Abandoned Projects	1,292	358	934	235	106	129	699
NOI .5166539	(668)	(185)	(483)	(122)	(55)	(67)	(361)
B. Ind. Co. Settlement	(104)	-	(104)	(104)	(51)	(53)	-
Ind. Co. NOI	53	-	53	53	26	27	-
C. Total NOI	(615)	(185)	(430)	(69)	(29)	(40)	(361)

PROFORMA WORKSHEET

LOCAL EXCHANGE COMPANY: Southern Bell Telephone & Telegraph Co.
OPERATIONS 12-MONTHS ENDING: December 31, 1984

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	Total Company	Interstate	Total Intrastate	Total Intra-Toll	Intra-Toll		Local
					Inter- Territory	Intra- Territory	
11. A. Casualty Expense	1,557	543	1,014	325	141	184	689
NOI .5166539	(805)	(281)	(524)	(168)	(73)	(95)	(356)
B. Ind. Co. Settlement	(144)	-	(144)	(144)	(68)	(76)	-
Ind. Co. NOI	74	-	74	74	35	39	-
C. Total NOI	(731)	(281)	(450)	(94)	(38)	(56)	(356)
12. A. Miscellaneous Out-of-Period	(1,150)	(693)	(457)	(501)	(217)	(284)	44
NOI	1,150	693	457	501	217	284	(44)
B. Ind. Co. Settlement	221	-	221	221	104	117	-
Ind. Co. NOI	(221)	-	(221)	(221)	(104)	(117)	-
C. Total NOI	929	693	236	280	113	167	(44)
13. A. Effect of 1984							
Separations Changes	-	1,361	(1,361)	(371)	(145)	(226)	(990)
NOI .5166539	-	(703)	703	192	75	117	511
B. Ind. Co. Settlement	163	-	163	163	70	93	-
Ind. Co. NOI	(83)	-	(83)	(83)	(36)	(47)	-
C. Total NOI	(83)	(703)	620	109	39	70	511
14. A. Ind. Co. Settlement Effect	221	-	221	221	94	127	-
Ind. Co. NOI	(220)	-	(220)	(220)	(98)	(122)	-
B. Total NOI			NOI effect included in each proforma.				
Total NOI	(6,276)	(312)	(5,964)	(3,283)	(3,493)	210	(2,681)

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