ORIGINAL
FILE COPY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Comprehensive Review of the Revenue Requirements and Rate Stabilization Plan of Southern Bell Telephone & Telegraph Company	)	Docket No. [redacted] Filed: November, 1995

DIRECT TESTIMONY

OF

JAMES W. CURRIN

On Behalf of the Citizens of The State of Florida

Jack Shreve
Public Counsel

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400

(904) 488-9330

Attorney for the Citizens
of the State of Florida

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Comprehensive Review of the Revenue Requirements and Rate Stabilization Plan of Southern Bell Telephone & Telegraph Company	)	Docket No. 920260-TL Filed: November, 1993

DIRECT TESTIMONY

OF

JAMES W. CURRIN

On Behalf of the Citizens of The State of Florida

Jack Shreve
Public Counsel

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400

(904) 488-9330

Attorney for the Citizens
of the State of Florida

TESTIMONY OF JAMES W. CURRIN

DOCKET NO. 920260-TL

Introduction:

Q. Please state your name and business address.

A. My name is James W. Currin. My business address is 1220 L Street, N.W., Washington, D.C. 20005.

Q. By whom and in what capacity are you employed?

A. I am a Consultant for the economic consulting firm of Snavely, King & Associates, Inc.

Q. Would you briefly describe Snavely, King & Associates, Inc.?

A. Snavely, King & Associates (SK&A) was formed in April 1970 to conduct research on a consulting basis into economic issues of cost, revenue, rates and demand characteristics of regulated industries. Most of the firm's work involves the preparation of expert witness testimony before the Federal and state regulatory agencies.

Q. Please state your business experience.

A. I graduated from North Carolina State University with a BS in Industrial Engineering. I was

employed by Western Electric Co. in 1964 and worked for eight years in their Defense Activities division on the Nike Hercules and SAFEGUARD ABM projects before joining Chesapeake and Potomac Telephone Company (C&P) of West Virginia. My career advanced from C&P of West Virginia to the C&P Headquarters organization and finally to Bell Atlantic's Network Service Organization. During my tenure at these Companies, I held positions as a Depreciation Engineer, Depreciation Manager, Computer Support Manager for Time-Share Operations and Bell Atlantic's Depreciation and Accounting Issues Manager.

In 1992, I retired from Bell Atlantic and accepted a position with SK&A. Since accepting my present position with SK&A, I have testified in hearings before the Florida Public Service Commission regarding Southern Bell's request to change depreciation rates in Docket No. 920385-TL and Illinois Bell's Regulatory "Price Cap" hearings in Docket No. ICC 92-0448. I provided this on behalf of the State of Florida's Office of Public Counsel and Illinois' Citizens Utility Board respectively.

Q. Would you please describe in more detail your experience in the area of public utility depreciation analysis?

A. Yes. From 1975 through December 1978, I was responsible for developing C&P of West Virginia's depreciation studies. From December 1978 through November 1988, I provided the technical direction and support to the four C&P Bell Atlantic Telephone Companies (Maryland, District of Columbia, Virginia, and West Virginia) in the areas of depreciation and affiliated transactions. I also directed the C&P Companies' Depreciation Studies development activities, and conducted sixteen depreciation rate negotiations with the FCC and state regulatory agency staffs. From 1988 through June 1992, I was in Bell Atlantic's External Affairs organization with responsibility for Depreciation and Accounting regulatory issues.

Subject and Purpose of Testimony:

Q. What is the subject of your testimony?

A. The subject of my testimony is a review of Southern Bell of Florida's depreciation expense for three outside plant metallic cable accounts (Aerial Cable - Metallic 2421.1, Underground Cable -Metallic 2422.1 and Buried Cable - Metallic 2423.1) for the years 1992, 1993 and 1994. In Docket 920385-TL the Company presented the Commission with a forecast of future retirements for these three accounts. The Commission authorized depreciation rates for the Company based on that retirement forecast. The Company's position in that Docket was that its metallic cables contained substantial investment in "stranded pairs" which are not "used and useful" in the provision of service to Bell South's customers. This "stranded pair" logic was the basis for the Company's forecast. The Company's actual investment retirements are only averaging 41% of the forecast which was presented to the Commission, therefore in my Testimony, I will analyze this impact on the Company's depreciation expense. My Testimony will demonstrate that Bell South is accruing between $23 million to $26 million in excessive depreciation expense (depending on the

treatment of Hurricane Andrew retirements). Since this Docket is not a forum for revising the Company's depreciation rates, the only alternative to prevent the Company from using its excessive depreciation expense to impact its reported earnings in this Docket is to exclude that excessive expense as a "disallowance".

Q. What will you recommend?

A. My testimony will recommend the disallowance of $23.423 million (with Hurricane Andrew retirements) or $26.003 million (if Hurricane Andrew retirements receive special treatment in this Docket).

Q. Why is a review of the depreciation expense for these three accounts is necessary?

A. Because the retirements actually being booked by the Company are significantly less than forecast by the Company and accepted by the Florida Public Service Commission in the Ordering of current intrastate depreciation rates in Docket 920385-TL.

Q. What were the 1992 through 1994 forecasted retirements which were the basis for the Ordered depreciation rates and what are the Company's actual retirements from 1-1-92 through June 1993 and the

Company's current budget amounts for the remainder of 1993 and 1994 (including and excluding Hurricane Andrew retirements)?

A. The depreciation rates were established based the following Company's retirement forecast and the total actual retirements for 1992 through 1993 (including and excluding Hurricane Andrew):

	COMPANY FORECAST	ACTUAL RETIREMENTS INCLUDING ANDREW	ACTUAL RETIREMENTS EXCLUDING ANDREW
Aerial Ca.-Met. M	$ 60.735 M	$ 74.695 M	$ 57.516 M
UG Cable - Met. M	160.341 M	53.081 M	52.821 M
Buried Ca- Met. M	231.855 M	80.719 M	75.498 M
Total 1992,93,94 M	$ 452.931 M	$ 208.495 M	$ 185.835 M

Q. What is the effect of the reported investment retirements being significantly less than the Company's forecast which was presented to the Commission and used to establish the current depreciation rates?

A. The Company will record $23.4 million in **excess depreciation expense** (if Hurricane Andrew retirements are included) and $ 26.0 Million (if Hurricane Andrew

retirements receive the special treatment as being proposed by Southern Bell).

Analysis of the Excessive Depreciation Expense Being Booked:

Q. Would you comment on the rationale used to establish the current ordered depreciation rates for these three accounts?

A. Yes. In the Order for 920385-TL pages 16 and 17, "the Commission observed that OPC's witness pointed out that the current actual metallic cable retirements were much lower than the metallic cable retirements being forecasted by the Company. The Company witness explained that the Company's budget figures relate to actual retirement of cable, while the depreciation study relates to "stranded" pairs which are no longer useful". The Commission accepted the Company's Depreciation Study forecast for lives, **without modification** and ordered depreciation rates using the remaining lives proposed by the Company.

Q. Is a depreciation rate applied to "working cable pairs" (non-stranded pairs) or is it applied to the investment on the Company books and when does a company

stop depreciating an asset?

A. The depreciation rate is applied to the investment on the Company's books, not on working pairs or circuit capacity. The recording of depreciation expense continues until such time as the investment is retired.

Q. What does the logic of retirements of stranded pair investment imply?

A. The Company's logic presented to the Commission implied that, depreciation expense should relate to circuit capacity or cable pairs in service and that the depreciation lives should correlate to the Company's forecast of "used and useful' plant and consider "stranded pairs circuit capacity" as retirements . The Company's current deprecation expense is calculated against the total cable investment and as long as a cable has only one working pair, depreciation expense is being recorded. Considering the Order in Docket 920385-TL, Southern Bell has little incentive to retire its stranded cable investment, because retirements would only reduce the current depreciation expense being reported.

Q. Considering the "stranded pair" logic presented by the Company, how would it be possible for the

Commission to prevent the recording of excessive depreciation expense given that the deprecation rates were Ordered using the life that those retirements produced?

A. When an cable pair is no longer being used, depreciation expense accruals should **cease**. Also if the investment for a cable pair is to be considered a retirement, in determining the remaining life of an account, then the recording of depreciation expense and rate base should only begin, when a cable pair is actually cut into service, not when the cable is initially placed. Since the Company's depreciation rates are not subject for change in this Docket, the only alternative for the prevention of excessive intrastate depreciation expense from being considered in a rate of return evaluation, is to require the Company to exclude its forecasted retirement amounts in its intrastate depreciation accrual calculations. This would translate Bell South's allowed intrastate expense amount to a correct investment recovery amount, as if Bell South actually booked the investment retirements corresponded to the retirements presented by the Company in support of its current depreciation rates.

Q. Would you provide a simple example which will demonstrate the impact of depreciation rates being established on life assumptions, which are different from the "investment retirements" that are reported in a later period?

A. Yes.

- Exhibit 1, p.1 demonstrates an example of a prescription of depreciation rates based on a Company's forecast of cable pair utilization.

- Exhibit 1, p.2 demonstrates what the depreciation expense would be if a company's **actual investment retirements** do not match the forecast used by a Commission for the establishment of the prescribed depreciation rates resulting in significant over accruals.

- Exhibit 1, p.3 demonstrates what the depreciation rate should have been based on a Company's actual investment retirements.

- Exhibit 1, p.4 calculates the excessive depreciation expense being recorded, because the investment retirements do not agree with the forecast used by the company and accepted

by a Commission in establishing the depreciation rates.

Q. Previously you indicated that the current prescribed depreciation rates, for the three metallic cable accounts, were based on the following retirement forecast:

2421.1 Aerial Cable - Metallic	1992	$	15.306 M
	1993		19.917 M
	1994		25.512 M
		$	60.735 M
2422.1 Underground Ca. - Metallic	1992	$	43.211 M
	1993		53.215 M
	1994		63.915 M
		$	160.341 M
2423.1 Buried Cable - Metallic	1992	$	58.236 M
	1993		76.137 M
	1994		97.482 M
		$	231.835 M
Total 1992, 1993 & 1994		$	452.931 M

Would you provide copies of the pages from Southern Bell of Florida's 1992 Depreciation Study which contained the retirement forecasts listed above, the Company's calculation of the associated remaining life and a copy of the Commission's Attachment indicating acceptance of the Company's proposed remaining lives, which were Ordered in Docket 920385-TL?

A. Yes.

- Exhibit 2, pages 1 through 3 are copies of the retirement forecast from the Company's 1992 Depreciation Study and the associated **calculated remaining lives.**
- Exhibit 3, pages 1 through 3 are copies of the Parameter Summary sheets from the Company's 1992 Depreciation Study.
- Exhibit 4 is a copy of Attachment A, from the Commission's Order for Docket 920385-TL, accepting without change, the Company's remaining life proposals for these three accounts.

Q. Is the Company requesting special treatment for the Hurricane Andrew retirements?

A. Yes. The Company has identified retirements which it identified as being caused by Hurricane Andrew. The Company claims that these retirements are "extraordinary" and is requesting that it be authorized special recovery of a theoretical net book amount associated with these retirements. In normal operations, because of mass property accounting, a retirement of investment is considered fully recovered when the retirement is recorded. If the Commission grants special treatment of

the Hurricane Andrew retirements' "under-recovery", then those retirements should be excluded from any comparison of the forecasted retirements used for the depreciation rates and the "actuals". If the Company is allowed special treatment of these retirements, **when the total for the three year period is significantly less than the forecast** used in setting depreciation rates, then perhaps in the future the Commission should also give consideration to treating some COE Switch and cable replacements as premature retirements. Any premature retirement treatment of investment would generate questions relating to "prudence" of the Company's investment decisions.

Q. Previously you indicated that the actual retirements for the three metallic cable accounts are much less than what the current Depreciation rates are based on. Would you list the 1992 through 1994 actual retirements to date and the current Company forecasts (including and excluding Hurricane Andrew retirements and provide copies of the source documents?

A. Yes.

			ALL EXCLUDING RETIREMENTS	ANDREW
2421.1	Aerial Cable - Met.	1992	$ 23.328 M	$ 20.751 M

		1993	37.867 M	
23.265 M				
		1994	13.500 M	
13.500 M				
			$ 74.695 M	$
57.516 M				
	2422.1 UG. Ca. - Metallic	1992	$ 10.495 M	$
10.456 M				
		1993	26.086 M	
25.865 M				
		1994	16.500 M	
16.500 M				
			$ 53.081 M	$
52.821 M				
	2423.1 Buried Cable - Met.	1992	$ 22.881 M	$
22.098 M				
		1993	32.838 M	
28.400 M				
		1994	25.000 M	
25.000 M				
			$ 80.719 M	$
75.498 M				
	Total 1992, 1993 & 1994		$ 208.495 M	$
185.835 M				

Exhibit 5, pages 1 through 6 provide the actual retirement amounts through June 1993 and the Company's current forecast for the remainder of 1993 and 1994. The Company's forecast for the remainder of 1993 seems somewhat excessive, considering the results for July 1993 as noted on the exhibits, but the Company's forecast was used without change in my calculations of the

depreciation expense which should be disallowed. Exhibit 6 is a copy of the Company's estimate of Hurricane Andrew's retirements.

Q. What is the amount of 1992, 1993 and 1994 excessive depreciation expense recorded by the Company, resulting from its overestimated retirements?

A. Including all of the retirements in the calculations, the amount of depreciation expense which should be excluded is $23.413 million and if the Company is authorized special treatment for the Hurricane Andrew retirements, then the amount which should be excluded would be $26.003 million.

Q. Would you provide a copy of the calculations of the excess depreciation expense being recorded due to the Company retiring only $ 186 million ($208 million with Andrew) when the depreciation rates were based on a $453 million retirement forecast?

A. Yes. Attached Exhibit 7 includes all of the retirements and Exhibit 8 excludes Hurricane Andrew retirements.

Summary:

Q. Would you summaries your findings as they relate to the lack of metallic cable retirements by the Company and

the amount of excessive depreciation expense being recorded by Southern Bell of Florida?

A. Yes. For 1992, 1993 and 1994, based on the actual retirements reported by the Company and what is in their current budgets, the retirements for these three accounts will be only be forty one percent (41%) of the forecast used to establish the current depreciation rates. Because of the lack of retirements of investment, which the Company claimed to not to be "used and useful", the Company is recording at least $23.4 million too much depreciation expense. If the Company is authorized special treatment for the Hurricane Andrew's retirements, then the amount of depreciation expense which should be excluded would be $26.0 million.

Q. Does this conclude your testimony?

A. Yes.

FORECAST USED TO SUPPORT COMPANY'S PRESCRIBED RATES
EXAMPLE:

LIFE ASSUMPTION USED TO ESTABLISH DEPRECIATION RATES:

ITEMS	INITIAL INVESTMENT A	RETIREMENTS FORECAST YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	LIFE B	ACCRUAL WEIGHT C=A*B
1 & 2	$100	100					.5	50
3 & 4	$100		100				1.5	150
5 & 6	$100			100			2.5	250
7 & 8	$100				100		3.5	350
9 & 10	$100					100	4.5	450
AV. INV.	$500	450	350	250	150	50		1250

VG REMAINING LIFE = 1250 / 500 = 2.5 YEARS

DEPRECIATION RATE PRESCRIBED = (100-0) / 2.5 = **40%**

INV.BOY	500	400	300	200	100	
INV.EOY	400	300	200	100	0	
AVERAGE DEP.INV.	450	350	250	150	50	
DEPRECIATION RATE	.40	.40	.40	.40	.40	
DEP. EXP.	180	140	100	60	20	TOTAL = 500

Assumptions:

1. INITIAL PLANT INVESTMENT CONSISTS OF TEN UNITS, COSTING 50 DOLLARS EACH AND PLACED IN SERVICE COINCIDENT WITH THE ESTABLISHMENT OF DEPRECIATION RATES (BOY).

2. TWO UNITS WILL RETIRE EACH YEAR, OVER THE NEXT 5 YEARS.

3. RETIREMENTS OCCUR AT MID. YEAR.

4. ASSUME VINTAGE GROUP (VG) METHOD OF DEPRECIATION.

5. THE **DEPRECIATION RATE PRESCRIBED IS BASED ON THE COMPANY'S FORECAST OF FUTURE "(CABLE PAIR)" RETIREMENTS** AND 0% FUTURE NET SALVAGE.

DEPRECIATION RATES REMAIN AS PRESCRIBED
RETIREMENTS SHIFT , BUT FINAL END DATE REMAINS THE SAME

THE INVESTMENT RETIREMENT DOES NOT MATCH THE COMPANY'S FORECASTED (CABLE PAIR) RETIREMENTS:

		RETIREMENTS FORECAST				
ITEMS	INITIAL INVESTMENT	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
1 & 2	$100	50			50	
3 & 4	$100		50			50
5 & 6	$100			100		
7 & 8	$100				100	
9 & 10	$100					100

DEPRECIATION RATE PRESCRIBED = 40%

INV.BOY	500	450	400	300	150	
INV.EOY	450	400	300	150	0	
AVERAGE DEP.INV.	475	425	350	225	75	
DEPRECIATION RATE	.40	.40	.40	.40	.40	
DEP. EXP.	190	170	140	90	30	TOTAL = 620

ASSUMPTION:

1. INITIAL PLANT INVESTMENT CONSISTS OF TEN UNITS, COSTING 50 DOLLARS EACH AND PLACED IN SERVICE COINCIDENT WITH THE ESTABLISHMENT OF DEPRECIATION RATES (40%).

2. IN YEARS 1 & 2, **ONLY ONE INVESTMENT UNIT RETIRES EACH YEAR** AND TWO UNITS SHIFT TO YEARS 4 & 5.

3. RETIREMENTS OCCUR AT MID. YEAR.

4. ASSUME VINTAGE GROUP (VG) METHOD OF DEPRECIATION.

5. **DEPRECIATION RATE PRESCRIBED IS BASED ON THE COMPANY'S FORECAST OF "(CABLE PAIR)" RETIREMENTS** AND 0% FUTURE NET SALVAGE.

DEPRECIATION RATES WHICH REFLECT THE ACTUAL INVESTMENT RETIREMENT SCHEDULE

ITEMS	INITIAL INVESTMENT	RETIREMENTS FORECAST YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	ACCRUAL WEIGHT
1 & 2	$100	50			50		200
3 & 4	$100		50			50	300
5 & 6	$100			100			250
7 & 8	$100				100		350
9 & 10	$100					100	450
AV. INV.	$500	475	425	350	225	75	1550

VG REMAINING LIFE = 1550 / 500 = 3.1 YEARS

CORRECT INVESTMENT DEPRECIATION RATE = (100-0) / 3.1 = 32.3%

INV.BOY	500	450	400	300	150	
INV.EOY	450	400	300	150	0	
AVERAGE DEP.INV.	475	425	350	225	75	
DEPRECIATION RATE	.322	.322	.322	.322	.322	
DEP. EXP.	153	137	113	73	24	TOTAL = 500

ASSUMPTIONS:

1. INITIAL PLANT INVESTMENT CONSISTS OF TEN UNITS, COSTING 50 DOLLARS EACH AND PLACED IN SERVICE COINCIDENT WITH THE ESTABLISHMENT OF DEPRECIATION RATES (BOY).

2. IN YEARS 1 & 2, **ONLY ONE INVESTMENT UNIT RETIRES EACH YEAR** AND THE TWO UNITS SHIFT TO YEARS 4 & 5.

3. RETIREMENTS OCCUR AT MID. YEAR.

4. ASSUME VINTAGE GROUP (VG) METHOD OF DEPRECIATION.

5. **THE DEPRECIATION RATES ARE AS ADJUSTED TO REFLECT THE ACTUAL INVESTMENT RETIREMENT DISTRIBUTION, NOT WHAT WAS FORECASTED BY THE COMPANY.**

CALCULATION OF EXCESSIVE DEPRECIATION EXPENSE USING PRESCRIBED RATES AND ACTUAL INVESTMENT RETIREMENTS

ASSUMPTIONS:

1. THE PRESCRIBED RATES ARE BASED ON THE COMPANY'S FORECAST OF "CABLE PAIR" RETIREMENTS RATHER THAN ACTUAL INVESTMENT RETIREMENTS.

1. IN YEARS 1 & 2, **ONLY ONE INVESTMENT UNIT RETIRES EACH YEAR** AND THE TWO UNITS SHIFT TO YEARS 4 & 5.

2. $500 TOTAL INVESTMENT TO BE DEPRECIATED.

3. THE EXAMPLE IS BASED ON VINTAGE GROUP (VG) DEPRECIATION METHOD. IF EQUAL LIFE GROUP (ELG) METHOD IS USED, THEN THE OVER ACCRUALS IN THE FIRST YEARS WOULD BE MUCH GREATER.

DEPRECIATION EXPENSE BASED ON THE PRESCRIBED RATE:

YEAR	1	2	3	4	5	TOTAL
DEP. EXPENSE	190	170	140	90	30	$620

CORRECT DEPRECIATION EXPENSE BASED ON ACTUAL INVESTMENT RETIREMENTS:

						TOTAL
DEP. EXPENSE	153	137	113	73	24	$500

EXCESSIVE DEPRECIATION EXPENSE USING A PRESCRIBED DEPRECIATION RATE WHICH WAS BASED ON CABLE PAIR RETIREMENTS:

						TOTAL
EXCESSIVE DEP.	37	33	27	17	6	$120
		97				

000270

Company : BellSouth Telecommunications
State : Florida
Account : 2421.1
Category : Aerial Cable-Metallic

Attachment 4
Page 4 of 12

Calculation Of Product Remaining Life
Total Aerial
($000)

Year	E.O.Y Survivors (All Vint) A	Additions B	Retirements (All Vint) C	Exposures (All Vint) D	Retirement Ratio E	E.O.Y. Survivors (Embedded Vintages) F
1991	613,137	0	0	0	0.0000	613,137
1992	610,888	13,057	15,306	619,665	0.0247	597,831
1993	592,387	14,473	19,917	618,125	0.0322	577,914
1994	567,773	15,371	25,512	600,073	0.0425	552,402
1995	536,352	15,164	31,214	575,355	0.0543	521,188
1996	498,938	13,472	35,722	543,088	0.0658	485,467
1997	457,385	9,706	37,788	503,791	0.0750	447,679
1998	418,082	7,254	36,851	461,012	0.0799	410,828
1999	381,035	6,459	36,253	421,312	0.0860	374,576
2000	344,848	6,218	35,945	384,144	0.0936	338,631
2001	307,009	5,838	37,459	347,767	0.1077	301,172
2002	266,630	5,320	39,861	309,669	0.1287	261,311
2003	222,334	4,698	43,675	268,979	0.1624	217,636
2004	176,999	4,007	44,644	224,337	0.1990	172,992
2005	132,523	3,282	43,750	178,640	0.2449	129,242
2006	96,067	2,625	35,800	133,836	0.2675	93,442
2007	66,011	2,003	29,434	97,069	0.3032	64,008
2008	43,317	1,520	22,211	66,771	0.3326	41,797
2009	27,388	1,140	15,548	43,887	0.3543	26,249
2010	16,788	829	10,289	27,803	0.3701	15,959
2011	10,067	587	6,479	17,082	0.3793	9,480
2012	5,872	345	3,953	10,240	0.3861	5,527
2013	1,285	173	4,414	5,958	0.7408	1,113
2014	69	69	1,113	1,320	0.8430	0
2015	0	0	0	0	0.0000	0
2016	0	0	0	0	0.0000	0
2017	0	0	0	0	0.0000	0
2018	0	0	0	0	0.0000	0
2019	0	0	0	0	0.0000	0
2020	0	0	0	0	0.0000	0
		133,610	613,137			6,259,577

Embedded vintages remaining life = Total Col. F/Col. F(1991)-.5 = 9.7

May. 1992

000274

Company : BellSouth Telecommunications
State : Florida
Account : 2422.1
Category : Underground Cable-Metallic

Attachment 4
Page 8 of 12

Calculation Of Product Remaining Life
Total Underground
($000)

Year	E.O.Y Survivors (All Vint) A	Additions B	Retirements (All Vint) C	Exposures (All Vint) D	Retirement Ratio E	E.O.Y. Survivors (Embedded Vintages) F
1991	726,326	0	0	0	0.0000	726,326
1992	685,349	2,234	43,211	727,443	0.0594	683,116
1993	632,377	2,476	53,215	686,587	0.0775	629,901
1994	568,615	2,630	63,915	633,692	0.1009	565,986
1995	494,046	2,594	74,534	569,912	0.1308	491,452
1996	411,767	2,305	81,990	495,198	0.1656	409,462
1997	328,413	1,661	82,709	412,597	0.2005	326,753
1998	252,696	1,241	75,297	329,034	0.2288	251,455
1999	188,351	1,105	64,210	253,249	0.2535	187,246
2000	140,716	1,064	47,593	188,883	0.2520	139,652
2001	105,175	999	35,476	141,215	0.2512	104,177
2002	78,865	910	26,221	105,630	0.2482	77,955
2003	56,534	804	22,225	79,267	0.2804	55,731
2004	39,116	686	17,300	56,877	0.3042	38,430
2005	22,673	561	16,319	39,396	0.4142	22,111
2006	16,436	449	6,125	22,897	0.2675	15,986
2007	11,293	343	5,036	16,607	0.3032	10,951
2008	7,411	260	3,800	11,423	0.3326	7,151
2009	4,686	195	2,660	7,508	0.3543	4,491
2010	2,872	142	1,760	4,757	0.3701	2,730
2011	1,722	100	1,109	2,922	0.3793	1,622
2012	1,005	59	676	1,752	0.3861	946
2013	220	30	755	1,019	0.7408	190
2014	12	12	190	226	0.8430	0
2015	0	0	0	0	0.0000	0
2016	0	0	0	0	0.0000	0
2017	0	0	0	0	0.0000	0
2018	0	0	0	0	0.0000	0
2019	0	0	0	0	0.0000	0
2020	0	0	0	0	0.0000	0
		22,859	726,326			4,753,818

Embedded vintages remaining life = Total Col. F/Col. F(1991)-.5 = 6.0

C00278

Company : BellSouth Telecommunications
State : Florida
Account : 2423.1
Category : Buried Cable-Metallic

Attachment 4
Page 12 of 12

Calculation Of Product Remaining Life
Total Buried
($000)

Year	E.O.Y Survivors (All Vint) A	Additions B	Retirements (All Vint) C	Exposures (All Vint) D	Retirement Ratio E	E.O.Y. Survivors (Embedded Vintages) F
1991	1,967,304	0	0	0	0.0000	1,967,304
1992	1,944,148	35,080	58,236	1,984,844	0.0293	1,909,068
1993	1,871,816	38,885	76,137	1,963,590	0.0388	1,832,931
1994	1,776,747	41,297	97,482	1,892,464	0.0515	1,735,449
1995	1,657,028	40,741	119,162	1,797,117	0.0663	1,616,287
1996	1,516,646	36,193	135,835	1,675,124	0.0811	1,480,452
1997	1,364,304	26,078	142,227	1,529,685	0.0930	1,338,226
1998	1,221,560	19,489	136,155	1,374,048	0.0991	1,202,071
1999	1,091,111	17,354	128,314	1,230,237	0.1043	1,073,757
2000	971,209	16,705	119,253	1,099,464	0.1085	954,504
2001	853,641	15,684	116,546	979,050	0.1190	837,958
2002	734,538	14,292	117,711	860,787	0.1367	720,246
2003	607,455	12,621	125,412	740,849	0.1693	594,834
2004	480,369	10,765	125,230	612,838	0.2043	469,604
2005	356,044	8,816	122,377	484,778	0.2524	347,227
2006	258,098	7,053	96,182	359,570	0.2675	251,045
2007	177,349	5,383	79,079	260,790	0.3032	171,966
2008	116,377	4,083	59,672	179,390	0.3326	112,294
2009	73,583	3,063	41,773	117,908	0.3543	70,521
2010	45,104	2,227	27,644	74,697	0.3701	42,876
2011	27,046	1,578	17,408	45,893	0.3793	25,469
2012	15,776	928	10,620	27,510	0.3861	14,848
2013	3,453	464	11,859	16,008	0.7408	2,989
2014	186	186	2,989	3,546	0.8430	0
2015	0	0	0	0	0.0000	0
2016	0	0	0	0	0.0000	0
2017	0	0	0	0	0.0000	0
2018	0	0	0	0	0.0000	0
2019	0	0	0	0	0.0000	0
2020	0	0	0	0	0.0000	0
		358,962	1,967,304			18,771,929

Embedded vintages remaining life = Total Col. F/Col. F(1991)-.5 = 9.0

C00284

Run Date : 04/13/92 - 08.19.55
Report : RATESUMM
PSC_PRES PSC-FL

Company : BellSouth Telecommunications
State : Florida
Account : 2421.1000
Category : Aerial Cable Metal

Account Parameter Summary

ELG Start Year: 0000		Prescribed 1990	Company Proposal 1992 @	Agreement
	Investment Bal ($)			
	Form M	565,633,191	609,898,410	
	Adjustment	0	0	
	Study	565,633,191	609,898,410	
	% Tot. Depr. Plant	7.28	6.93	
	Depr. Reserve ($)	182,417,938	256,638,000	
	(%)	32.3	42.1	
CATEGORY:	Aerial Cable Metal			
	Band	79-81	88-90 MORT	
	P-Life/AYFR (Yrs)	12.9	15.5	
CURVE:	C	9.70000000E-01	1.03000000E+00	
	G	-1.36066840E+00	-7.57563070E-01	
	S	-4.81659080E-02	2.23074920E-02	
	Whole Life (Yrs)	-	16.2	
	Avg. Net Salv. (%)	-	-9	
	WL Rate (%)	-	6.7	
	Composite Rem Life (Yrs)	10.0	9.7	
	Fut. Net Salv. (%)	-12	-9	
	Composite RL Rate (%)	8.1	6.9	
	Intrastate Factor (%)	67.42	71.62	

@ Estimated

000303

Run Date : 04/21/92 - 15.32.54
Report : RATESUMM
PSC_PRES PSC-FL

Company : BellSouth Telecommunications
State : Florida
Account : 2422.1000
Category : Underground Cable Metal

Account Parameter Summary

ELG Start Year: 0000	Prescribed 1990	Company Proposal 1992 @	Agreement
Investment Bal ($)			
Form M	731,373,319	731,509,583	
Adjustment	0	0	
Study	731,373,319	731,509,583	
% Tot. Depr. Plant	9.41	8.31	
Depr. Reserve ($)	258,964,835	340,606,000	
(%)	35.4	46.6	
CATEGORY: Underground Cable Metal			
Band	79-81 MORT	88-90 MORT	
P-Life/AYFR (Yrs)	16.0	11.6	
CURVE: c	1.02000000E+00	1.01000000E+00	
G	-7.30099180E-01	-2.96521570E+00	
S	1.28765770E-02	2.75234570E-02	
Whole Life (Yrs)	19.1	16.6	
Avg. Net Salv. (%)	-5	-3	
WL Rate (%)	5.2	6.2	
Composite Rem Life (Yrs)	9.7	6.0	
Fut. Net Salv. (%)	-5	-3	
Composite RL Rate (%)	7.2	9.4	
Intrastate Factor (%)	67.42	71.62	

@ Estimated

Run Date : 04/13/92 - 08.39.28
Report : RATESUMM
PSC_PRES PSC-FL

Company : BellSouth Telecommunications
State : Florida
Account : 2423.1000
Category : Buried Cable Metal

Account Parameter Summary

ELG Start Year: 0000		Prescribed 1990	Company Proposal 1992 @	Agreement
	Investment Bal ($)			
	Form M	1,821,553,988	1,964,244,558	
	Adjustment	0	0	
	Study	1,821,553,988	1,964,244,558	
	% Tot. Depr. Plant	23.43	22.32	
	Depr. Reserve ($)	587,845,824	826,988,000	
	(%)	32.3	42.1	
CATEGORY:	Buried Cable Metal			
	Band	79-81 MORT	88-90 MORT	
	P-Life/AYFR (Yrs)	13.3	15.0	
CURVE:	C	9.60000000E-01	1.06000000E+00	
	G	-1.11067420E+00	-1.38108760E-01	
	S	-4.47630780E-02	7.01592800E-03	
	Whole Life (Yrs)	-	16.4	
	Avg. Net Salv. (%)	-	-5	
	WL Rate (%)	-	6.4	
	Composite Rem Life (Yrs)	9.5	9.0	
	Fut. Net Salv. (%)	-5	-4	
	Composite RL Rate (%)	7.7	6.9	
	Intrastate Factor (%)	67.42	71.62	

@ Estimated

ATTACHMENT A

SOUTHERN BELL TEL AND TEL CO.
1992 STUDY
COMMISSION APPROVED RATES

ACCOUNT	AVERAGE REMAINING LIFE (YRS.)	NET SALVAGE (%)	RESERVE (%)	REMAINING LIFE RATE (%)
GENERAL SUPPORT ASSETS				
Motor Veh.-Light	3.9	14.0	45.14	10.5
Motor Veh.-Other	2.6	14.0	71.36	5.6
Special Purpose Vehicles	5.9	0.0	87.70	2.5
Bldgs.-Large Adm's & DPC's	36.0	6.0	19.36	2.1
Buildings - Large Cent. Ofcs.	33.0	3.0	18.25	2.4
Buildings - Local Cent. Ofcs.	42.0	3.0	19.25	1.9
Buildings - Misc.	23.0	6.0	15.48	3.4
Garage Work Equipment		7 Year Amortization		
Other Work Equip.		7 Year Amortization		
Furniture		10 Year Amortization		
Office Support Equip.		7 Year Amortization		
Official Comm. Equip.		5 Year Amortization		
Gen. Purpose Computers		5 Year Amortization		
Building Computers		5 Year Amortization		
CENTRAL OFFICE ASSETS				
Analog ESS	6.8	6.0	53.87	5.9
Digital ESS	10.7	0.0	19.30	7.5
Operator Systems-Digital	15.6	0.0	2.90 **	7.1
Radio-Non-Cellular	3.0	(3.0)	82.89	6.7
Radio,Microwave & Other	9.8	(3.0)	10.90	9.4
Circuit-Analog	2.2	3.0	36.58	27.5
Circuit-Analog Cap. Rec. Sch.	2.2	3.0	36.58	27.5
Circuit - Digital	7.7	3.0	40.61 **	7.5
Circuit-Digital Cap. Rec. Sch.	7.7	3.0	40.61 **	7.5
Circuit - Optical Eqpt.	6.2	3.0	23.39	12.0
INFORMATION ORIGINATION/TERMINATION				
Public Telephone	3.0	20.0	59.79	6.7
Info Orig. Term.	5.7	9.0	46.75	7.3
CABLE & WIRE FACILITIES				
Poles	34.0	(51.0)	33.67	3.5
Aerial Cable - Metallic	9.7	(9.0)	42.41	6.3
Aerial Cable - Fiber	17.7	0.0	6.06	5.3
Undgd. Cable - Metallic	6.0	0.0	45.96	9.0
Undgd. Cable - Fiber	16.3	3.0	23.69	4.5
Buried Cable - Metallic	9.0	(4.0)	42.10	6.3
Buried Cable - Fiber	16.9	3.0	17.11	4.7
Submarine Cable - Metallic	9.0	(2.0)	52.55	5.5
Submarine Cable - Fiber	16.7	0.0	27.07	4.4
Intrabuilding Cable - Metallic	9.7	(2.0)	50.30	6.0
Intrabuilding Cable - Fiber	18.6	(5.0)	39.29	3.5
Aerial Wire	6.5	(35.0)	68.30	10.2
Conduit	43.0	(5.0)	21.10	2.0

** Denotes restated reserve

Southern Bell Tel. & Tel. Co.
FPSC Docket 920260-TL
Citizens' 39th Interrogatories
August 11, 1993
Item No. 1005
Page 1 of 1

REQUEST:

Please state the total number of retirements for account 2421.1, Aerial Cable - Metallic, for each of the years 1987, 1988, 1989, 1991, 1992 and 1993 by month, including the actual retirements by month for 1993, with forecasted monthly estimates for the remainder of the year.

RESPONSE:

The total retirement amounts for account 2421.1, Aerial Cable - Metallic for Florida, are as follows:

1987	$8,342,927
1988	8,728,207
1989	7,344,407
1991	3,958,666
1992	23,327,882
*1/93	(6,297,012)
2/93	3,474,822
3/93	4,797,432
4/93	4,785,579
5/93	4,849,708
6/93	4,269,819
7/93	11,386,614
8/93	725,000
9/93	725,000
10/93	2,050,000
11/93	2,300,000
12/93	4,800,000

15,880,348

37,866,962

* Actual retirement amounts for January through July; forecasted retirements amounts for August through December

INFORMATION PROVIDED BY: G. D. Cunningham
3700 Colonnade Parkway, 6I1
Birmingham, Alabama 35243

ACTUAL RETIREMENTS FOR JULY, 1993 = $1,687,198. NOT THE $11,386,614 SHOWN ABOVE (PER COMPANY'S RESPONSE TO DATA REQUEST ITEM NO. 1232)

Southern Bell Tel. & Tel. Co.
FPSC Docket 920260-TL
Citizens' 39th Interrogatories
August 11, 1993
Item No. 1006
Page 1 of 1

REQUEST:

Please state the current budgeted amount of retirements for account 2421.1, Aerial Cable - Metallic, for the year 1994.

RESPONSE:

The retirement forecast for Florida included in the current budget for Account 2421.1, Aerial Cable - Metallic for the year 1994 is $13,500,000.

INFORMATION PROVIDED BY: G. D. Cunningham
3700 Colonnade Parkway, 6I1
Birmingham, Alabama 35243

Southern Bell Tel. & Tel. Co.
FPSC Docket 920260-TL
Citizens' 39th Interrogatories
August 11, 1993
Item No. 1007
Page 1 of 1

REQUEST:

Please state the total number of retirements for account 2422.1, Underground Cable - Metallic, for each of the years 1987, 1988, 1989, 1991, 1992 and 1993 by month, including the actual retirements by month for 1993, with forecasted monthly estimates for the remainder of the year.

RESPONSE:

Total retirement amounts for account 2422.1, Underground Cable - Metallic for Florida, are as follows:

1987		$ 5,021,078
1988		7,135,509
1989		6,133,600
1991		19,850,973
1992 -		10,494,687 ←
*1/93		1,748,649
2/93		1,962,743
3/93		2,364,577
4/93	9,101,884	718,851
5/93		891,871
6/93		1,415,193
7/93		3,584,497
8/93		875,000
9/93		875,000
10/93		2,500,000
11/93		2,900,000
12/93		6,250,000

26,086,361

* Actual retirement amounts for January through July; forecasted retirement amounts for August through December.

INFORMATION PROVIDED BY: G. D. Cunningham
3700 Colonnade Parkway, 6I1
Birmingham, Alabama 35243

ACTUAL RETIREMENTS FOR JULY 1993 = $1,800,754.97. NOT THE $3,584,497 SHOWN ABOVE (PER COMPANY'S RESPONSE TO DATA REQUEST ITEM NO. 1233).

Southern Bell Tel. & Tel. Co.
FPSC Docket 920260-TL
Citizens' 39th Interrogatories
August 11, 1993
Item No. 1008
Page 1 of 1

REQUEST:

Please state the current budgeted amount of retirements for account 2422.1, Underground Cable-Metallic, for the year 1994.

RESPONSE:

The retirement forecast for Florida included in the current budget for Account 2422.1, Underground Cable - Metallic for the year 1994 is $16,500,000.

INFORMATION PROVIDED BY: G. D. Cunningham
3700 Colonnade Parkway, 6I1
Birmingham, Alabama 35243

Southern Bell Tel. & Tel. Co.
FPSC Docket 920260-TL
Citizens' 39th Interrogatories
August 11, 1993
Item No. 1009
Page 1 of 1

REQUEST:

Please state the total number of retirements for Account 2423.1, Buried - Metallic, for each of the years 1987, 1988, 1989, 1991, 1992, and 1993 by month, including the actual retirements by month for 1993, with forecasted monthly estimates for the remainder of the year.

RESPONSE:

Total retirement amounts for account 2423.1, Buried Cable - Metallic for Florida, are as follows:

1987	$16,683,174
1988	22,163,425
1989	22,504,822
1991	25,575,596
1992	22,881,123
*1/93	1,876,098
2/93	2,317,253
3/93	1,971,460
4/93	2,002,891
5/93	2,098,829
6/93	1,946,758
7/93	5,224,465
8/93	1,650,000
9/93	1,650,000
10/93	3,300,000
11/93	3,500,000
12/93	5,300,000

12,223,289

32,837,754

* Actual retirement amounts for January through July; forecasted retirement amounts for August through December.

INFORMATION PROVIDED BY: G. D. Cunningham
3700 Colonnade Parkway, 611
Birmingham, Alabama 35243

ACTUAL RETIREMENTS FOR July 1993 = $ 1,026,807. NOT THE $ 5,224,465 SHOWN ABOVE. (FROM COMPANY'S RESPONSE TO DATA REQUEST ITEM NO. 1234)

Southern Bell Tel. & Tel. Co.
FPSC Docket 920260-TL
Citizens' 39th Interrogatories
August 11, 1993
Item No. 1010
Page 1 of 1

REQUEST:

Please state the current budgeted amount of retirements for account 2423.1, Buried Cable - Metallic, for the year 1994.

RESPONSE:

The retirement forecast for Florida included in the current budget for Account 2423.1, Buried Cable - Metallic for the year 1994 is $25,000,000.

INFORMATION PROVIDED BY: G. D. Cunningham
3700 Colonnade Parkway, 6I1
Birmingham, Alabama 35243

ANDREW RETIREMENTS
- RESPONSE TO OPC-21, ITEM 313

13-Oct-92
02:18 PM

FLORIDA - ANDREW EARLY RETIREMENT

	PLANT RETIRED	PLANT RETIRED '92	PLANT RETIRED '93	LOSS RSV RATIO	NET OF RSV '92	NET OF RSV '93	PLANT A/C	NBNREG	INTER	AFTER INSURANCE '92	AFTER INSURANCE '93
8	10,000	1,500	8,500	0.6551	516	2,927	2112	0.039125	0.193549	400	2,268
9	0	0	0		0	0	2114	0.039125	0.193549	0	0
10	10,000	1,500	8,500	0.3861	951	5,388	2115	0.039125	0.193549	737	4,175
11	10,000	1,500	8,500	0.3861	951	5,388	2116	0.039125	0.193549	737	4,175
12	870,000	130,500	739,500	0.223	101,399	574,592	2121	0.039125	0.193549	78,574	445,250
13	75,000	11,250	63,750	0.4695	5,968	33,819	2122	0.039125	0.193549	1,675	26,207
14	25,000	3,750	21,250	0.3056	2,604	14,756	2123	0.039125	0.193549	2,018	11,434
15	20,000	3,000	17,000	0.0633	2,808	15,914	2123	0.039125	0.193549	2,176	12,332
16	20,000	3,000	17,000	0.0633	2,808	15,914	2123	0.039125	0.193549	2,176	12,332
17	20,000	3,000	17,000	0.0633	2,808	15,914	2123	0.039125	0.193549	2,176	12,332
18	20,000	3,000	17,000	0.3803	1,859	10,535	2123	0.039125	0.193549	1,441	8,163
19	20,000	3,000	17,000	0.3803	1,859	10,535	2123	0.039125	0.193549	1,441	8,163
20	111,000	16,650	94,350	0.6295	6,169	34,957	2124	0.039125	0.193549	4,780	27,060
21	20,000	3,000	17,000	0.4066	1,780	10,088	2124	0.039125	0.193549	1,379	7,817
22	20,000	3,000	17,000	0.4066	1,780	10,088	2124	0.039125	0.193549	1,379	7,817
23	20,000	3,000	17,000	0.6295	1,112	6,299	2124	0.039125	0.193549	861	4,881
24	1,271,000	190,650	1,080,350		135,333	767,111				104,900	594,634
25	500	75	425	0.5610	33	184	2211	0.004256	0.213908	26	146
26	1,957,500	188,640	1,068,910	0.247	142,046	804,977	2212	0.004256	0.213908	111,184	630,054
27	2,900,000	450,000	2,550,000	0.3831	277,605	1,573,075	2232	0.004256	0.213908	217,296	1,231,331
28	2,913,844	437,080	2,476,784	0.3831	269,633	1,527,929	2232	0.004256	0.213908	211,056	1,195,991
29	57,206	8,930	27,570	0.3831	2,980	16,885	2232	0.004256	0.213908	2,332	13,214
30	196,519	29,538	167,381	0.6378	16,606	94,102	2232	0.004256	0.213908	12,998	73,650
31	1,067,153	160,073	907,080	0.3831	98,749	559,570	2232	0.004256	0.213908	77,295	438,007
32	8,488,218	1,270,236	7,198,002		807,655	4,576,701				632,183	3,582,396
33	345,696	51,854	293,842	0.4978	26,041	147,567	2411	0	0.231112	20,023	113,463
34	178,898	26,834	152,062	0.5177	12,942	73,340	2421	0	0.231112	9,951	56,390
35	17,139,351	2,576,903	11,602,451	0.5177	1,242,840	7,042,262	2421	0	0.231112	955,605	5,415,095
36	75,546	11,032	62,514	0.157	9,300	52,699	2421	0	0.231112	7,151	40,520
37	253,159	37,324	215,185	0.157	32,012	181,401	2421	0	0.231112	24,614	139,473
38	260,000	39,000	221,000	0.4185	22,679	128,512	2422	0	0.231112	17,457	98,911
39	250,000	37,509	212,551	0.2582	27,824	157,670	2422	0	0.231112	21,394	121,231
40	5,220,927	783,140	4,437,839	0.4714	413,932	2,345,042	2423	0	0.231112	318,298	1,803,690
41	660,000	90,000	510,000	0.2208	70,128	397,392	2423	0	0.231112	53,921	305,550
42	13,601	2,071	11,738	0.5311	971	5,504	2424	0	0.231112	747	4,232
43	225,100	33,765	191,335	0.2423	25,584	144,975	2441	0	0.231112	19,681	111,469
44	24,600,607	3,690,090	20,910,517		1,881,293	10,677,665				1,448,812	8,209,928
45	35,000	11,250	63,750	0.5068	5,549	31,442	2602	0.055046	0.195635	4,217	23,858
46	35,000	11,250	63,750		5,549	31,442				4,217	23,858
47	34,414,945	5,162,226	29,252,619		2,632,867	16,052,913				2,190,116	12,410,656

48					
49	**********				
50	JE CHIRI				
51	Annual Effect	1992	1993 Bal @ 12/93		
52	A/C 3101	(1,453,029)	(8,233,026)		
53	A/C108R	1,162,423	8,233,026	6,009,845	
54	Expense & Accrls Entry by Year				
55	A/C4378	250,606	1,933,371		
56	A/C1438	(250,606)	(1,933,371)		

AEA. CA. - MET. 2421.1

UNDERGROUND CA-MET

BURIED CA.-MET 2423

PAGE 1 of 1

COMPARISON OF THE ACTUAL RETIREMENTS TO THE FORECAST USED IN RATE DETERMINATION
(HURRICANE ANDREW RETIREMENTS ARE INCLUDED IN DATA)
($000)

	COMPANY FORECAST IN DOCKET 920385-TL (A)	ACTUAL RETIREMENTS REPORTED & CURRENT BUDGET FORECAST (B)	DIFFERENCE IN ACTUALS FROM FORECAST USED TO DETERMINE RATES (E=B-A)
AERIAL CABLE - MET.			
1992	15,306	23,328	8,022
1993	19,917	37,867	17,950
1994	25,512	13,500	(12,012)
	60,735	74,695	13,960
UNDERGROUND CABLE - MET.			
1992	43,211	10,495	(32,716)
1993	53,215	26,086	(27,129)
1994	63,915	16,500	(47,415)
	160,341	53,081	(107,260)
BURIED CABLE - MET.			
1992	58,236	22,881	(35,355)
1993	76,137	32,838	(43,299)
1994	97,482	25,000	(72,482)
	231,855	80,719	(151,136)
1992 - 1994 TOTAL	452,931	208,495	(244,436)

• RETIREMENTS INCLUDE THOSE ASSOCIATED WITH HURRICANE ANDREW.

** 1992 - ACTUAL RETIREMENTS ARE BASED ON BS OF FLORIDA'S 12/31/92 COMPANY 2A REPORT.

*** 1993 - THE AMOUNT IS BASED ON THE ACTUALS THROUGH JUNE 1993, AND THE COMPANY'S FORECAST. FOR THE REMAINDER OF 1993. (BASED ON THE COMPANY'S JULY FORECAST AS COMPARED TO JULY'S ACTUALS, THE FORECAST FOR THE REMAINDER OF 1993 SEEMS INFLATED.)

**** 1994 - THE CURRENT FORECAST IS BASED ON BELL SOUTH'S CURRENT BUDGET. THE DATA WAS PROVIDED IN RESPONSE TO CITIZENS' 39TH INTERROGATORIES 1006, 1008 & 1010, . DATED AUGUST 11, 1993.

CALCULATION OF EXCESSIVE DEPRECIATION EXPENSE DUE TO
RETIREMENTS LESS THAN THOSE USED TO DEVELOP DEPRECIATION RATES
(HURRICANE ANDREW RETIREMENTS ARE INCLUDED IN DATA)
($000)

	RETIREMENT DIFFERENCE FROM THE FORECAST FOR DEP. RATES (A)	AVERAGE IMPACT OF RETIREMENT MISS ON INVESTMENT B= NOTE **	DEPRECIATION RATE AUTHORIZED IN DOCKET 920385-TL (C)	EXCESSIVE DEPRECIATION EXPENSE
AERIAL CABLE - MET.				
1992	8,022	4,011	6.9%	(276)
1993	17,950	16,997	6.9%	(1,172)
1994	(12,012)	19,966	6.9%	(1,377)
	13,960			(2,825)
UNDERGROUND CABLE - MET.				
1992	(32,716)	(16,357)	9.0%	1,472
1993	(27,129)	(46,280)	9.0%	4,165
1994	(47,415)	(83,552)	9.0%	7,520
	(107,260)			13,157
BURIED CABLE - MET.				
1992	(35,355)	(17,677)	6.9%	1,220
1993	(43,299)	(57,004)	6.9%	3,933
1994	(72,482)	(114,894)	6.9%	7,928
	(151,136)			13,081
1992 - 1994 TOTAL	(244,436)			$23,413

** PREVIOUS YEARS' RETIREMENT MISS PLUS 1/2 OF CURRENT YEAR'S MISS

COMPARISON OF THE ACTUAL RETIREMENTS TO THE FORECAST USED IN RATE DETERMINATION
(EXCLUDING HURRICANE ANDREW RETIREMENTS)
($000)

	COMPANY FORECAST IN DOCKET 920385-TL (A)	ACTUAL RETIREMENTS REPORTED & CURRENT BUDGET FORECAST (B)	HURRICANE ANDREW RETIREMENTS EXCLUDED (C)	NORMAL COMPANY BOOKED RETIREMENTS (D=B-C)	DIFFERENCE IN ACTUALS FROM FORECAST USED TO DETERMINE RATES (E=D-A)
AERIAL CABLE - MET.					
1992	15,306	23,328	2,577	20,751	5,445
1993	19,917	37,867	14,602	23,265	3,348
1994	25,512	13,500		13,500	(12,012)
	60,735	74,695	17,179	57,516	(3,219)
UNDERGROUND CABLE - MET.					
1992	43,211	10,495	39	10,456	(32,755)
1993	53,215	26,086	221	25,865	(27,350)
1994	63,915	16,500		16,500	(47,415)
	160,341	53,081	260	52,821	(107,520)
BURIED CABLE - MET.					
1992	58,236	22,881	783	22,098	(36,138)
1993	76,137	32,838	4,438	28,400	(47,737)
1994	97,482	25,000		25,000	(72,482)
	231,855	80,719	5,221	75,498	(156,357)
1992 - 1994 TOTAL	452,931	208,495	22,660	185,835	(267,096)

* NORMAL RETIREMENTS EXCLUDING THE IMPACT OF HURRICANE ANDREW. (ANDREW RETIREMENTS DATA OBTAINED FROM DATA REQUEST OPC-21, ITEM 313)

** 1992 - ACTUAL RETIREMENTS ARE BASED ON BS OF FLORIDA'S 12/31/92 COMPANY 2A REPORT.

*** 1993 - THE AMOUNT IS BASED ON THE ACTUALS THROUGH JUNE 1993, AND THE COMPANY'S FORECAST FOR THE REMAINDER OF 1993. (BASED ON THE COMPANY'S JULY FORECAST AS COMPARED TO JULY'S ACTUALS, THE FORECAST FOR THE REMAINDER OF 1993 SEEMS INFLATED.)

**** 1994 - THE CURRENT FORECAST IS BASED ON BELL SOUTH'S CURRENT BUDGET. THE DATA WAS PROVIDED IN RESPONSE TO CITIZENS' 39TH INTERROGATORIES 1006, 1008 & 1010, . DATED AUGUST 11, 1993.

CALCULATION OF EXCESSIVE DEPRECIATION EXPENSE DUE TO
RETIREMENTS LESS THAN THOSE USED TO DEVELOP DEPRECIATION RATES
(HURRICANE ANDREW RETIREMENTS EXCLUDED FROM BOOKED DATA)
($ 000)

	RETIREMENT DIFFERENCE FROM THE FORECAST FOR DEP. RATES (A)	AVERAGE IMPACT OF RETIREMENT MISS ON INVESTMENT B= NOTE **	DEPRECIATION RATE AUTHORIZED IN DOCKET 920385-TL (C)	EXCESSIVE DEPRECIATION EXPENSE
AERIAL CABLE - MET.				
1992	5,445	2,723	6.9%	(187)
1993	3,348	7,119	6.9%	(490)
1994	(12,012)	2,787	6.9%	(191)
	(3,219)			(868)
UNDERGROUND CABLE - MET.				
1992	(32,755)	(16,377)	9.0%	1,474
1993	(27,350)	(46,429)	9.0%	4,179
1994	(47,415)	(83,812)	9.0%	7,543
	(107,520)			13,196
BURIED CABLE - MET.				
1992	(36,138)	(18,068)	6.9%	1,247
1993	(47,737)	(60,006)	6.9%	4,140
1994	(72,482)	(120,115)	6.9%	8,288
	(156,357)			13,675
1992 - 1994 TOTAL	(267,096)			$26,003

** PREVIOUS YEARS' RETIREMENT MISS PLUS 1/2 OF CURRENT YEAR'S MISS